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ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

Report of the trustees and
accounts for the year-ended
31 December 2019

**HC 341
SG/2020/72**



ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

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

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Chair's Introduction

I'm delighted to present the ECITB's 2019 Annual Report, which covers my first levy consultation year as Chair. The levy consultation was a challenging but also an extremely rewarding process and I am proud of the result we managed to achieve.

Seventy five per cent of levy payers, representing 87% of levy paid, voted in favour of our proposals to increase the offsite levy rate from 0.14% to 0.33% over the period 2021-2023 (the onsite rate will remain unchanged at 1.2%). This is a major endorsement of the ECITB and demonstrates the significant value that our industry places on continuous training and workforce development.



The positive levy consensus result is an indication of the widespread support among industry for our future plans. In May 2019, the ECITB published a new strategy, Leading Industry Learning. Developed in close consultation with industry and government partners, the strategy is designed to maximise the value ECITB provides to the industry, both in terms of meeting current skills needs and preparing the industry for the future.

The strategy seeks to tackle major challenges facing the industry head on, ranging from the growing competition for skilled talent from other sectors, the impact of Industry 4.0 and an ageing workforce whose skills will require replacing. In addition, ECI companies will play a crucial role in designing and installing the technologies required to decarbonise the industrial and power sectors, thus enabling the UK meet its target to achieve net-zero carbon emissions by 2050. This will require equipping the workforce with the skills needed to deliver new low-carbon infrastructure, alongside the £600 billion in infrastructure projects already planned over the next decade.

In addition to supporting industry, the new strategy is designed to address the priorities of the UK Government for the ECITB, as outlined in our annual Ministerial priorities letter, which include supporting the delivery of the Industrial Strategy and the sector deals, to advancing technical education and apprenticeships. By investing in training and skills, the industry can position itself to harness new business opportunities and withstand emerging challenges, whilst also boosting productivity and competitiveness.

In 2020, the ECITB will begin implementing the Leading Industry Learning strategy and our new business plan. We will continue to deliver high quality and timely training support to industry, tackle skills gaps and shortages and maximise the value of the levy to our employers. We will also ensure the skills needs of the industry are heard in Westminster and the devolved nations.

There is much to do, however the task at hand is an exciting one and I am confident that the ECITB will deliver. The future of skills development in our industry depends on it.

A handwritten signature in black ink that reads "Lynda Armstrong". The signature is fluid and cursive.

Lynda Armstrong OBE
Chair

Covid-19

This report was written while stringent Covid-19 measures are in place across the UK. These extraordinary times have brought economic disruption and financial hardship for large sections of the engineering construction industry. And restrictions on travel and social distancing have directly impacted on workforce development and limited ECITB operations, restricting access to training, face-to-face meetings and provider audits.

Throughout this time, the ECITB has continued to provide all business operations, with staff working remotely. To assist industry, an emergency package of measures was introduced in May to support the skills and training needs of employers and providers in the coming weeks and months, including a workforce development scheme to help employers retain recently qualified graduates and apprentices and a 2-year traineeship to ensure the pipeline of new talent is primed when economic activity picks up. We have also increased funding for remote learning options and are working to take more training online to help make industry more resilient should we face further periods of restricted movement.

The ECITB exists to support the industry in times of difficulty. We will help industry weather the impact of Covid-19 and get back on its feet, helping the engineering construction industry retain and develop the skilled workforce it needs to thrive in the future.

Chief Executive's review



In 2019, the ECITB asked companies that pay the industrial training levy to have their say on a new strategy for the next three years and to endorse an increase in the levy. Following the decision to reduce the levy at the previous consensus round, the Board decided to propose an increase in the offsite levy rate.

Against a backdrop of significant and sustained demand for training grants from employers, increasing the levy was necessary on the grounds that the ECITB can not sustainably substitute training expenditure by drawing on its reserves. The decision to raise the offsite rate reflects the fact that training grants for offsite workers

had grown substantially: in 2018, the ECITB awarded £6.4 million of grant for training the offsite workforce (25% of total grant expenditure), while the offsite rate raised only 13% of total levy.

Over three quarters of levy-paying employers supported the new levy resolution. This outstanding result gives the ECITB a strong mandate as we move forward to deliver the new strategy and business plan.

The strategy, which we published in May 2019, was developed in consultation with employers across all regions and sectors of the UK and with government partners. It aims to respond to the major challenges facing the Engineering Construction Industry, from adapting to advances in technology such as Artificial Intelligence and supporting the transition to net zero carbon emissions, to tackling the urgent need to replace an ageing workforce, 14% of which are expected to retire by 2026.

With this new mandate from industry, we will continue to support employers to boost productivity through skills and tackle skills gaps and shortages. Our new business plan sets out our objectives for the next three years, including supporting new entrants, assuring workforce competence, boosting access to training and improving diversity and inclusion across engineering construction.

In addition to developing the strategy and securing the levy consensus, the ECITB achieved significant results in 2019. We launched a number of new training products, including an industrial drone operating standard and a new ECITB Certificate in Project Controls, and also introduced grant support for emerging training priorities such as Mental Health Awareness. Work also began on a major review of our training standards and qualifications, to ensure they continue to provide value to the industry.

In 2019, we worked hard to further develop our collaborative partnerships with industry stakeholders and maximise the contribution of the ECITB to the policy agenda. This includes supporting the development and delivery of the Nuclear Sector Deal and contributing to the development of T Levels. We also published ground breaking new research on the ECI labour market outlook and the impact of technological change on the industry workforce – both of which provided valuable intelligence to our stakeholders and were well received.

New entrants continues to be a priority and the ECITB supported a range of initiatives to help the industry recruit new talent in 2019. This included grant supporting over 1000 apprentices and developing a new graduate development programme which will launch in early 2020. In

addition, our Introduction to Engineering Construction programme continues to go from strength to strength, with over 450 young people completing the training since we started it in 2017. Of the 2018-19 cohort of ITEC learners, 90% completed their training and went into an apprenticeship, employment or further education. A further 120 new learners have been recruited onto the programme in 2019.

Supporting the transfer of skilled workers to ECI growth sectors is a major strand of our new entrant strategy. In 2019, we supported apprentices at risk of redundancy due to the unexpected scrapping of the nuclear new build project at Wylfa Newydd with upskilling training to enable them to transfer to EDF Energy, while our Accelerated Experienced Learning programme provided workers at the recently closed Cottam Coal fired power station with training to enable them to transfer into roles in the nuclear sector.

The ECITB continued to enhance its role in competence assurance in 2019. The Connected Competence programme demonstrates how we are working with employers to increase efficiency and productivity for employers by making sites safer, eliminating unnecessary training and creating a workforce with transferable skills that can move between companies and sectors. In 2019, 1,300 workers undertook ECITB Technical tests to assure their competence. Next year, we will expand the Connected Competence programme to test ad-hoc workers ahead of several major planned shut downs in the offshore oil and gas industry.

Lastly, the ECITB continued to make headway in making our operations more efficient and provide maximum value for money for levy payers. Our overhead costs have fallen by £0.7m since 2016. We have made savings in our back office function, whilst ensuring we continue to deliver quality core functions that support product delivery and maintain specialist support at a regional level. At the end of 2019, we completed a successful restructuring which I am confident will optimise our ability to deliver the strategy and the 2020–2022 business plan.

The next few years will be a challenging time for the industry. Our achievements in 2019 have provided the foundations for success in the years to come and will enable the ECITB to continue to provide industry with the skills base it needs to be competitive.



Chris Claydon
Chief Executive



ECITB Mission:

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

About the ECITB

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

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

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

Charitable Activity:

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

Strategic Report and Performance Review 2019

Operating Environment

Engineering construction firms faced another mixed year of fortunes in 2019. After reaching \$71 per barrel in 2018, the price of Brent crude in 2019 averaged \$64 per barrel, which translated into continued pressure on margins for contractors operating on the UK Continental Shelf. Nevertheless, new North Sea discoveries, mergers and acquisitions and the awarding of new EPC and drilling contracts provided cause for optimism at the turn of the year. In addition, a growth in interest in the decommissioning sector has emerged, with Oil and Gas UK estimating £15bn in North Sea decommissioning work over the next decade.

In the nuclear sector, EDF met important construction milestones at Hinkley Point C and began preparing for the mechanical, engineering and HVAC phase of work in 2020, which will include installing one of the new reactor bases and domes. Elsewhere, while decommissioning activity remains strong, the hiatus surrounding other new build projects continues to cast a shadow over the sector. Meanwhile, the UK installed 931MW of offshore wind capacity in the first half of 2019, more than any other European country. Further projects are scheduled at Hornsea 3, Norfolk Vanguard and Thanet in 2020, subject to development consent. Meanwhile, contractors operating in the water treatment sector began to prepare for work scheduled as part of the latest Asset Management Plan (AMP 7), taking place between 2020-25.

As the industry looks ahead, more and more engineering construction companies are considering the implications of the UK Government's commitment to achieving net zero emissions by 2050. In oil and gas, many operators are responding to the 'energy

transition' by diversifying their portfolios and exploring how to scale back their carbon footprint, for instance by powering offshore assets using renewables. These actions are, according to the Oil and Gas Authority, critical to the sector retaining its 'social license to operate'. Meanwhile, the launch of the Government's Industrial Clusters mission sets out ambitious plans to decarbonise onshore industrial facilities at six cluster locations, with the first achieving net zero status by 2040. This work will provide significant commercial opportunities for ECI companies and will require an appropriately skilled workforce.

Objectives and Achievements in 2019

Overall, performance in 2019 was strong. The key indication of our performance was achieving the positive levy result, however, there have been good results across the board. It is clear that our profile is growing, we are getting more positive press interest in what we do and the number of invitations to speak at events and joint working groups, committees and boards are growing; of note one of our heads of skills strategy is now a member of the Humber LEP. This increase in profile will help us achieve the results we need to deliver the business plan over the next 3 years.

2019 Business Plan Objectives

Key Objectives for the year, with delivery objectives and milestones

Ser	Objective	Delivery Objectives and milestones	Progress
1.	Create a level playing field with the levy.	<ul style="list-style-type: none"> Expand the levy team to provide an additional levy manager at FOC and a researcher by end Q2 to improve capacity of the team. Develop a plan to increase the number of establishment reviews c/w 2018 and map out the route to bringing new areas into scope by end Q1. Increase levy income due to targeted reviews by £675k. Identify options to further increase the capacity of the levy team to double the number of ERRs from 2021 based on the 2019 baseline by end of Q4. 	<ul style="list-style-type: none"> Levy team was successfully expanded in 2019. This contributed to an increase in levy income arising from targeted reviews of £1,115k.
2.	Raise the profile of the ECITB and showcase our work, value and successes.	<ul style="list-style-type: none"> Launch new brand and website by end of Jan 19. Produce strategy materials and deliver effective PR campaigns to support strategy consultation. Deliver ECITB events and participate in industry events, including the Awards Dinner 2019, SNS 2019, Topsides UK conference, O&GUK skills event, Prairie Dog seminar, NW Hydrogen Economy event and ECITB Project Management Conference. 	<ul style="list-style-type: none"> Brand and website successfully launched in January – 93k unique users visited the website since Jan 2019 (265k page views). Delivered successful Leading Industry Learning campaign to showcase strategy, including social media and animation video (received over 5k views). All events successfully delivered. 150 delegates at PM Conference.
3.	Build closer links within Government and ensure ECITB is influencing skills policy.	<ul style="list-style-type: none"> Enhance ECITB's contribution to policy development in the following policy areas: <ul style="list-style-type: none"> Apprenticeships / AL post 2020 T Levels incl. industry placements Sector deals Enhance our engagement with parliamentarians in Westminster. 	<ul style="list-style-type: none"> Supported apprenticeship standards development, including helping to secure new welding standards (plate and pipe) at level 3. Participated in IfATE/DfE T Level consultation workshops on the Engineering and Manufacturing route curriculum and industry placements. Responded to various consultations, including DfE consultations on Higher Technical Education, Post 16 level 2-3 qualifications and funding for T levels. Also submitted response to ONS Standard Occupational Classification extension consultation. Engagement with the Infrastructure and Projects Authority on the infrastructure strategy and skills agenda. Firmly embedded in delivery of the Nuclear Sector Deal, including leading on skills transferability strand (chaired by David Boath, ECITB regional chair). Provided evidence to select committee enquiries on adult skills and lifelong learning and drones. Spoke at various events including APPG on Artificial Intelligence, Westminster Policy Forum on apprenticeships funding and GovNet event on the Future of Infrastructure. Engagement with devolved Governments and agencies (e.g. Skills Development Scotland), industry regulators (e.g. Oil and Gas Authority and the Nuclear Decommissioning Authority) and education agencies/regulators (Ofqual, IfATE etc).

Ser	Objective	Delivery Objectives and milestones	Progress
4.	Develop a strong evidence base to enhance understanding of the industry's skills and training needs and provide analysis and advice to government stakeholders, in order to inform policy making.	<ul style="list-style-type: none"> Produce a series of LMI research reports throughout the year Commence work on new research projects including on the following: transferability of skills, impact of apprenticeship reforms, careers motivations and diversity. 	<ul style="list-style-type: none"> Published major reports on the 'Engineering Construction Industry labour market outlook' and 'Industry 4.0: the implications of technological change' on the ECI in Q1. Delivered skills criticality matrix research for EDF and Project Infrastructure research with CITB and WLC. Commenced work on the skills transferability, apprenticeships and decarbonisation research projects, to be published in Q1 2020. Our Net zero report was published in March 2020. Development of the strategy based on strategic workshops, validated by industry during pre-levev consultation.
5.	Develop and deliver ECITB's careers strategy.	<p>Implement the delivery plan for 2019, including:</p> <ul style="list-style-type: none"> Renew careers/stem Materials by end Q3. Deliver a minimum of 3 collaborative projects/ventures by year end. Produce guidance for the regional teams when undertaking careers activities. Devise the attraction offer for the new strategy by the end of the year. 	<ul style="list-style-type: none"> Renewed ECITB Careers materials, including new collateral and creation of case studies. Collaborative ventures with EDF and Valero on the STEMPower programme (in Pembroke and Midlands regions) Total of 50 year 8 girls attended the STEMPower Steel event and 49 attended the Valero Oil& Gas event. Plus 64 girls attended the girls in Engineering event we co-sponsored in Hull. Signed ToR with the Careers and Enterprise Company to drive collaboration in 2020 and published article on ECI careers on the CEC blog. Contributed to the development of new Code of Practice for STEM outreach with Engineering UK, Shell and DfE. Supported UTCs in promoting UTC to employers and expose employers to potential recruits. Carried out qty 3 x STEM collaborative events. One with EDF in East of England focusing on Sizewell C opportunities, one in Port Talbot with British Steel and one in Pembrokeshire with Valero. All events were aimed at underrepresented demographic and over 100 young females attended these events.
6.	Attract offer and promote the recruitment of a more diverse workforce.	<p>Diversity and Inclusivity research</p> <ul style="list-style-type: none"> Identify opportunities to research D&I effectiveness in industry by year end. Collaborative projects - work with specialist organisations and employers on delivering D&I related training. Develop grant offer to encourage D&I training by year end. 	<ul style="list-style-type: none"> Identified industry standard inclusivity programme and committed £75k grant support for 2020 roll out. Supported mental health management and first aid with £144k of grant funding.
7.	Increase employer support for the ECITB.	<ul style="list-style-type: none"> Account management to ensure employer needs are understood through effective training planning by end Q1. Forums and feedback sessions. Responsive to employer needs. Conduct employer satisfaction survey by year-end. <ul style="list-style-type: none"> Employer engagement objectives > 95% of regions employers engaged with the ECITB > 75% of regions employers receive ECITB P&S Grant is provided for >85% of regions SMEs 	<ul style="list-style-type: none"> Rolled out programme of Board, Exec and staff visits to brief on ECITB strategy as part of consensus engagement. Developed training plans for 86 number of employers to identify needs. Conducted 32 fora across the country and engaged with 169 employers in these fora. 1,000 AM visits.

Ser	Objective	Delivery Objectives and milestones	Progress
8.	Support the industry to increase the inflow of new entrants.	<ul style="list-style-type: none"> Develop and deliver a graduate development scheme. Apprenticeship support <ul style="list-style-type: none"> 700 Apprentice starts Support employers to access new apprenticeship standards Scope out and deliver support for industry transfer schemes: <ul style="list-style-type: none"> Coal -fired to nuclear Employment gap returners Scope out opportunities to support the inflow of unemployed people into industry Assess and define the need for ITECs across the regions and recruit to revised requirements. 	<ul style="list-style-type: none"> Graduate grant scheme completed by year end for 2020 launch. 661 apprentices started in 2019. 21 learners have completed 185 modules out of an agreed 281 of a Coal to Nuclear re-skill programme in 2019. Developed phase one of a pipefitting and a rigging up-skilling programme for use with a major employer and for roll-out with other employers. 90% of the 2018 ITEC programme completed in 2019 and went on to either FE, HE, an apprenticeship or employment. 120 new learners were recruited onto the 2019 programme with 10 providers geographically placed to best serve the engineering construction industry. Continued facilitation of industry to develop apprenticeship standards; Information Management and Project Control Professional. Developed an engineering construction operative upskilling programme framework for HPC for recruits to start in 2020.
9.	Competence assurance	<ul style="list-style-type: none"> ECITB training and assessment/testing used to measure workforce competence in Upstream O&G, Nuclear New Build and to upskill workers across 2 major process facility sites by year end. Working with the ECIA and the ACE ISG, develop a new ACE Card technical renewal process and a new 'entry' to the scheme process incorporating non-ECITB VQs by year end. 	<ul style="list-style-type: none"> Nuclear New Build Comps & Quals matrix developed and issued to EDF. 28 candidates on upskill programmes enrolled on ECITB VQ programme. 13,000 total tests delivered under Connected Competence in 2019 versus 2018. Total enrolments of ad hoc workers on tests for FPS. Formation of the Connected Competence Council to align upstream oil & gas contractors to using Connected Competence. The ECIA Council have agreed that the onshore industry would like a national competence assurance scheme under the ACE brand utilising the ECITB's technical test system. This could align to Connected Competence. A final decision on the new scheme was made in early 2020.
10.	Provide support for the industry to improve supervisory and leadership capability.	<ul style="list-style-type: none"> Increase the use of the Project Collaboration Toolkit across two major process sites, including Nuclear sector by year end. Support the development of industry standardised leadership programmes. Support supervisors through supervisory coaching and mentoring across at least one site by year end. 	<ul style="list-style-type: none"> Emotional Intelligence pilot programme delivered for industry delegates for further development work. 519 ECITB supervisory interventions versus 1,104 in 2018. Total spend on leadership and supervision in £1.2m in 2019 v £1.3m in 2018. 8 completed RPP ECITB PM development work, 140 ACTIVE Cup learners. 15 PM Mentoring programme learners. PM learners through RPP. Refreshed and updated the ECITB Certificate in Project Controls training programme to include a simulated project; nuclear or engineering construction. Four new Advanced Commercial Awareness training standards were developed. Numbers of learners on Commercial Awareness training in 2019. 238 attended Commercial Awareness training in 2019.

Ser	Objective	Delivery Objectives and milestones	Progress
11.	Ensure there is high quality training provision accessible for all ECITB registered employers for ECITB P&S and apprenticeships.	<ul style="list-style-type: none"> • Tender and award contracts for OGTAP, ITEC 2019, Apprentice Phase Tests. • Work with providers to ensure there is accessible approved training provision for employers <ul style="list-style-type: none"> - Review how the ECITB can work at a partnering level with key providers - Report on merits of this approach by Q2 2020 • Investigate how new technology can provide flexible modes of delivery. 	<ul style="list-style-type: none"> • Tenders carried out and contracts awarded to deliver OGTAP, ITEC and phase test requirements. The pilot programme for the Foundation Apprenticeship Phase Tests in five disciplines was delivered successfully by four centres and 94% of apprentices achieved the required standard. The tests are now available to all ECI apprentices. • There are currently 131 Approved Training Providers and 46 Approved VQ Centres. The numbers have reduced due to the decline in work in the industry. This is not helping the geographical coverage needed to deliver ECITB products and services. The strategic provider partner concept will be addressed again in 2020. • A detailed and comprehensive study was completed looking at the use of new technology by the provider network, particularly AR and VR. The study concluded that adoption of technology was varied across the network and not always used to enhance the learning experience. A further study will be carried out in 2020 to look at the pedagogical benefits of using AR and VR, as this piece of work seems to be missing. The study; Review of the Training provider Network and use of Technology in readiness for Industry 4.0 is available if requested.
12.	Support the improvement of industry understanding and adoption of new technologies.	<ul style="list-style-type: none"> • Undertake research to identify the emergence of new technologies. • Assess the likely impact on the industry of these technologies.. • Implement ECITB technology action plan to achieve the Industry 4.0 aspects of the new strategy. 	<ul style="list-style-type: none"> • 2019 was predominantly research activity to inform the 2020 business plan • The Impact of Technological Change on the Engineering Construction Industry report has now been published. Along with other research it has informed the development of the Action Plan. • The report mentioned above discusses the impact on the industry. The first activity undertaken was the inclusion in the revised NOS of the minimum digital skills requirements for the workforce. • The Action Plan addresses the impact in 5 different areas: <ul style="list-style-type: none"> - Digital Skills for All - Leadership and Technology - Development of Technology Use Cases - Technology in Education - Up and Reskilling the ECITB

Ser	Objective	Delivery Objectives and milestones	Progress
13.	Ensure that all ECITB vocational qualifications are finalised and together with all standards meet industry's requirements and are fit for purpose.	<ul style="list-style-type: none"> Review industry requirements for new vocational qualifications, by the year end. Investigate feasibility for tailored company awards, where they are more appropriate by year end. Validate VQ skills and knowledge tests by year end. Review and align the relevant Training Standards to the requirements of the new RQF vocational qualifications by year end. Carry out a full NOS review to ensure the standards continue to meet industry's needs by year end. 	<ul style="list-style-type: none"> A comprehensive consultation with employers and providers commenced in 2019 and will be completed by end of Quarter 1 2020. This was defined as Stage 2 in the qualifications strategy identified in 2016. Stage 1 is now completed with the redevelopment of core discipline qualifications, this 2nd phase will investigate industry's requirements for bolt on activity based qualifications, including sector based and bite sized qualifications, as well as specific tailored company awards. The review will also consider the benefits of regulated versus unregulated core VQ provision. Additionally, there will be a gap analysis to establish whether the existing portfolio of core ECITB qualifications is sufficient or whether additional qualifications need to be considered, e.g. welding. VQ knowledge tests are currently being reviewed and updated to ensure validity, rigour and fairness. A full materials review project commenced. The functional maps, NOS suites and training standards have been reviewed and updated for the three maintenance disciplines; mechanical, electrical, and instrument and control. The remaining disciplines will be completed in 2020. New training standards have been developed for Commissioning and Start Up. These will be available for providers to develop courses against in 2020. A Continuous Improvement pilot training programme was delivered based on the new training standards in this area and the ECITB will support programmes in this area in 2020.
14.	Ensure employers have access to ECITB products and services to support apprentices during their programme, including External Quality Assurance for End Point Assessment and Apprentice Phase Tests.	<ul style="list-style-type: none"> Implement EQA for Pipefitting, Design and Draughting, and Rigging and Erecting apprenticeship end point assessment by end of year. Pilot the concept of the ECITB Skills Centres and implement the Foundation and Year One apprentice phase tests to measure progress of the apprentice against the appropriate standard and the validity of the training. Foundation month tests to be completed by end of Q1 and the Year One tests by end of Q3. Procure OGTAP provision in time for employer recruitment campaign. 	<ul style="list-style-type: none"> ECITB has established itself as an EQAP for IfATE. Work continues on the EQAP service and all relevant EPA organisations have undergone readiness checks. It is possible that the ECITB will carry out additional EQA activities for other engineering related standards in 2020. See objective 11. Forth Valley College were awarded the contract to deliver 19 apprentices against 3 disciplines.

Ser	Objective	Delivery Objectives and milestones	Progress
15.	Ensure that the CCNSG programmes meet industry's needs and continues to be seen as the safety passport of choice.	<ul style="list-style-type: none"> • Introduce on-line test only arrangements for CCNSG Safety Passport renewal. • Undertake a pilot programme to assess the suitability of the MIST course becoming eligible as a pre-requisite to the LaTS programme. To be completed by the end of 2019. • Undertake a comprehensive communication and marketing campaign to educate clients and contractors of the benefits of employees undertaking the CCNSG Safety Passport, with the aim of increasing take up in 2020 and beyond. 	<ul style="list-style-type: none"> • On line test only for CCNSG renewal has now been rolled out with 37 centres approved to deliver the service. To date 167 delegates have opted for this route to renewal. Success rate is 98%. • A successful pilot programme was completed with a major employer which included a bridging programme being developed to take employees from the MIST standard to the required LaTS standard. This will now be rolled out in 2020. • Ongoing activity throughout the year. The number of 2019 learners exceed that of 2018.
16.	Ensure that we continue to offer value for money to industry by focussing our efforts on those activities that deliver most value to employers.	<ul style="list-style-type: none"> • Savings target of 3% of budgeted non-staff operating costs. • Regularly and effectively evaluate our work. 	<ul style="list-style-type: none"> • Developed new impact framework and ran internal staff workshop on impact. We also developed new learner evaluation products for pilot in 2020.

Commercial Activities 2019

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

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

Commercial Activities in Great Britain

The main source of income within Great Britain derives from the issuance of Client Contractor National Safety Group (CCNSG) Safety Passports. Income from CCNSG passports decreased slightly during 2019 from £889k to £817k with overall numbers being marginally below those in 2018.

Sales of Technical training grew by 6% to £221k.

Licence income decreased by £17k reflecting a small decrease in the number of Training Providers.

International Commercial Activities

The decision to reduce our international presence - taken in 2016 - has resulted in the ECITB operating in 3 main areas overseas, namely the Middle East, South East Asia and East Africa. International Commercial Income in 2019 was £137k (30%) above that in 2018, mainly delivered through an increase in technical testing and consultancy income which comes from assessment visits to entities wishing to obtain an International Training Provider licence. However this was from a low base and despite strong growth in the international commercial business, the increase in training providers was lower than hoped.

The international commercial team will be grown during 2020 with a view to increasing sales on the 2019 base and building a foundation for a greater increase in 2021.

Looking Ahead: 2020

2020 is the start of an exciting three year strategy period for the ECITB that has started with a reorganisation of the team to align it to the new goals. Full details of the strategy and its KPIs can be found on the ECITB's website, to which we would encourage readers of this annual report to refer.

Financial Projections 2020

The 2020 operational plan and financial budget are based on the ECITB's strategic priorities and objectives. As well as the beginning of a new strategy period, 2020 also overlaps with the last of three years over which the ECITB has aimed to deliver at least £65m towards the support of training in the industry supported by drawing down on a maximum of £10m of reserves. With overall income higher than planned during 2018 and 2019, it now looks likely that the ECITB will be able to support more than the anticipated £65m of training by topping up reserves with the additional income so that by the end of 2020 the overall three year decline in reserves is likely to be less than £10m. Given the ambitious 2020-22 strategy and the fact that reserves continue to be higher than reserves policy requires, we expect the ECITB to continue to be able to draw down on its reserves and therefore run at a deficit.

Whilst the 2020 budget anticipates a deficit of £4m, the final financial outcome for 2020 is subject to a number of factors that may result in the ECITB utilising a smaller portion of reserves than the maximum potential draw down that has been budgeted. These include the following:

- The budget assumes the level of demand for training support will increase by £2.5m against 2019 as we look to fund some major projects. The plans for these projects will take time to develop and so the budgeted increase is aspirational - we anticipate that it may be 2021 before they are advanced enough to release significant funding.
- Work will continue during 2020 to ensure every establishment that should pay a levy, does pay. The budget sets income at a prudent, lower level and there may well be more levy income and therefore more funds may become available during the year.

2019 Governance Statement

Scope of Responsibility

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

The Purpose of the Governance Statement

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

Governance Framework of the Organisation

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

The ECITB has responsibilities to Parliament and to its industry. It was formed in recognition of the engineering construction industry's vital

role in the UK economy, and the requirements for an ITB to undertake the responsibilities of meeting the special training needs of an industry where the labour force is highly mobile, and where there is less opportunity for individual employers to train.

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

Following a formal consultation with levy-paying employers in 2016 relating to future industrial training levy arrangements, The Industrial Training Levy (Engineering Construction Board) Order 2017 (2017 No. 485) came into force on 29th March 2017. Levy income during the financial years 2018 to 2020 inclusive was and will be collected under the terms of the 2017 Order.

During the course of the year, a formal consultation with levy-paying employers occurred relating to proposals for future industrial training levy arrangements. The proposals were accepted by the levy-payers, and the new Industrial Training Levy (Engineering Construction Board) Order is planned to be laid in 2020.

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

The Board

The members of the ECITB's Board of Trustees during 2019 and at May 2020, together with changes in membership since 1st January 2019 and 2020 meeting attendance records are shown in Appendix A. Corresponding information relating to the Board's sub-committees are shown in Appendix B.

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

Following the implementation of the ECITB's new governance in 2017, the Committees appointed by the Board were the Council, the Audit and Risk Committee, the Remuneration Committee, the Qualifications and Awards (Q & A) Committee, the Operations and Grants Committee and the Client Contractor National Safety Group (CCNSG) Committee.

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

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

During 2019 one trustee was appointed and one trustee's term expired. In 2019 the Board met on six occasions. Average attendance at the Board over the year was 82% (2018 – 89%).

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

A review of all actions coming out of 2019 Board meetings had been conducted at the end of the year and the Board confirmed that all actions had been completed or were progressing as planned.

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

The Council

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

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

The Audit & Risk Committee

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

During 2019, the Audit & Risk Committee provided assurance to the Board and Accounting Officer on the ECITB's risk and control environment. It received reports on the business's key strategic risks, progress against the internal audit plan, and the external auditor's opinion on the annual report & accounts. The Committee regularly reviews the ECITB's risk register. This includes consideration of the Accounting Officer's reports relating to the significant risks identified in the risk register, and the risk profile of the organisation. As and whenever required, the Committee sought further information from individual areas of the business where members felt they would benefit from a more in-depth explanation on the control environment. The information received during the year enabled the Committee to provide a recommendation to the Accounting Officer and the Board to approve and sign the annual report and accounts.

The Accounting Officer and the Board Secretary attend meetings of the Audit Committee to assist the Committee in its review of the ECITB's management of risk, and ensure that advice from members concerning the identification, assessment and management of risk is taken into account. Representatives of the internal and external auditors (the

Government Internal Audit Agency (GIAA) and the National Audit Office respectively) attend all meetings. These representatives have free and confidential access to the Chair of the Committee.

The Remuneration & Nomination Committee

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

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

The Q&A Committee

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

The CCNSG Committee

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

The Operations & Grants Committee

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

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

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

Regions

The ECITB operates a regional structure to ensure that delivery of training support and services is driven by the demands of industry on a regional basis. In 2019 there were 32 regional forums and 2 national forums which ensure that the varying requirements of the industry across Great Britain are represented and taken into account in the formulation of policy and the delivery of services. Each forum comprises industry employers, and either represents a geographical area, or a significant industry sector, which has specific requirements. Each forum normally meets three times a year under the chairmanship of a Regional Chair, who has been elected by the members of the forum.

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

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

ECITB Management and Staff

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

The Chief Executive leads the organisation's executive management team ("the Executive"), which in 2019 comprised the Chief Executive, the Board Secretary, the Director of Finance and Administration, the Director of Regional Operations, the Director of Development and Quality and the Head of Policy and Corporate Affairs. The members of the Executive are responsible for ensuring that the activities of their departments achieve the ECITB's strategic and operational objectives efficiently, to the highest quality standards, and in compliance with the law. Meetings of the Executive occur twice per month, and the members report concerning their areas of responsibility, including measurement of performance against key performance indicators.

Overview of Board Effectiveness and Performance

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

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

Review of the ECITB's Governance Arrangements

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

The main purposes of the second stage were to develop a strategy for the ECITB, and to bring greater strategic focus to the activity of the Board. In April 2017 the Board approved a new comprehensive strategy, including strategic themes and objectives.

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

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

Following its review of the ITBs, DfE had confirmed that it would also appoint new Board trustees (in addition to the new Chair). The appointments were made in the spring of 2018. To ensure continuity and representativeness, former Board members and all regional chairs were invited to form the first ECITB Council.

As of June 2018, the 9 new ECITB Board Members were appointed by the Secretary of State for Education in accordance with Schedule 1 of the Industrial Training Act.

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

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

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

Conflicts of Interest

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

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

Whistle Blowing

The ECITB is committed to achieving and maintaining high standards of behaviour at work, service to the public and in all our working practices. The ECITB's whistle blowing policy is designed to enable and encourage ECITB staff to express concern or disclose information at an appropriate level if it is believed there is evidence of malpractice. The ECITB seeks to maintain a culture where people are encouraged to speak out, with confidence that they can do so without adverse consequences, and that appropriate action will be taken. In 2019 no allegations were raised under the ECITB's whistle blowing policy.

Risk Management

The ECITB's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of the ECITB's policies, aims and objectives. It is designed to evaluate the likelihood of risks and their impact, and to manage them efficiently and effectively.

The ECITB's system of internal control has been in place throughout the year-ended 31st December 2019 (and up to the date of approval of the 2019 Trustees' report and accounts), and accords with HM Treasury guidance. A number of specific sources contribute to my annual governance review, including:

- reports and recommendations from the Audit & Risk Committee;
- the GIAA's Internal Audit annual report;

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

The Risk Management Framework

The ECITB aims to adopt best practice in the identification, evaluation and cost-effective management of risks, as an integral part of operational activity. The ECITB has an established risk management policy, which is reviewed annually by the Audit & Risk Committee. The risk management system and policy distinguishes strategic and operational risks. The Audit & Risk Committee regularly review the ECITB's strategic risk register and I report to these committees on strategic risks several times per year.

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

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

Risk overview

The most significant risks faced by ECITB during 2019, which could impact on the delivery of its strategic objectives, together with the key mitigating actions are shown below:

Strategic risk	Mitigating actions
<p>Ineffective engagement with Government, or a failure to demonstrate value to Ministers and policymakers, leads to policy changes detrimental to ECITB, which could result in disbandment or merger with the CITB.</p>	<ul style="list-style-type: none"> • Enhance engagement with government and policy bodies on key policy issues, including apprenticeships, T levels and sector deals. • Demonstrate that ECITB is delivering against the Ministerial priorities. • Engage government in ECITB strategy development and business planning • Ensure the ITB Review recommendations are successfully implemented. • Improve ECITB's impact practice to ensure we can demonstrate our value convincingly and effectively.
<p>Ineffective engagement with Government, or a failure to demonstrate value to Ministers and policymakers, leads to policy changes detrimental to ECITB, which could result in disbandment or merger with the CITB.</p>	<ul style="list-style-type: none"> • Enhance engagement with government on key policy issues, including apprenticeships, T levels and sector deals. • Demonstrate that ECITB is delivering the new strategy successfully and is also delivering against the Ministerial priorities. • Enhance engagement with parliamentarians to demonstrate the value of the ECITB's work. • Implement outstanding actions from the ITB Review (scope review decision) • Improve ECITB's impact practice to ensure we can demonstrate our value convincingly and effectively
<p>Changes to the Apprenticeship levy (for instance a significant increase in the rate or allowing employers to use Apprenticeship levy to fund all training) could result in a failure to achieve consensus and/or make the Industrial Training Levy redundant.</p>	<ul style="list-style-type: none"> • Continue to monitor the impact of the AL closely on ECI companies, including through our LMI • Lobby Government to prevent changes to the AL that could have detrimental impact on ECITB companies and threaten the ITB levy. • Continue to build relationships with IfA and ESFA so that they understand the ITB perspective.
<p>Inadequate understanding of industry needs leads to a failure to provide relevant services, which could result in losing industry support for the ECITB and the loss of the industrial training levy.</p>	<ul style="list-style-type: none"> • Provide insightful and useful labour market intelligence to the ECI to inform skills planning. 17/2/20 Account Managers recording LMI as part of employer engagement. Current mitigation • Provide information and training on relevant emerging and maturing technologies which can improve productivity in the ECI. Planned mitigation • Maintain a training grant system that is up to date and relevant to all companies' needs. Current mitigation • Improve the quality of training providers. Planned mitigation • Develop alternative sources of income than the levy. Current mitigation • Improve the capability and capacity of staff to identify and articulate industry needs. 17/2/20 Product and knowledge sessions being delivered to AM teams. Current mitigation.
<p>Inadequate system controls could lead to fraud, including incorrect and inadequate assessment of levy, and the improper delivery of ECITB licensed products and services by the provider network, which results in financial loss, unsafe working practices for workers, and loss of confidence in, and reputation of, the ECITB.</p>	<ul style="list-style-type: none"> • Maintaining rigorous levy controls and analysis. • Develop strategic partnerships with training providers to ensure quality of training delivery. • Implementation of Digitalisation Strategy, including development of Membership Services Portal (MSP) with multiple layer of authorisation control in which almost every grant requires a piece of documentary evidence that is checked by at least one ECITB member of staff.

Strategic risk	Mitigating actions
<p>An employment cessation event leads to withdrawal from participation in the ITB Pension Scheme with an outstanding liability of approximately £12m, which could theoretically lead to immediate insolvency. Assurances have been given by ITB Pension fund that mitigating actions would be taken to prevent insolvency of its members.</p>	<p>The High Court has declared that ITB Pension Plans is an unsegregated fund, thereby removing the need for any active DB Scheme members to remain. • Ensure that circumstances giving rise to an Employment Cessation Event do not arise by: a) Ensuring ECITB continues to participate as a member of the scheme with active members in the DC Section; b) ensuring all contributions due in respect of active members are paid as and when they fall due; c) ensuring any deficit recovery contributions in respect of accrued DB Section liabilities are paid as and when they fall due; d) maintain reserves at levels that provide assurance to ITB trustees that ECITB is able to meet its obligations; e) maintain dialogue with ITB Trustees concerning the ECITB's financial position. Furthermore, ITB fund management is resulting in the deficit reducing and expected to be nil by 2025.</p>
<p>A perception that the ECITB does not support Scottish business or SG skills priorities, leads to a lack of mandate in Scotland, which results in a lack of support from Scottish employers which may impact any future outcomes from any future Scottish referendum which leads to loss of approx 40% of ECITB income.</p>	<ul style="list-style-type: none"> • Boost our strategic engagement with the Scottish Government and skills agencies, to raise profile and be seen as the voice for the Scottish ECI and a key partner to SG. Current mitigation • Maintain support of the OCA companies through continued delivery of strategic initiatives. Current mitigation • Chairman and Board members engaging with companies in Aberdeen. Current mitigation
<p>Cyber Risk of Data Loss from online systems - security defects in technology allowing unauthorised access to personal and sensitive data resulting in potential losses/ damage to data subjects/ owners and risks of non-compliance (regulatory and governmental).</p>	<ul style="list-style-type: none"> • Risks to data are being mitigated with a combination of management and monitoring processes • User Acceptance Testing of applications prior to release • regular penetration testing • data encryption • locating the data in a monitored data centre • certification of technologies in use • monitoring of audit logs • staff awareness and training • GDPR Compliance • development and application of appropriate policies & Disaster recovery plan.
<p>IT Supplier Failure Risk - Commercial failure of a key IT supplier (such as Capita) could result in major disruption of operations due to sudden closure of support and service</p>	<ul style="list-style-type: none"> • Development and application of appropriate policies & Disaster recovery plan. Extensive system documentation has been created which would facilitate rebuild or transfer of system to alternative platform.
<p>A number of key individuals are close to retirement, they hold a significant repository of corporate knowledge the loss of which could impact future operations by the ECITB.</p>	<p>Risks to knowledge loss can be mitigated through a number of actions including: implementing a series of knowledge capture activities to identify and capture the critical areas of knowledge and retaining key individuals on a consultancy basis.</p>

Strategic risk	Mitigating actions
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Uncontrolled acceptance of commitments in the MSP leads to an unknown quantum of claims at the year-end which leads to an overspent.

- Controls to be identified and put in place to reduce the budget included within the MSP system by the value of any spend expected to be out with the MSP system (such as Apprentice and ITEC spend and Active Cup). 17/2/20. Achieved for 2019 controls Current mitigation
- Controls to manage the rate and extent of commitments to be managed through defined funding windows and through prioritisation of employers needs through effective engagement. 17/2/20. No claim only facility addressed this. Current mitigation.

The ITB Review tasked the ECITB to decide whether to examine amending its Scope. The process to consider scope will be lengthy and must be considered as part of an industry-wide levy consultation, in which case both existing and potential industry sectors would vote in the consultation. The predominant risk is that industry sectors currently within scope may attempt to move out of scope and in doing so, in combination with the potential industry sectors, could trigger a failure in the levy consensus.

The Board will need to make a balanced judgement on the necessity of re-examining scope. The first action is to ensure that the board understands the legislation under which we are operating and the potential impact of opening the discussion on scope, this will be achieved through a training day with Counsel, followed by discussion by the board on the pros and cons of examining scope. The second action will be for the Board to agree when they are in a position to decide whether to examine scope. This take place in 2020 once the Board is content that they are adequately informed on the issues surrounding scope. The third action will be to decide if scope should be examined. This decision will take place in 2020. The subsequent actions will be dependent on this decision. The risk will become apparent once a decision is made whether or not to examine scope. If the decision remains not to, then the risk remains low, risk will increase with a decision to examine scope.

The ECITB maintain a strategic risk of the CITB not achieving consensus at their next consultation. Failing to achieve a consensus would leave just one ITB in existence and there is a risk that Government could withdraw support to the ECITB should they believe that the effort required to maintain the ITA and the supporting activity is no longer justified for one ITB.

Engagement with DfE through the sponsorship team to determine appetite within Government for maintaining single ITA. Make the case with senior officials and Ministers/SofS as required to support the continuation of the ECITB in the event that CITB fails to gain consensus.

The ECITB's approach to Data Security and Information Risk

The ECITB's management information systems enable and support business processes and organisational performance. The ECITB's emphasis remains to ensure data handling practices are simple, rigorous and efficient. Information security is of vital importance to the operation and reputation of the ECITB. Its Chief Information Officer is the ECITB's Senior Information Risk Owner (SIRO) and has operational responsibility for this. During 2019 no disclosures or reports were submitted to the Information Commissioner's Office (ICO).

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

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

During 2019 there were no major changes to the ECITB's data storage.

Internal Audit

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

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

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

Conclusion

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

This Governance Statement represents the conclusions of my review of the effectiveness of the ECITB's governance framework, risk management and internal controls in 2019. I am satisfied that the governance arrangements and the risk and control framework used in 2019 were sufficient to continue managing risks effectively, and ensure that the operating and financial risks were fully understood by the Board. I have concluded that the ECITB's system of governance, risk management and internal control supports the achievement of the ECITB's aims and objectives.



C J Claydon
Chief Executive and Accounting Officer
1st June 2020

ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

Report of the Trustees and Accounts for
the Year-Ended 31 December 2019



Financial Report

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

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

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

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

The Accounting Officer and Board of Trustees confirm:

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

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



L A Armstrong
Chairman
1st June 2020



C J Claydon
Chief Executive and Accounting Officer
1st June 2020

Results for the Year

A Summary Statement of Financial Activities for the period 1 January 2019 to 31 December 2019 (with comparative information for 2018) is shown immediately below. This has been extracted from the audited financial statements which appear in full later in this report.

Income	2019 £'000	2018 £'000
Levy	23,732	22,964
Investment Income	428	439
Non Levy Income	2,256	2,168
Total Income	26,416	25,571
Expenditure		
Investment management costs, Bad debt provision, levy collection costs and provision against appealed levies	370	214
Charitable activities	27,736	29,083
Total expenditure before other gains and losses	28,106	29,297
Net income / (expenditure) before other gains and losses	(1,690)	(3,726)
Gains / (Losses) on revaluation of fixed assets	113	68
Gains / (losses) on investment assets	(99)	(292)
Net Movement in Funds Surplus / (Deficit)	(1,676)	(3,950)
Reconciliation of Funds		
Total funds brought forward at 1 January	17,315	21,265
Total funds carried forward at 31 December	15,639	17,315
Balance Sheet		
Fixed Assets		
Tangible Assets	1,324	1,257
Investments maturing in more than one year	8,855	10,178
	10,179	11,435
Current Assets	12,447	11,360
Creditors: amounts falling due within one year	(6,987)	(5,480)
Net current assets	5,460	5,880
Net assets less liabilities	15,639	17,315
Fund		
Unrestricted fund	15,639	17,315

Results for the Year

Statement of Financial Activities for Year ended 31 December 2019

Incoming Resources

Levy income in 2019 amounted to £23.7m (2018: £23.0m). This represents the gross levy assessed during the year, together with any adjustments for levies assessed in earlier years. Levy rates on costs of on-site workers remained at 1.2% and, on costs of all other workers remained at 0.14%. Levy exemption levels remained unchanged from 2018 for both site based and other workers at £1,000,000 and £275,000 respectively.

Gross levy income was £23.7m or 3% higher than in 2018 due to more establishments being brought onto the books.

Other incoming resources totalled £2.3m (2018: £2.2m) mainly comprised income from sales and sponsorships.

Investment income, from quoted investments and interest on cash deposits, amounted to £428k (2018: £439k). Investment performance remains in line with 2018 due to ongoing low investment yields, which, as noted last year, are expected to prevail into the foreseeable future. The bond market experienced a much stronger year, with time-linked declines in value of only £99k (2018: £292k).

The main sources of sales income were the sale of training products and services to training providers in both Great Britain and overseas. Income from such sources fell by 10.5% in 2018 due mainly to lower sales related to International Health and Safety Passports but remained static in 2019 at £2m, with declines in the UK market being offset by improvement in the international operation.

The majority of sales income was derived from training providers in Great Britain with training activity in 2019 being a £0.2m decline on 2018 at £1.5m.

Sales income from overseas training providers fell by 32% in 2018 as a continuing result of the ECITB's earlier decision to reduce its international presence. With increased focus in 2019, international sales have picked up again in 2019, increasing by 30% in year.

Expenditure

Expenditure on the charitable activity amounted to £27.7m which was £1,347k (4.6%) lower than 2018. The main reason for this was a reduction in the value of grants made towards training.

Total costs of delivery of the service, comprising direct and support costs were flat year on year at £7.8m (2018: £7.8m).

Levy collection costs amounted to £282k (2018: £173k), the increase reflecting the fact that there were no levy appeals during 2018 and the team was expanded over 2018 and during 2019.

Net Movement in Funds

The revaluation of the ECITB's land and buildings, based on commercial property indices, resulted in a gain of £113k (2018: gain of £68k)

The net outgoing resources for the year after recognised gains and losses amounted to £1.68m (2018: outgoing resources £3.95m). This has necessitated drawing on reserves with the result that carried forward reserves are £15.64m (2018: £17.32m).

Balance Sheet at 31 December 2019

Assets

Current assets increased by £1,087k as a result of the movement of a payment from the 31st December in 2018 to the 2nd of January in 2020. This had the effect of increasing cash at the balance sheet date versus the same time in the prior year and also increasing the value of offsetting creditors.

At 31 December, investments and cash amounted to £20.20m (2018:£20.29m). As stated, the balance is the same because a payment made at the end of 2018 was, in 2019, deferred until January 2020. Creditors were therefore £1.51m higher than in 2018.

Debtors at the end of both 2018 and 2017 comprised levy and trade debtors, prepayments and accrued income. Levy debtors in 2019 remained high at £0.94m, (2018: £1.08m) due to two late assessments, raised in autumn 2019, remaining unpaid as at 31 December. Both were paid early in 2020.

Creditors

Year-end creditors amounted to £7.0m (2018: £5.5m) and largely comprised grant creditors and accruals. The increase was because of the deferral of the payment for grants described above.

The last triennial valuation of ITB Pension Funds took place during 2019. There is, again, no pension deficit liability at the year-end (2018: £nil) and, due to the fact the current members are members of a defined contribution scheme, no future liability will arise relating to them.

The Funds of the Charity

The year-end balance sheet shows total charity funds of £15.6m (2018: £17.3m).

Reserves Policy

From 2018, under new governance arrangements, the Reserves Requirement will be reviewed annually by the Board and the assumptions underpinning the Requirement will be revisited and revised as necessary. The minimum level of reserves the Trustees consider necessary is £7m to accord with its policy to hold reserves to cover the full costs of winding up the ECITB estimated to be around £3m and a further fund to support the costs of apprentices taken on under ECITB funding arrangements, set at £4m.

A decision was taken in 2017 to utilise up to £10m of reserves over the period 2018-2020 to support £65m of training support within the Engineering Construction Industry. Increased income over the period is anticipated to mean that the £65m target will be met. £6m of reserves have been expended in 2018 and 2019, with the result that the reserves at the end of the reporting period totalled £15.6m (2018 - £17.3m). The plan is anticipated to result in reserves of between £10m to £14m at the end of 2020.

The ECITB does not hold any restricted funds and all reserves are reported as unrestricted. Of the £15.6m funds held at the end of the reporting period, £1.3m can only be realised by disposing of tangible fixed assets and a further £9.3m are already committed, resulting in £5m available reserves.

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

Investment Policy and Performance

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

Investment performance is measured against a benchmark, namely the FTSE UK Government Bond Fixed Up to 5 Year Index. In the period from 14th September 2004 (when the investment manager took over the portfolio) to 31st December 2019, the performance of the long-term portfolio, after the deduction of management fees, was 59.2% compared to the benchmark 56.7%, giving an annual portfolio return of 1.4% (benchmark return 1.1%) for the year to 31st December 2019.

Auditors

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

Remuneration Report

Unaudited Information

Staff Appointments

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

Two employees were engaged under fixed term contracts of employment.

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

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

Staff Sickness Absence

The ECITB monitors levels of staff sickness absence. In 2019, the sickness absence rate was 2.1% (2018 – 1.6%), equivalent to 4.6 working days per head (2018– 3.7 working days).

Off payroll arrangements

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

Audited Information

Senior Staff Costs and Pensions

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

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

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

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

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

2019					2018					Date of appointment to position
Salary £'000	Pension Benefit £'000	Benefit in kind (to nearest £100) £	Performance Pay £'000	Total Salary £'000	Salary £'000	Pension Benefit £'000	Benefit in kind (to nearest £100) £	Performance Pay £'000	Total Salary £'000	
C J Claydon, Chief Executive										
140-145	10-15	1,700	5-10	165-170	135-140	10-15	1700	0	150-155	24.08.15
P C Hill										
0	0	0	0	0	100-105	5-10	800	0	110-115	15.05.06
A Brown, Director of Operations										
100-105	5-10	1,900	5-10	115-120	95-100	5-10	1,900	0	105-110	01.04.13
N Spencer, Director of Development & Quality										
95-100	5-10	1,400	0-5	110-115	95-100	5-10	1,400	0	105-110	01.11.03
R Blyth, Director of Finance and Administration										
65-70	5-10	0	0	70-75 (FYE 85- 90)	0	0	0	0	0	16.03.19
H M Blackwood, Director of Finance & Administration										
40-45	0-5	200	0	40-45 (FYE100-105)	90-95	5-10	1,200	0	100-105	06.11.17

P C Hill resigned as a director on 31 December 2018 but remains as a consultant to the ECITB on a contracted day basis. R Blyth joined the ECITB on the 7 January 2019 and became a director on 16 March 2019.

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

The remuneration committee deferred its decision on the executive board's performance pay until the completion of the 2019 levy consultation. This was paid in 2019 for executives who were on the Board in both 2019 and 2018.

ECITB is required to disclose the relationship between the remuneration of its highest-paid director and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in ECITB in the financial year 2019 was £155,000 – £160,000 (2018 - £150,000 - £155,000). This was 3.5 times (2018 - 3.2 times) higher than the median remuneration (excluding employer pension contributions) of the remainder of the workforce, which was £45,579 (2018 - £44,143). In 2019 no employees received remuneration in excess of the highest-paid director (2018 - none), however, in 2019 an individual's full time equivalent salary (excluding employer pension contributions) exceeded the highest paid director (2018 – none). Full time equivalent remuneration ranged from £18,000 to £166,000 (2018 - £17,000-£157,000). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind plus severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

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

Senior Staff Pensions Entitlements

Defined Benefit Pension

On 5th April 2016 the accrual of pension benefits in the Defined Benefits Section of ITB Pension Funds (ITB) ceased for all senior staff and other employees. From 6th April 2016, pension benefits accrued in the Defined Contribution Section of ITB. There is, therefore, no defined benefit increase to be reported on in 2019 (2018 Nil).

Defined Contribution pension

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

Name	Normal contribution 2019 £'000	Normal contribution 2018 £'000
C J Claydon	13	12
P C Hill	0	9
N Spencer	9	8
A Brown	9	8
R Blyth	5	0
H M Blackwood	2	7

Trustees' Costs

In accordance with her appointment by the Secretary of State, the Chairman of the Board is entitled to remuneration. During the year, the Chair, Ms L Armstrong, received a salary of £29,200 (2018 - £29,200). No other trustees drew a salary in the year (2018 : £424).

In 2019, 10 trustees (2018 -9) incurred travel, accommodation and subsistence expenses, which were reimbursed by the ECITB. In 2019, these expenses amounted to £13,693 (2018 - £18,666).

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

Appendix A of this report contains a list of current trustees and former trustees who held office during 2019.

Trade Union Time – Unaudited information

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

Relevant Union Officials

Name	Full Time Equivalent Number
Number of employees who were relevant union officials during the relevant period	1

Percentage of time spend on facility time

Percentage of time	Number of employees
0%	-
1-50%	1
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time £'000	1
Total pay bill £'000	4,258
Percentage of total pay bill spent on facility time	0

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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L A Armstrong
Chairman
1st June 2020



C J Claydon
Chief Executive and Accounting Officer
1st June 2020

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

Opinion on financial statements

I certify that I have audited the financial statements of Engineering Construction Industry Training Board (ECITB) for the year ended 31 December 2019 under Industrial Training Act 1982. The financial statements comprise: The Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and Charities SORP (FRS 102). I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of ECITB's affairs as at 31 December 2019 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial Training Act 1982 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

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

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ECITB's ability to

continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Trustees and Accounting Officer

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

Auditor's responsibilities for the audit of the financial statements

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ECITB's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Information

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

Opinion on other matters

In my opinion:

- the 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;
- in the light of the knowledge and understanding of the ECITB and its environment obtained in the course of the audit, I have not identified any material misstatements in the report of the trustees; and
- the information given in the report of the trustees which I provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
1st June 2020

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

Financial Accounts for the year ended 31 December 2019

Statement of Financial Activities for the year ended 31 December 2019

Income		2019 £'000	2018 £'000
Income from other trading activities			
Income from investments	Note 4	428	439
Income from charitables activities			
Total non-levy income	Note 3	2,256	2,168
Levy	Note 2	23,732	22,964
Total Income		26,416	25,571

Expenditure		2019 £'000	2018 £'000
Expenditure on Raising funds			
Investment management costs		47	60
Provision for bad debts and against appealed levies	Note 5	41	(19)
Levy collection costs		282	173
Total costs of raising funds		370	214
Expenditure on charitables activities			
Total costs of charitable activities	Note 6	27,736	29,083
Total expenditure		28,106	29,297
Net gains / (loses) on investments	Note 15	(99)	(292)
Net income / (expenditure)		(1,789)	(4,018)

Other recognised gains /(loses)		2019 £'000	2018 £'000
Other recognised gains / (loses)			
Gains / (loses) on revaluation of fixed assets	Note 13	113	68
Net movement in funds	Note 21	(1,676)	(3,950)

Reconciliation of funds		2019 £'000	2018 £'000
Total funds brought forward at 1 January		17,315	21,265
Total funds carried forward at 31 December	Note 21	15,639	17,315

The statement of financial activities reflects all gains and losses during the year to 31 December 2019. All activities are continuing. All funds are unrestricted.

The notes on pages 47 to 70 and the appendices on pages 72 to 75 from part of these financial statements.

Balance Sheet as at 31 December 2019

Fixed assets		2019	2018
		£'000	£'000
Tangible assets	Note 13	1,324	1,257
Investments maturing in more than one year	Note 15	8,855	10,178
Total fixed assets		10,179	11,435

Current assets		2019	2018
		£'000	£'000
Debtors	Note 16	1,092	1,249
Investments maturing in more than one year	Note 15	1,266	2,692
Cash and cash equivalents in hand	Note 23	10,089	7,419
Total current assets		12,447	11,360

Creditors		2019	2018
		£'000	£'000
Amounts falling due within one year		(6,987)	(5,480)
Net current assets		5,460	5,880
Total assets less current liabilities		15,639	17,315
Amounts falling due after more than one year	Note 17	-	-
Total assets less liabilities		15,639	17,315

The funds of the charity		2019	2018
		£'000	£'000
Unrestricted fund	Note 21	15,639	17,315
Total charity funds		15,639	17,315

The accounts were approved by the Board on 1st May 2020.



L A Armstrong
Chairman
1st June 2020



C J Claydon
Chief Executive and Accounting Officer
1st June 2020

The notes on pages 47 to 70 and the appendices on pages 72 to 75 from part of these financial statements.

Statement of cash flows for the year-ended 31 December 2019

Cash flows from operating activities		2019	2018
		£'000	£'000
Net cash provided by operating activities	Note 22	(301)	(4,485)
Cash flows from investing activities			
Investment income		428	439
Purchase of property, plant and equipment	Note 13	(171)	(84)
Proceeds from sale of property, plant and equipment		64	12
Proceeds from sale of investments	Note 15	2,650	5,285
Purchase of investments	Note 15	-	(6,970)
Net cash provided by (used in) investing activities		2,971	(1,318)
Change in cash and cash equivalents in the reporting period	Note 23	2,670	(5,803)
Reconciliation of changes in cash, cash equivalents and in hand		2019	2018
		£'000	£'000
Balance at 1 January	Note 23	7,419	13,222
Change in cash and cash equivalents in the reporting period	Note 23	2,670	(5,803)
Balance at 31 December		10,089	7,419

The notes on pages 47 to 70 and the appendices on pages 72 to 75 from part of these financial statements.

Notes forming part of the Accounts for the year ended 31 December 2019

1. Accounting policies

Going Concern

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

Management's view is that the impacts from the coronavirus do not affect ECITB as a going concern – the ITB is established by statute and has a legal right and obligation to collect levy from qualifying employers. This was renewed until 2023. In terms of liquidity, in 2020 substantially all of the levy was collected before the coronavirus impacts were felt in the UK. 2021 income will be assessed on the basis of pre-virus employment levels in the industry and ECITB will adapt its charitable activities to match its financial resources.

Accounting Convention

These accounts have been prepared in accordance with the Industrial Training Act 1982 and the Charities SORP (FRS 102) ("the SORP"), adopted in 2019. The main impact of adopting SORP 2019 is additional disclosure in regards to prior year comparatives. There has been no financial impact on the adoption of SORP 19. An accounts direction issued by the Secretary of State requires that the ECITB prepares accounts in accordance with Treasury guidance. Consequently, these accounts follow the principles in the 2018/19 Government Reporting Manual (FReM) where it goes beyond the requirements of the SORP.

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

The ECITB is a public benefit entity.

Levy Income

Levy income is recognised on an annual cycle in the year in which it is raised, together with adjustments in respect of previous levies raised. The levy receivable relating to the base period ended 5 April 2018 was raised in January 2019 and recognised as income in 2019.

Other Categories of Income

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

Investment Management Costs

Investment management costs are recognised on an accruals basis.

Charitable Expenditure

Charitable expenditure includes all expenditure attributable to the charitable activity.

Grants Payable

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

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

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

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

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

Direct and Support Costs

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

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

Land and Buildings

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

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

Other Assets

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

Capitalisation

Fixed assets costing below £500 are not capitalised.

Depreciation

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

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

No depreciation is provided on freehold land.

Depreciation on freehold buildings is provided on the last revalued existing use value over the remaining useful life of the asset. The annual depreciation provision is calculated by dividing the latest revalued amount by the number of years of remaining useful life. Under this policy, at the year-end date, the remaining useful life of the buildings is 11 years 3 months.

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

Investments

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

Cash and cash equivalents

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

Debtors

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

Debt Provision

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

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

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

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

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

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

Creditors

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

Pensions

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

Active ECITB members accrue pension benefits in the ITB Pension Fund's Defined Contribution Section. Pension contributions are charged to the statement of financial activities as incurred. Pension deficit contributions are recognised when the ECITB enters the obligation. During 2019 the ITB Pension Fund became a Master Trust.

Corporation Tax

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

Value Added Tax

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

Fund

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

2. Levy receivable

Levy Receivable	2019	2018
Number of establishments wholly or mainly engaged in engineering construction activities (leviable establishment)	320	353
Number of employers operating leviable establishments	293	322
Number of leviable employers subject to payment of levy	239	236
Number of employers operating leviable establishments subject to payment of levy (levy-paying in-scope employers)	217	208
Number of leviable establishments exempt from payment of levy	81	117
Number of employers operating leviable establishments exempt from payment of levy (non-levy paying in-scope employers)	81	117
	£'000	£'000
Levy receivable	23,732	22,964

In 2019 no employers formally appealed levy assessments raised in the year (2018 no employers).

3. Non levy income

Non Levy Income	2019 £'000	2018 £'000
From sales	2,256	2,168
	2,256	2,168

The following streams of income were received from sales:-

Sources of Sales Income	Income Stream	2019 Income £'000	2018 Income £'000
UK employers	ECITB Project Management Conference	58	55
	VQ registration and certification	78	105
UK Training Providers	ECI Training & Development Awards Event	34	-
	Apprentice Certification	4	5
	Technical training & test licence fees and course & test income	453	415
	Supervisory and PMSC licence fees and training course income	46	68
	CCNSG licence fees and safety passport income	986	1,060
Overseas Training Providers	Apprenticeship Learner Income	30	38
	Technical training & test licence fees and course & test income	267	307
	Supervisory and PMSC licence fees and training course income	14	18
	IHSP licence fees and safety passport income	196	75
	Consultancy Services	90	22
		2,256	2,168

No grant in aid is receivable by the ECITB.

4. Investment income

Investment Income	2019 £'000	2018 £'000
Income from quoted investments	320	351
Income from cash deposits	108	88
	428	439

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

Charge / (Credit) for provisions for bad debts and against appealed levies	2019 £'000	2018 £'000
Levy bad debts due to insolvency or non-payment	23	32
Reversal of previous year's levy bad debt provision	(55)	(54)
Trade bad debts	73	3
	41	(19)

6. Charitable activity

Charitable Activities		2019 £'000	2018 £'000
Grant Funding	Note 7	19,927	21,299
Direct Costs	Note 8	5,118	4,874
Support Costs	Note 9	2,691	2,910
		27,736	29,083

The 2018 accounts split the costs into 4 different categories. The 2018 figure are marked as restated as they are now aggregated. In 2019 the single charitable activity of the ECITB is disclosed under the charitable object of the organisation to give a true and fair view of its activity, which is to make provision for training persons for employment in the Engineering Construction Industry.

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

7. Grant funding

Of the £19.9m of grants made to employers in 2019, grants amounting to £17.3m were paid to the employers in the following list. In many cases, grants have been awarded to more than one employer in the same group of companies. When this occurred, the grants paid to such employers have been aggregated in the following list, which identifies that 50 largest employers or employer groups in terms of grant values.

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

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

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

For comparative purposes the top 50 largest employers or employer groups in terms of grant values for 2018 were:

Employer	£	Employer	£
Sellafield Ltd	1,796,080	Shepley Engineers Ltd	131,285
Wood Group UK Ltd	1,480,584	Costain Oil Gas & Process Ltd	130,882
Magnox Ltd	1,284,203	Applus RTD UK Ltd	121,661
Bilfinger Salamis UK Ltd	1,233,140	On Line Design & Engineering Ltd	119,966
Aker Solutions Ltd	1,137,566	Horizon Nuclear Power Services Ltd	114,069
Petrofac Facilities Management Ltd	1,104,839	P.P.S Electrical Ltd	110,520
Stork Technical Services Ltd	1,077,492	IRISNDT Ltd	104,090
Worleyparsons Services UK Ltd	1,006,530	MW High Tech Projects UK Ltd	100,580
Dounreay Site Restoration Ltd	824,009	Hitachi Zosen Inova UK Ltd	97,874
Jacobs UK Ltd	685,589	MB Engineering Services Ltd	96,132
Cape Industrial Services Ltd	628,267	Pipex Ltd	94,229
Doosan Power Systems Ltd	615,654	WSP UK Ltd	88,996
Cavendish Nuclear Ltd	401,709	Primetals Asset Management UK Ltd	84,482
Siemens plc	361,472	CB&I UK Ltd	78,965
AMEC Foster Wheeler Energy Ltd	345,670	Vogal Group Ltd	74,567
NNB Generation Company Ltd	271,915	Rayfern Ltd	73,789
Weir Engineering Services Ltd	271,406	Intelect Ltd	72,202
VWS Ltd	227,602	Bibby Offshore Ltd	65,510
Subsea 7 Ltd	199,989	Dornan Engineering Services Ltd	65,486
Oceaneering International Services Ltd	186,923	Specialised Management Services Ltd	64,755
Kellogg Brown & Root Ltd	169,553	Blackrow Engineering CO. Ltd	62,262
Technip UK Limited	167,677	Studley Engineering Ltd	62,143
Boulting Group Ltd	153,836	Aquaterra Energy Ltd	62,136
SSE Contracting Ltd	140,046	Sub Total	18,265,173
ENGIE Fabricom UK Ltd	139,619	Other Grants	3,033,327
Emerson Process Management Ltd	138,821	Total	21,298,500
Fluor Ltd	138,403		

8. Direct costs

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

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

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

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

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

Activity	2019 Total £'000	2018 Total £'000
Apprentice allowances, travel and subsistence	241	289
Apprentice training and assessment costs	979	1,037
Apprenticeship recruitment costs	104	105
Awarding Organisation administration	11	23
Depreciation on assets in staff possession	30	47
ECITB Active Cup	119	108
ECITB Awarding Body External Verification	23	56
Professional, administrative & commission fees incurred in international commercial activities	184	128
Product development	43	143
(Profit) / Loss on disposal of Fixed Assets	(12)	(6)
Regional costs	47	42
Safety Passport issue and administration	69	93
Staff costs (salary, NI and pensions) (Note 10)	2,730	2,422
Staff travel and subsistence	456	380
Talent Retention Solution services	91	(1)
Training Provider Account Management	3	8
	5,118	4,874

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

Charitable Activity	2019 %	2018 %
Proportion of direct costs allocated to Charitable Activities	99	98
Proportion of direct costs allocated to Levy Collection Costs	1	2
	100	100

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

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

9. Support costs

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

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

Function	Activity	2019 £'000	2018 £'000
Corporate Affairs	Policy, marketing & communications	216	198
	Professional charges	-	34
Finance & Legal	Depreciation categorised as a support cost	123	97
	(Profit) / Loss on disposal of fixed assets	10	11
	Support staff costs (including salary, NI and pensions)	1,513	1,335
	Support staff travel and subsistence	33	39
Human Resources	Agency costs	0	31
	Professional pension fees	1	31
	Other professional fees	3	37
	Staff recruitment and training	122	94
	Information Technology project costs	54	283
	Information technology and communications	446	415
	Head Office infrastructure (includes buildings and office consumables costs)	128	187
	Governance	138	183
		2,787	2,975

The total figure above includes £96k allocated to levy collection costs (2018 £65k).

Policy, marketing and communications costs have increased in 2019 due to the costs of support associated with labour market intelligence data gathering.

Professional charges within Finance & Legal in 2019 relate to support to cover staff vacancies.

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

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

The cost of the statutory audit for 2019 is included within Governance costs. The quoted cost of the 2019 audit was £45k (2018 £42.5k). The final invoiced audit fee for 2019 was £45k.

10. Staff costs

Staff Costs	2019 £'000	2018 £'000
Salaries	3,636	3,151
Social security costs	400	348
Pension costs (standard contributions)	222	211
Agency costs	153	175
Other personnel costs	23	56
Termination costs	-	5
	4,434	3,946

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

Salaries include gross salaries, performance-related pay or bonuses, overtime, and allowances (such as car and private or home office allowances) to the extent that they are subject to UK taxation. The ECITB operates a performance-related incentive scheme in which all employees are eligible to participate (after completing initial periods of employment in their roles). In 2019, the total incentive award amounted to an average 2.0% of the total basic salary (2018 – 1.1%).

No employees received termination costs in 2019 (2018 - 1).

11. Staff numbers

Average number of employees by function	2019 Number	2018 Number
Apprenticeships & Careers, Technical Programmes, Management & Professional Programmes	34	31
Awards & Qualifications	9	8
Levy Collection	2	1
Senior Management and Corporate Support Services	23	20
	68	60

Employees earning over £60,000 per annum including benefits in kind, excluding pension contributions	2019 Number	2018 Number
£60,001 - £70,000	8	5
£70,001 - £80,000	2	1
£80,001 - £90,000	1	1
£90,001 - £100,000	-	2
£100,001 - £110,000	1	2
£110,001 - £120,000	1	-
£120,001 - £130,000	1	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-
	15	12

Category	2019			2018		
	Female	Male	Total	Female	Male	Total
Directors	-	4	4	1	4	5
Other Employees	28	37	65	26	34	60
Total	28	41	69	27	38	65

12. Industry Training Board Pension Funds

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

The ECITB is a participating employer in the Defined Contribution section of the ITB Pension Funds' scheme. During 2016, all employees who were participating in the Defined Benefit Scheme were transferred to the Defined Contribution scheme. In 2016, the ECITB fully discharged its obligation to make any deficit recovery payments in respect of the Defined Benefit scheme with the consequence that there is no pension deficit liability as at 31 December 2019 (2018 £nil).

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

ITB Pensions Funds' Open Fund

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

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

ITB Pensions Funds' Defined Contribution Scheme

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

The operating costs of the defined contribution pension scheme in 2019 were £3,788 (2018 – £2,540).

Total Pension Costs in 2019

The pension costs incurred by ECITB in 2019 amounted to £222,013 (2018 - £210,782). This represents all contributions payable by the ECITB to the ITB Pension Funds' Open Fund and the Defined Contribution Scheme.

13. Tangible Fixed Assets

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

2018 Tangible Fixed Assets	Freehold Land & Buildings £'000	Plant & Machinery £'000	Computer Equipment £'000	IT Software £'000	Furniture & Equipment £'000	Total £'000
Cost or valuation						
At 1 January 2018	1,020	298	265	39	69	1,691
Revaluation	7	-	-	-	-	7
Additions	-	-	84	-	-	84
Disposals	-	(39)	(29)	-	-	(68)
At December 2018	1,027	259	320	39	69	1,714
Depreciation						
At 1 January 2018	-	146	203	34	42	425
Charge for the year	61	47	30	1	5	144
Revaluation	(61)	-	-	-	-	(61)
Disposals	-	(32)	(19)	-	-	(51)
At 31 December 2018	-	161	214	35	47	457
Net Book Value						
At 1 January 2019	1,020	152	62	5	27	1,266
At 31 December 2019	1,027	98	106	4	22	1,257

Land and Buildings

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

The freehold land and buildings were last valued on the basis of existing use value on 31 December 2017 by Bidwells, Chartered Surveyors. The valuation was prepared in accordance with the Royal Institution of Chartered Surveyors Professional Valuation Standards (March 2012). The ECITB's usual practice between professional valuations is to adjust the value of the land and buildings by reference to movements in published commercial property indices where material. The index used for the 2019 valuation was the Coldwell Banker Richard Ellis (CBRE) index for office capital growth. After adjustment for depreciation the net book (existing use) value has been increased to £1,074k. The effective date of revaluation is at 31st December 2019. This revaluation appears as a recognised gain in the accounts of £113k (2018: 68k).

The existing use value of the land has been apportioned at £210,000 (2018 - £210,000). The land is not depreciated because it is deemed to have an indefinite useful life.

Had the freehold property been held under the historic cost model, its carrying value would have been £510k at December 2019 (December 2018 - £537k)

The cost and accumulated depreciation at 31 December 2019 includes fully depreciated assets at a historical cost of £220,484 (31 December 2018 - £209,787).

During 2020 the freehold land and buildings of the ECITB were made available for sale.

Plant and Machinery

Plant and machinery largely comprises motor vehicles.

14. Capital commitments

At the end of 2019 there we £70k of capital commitments (2018 - £0), £54k relating to a new Customer Relationship Management suite and £16k in relation to a new financial accounting package under development.

15. Investments

Investments	2019 £'000	2018 £'000
Listed investments		
Market value at 1 January	12,870	11,477
Purchases	-	6,970
Sales	(2,650)	(5,285)
Net Gain / (Loss)	(99)	(292)
Market value at 31 December	10,121	12,870
Investments maturing in more than one year	8,855	10,178
Investments maturing in less than one year	1,266	2,692
Total market value of listed investments	10,121	12,870
Cash and cash equivalents and in hand		
Cash at bank and in hand	363	466
Cash equivalents	9,726	6,953
Total cash and cash equivalents and in hand	10,089	7,419

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

Details of material investments are as follows:-

	2019 % Value of portfolio	2018 % Value of portfolio
Cash Equivalent held by the investment portfolio manager	49.0%	36.0%
United Kingdom Treasury Stock 7.9.22 (1.75%)	15.1%	14.9%
United Kingdom Treasury Stock 22.1.21 (1.5%)	7.6%	7.6%
Barclays Bank 12.1.22 (4.25%)	7.3%	7.3%
Network Rail 21.7.20 (4.625%)	3.9%	3.9%
Wellcome Trust 28.5.21 (4.75%)	2.9%	3.0%
Friends Life 21.4.22 (8.25%)	2.9%	2.9%
EIB 7.9.21 EMTN (1.125%)	2.5%	2.5%
Abbey National 17.2.20 Reg. S (1.875%)	2.5%	2.5%
European investment bank EIB 15.12.23 (.875%)	2.5%	2.4%
Coventry Building Society 13.11.23 (Variable%)	2.0%	1.9%
National Grid Gas Finance PLC 22.9.21 (1.125%)	1.8%	1.7%
United Kingdom of Great Britain and Northern Ireland 7.9.22 Treasury Stock (1.75%)	0.0%	9.0%
Motability 10.12.19 EMTN (6.625%)	0.0%	2.6%
Northern Gas Networks Finance 8.7.19 (5.875%)	0.0%	1.8%

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

16. Debtors

Debtors	2019 £'000	2018 £'000
Levy debtors	943	1,076
Provision for bad levy debts	(472)	(503)
Net levy debtors	471	573
Non-levy debtors	512	460
Non-levy bad debt provision	(154)	(82)
Total non-levy debtors	358	378
Prepayments and accrued income	241	298
Other debtors	22	-
Total debtors	1,092	1,249

There were no formally appealed levies during the year (2018 none).

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

Balance with Intra-Governmental Bodies	2019 £'000	2018 £'000
Local authorities	5	2
Balances with non government bodies	1,087	1,247
Total	1,092	1,249

Debt Provision	2019 £'000	2018 £'000
Opening provision against appealed levies and for bad debts	585	604
Levy bad debts due to insolvency or non-payment	23	37
Other bad debts	73	3
Reversal of bad debt provision due to receipt of liquidator's dividend	(55)	(59)
Reversal of bad debt provision following offset against training grants due	-	-
Reversal of bad debt provisions due to payment of outstanding debts	-	-
Closing provisions for bad debts and againsts appealed levies	626	585

During the course of 2019 no debts (£nil) (2018- £nil) were written off in the balance sheet.

17. Creditors

Creditors - amounts falling due within one year	2019 £'000	2018 £'000
Creditors	6,181	2,844
Accruals	735	2,553
Taxation	48	41
Deferred income	23	42
Total creditors falling due within one year	6,987	5,480

There were no creditors with amounts falling due after more than one year as at 31 December 2019 (2018 £nil).

Balances with Intra-Governmental Bodies	2019 £'000	2018 £'000
Government bodies	1,459	1,175
Local authorities	2	5
Balances with non government bodies	5,526	4,300
Total creditors	6,987	5,480

The balance with Central Government bodies at the 2019 year-end includes the sum of £1,221k in training grants payable to Sellafeld Limited, Magnox Limited and Dounreay Site Restoration Ltd (2018 - £771k in training grants payable to Sellafeld Limited and Magnox Limited).

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

Analysis of Deferred income	2019 £'000	2018 £'000
Deferred Income released from Prior Years	42	23
Income deferred in the Current Year	23	42

18. Financial instruments

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

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

Financial assets by category		2019	2018
		£'000	£'000
Investments	Note 15	10,121	12,870
Debtors	Note 16	1,092	1,249
Cash and Cash equivalent	Note 23	10,089	7,419
Financial liabilities by category			
Creditors	Note 17	6,987	5,480

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

Investment Risk

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

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

Interest Rate Risk

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

Credit and Liquidity Risks

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

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

Foreign Currency Rate Risk

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

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

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

19. Financial commitments

Financial commitments at 31 December 2019 are estimated to amount to £9,257k (2018 - £7,450k). These comprise the value of outstanding payments which the ECITB has committed to pay to various parties involved in the training of apprentices and pre-apprentice qualifications. The parties to which such commitments have been made are training providers, industry employers and apprentices. These commitments are contracted for, but not provided in the accounts. The commitments have been categorised by the years in which the apprentice “cohorts” commenced their apprenticeships.

Apprentice cohort	2019 £'000	2018 £'000
2012	3	8
2013	3	48
2014	43	115
2015	90	563
2016	410	743
2017	553	1,290
2018	2,638	4,683
2019	5,517	-
	9,257	7,450

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

The commitments relating to the 2019 cohort were made upon the commencement of the relevant learners’ programmes, and by the year-end grant and programme costs only in respect of the initial months of training had been discharged.

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

20. Operating leases and commitments

As at 31 December 2019, the ECITB had no operating leases or lease commitments (2018 none, £nil).

21. Unrestricted fund

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

Unrestricted fund	At 1 January 2019 £'000	Incoming resources £'000	Outgoing resources £'000	Transfer between funds	Other recognised Gains/ losses	As at 31 December 2019
Revaluation reserve	744	-	-	-	68	812
General Funds	20,521	25,571	(29,297)	-	(292)	16,503
Total Unrestricted Funds	21,265	25,571	(29,297)	-	(224)	17,315

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

Reconciliation of net income / (expenditure) to net cash flow from operating activities		2019 £'000	2018 £'000
Net incoming / (outgoing) resources	SOFA	(1,789)	(4,018)
Depreciation	Note 13	153	144
(Gains) / Losses on investments	Note 15	99	292
Investment income	SOFA	(428)	(439)
(Gain) / Loss on disposal of fixed assets	Note 13	(0)	5
Decrease / (increase) in debtors	Note 16	157	(611)
Increase / (decrease) in creditors	Note 17	1,507	142
Net cash inflow from operating activities		(301)	(4,485)

23. Analysis of changes in cash equivalent

Analysis of change in cash and cash equivalents	At 1 Jan 2019 £'000	Cashflows £'000	At 31 Dec 2019 £'000
Cash at bank and in hand	466	(103)	363
Cash held by investment portfolio manager	6,953	2,773	9,726
	7,419	2,670	10,089

All cash is held in commercial banks or financial institutions.

24. Contingent liabilities

There are no contingent liabilities at the balance sheet date. (2018 – No contingent liabilities.)

25. Related party transactions

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

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

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

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

Transactions with related parties under which funds were paid to the ECITB	2019 £'000	2018 £'000
Levy paid to ECITB	2,161	3,242
Sale of training services by ECITB	28	22
	2,189	3,264

The amount owed to ECITB by related parties at the balance sheet date is £263k (2018: £28k). The transactions in the following table comprised the payment of grants, the award of qualifications and the procurement of training and assessment services. The total sums involved were:-

Transactions with related parties under which payments or value flowed to the related parties	2019 £'000	2018 £'000
Payment of grants	2,527	2,734
Purchase of training and assessment services by ECITB	31	20
	2,558	2,754

The amount owed by ECITB to related parties at the balance sheet date is £407k (2018 - £315k).

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

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

During 2019 a member of the audit and risk committee was engaged in consultancy work for the ECITB for which their organisation was paid £41k (2018 - £8k) for time and expenses. The individual was not an ECITB Director, Non-Executive Director or Trustee and had no decision making authority over the ECITB.

26. Post year-end events

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

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

The ECITB do not have reason to believe that the impact of Covid-19 has resulted in a material change to the value of its assets or liabilities at or subsequent to the reporting date, nor to have changed the assumption that the organisation continues to be a going concern.

Organisational details

The ECITB's Director's are:

Chief Executive Officer

Chris Claydon

Email: Chris.Claydon@ecitb.org.uk

Director of Finance and Business Services

Rory Blyth

Email: Rory.Blyth@ecitb.org.uk

Director of Policy and Corporate Affairs

David Nash

Email: david.nash@ecitb.org.uk

Director of Operations

Andy Brown

Email: Andy.Brown@ecitb.org.uk

Complaints

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

Head Office and Principal Address

Blue Court
Church Lane
Kings Langley
Hertfordshire
WD4 8JP

Charity Registration Details

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

Auditors

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

Bankers

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

Appendix A:

This Appendix shows:

- The members of the ECITB's Board of Trustees during 2019 and at 1st June 2020;
- Changes in membership since 1st January 2019; and
- Meeting attendance records during 2019.

Name	Changes during 2019 and to date	2019 Meeting Attendance Record
Ms L Armstrong		6 of 6
Ms L Birse	Appointed as a trustee 01/02/19	3 of 5
Mr C Claypole		5 of 6
Mr M Fletcher	Resigned as a trustee 02/20	4 of 6
Mr S Hicks		5 of 6
Ms H Hill		6 of 6
Mr M Hockey	Retired as a trustee 31/05/19	3 of 3
Prof J Howe		5 of 6
Ms D James		5 of 6
Mr D Vineall		4 of 6

Appendix B:

This Appendix shows:

- The members of the Board 's committees during 2019 and at 1st June 2020;
- Changes in membership since 1st January 2019; and
- Meeting attendance records during 2019.

Council

Name	Changes during 2019 and to date	2019 Meeting Attendance Record
Mr P Atkinson	Appointed as committee member 01/01/18 Resigned as committee member March 2019	0 of 0
Ms G Banham	Appointed as committee member 27/06/18 Resigned as committee member in May 2019	0 of 1
Mr T Barnes	Appointed as committee member 27/11/18 Resigned as committee member 14/01/20	1 of 3
Mr K Benson	Appointed as committee member 01/01/18 Resigned as committee member 16/04/19	1 of 1
Mr S Blackman	Appointed as committee member 01/01/18	3 of 3
Mr D Boath	Appointed as committee member 03/12/18	3 of 3
Mr J Brimble	Appointed as committee member 16/02/18	0 of 3
Mr P Bunyan	Appointed as committee member 01/01/18	2 of 3
Mr D Cornforth	Appointed as committee member 27/11/18	2 of 3
Mr M Crichton	Appointed as committee member 12/12/18	2 of 3
Mr C Claypole	Appointed as committee Chair 31/05/18	1 of 2
Mr D Gibson	Appointed as committee member 09/07/18 Resigned as committee member 31/10/19	3 of 3
Mr M Hockey	Appointed as committee Chair 01/01/18 Retired as committee Chair 31/05/19 ; remains a member of the committee	2 of 3
Mr B MacAulay	Appointed as committee member 01/01/18 Resigned as a committee member 05/03/19	1 of 1
Mr A Mitchell	Appointed as committee member 01/01/18	3 of 3
Mr W Reid	Appointed as committee member 27/11/18	1 of 3
Ms T Shelley	Appointed as committee member 01/01/18	3 of 3
Mr K Scott	Appointed as committee member 19/07/18	2 of 3
Ms A Thom	Appointed as committee member 27/11/18	2 of 3
Mr P Ventre	Appointed as committee member 01/01/18	3 of 3
Mr M Wilkins	Appointed as committee member 01/01/18 Resigned as committee member April 2019	0 of 1

Audit & Risk Committee

Name	Changes during 2019 and to date	2019 Meeting Attendance Record
Mr G Cole		3 of 4
Ms H Hill	Appointed as committee Chair 31/05/19	4 of 4
Mr M Hockey	Retired as committee member and Chair 31/05/19	3 of 3
Mr C Tall	Appointed as committee member 01/01/19	3 of 4
Mr C Wood	Resigned as committee member 02/20	4 of 4

Qualifications and Awards Committee

Name	Changes during 2019 and to date	2019 Meeting Attendance Record
Mr R Clarke		3 of 3
Mr R Davies		1 of 3
Mr M Fletcher		1 of 3
Mr J Redmond		3 of 3
Mr T Stone		3 of 3
Mr D Whitehouse		1 of 3

Client Contractor National Safety Group (CCNSG)

Name	Changes during 2019 and to date	2019 Meeting Attendance Record
Mr R Ash	Resigned as a Committee Chair 03/19	2 of 2
Mr R Clarke		3 of 4
Mr G Duncan		3 of 4
Mr R Miguel		2 of 4
Mr M Riley	Appointment as committee Chair 09/19	4 of 4
Mr D White		3 of 4

Appendix C:

Trustees are appointed by the Secretary of State because of their positions in the industry. The following Board members (who are serving as charitable trustees at 1st June 2020 or who have stepped down since 1 January 2019) have declared the following other interests:-

Member	Declared Interest
Mrs L Armstrong	Non-Executive Director; Kaz Minerals Plc Non- Executive Director; Orsted A/S Director, owner Calyx Consulting LTD SBM offshore BV. Member of the Supervisory Board (term of office finished April 1st 2018) CEOC Ltd (former Non-Executive Director, Company being wound up) President Shell Pensioners Association Fellow, Energy Institute Member, IoD
Ms L Birse	President People & Organisation, AS EAAA, Wood
Mr C Claypole	Managing Director, Stocks Group Ltd Managing Director, Site Service Engineering Ltd Managing Director, Scotton Construction Ltd Managing Director, Trent Lifting Ltd Director, Winterton Agricultural and Sports Society Member of Management Board, ECIA Director, Techniq Design Ltd Director, Winterton Rangers Community Interest Company
Mr M Fletcher	Doosan Babcock Ltd – Employee Brother is Director, TEI Ltd Chair of National Skills Academy for Nuclear (NSAN) Member, Institute of Leadership & Management Member, The Welding Institute Member, Institute of Materials Minerals & Mining
Mr S Hicks	Managing Director – Recycling at Viridor Waste Management. Member of Management Board, ECIA Director, Altrad Services UK
Ms H Hill	Fellow, Institution of Mechanical Engineers Member, WES
Mr M Hockey	Managing Director, Engineering Construction Industry Association (ECIA) Member, ACE Steering Group
Prof J Howe	Executive Director, Thornton Energy Research Institute
Ms D James	VP Nuclear Generation and Defence Clean Energy, Wood Spouse is Director, Nuclear Generation Division, Nuvia
Mr D Vineall	Human Resources Director, Nuclear Decommissioning Authority



Engineering Construction Industry Training Board

Blue Court, Church Lane, Kings Langley, WD4 8JP
+44 (0) 01923 260000

www.ecitb.org.uk