



# Engineering Construction Industry Training Board

Report of the trustees and  
accounts for the year-ended  
31 December 2021

HC 302  
SG/2022/104





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Any enquiries regarding this publication should be sent to us at  
**Engineering Construction Industry Training Board,**  
Office Suite KD3, 1st Floor KD Tower, Cotterells, Hemel Hempstead, HP1 1FW,  
Hertfordshire, United Kingdom

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# **Engineering Construction Industry Training Board**

**Report of the trustees and accounts for the year-ended  
31<sup>st</sup> December 2021**

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# Chair's introduction

2021 was another challenging year for the engineering construction industry as the impact of the Covid-19 pandemic continued to be felt.

The ECITB's priority in 2021 was to build on measures we enacted at the start of the pandemic to support industry and secure the future of the workforce. This includes Train to Retain, which continued to provide vital support for apprentices, graduates and trainees at risk of redundancy. We recognise that the climate is still tough for many in-scope companies and, while headcount growth is forecast to exceed 2019 levels by 2023, the Board will continue to back further measures to support recovery.

Striking a positive note for industry, Government has begun to accelerate the transition to net zero (by 2045 in Scotland and 2050 across the rest of the UK) with the announcement of the first two carbon capture clusters in the North West and East Coast of England.

In the North West we will see a collaboration of organisations undertake a project (Hynet) which will combine hydrogen production and carbon capture, with the potential to cut the region's carbon emissions by 25% in just 5 years - the equivalent of taking 4 million cars off the road.

And The East Coast Cluster, an alliance between the Endurance Partnership, Net Zero Teesside and Zero Carbon Humber, aims to remove nearly 50% of all UK industrial cluster carbon emissions. The anticipated activity across Humber and Teesside is expected to support up to 25,000 jobs a year between 2023 and 2050.

As well as the industrial clusters, there will be substantial opportunities for ECI companies to work on decarbonising dispersed sites, including oil and gas platforms, refineries and power stations. The ECITB has a vital role in enabling the transfer of workers between sectors including by collaborating with industry partners to enhance and standardise competence assurance through programmes such as Connected Competence.



In the short term, the biggest challenge facing industry is the shortage of workers. Like many other sectors of the economy, engineering construction is under pressure from an increasingly tight labour market. The evidence suggests labour demand and competition for skills is escalating, including from allied industries such as construction and defence. Providing pathways into industry for young people and existing workers alike will be critical to overcoming this challenge.

That's why the ECITB has supported almost two thousand apprentices and over 500 graduates during the current strategy period and will continue to support the industry to recruit new entrants who will drive the energy transition over the coming decades. In parallel, the ECITB's Scholarship scheme will provide employers with the opportunity to recruit new entrants who have already received training, either to be fast-tracked into the advanced stage of an apprenticeship or recruited directly to site.

Recognising the complexity of the road ahead, we will continue to increase our dialogue with the governments in Scotland, England and Wales to articulate and jointly tackle the skills challenges we will have to address. Our position as a public body and a government facing advocate of the ECI has never been more important than it is now.

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

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

# Chief Executive's review

At the start of 2021, the ECITB adjusted its strategy in response to ongoing impact of the Covid-19 pandemic, building on measures that we enacted in 2020 to tackle the key challenges facing industry.

To support the retention of apprentices and graduates in the engineering construction workforce, the ECITB extended the Train to Retain initiative. The programme closed at the end of 2021 having supported over 500 apprentices, trainees and graduates. An independent evaluation report by Cebr found the programme provided a £1.9m net benefit to industry. In addition to the financial benefit, the learners we supported expanded their skillsets in a range of different areas, bringing added value to their employers. We aim to build on the success of the programme in other initiatives we plan to develop this year and into the next strategy period.

In the area of new entrants, we introduced the ECITB Scholarship programme to counteract the 50% fall in apprenticeship starts that we saw at the start of the pandemic. Focused on craft and technician disciplines, the ECITB Scholars will acquire vital skills and qualifications to commence their careers in our industry. In 2021, we introduced the Energy Transfer Technician Scholarship to prepare a cohort of new entrants with the training they need to successfully work on net zero projects.

Notwithstanding the pandemic, 2021 saw a welcome recovery in training levels across the industry with demand for grant support exceeding our initial expectations. The ECITB provided more than £26m of grant support to help address skills gaps and shortages across the year. This has required us to draw down just over £3m from our reserves and we anticipate the need to spend a further £4m from ECITB reserves in 2022. Going forward, we will need to strike a balanced approach across all areas of funding to ensure affordability and value for money to levy payers.





The impact of the pandemic on training providers has been a key concern and we are committed to supporting the provider network who are vital to training delivery. Last year we carried out 176 provider audits and took steps to improve collaboration and partnership working with our providers through programmes such as the scholarship.

We have also looked to accelerate our use of remote and online training alongside face-to-face learning and are developing a new blended learning strategy, which includes a new learner experience platform and a digital passport which we are piloting with scholars.

The ECITB has an important role to play in bringing industry challenges, opportunities and concerns to the attention of Government policymakers. In 2021 we worked with Ministers and officials through fora such as the Construction Skills Delivery Group and the Green Jobs Taskforce and on a range of policy areas, including T-level industrial placements, qualifications and net zero. We have also established the Net Zero Network to bring industry, government and academic together to share best practice and insights and to shape the ECITB's net zero offer.

Key to achieving influence is our evidence-driven approach, which was the basis of our Workforce Census exercise last year. I'd like to thank all who supported this work. It has been really well received, not only in government but by our wider stakeholders as well. The census captured data from over 50% of our in-scope establishments, employing over 45,000 workers across over 1,300 locations, and the data provides a comprehensive picture of the workforce cross the eight sectors of the industry that we represent.

Finally, diversity and inclusion are clear areas for improvement across the industry. We need a more diverse workforce to help develop the way we operate and to grow workforce numbers to meet future demand. Last year, we carried out reviews of our training standards to ensure equality, diversity and inclusion principles are embedded throughout the ECITB's training products, launched two new D&I standards and grant supported nearly 3,000 learners to undertake diversity and inclusion training. Our work in this area will increase this year and will be at the heart of our new strategy for the period 2023 -25, which will launch in the summer.



**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.



*HRH The Princess Royal met with ECITB Scholars on a visit to East Coast College, Suffolk in November 2021.*

# Strategic Report and Performance Review 2021

## Operating Environment

In 2021 the world began to adjust to living with COVID-19, as industry and business across the globe started to recover from the hard-hitting economic shocks that were experienced at the start of the pandemic in 2020. The engineering construction industry was no exception, and by the end of the year, the sector had adapted to what became known as the 'new normal'. Nevertheless, the pandemic has had a significant impact on workforce numbers with the ECI workforce as a whole decreasing by 15.25% in 2021, when compared to 2019. More positively, the workforce is expected to recover to 102% of its 2019 level by 2023 highlighting that the recovery is very much in train.

The ECI is facing a period of transition as the economy pivots towards net zero. In practice, this will likely mean a gradual decline in our dependence on hydrocarbons – albeit the war in Ukraine and the associated surge in oil and gas prices has reinforced calls to expand domestic production – alongside significant growth in renewables and nuclear power generation.

ECI companies working in the oil and gas sector fared better than anticipated in 2021, with workforce numbers dropping by only 4.12 points compared to 15.25 in the industry as a whole. Growth confidence also appears to be high, with the workforce expected to recover and exceed 2019 levels by 9.35% by 2023. This is compared to an increase of only 2.4% for the wider ECI. Much of this growth trajectory is linked to the key role that the oil and gas workforce will play in the net zero transition. Hydrogen, CCS and Wind are three large potential areas of growth for companies currently operating in the oil and gas sector.



*Chanice Matthews, ECITB Scholar at Pembrokeshire College.*

Overall workforce levels in nuclear remained relatively stable in 2021, despite the reduction that some sites placed on workforce numbers during the winter lockdown. Progress continued to be made at Hinkley Point C, with the mechanical, electrical, heating and ventilation (MEH) phases starting in early 2022. The project is on track to be operational by 2026, when it will generate 7% of the UK's electricity needs, while the government also announced its intention to make a final decision on funding options for Sizewell C in 2022. Significant levels of decommissioning activity are also on the horizon. Hunterston B and Hinkley Point B power stations are planning to end power generation in 2022, and all seven of EDF's nuclear stations will end power generation by 2030.





In 2021, the Food and Drink, Chemicals, and Water Treatment sector all saw a decrease in overall workforce number, compared to their 2019 levels. However, all three of these sectors have started to recover.

It has been difficult to assess the full impact of EU exit on the ECI, especially as effects of EU exit may also have been complicated by the effects of COVID-19. However, when asked, the vast majority of Engineering Construction companies declared they were prepared for Brexit. The most prominent concern is uncertainty in the supply chain, with SMEs operating in the steel, cement and bricks and paper sectors expressing most concern.

The transition to Net Zero presents both challenges and opportunities for the ECI. The hosting of the UN COP26 Climate Change conference in Glasgow in November 2021 helped to cast a spotlight on the role of the energy and process industries in achieving net zero by 2050. With government aiming for two low carbon Industrial Clusters to be operational by 2025 (four by 2030), alongside 1GW of Hydrogen production capacity by 2025 (5GW by 2030), it is vital that skills investment is central to industry planning.

## Objectives and Achievements in 2021

2021 saw the ECITB enter the second year of the three-year strategy, Leading Industry Learning 2020-22. Developed in close consultation with industry representatives, the strategy was endorsed at the 2019 levy consultation, and was accompanied by a three-year business plan, setting out delivery plans to achieve the strategic objectives, alongside performance indicators to measure progress.

Throughout 2021 the ECITB delivered a suite of programmes and activities services to support industry.

Key deliverables in 2021 included:

- **Maintaining the pipeline of new entrants**, through investing over £26m in training, which included supporting nearly 2000 apprentices across a variety of apprenticeship programmes and continuing the ECITB scholarship that was introduced in 2020, a two-year classroom based programme designed to prepare young people for a career in craft or technical trade.
- **Retaining essential skills in industry**, through the continuation of the Train to Retain scheme, which was launched in 2020. Since its launch, this scheme supported over 500 young engineers in the industry who would have otherwise been at risk of redundancy. The ECITB has also worked on recognition of qualifications and skills through its Connected Competence programme to allow the ECI workforce to transition across different sectors more easily.
- **Accelerating transition**, towards net zero through programmes such as the Energy Transition Leadership programme and the Energy Transfer Technician Scholarship. We have also undertaken detailed skills mapping on the occupational requirements for net zero and started to build up our engagement with clients and contractors involved in the Industrial Clusters with the view to positioning the ECITB as a key partner for skills development and delivery.
- **Providing comprehensive insights into the make-up of the ECI workforce**, through the launch of the ECITBs 2021 Workforce Census. The Census analyses the ECI workforce on a demographic and occupational level and includes data accounting for over 1300 ECI sites. The data will inform our engagement with government and the development and targeting of ECITB programmes and grant funding across different geographical regions.

As the ECITB continues with the implementation of its 2020-2022 strategy, Leading Industry Learning, digital learning programmes and preparing the workforce for the transition to net zero have been prioritised. The updated strategy was published at the beginning of January 2021 and is available at [www.ecitb.org.uk](http://www.ecitb.org.uk).



The following table provides an overview of ECITB progress in meeting the 3-year business plan objectives that form the basis of the existing, Leading Industry Learning strategy.

## Key performance indicators

Strategy Pillar	3 Year Business plan objective	Performance in 2021
Foundations	1. Produce high-quality intelligence on labour market, skills and workforce trends	<ul style="list-style-type: none"> <li>Conducted the first ECITB workforce census exercise. This consisted of gathering granular data on workforce, skills and hiring intentions from 153 in-scope employers (establishments) (50% of all in-scope employers). The data collected covers over 45,000 workers operating across over 1360 locations in Great Britain and its offshore waters.</li> <li>Published the summary census report in September 2021. Sector specific reports including nuclear and oil and gas to follow in early 2021, along with a regional breakdown.</li> <li>Commissioned by BEIS to contribute to the Prime Minister's construction skills stock take exercise in November 2021. Provided supply and demand level data.</li> <li>Supported cross-infrastructure workforce intelligence gathering, in collaboration with the IPA, CITB, NSAR, Cogent, NSSG and EU Skills.</li> <li>Collaborating with various external research projects, including the University of Chester's net zero skills study which will be published in 2022.</li> </ul>
	2. Ensure all employers who should pay the levy do	<ul style="list-style-type: none"> <li>Issued 41 Business and Activity Return (BAR) forms to potential leviable establishments.</li> <li>Undertook 18 Desk top Reviews of potential leviable establishments which did not result in further action (this is the first step of the lead verification process and BARs are not issued if prima facie evidence does not exist to support the conclusion that a leviable establishment exists).</li> <li>Undertook 30 Establishment Reviews of existing leviable establishments</li> <li>An additional £489k of levy was raised by either bringing new establishments onto the register or by ensuring that declarations submitted from existing establishments are correct.</li> <li>Increased the resource in the Levy Team by recruiting an additional Levy Manager.</li> </ul>

Strategy Pillar	3 Year Business plan objective	Performance in 2021
Foundations	3. Ensure National Occupational Standards (NOS), qualifications and training standards reflect industry requirements	<ul style="list-style-type: none"> <li>Reviewed 14 out of 19 NOS suites. A total of 128 NOS reviewed in 2021 and there are now 92 refreshed NOS of which 22 are new.</li> <li>Launched 1 new cross-sector qualification: Level 6 Diploma in Advanced Project Controls Practice and Techniques (RQF) with pathways in estimating, planning and scheduling, cost engineering and integrated project controls practice</li> <li>8 new training standards developed, including the Wind Turbine Lift Maintenance Standard and the ECITB D&amp;I Standard, 34 reviewed</li> <li>49 technical tests developed, derived from NOS, 4 reviewed</li> <li>5 ECITB courses updated (Supervisor/PC)</li> <li>145 working groups held (82 for HPC alone), 71 organisations engaged in working groups</li> </ul>
	4. Enhance data collection and evaluation methods in order to drive continuous improvement	<ul style="list-style-type: none"> <li>Published the 2020 Impact report, highlighting our achievements and outcomes during the pandemic.</li> <li>Commissioned second (2021) Customer Satisfaction Survey and Stakeholder survey. Fieldwork completed in Autumn 2021.</li> <li>Commissioned an independent evaluation into the Train to Retain programme (to be published soon)</li> </ul>
	5. Help the industry develop more inclusive cultures and encourage greater workforce diversity	<ul style="list-style-type: none"> <li>2897 learners supported to undertake D&amp;I training.</li> <li>Employer support for Developing Female Leadership Training;</li> <li>Employer support for “Women as Leaders” with Cranfield University,</li> <li>3 new providers plus 2 existing providers approved for ECITB D&amp;I standards delivery</li> <li>5 PCAS D&amp;I courses run in 2021 <ul style="list-style-type: none"> <li>34 learners on ECITB PCAS D&amp;I training (excluding ECITB staff)</li> </ul> </li> </ul>

Strategy Pillar	3 Year Business plan objective	Performance in 2021
Meeting current skills needs	6. Address priority skills shortages and provide training solutions to tackle skills gaps	<ul style="list-style-type: none"> <li>Funded &gt; £26m of training for and on behalf of employers to close skills gaps and shortages in the industry</li> <li>Developed training standards to meet the statutory requirement for wind turbine lifting equipment maintenance and inspection. Successfully piloted in early 2022</li> <li>Improved Project Management competences through PM Mentoring and Chartered Project Professional programmes</li> <li>84 learners on targeted ECITB supervisory programme in the Midlands.</li> <li>Upskilling programme for pipefitting in the North</li> <li>Welding development (RCC-M) and assessment (Welding Tests) for HPC</li> <li>Mechanical Centre of Excellence (training simulator) build for HPC</li> </ul>
	7. Support the training and recruitment of new entrants into the industry	<ul style="list-style-type: none"> <li>Total apprentice supported in 2021 - <b>1973</b></li> <li>Total new apprentice starts 2021 - <b>646</b></li> <li>Total graduate starts 2021 - <b>247</b></li> <li>Total scholars supported in 2021 - <b>210</b></li> <li>Total new scholars 2021 - <b>133</b></li> </ul>
	8. Support the retention and development of essential skills	<ul style="list-style-type: none"> <li>Nearly £4.7m investment in the Train to Retain Programme has supported over 500 Apprentices, Trainees &amp; Graduates across 39 employers between August 2020 and December 2021.</li> </ul>



(L to R) Dan, Jack and Connor working on 'Industrial Internet of Things' projects as part of their Modern Apprenticeship in Engineering Maintenance (Electrical) with Fife-based DPS Group.

Strategy Pillar	3 Year Business plan objective	Performance in 2021
Meeting current skills needs	<p>9. Improve access to quality and cost effective training including through blended learning and digital methods</p>	<ul style="list-style-type: none"> <li>• Conducted 176 provider audits in 2021. 22 providers have improved their audit grade from a grade 3 (requires improvement) to grade 2</li> <li>• Approved 14 new providers (8 Tech and 6 M&amp;P)</li> <li>• 30 PCAS (ECITB Provider Approval Scheme) courses approved (22 Tech 8 M&amp;P)</li> <li>• 147 trainers/testers approved (125 tech and 22 Management &amp; Professional)</li> <li>• 42 International trainers approved</li> <li>• 15 International additional programs/providers approved</li> <li>• 7 National ATP events held</li> <li>• The Blended Learning Strategy launched in 2021 has achieved the following milestones;               <ul style="list-style-type: none"> <li>o On-line learning platform released to all Scholarship providers in late May 21. All providers in the Scholarship programme now have an instance created and access to the learning materials.</li> <li>o The digital passport content and structure was developed in 2021 and is about to go live to Scholars on the 25th January 2022. Internal testing begins 14/01/22.</li> <li>o The re-brand and re-build of CCNSG V8 commenced in 2021 and the first stage was completed by end of Q1 2022. This will then allow a self-study online programme to be developed.</li> </ul> </li> </ul>
	<p>10. Enable greater transferability of skills between sectors and projects, including through the Connected Competence Programme</p>	<ul style="list-style-type: none"> <li>• Connected Competence maintains strong support from upstream employers with additional interest now from downstream asset owners. Nuclear New Build using Connected Competence tests as part of onboarding.</li> <li>• Site-based digital assessment for Connected Competence trialed for further development in 2022.</li> <li>• On-line testing of ECITB knowledge tests initiated through on-line platform.</li> <li>• ECITB continue to run the flagship PM Mentoring programme, in 2021 this also included a cross-sector PM mentoring group with 5 successful pairings from a range of sectors – upstream oil &amp; gas, downstream oil &amp; gas, subsea, nuclear, multisector consultancies</li> </ul>

Strategy Pillar	3 Year Business plan objective	Performance in 2021
Preparing for the future	11. Support the delivery of industrial strategies and industry roadmaps, including the nuclear, offshore wind and North Sea Transition deals.	<ul style="list-style-type: none"> <li>The ECITB has supported the following industrial strategies               <ul style="list-style-type: none"> <li>North Sea Transition Deal: we have participated in the Energy Skills Alliance Leadership Group, All Energy Apprenticeship, Standards Group and the Careers group.</li> <li>Offshore Wind Sector Deal: we have worked with the sector on transferability schemes and development of standards, notably the new turbine equipment statutory inspection standards developed in collaboration with developers and supply chain companies. We have also supported LMI activities for the Offshore Wind Industry Council.</li> <li>Nuclear Sector Deal: through our support for the NSSG. Our grant funding for D&amp;I training in the nuclear industry is also a key element in the delivery of the NSD. In addition, we have participated in the NSSG Landscape Review.</li> </ul> </li> </ul>
	12. Enable ECI companies to harness IR4 technologies to improve productivity by having the right skills	<ul style="list-style-type: none"> <li>ECITB set up and ran Project Data Academy, a 3 month practitioner based programme developing the capability to use tools and systems to maximise the use of project data. 25 learners participated in the pilot and plans in place to run this in 2022</li> <li>To assess the readiness of industry to optimise IR 4.0 technologies, the ECITB have supported a PhD student at Robert Gordon University in researching IR 4.0 maturity and developing a research tool. This will be implemented in 2022.</li> <li>Regional analysis of digital skills development includes uses of e-learning; advanced CAD training, Digital Transformation Leadership through partner approach with provider, Enterprise Product Data Management training.</li> </ul>

Strategy Pillar	3 Year Business plan objective	Performance in 2021
Preparing for the future	13. Work with UK and devolved Governments to shape education and skills policies to meet industry needs	<ul style="list-style-type: none"> <li>• Participation in the BEIS/DfE Construction Skills Delivery Group and the Green Jobs Taskforce.</li> <li>• Active ongoing engagement with DfE on T-levels including developing the concept of simulated environments for industrial placements (which would benefit employers in high-hazard environments). Additional engagement on traineeships, bootcamps, National Skills Fund and the Level 3 free qualifications offer.</li> <li>• Growing engagement with BEIS particularly with the industrial decarbonization and construction skills team.</li> <li>• Responded to 10 consultations from Government departments and other ALBs. Submitted written evidence to enquiries held by the Environmental Audit Committee and the Hydrogen APPG. Spoke at events held by the Hydrogen APPG and the APPG for Skills, Careers and Employment for its Skills Commission report launch.</li> <li>• Spoke at green careers event at COP26 alongside Minister for Higher and Further Education, Michelle Donelan.</li> <li>• Written engagement with Ministers including Alex Burghart, Kwasi Kwarteng, Annie Marie Trevelyan and Lia Nici the PM's Further Education ambassador.</li> </ul>



Strategy Pillar	3 Year Business plan objective	Performance in 2021
Preparing for the future	14. Work collaboratively to support industry to prepare the workforce for the transition to a net zero carbon economy.	<ul style="list-style-type: none"> <li>• Significant amount of stakeholder engagement in the area of net zero in 2021, including building our links with the Industrial clusters, government, academia and industry.</li> <li>• We have undertaken detailed analysis of the types of skills that will be required for net zero and gap analysis with existing skills sets. Work now underway to understand workforce volume requirement.</li> <li>• Built ECITB profile as a thought leader in the area of skills for net zero, through various comment articles, speaking at events (including COP26) and participation in groups such as the Green Jobs taskforce.</li> <li>• Launched ECITB net zero webpage, with links to free NZ related training courses.</li> <li>• Launched Energy Transition Leadership Programme. Programme designed with Strathclyde &amp; RGU universities and first 2 modules successfully piloted through remote delivery.</li> <li>• Piloted DNV Energy Transition Course. Worked with DNV to convert simulation course to remote delivery and completed first pilot programme</li> <li>• The ECITB established the Net Zero Network; a cross industry group of 30+ contractors, clients, education providers, policy officers and consultants have joined forces to provide the ECITB with advice and guidance on workforce issues and training needs.</li> <li>• The ECITB Project Management Steering Group has started to focus project capability for energy transition. This led to the biennial PM Conference in October focusing on providing good practice advice on preparing for carbon neutral project delivery. The ECITB Project Collaboration Toolkit has been presented to carbon capture and H2 production projects as an opportunity to support more collaborative behaviours in a much more complex stakeholder environment.</li> <li>• Established internal Net Zero Programme Board to provide direction and accountability for all ECITB NZ activity</li> </ul>

# Commercial Activities 2021

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

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

## Commercial Activities in Great Britain

The main source of income within Great Britain derives from the issuance of Client Contractor National Safety Group (CCNSG) Safety Passports. Income from CCNSG and ICE passports and technical tests increased during 2021 from £742k to £754k with overall numbers above those in 2020 due to a resurgence of construction and consequent training activity after the reductions caused by Covid 19.

## International Commercial Activities

ECITB operates in 3 main areas overseas, namely the Middle East, South East Asia and East Africa. Gross International Commercial Income in 2021 was £491k which was in line with 2021 after bad debts. Income was mainly delivered through charges for International Training Provider Licences. The consistent performance to 2020 was due to low delivery and therefore delegate fees, as training and some major projects continued to be restricted across the world due to the pandemic.

The quantity of providers on our books continued to grow during 2021 despite the global lockdown and the international commercial team grew again with a view to significantly growing back sales when training restrictions are finally lifted.

# Looking Ahead: 2022

2022 marks the final year of an exciting three year strategy period for the ECITB. Full details of the strategy and its KPIs can be found on the ECITB's website, to which we would encourage readers of this annual report to refer.

## Financial Projections 2021

The 2022 operational plan and financial budget are based on the ECITB's strategic priorities and objectives. Given the ambitious 2020-22 strategy, high demand for training grants in 2021 and reduction in levy income in 2022 due to reductions in the workforce in 2020-21, we expect the ECITB to continue to be able to draw down on its reserves and therefore run at a deficit in 2022.

The 2022 budget currently anticipates a £4m deficit, utilising reserves to support training during a period of lower levy receipts and high post-pandemic demand. Key assumptions within this budget include:

- No material increase in levy during the year, however, more funds may become available as a result of establishment reviews
- A number of projects around technology, systems and blended learning support to industry are in the discovery phases, with 2022 budget for significant development. It is possible that less budget will be required in 2022 as discovery and full project initiation progresses.



*Training provider Altrad incorporates virtual reality technology into their classroom training.*

# 2021 Governance Statement

## Scope of Responsibility

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

## The Purpose of the Governance Statement

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

## Governance Framework of the Organisation

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

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

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

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

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



## The Board

The members of the ECITB's Board of Trustees during 2021 and at March 2022, together with changes in membership since 1st January 2021 and 2021 meeting attendance records are shown in Appendix A. Corresponding information relating to the Board's sub-committees are shown in Appendix B.

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

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

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

During 2021 one trustee's tenure came to an end and the trustee decided not to stand for a second term. In 2021 the Board met on six occasions. Average attendance at the Board over the year was 86% (2020 – 84%).

A review of all actions coming out of 2021 Board meetings was conducted at the end of the year and the Board confirmed that all actions had been completed or were progressing as planned.

## The Council

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

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

## The Audit & Risk Committee

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

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

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

### **The Remuneration & Nomination Committee**

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

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

### **The Q&A Committee**

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

### **The CCNSG Committee**

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

### **The Operations & Grants Committee**

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

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

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



## Regions

The ECITB operates a regional structure to ensure that delivery of training support and services is driven by the demands of industry on a regional basis. In 2021 there were 16 regional forums and 1 national forum. Each forum comprises industry employers, and either represents a geographical area, or a significant industry sector. Each forum normally meets three times a year under the chairmanship of a Regional Chair, who has been elected by the members of the forum.

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

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

## ECITB Management and Staff

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

The Chief Executive leads the organisation's executive management team ("the Executive"), which in 2021 comprised the Chief Executive, the Board Secretary, the Director of Finance & Business Services, the Director of Operations and the Director of Strategy & Policy. The members of the Executive are responsible for ensuring that the activities of their departments achieve the

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

## Overview of Board Effectiveness and Performance

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

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

## Conflicts of Interest

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

I consider that the ECITB's transparency of decision-making and scrutiny by stakeholders through the governance arrangements described in this statement enables it to appropriately manage potential conflicts of interest.

## 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 2021 no allegations were raised under the ECITB's whistle blowing policy.

## Risk Management

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

The ECITB's system of internal control has been in place throughout the year-ended 31st December 2021 (and up to the date of approval of the 2021 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
- legislative and regulatory guidelines, including those relating to charitable status, and the use of public money.

## The Risk Management Framework

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

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

## Risk overview

The most significant risks faced by ECITB during 2021, which could impact on the delivery of its strategic objectives are shown below:

- Compliance Risk – Failure to implement and maintain appropriate cyber and data security measures to keep pace with the rapidly changing cyber threat landscape.
- Programme Risk – Failure to deliver blended learning and technology infrastructure that keeps pace with technological change and stakeholder expectations. This is mixed with the risk of developing the wrong product outside of ECITB's evolving time and resource constraints.

- 2022 Levy consensus. This covers the risk that C-19's impact on industry and ECITB's response to it will negatively impact perception of ECITB and the perceived affordability of ECITB
- Programme Risk – Net Zero - this is the risk that ECITB will fail to deliver and communicate adequate responses to the Net Zero transition to a quality, time and budget acceptable to Industry and within ECITB's resource envelope.
- Project Risk – Failure to deliver the ambitious Connected Competence program
- Compliance Risk - Failure to comply with statutory duties or other legal responsibilities.
- Failure to retain and recruit suitable calibre staff to deliver ECITB's services to the required standard
- IT Supplier Failure Risk - Commercial failure of a key IT supplier
- Government policy change undermines the basis of the levy.

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

The ECITB's management information systems enable and support business processes and organisational performance. The ECITB's emphasis remains to ensure data handling practices are simple, rigorous and efficient. Information security is of vital importance to the operation and reputation of the ECITB. Its Chief Information Officer has operational responsibility for this. During 2021 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 2021, ECITB implemented measures to ensure IT and data security and compliance with data protection regulations through the formation of a Technical Change Security Board (TCSB), consisting of but not limited, to the Finance Director, the Board Secretary & DPO, the Chief Information Officer and the IT Manager. One of the TCSB's main purposes is IT and Data Security governance to ensure:

- Security – The protection of devices, systems, networks and data from criminal, fraudulent and other unauthorised access and exploitation.
- Confidentiality — Ensuring that information is accessible only to authorised users.
- Integrity — Safeguarding the accuracy and completeness of data.
- Compliance – with government and legal standards.

ECITB has in place a number of policies and procedures including a Data Protection Policy, an Information Security Policy and Data Retention & Disposal Policy for handling data securely against data protection requirements and the relevant guidelines issued by the ICO. These are regularly reviewed by the TCSB. In 2021, these policies were reviewed by the Government Internal Audit Agency (GIAA) during their Cyber Security audit and ECITB's Audit and Risk Committee and were updated, as required.

During 2021 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.

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

## Conclusion

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

This Governance Statement represents the conclusions of my review of the effectiveness of the ECITB's governance framework, risk management and internal controls in 2021. I am satisfied that the governance arrangements and the risk and control framework used in 2021 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.



Chief Executive  
C J Claydon  
Chief Executive and Accounting Officer  
10<sup>th</sup> June 2022



# **Engineering Construction Industry Training Board**

**Report of the Trustees and  
Accounts for the Year-Ended  
31 December 2021**

# 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 for the 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  
10<sup>th</sup> June 2022



**C J Claydon**  
Chief Executive and Accounting Officer  
10<sup>th</sup> June 2022



# Results for the Year

A Summary Statement of Financial Activities for the period 1 January 2021 to 31 December 2021 (with comparative information for 2020) is shown immediately below. This has been extracted from the audited financial statements which appear in full later in this report.

## Statement of Financial Activities for Year ended 31 December 2021

Income	2021 £'000	2020 £'000
Levy	28,734	27,805
Investment Income	202	300
Non Levy Income	1,908	1,704
<b>Total Income</b>	<b>30,844</b>	<b>29,809</b>

Expenditure		
Investment management costs, Bad debt provision, levy collection costs and provision against appealed levies	298	324
Charitable activities	33,361	28,549
<b>Total expenditure before other gains and losses</b>	<b>33,659</b>	<b>28,873</b>
Net income / (expenditure) before other gains and losses	(2,815)	936
Gains / (Losses) on revaluation of fixed assets	-	393
Gains / (losses) on investment assets	(190)	(91)
<b>Net Movement in Funds Surplus / (Deficit)</b>	<b>(3,005)</b>	<b>1,238</b>

Reconciliation of Funds		
Total funds brought forward at 1 January	16,877	15,639
Total funds carried forward at 31 December	13,872	16,877

Balance Sheet		
Fixed Assets		
Tangible Assets	275	1,701
Investments maturing in more than one year	899	5,862
	<b>1,174</b>	<b>7,563</b>
Current Assets	19,218	17,562
Creditors: amounts falling due within one year	(6,520)	(8,248)
<b>Net current assets</b>	<b>12,698</b>	<b>9,314</b>
Net assets less liabilities	13,872	16,877

Fund		
Unrestricted fund	13,872	16,877

## Incoming Resources

Levy income in 2021 amounted to £28.7m (2020: £27.8m). 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 increased from 0.14% to 0.22%. Levy exemption levels remained unchanged from 2018 for both site based and other workers at £1,000,000 and £275,000 respectively. The increase in levy income is driven by the increase in levy rates for off-site workers and more establishments being assessed.

Other incoming resources totalled £1.9m (2020: £1.7m) mainly comprised of income from sales and sponsorships and is broadly in line with 2020.

Investment income, from quoted investments and interest on cash deposits, amounted to £202k (2020: £300k). Investment performance has reduced compared to 2020 due to ongoing low investment yields, which, as noted last year, are expected to prevail into the foreseeable future.

## Expenditure

Expenditure on the charitable activity amounted to £33.4m which was £4.8m (16.8%) higher than 2020. This was driven by using reserves to increase grants made available during the pandemic.

Total costs of delivery of the service, comprising direct and support costs were £10.2m (2020: £8.8m).

Levy collection costs saw a slight decrease to £251k (2020: £268k), £17k lower than 2020.

## Net Movement in Funds

The net decrease in resources for the year after recognised gains and losses amounted to £3m (2020: Net increase in resources of £1.2m). This was a conscious decision to use reserves and aligns to the 3 year strategy.

## Balance Sheet at 31 December 2021

### Assets

Current assets increased by £1,656k, as a result of long term investments nearing maturity.

At 31 December, investments and cash amounted to £19.7m (2020: £22.9m).

Year end debtors amounted to £459k (2020: £497k) a £38k decrease. Debtors at the end of both 2021 and 2020 comprised levy and trade debtors, prepayments and accrued income.

### Creditors

Year-end creditors amounted to £6.5m (2020: £8.2m). The decrease is driven by a large payment run towards the end of December compared to a large payment run during the first week in January for the 2020 year end.

### The Funds of the Charity

The year-end balance sheet shows total charity funds of £13.9m (2020: £16.9m).

### Reserves Policy

The Reserves Requirement at the end of 2021 remained the same as at 2020, however, it has been recalculated based on current commitments. The minimum level of reserves the Trustees consider necessary is £6m in order to accord with its policy to hold reserves to cover the full costs of winding up the ECITB estimated to be around £3m and a further fund to support the costs of apprentices taken on under ECITB funding arrangements, set at £3m.

The ECITB does not hold any restricted funds and all reserves are reported as unrestricted. Of the £13.9m funds held at the end of the reporting period, c. £20k can only be realised by disposing of tangible fixed assets and a further £12.5m are theoretically committed, primarily in agreements to issue grants for apprentices and graduates, resulting in a technical calculation of £1.4m available reserves. The ECITB reserve policy relates to total unrestricted reserves, rather than the theoretical calculation of available reserves after deduction of commitments. This is because the contracts that ECITB has entered into in respect of commitments to issue grants for apprentices and graduates, are liabilities contingent on ECITB's decision to pay the grant. It is at ECITB's discretion if and how much grant to pay in respect of these commitments.

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



*Learners take part in a pilot for the ECITB's new training standard to support the safe and effective delivery of wind turbine statutory equipment inspection and maintenance.*

## 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 2021, the performance of the long-term portfolio, after the deduction of management fees, was 62.4% compared to the benchmark 56.4%. The portfolio's annual return to 31st December 2021 was -0.4% (benchmark return -1.6%).

## Auditors

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

# Remuneration Report

## Unaudited Information

### Staff Appointments

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

Four employees were engaged under fixed term contracts of employment.

The ECITB 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 2021, the sickness absence rate was 1.5% (2020 – 1.6%), equivalent to 3.4 working days per employee (2020 – 3.6 working days).

### Off payroll arrangements

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

## Audited Information

### Senior Staff Costs and Pensions

Decisions on remuneration are delegated to the Remuneration and Nominations Committee, which determines general policy on remuneration and the individual remuneration package for the the Chief Executive.

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

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

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

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



2021					2020					
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	Date of appointment to position
<b>C J Claydon, Chief Executive</b>										
150-155	10-15	1,600	20-25	185-190	150-155	10-15	1,700	0-5	165-170	24.08.15
<b>A Brown, Director of Operations</b>										
110-115	5-10	1,800	5-10	130-135	110-115	5-10	1,900	0-5	125-130	01.04.13
<b>N Spencer, Director of Development &amp; Quality*</b>										
0	0	0	0	0	25-30	0-5	1,400	0	25-30 (FYE 105-110)	01.11.03
<b>R Blyth, Director of Finance and Administration</b>										
95-100	5-10	900	10-15	115-120	95-100	5-10	500	0-5	105-110	16.03.19
<b>David Nash, Director of Strategy &amp; Policy</b>										
95-100	5-10	1,500	5-10	110-115	95-100	5-10	0	0-5	105-110	01.01.20

\* N Spencer resigned as a director on 3 April 2020.

Benefits in kind represent private health insurance.

## Fair pay disclosures

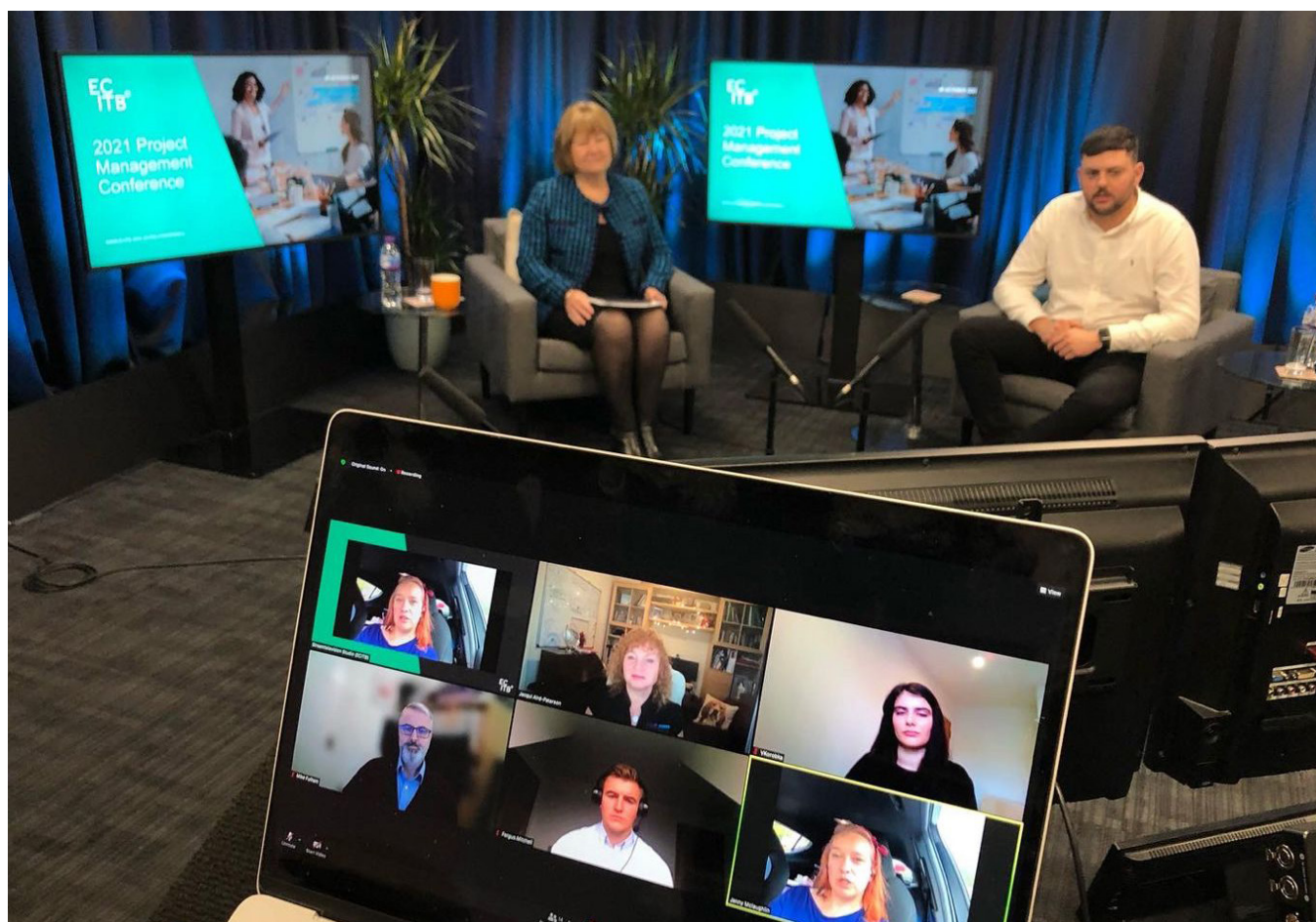
### Highest paid director ratios compared to the organisation's workforce:

Disclosure	2021			2020		
	25 <sup>th</sup> percentile pay ratio	Median pay ratio	75 <sup>th</sup> percentile pay ratio	25 <sup>th</sup> percentile pay ratio	Median pay ratio	75 <sup>th</sup> percentile pay ratio
	4.3 : 1	3.7 : 1	2.9 : 1	3.9 : 1	3.4 : 1	2.7 : 1

ECITB is required to disclose the relationship between the remuneration of its highest-paid director and the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. The slight increase in these ratios year on year was due to the highest paid director not taking a bonus (other than an all staff one-off bonus of £450) in 2020 but receiving a bonus of £20,000 in 2021 giving him a year on year total performance pay and bonus increase of 4,344%. However the salary and allowance

remained the same for both 2021 and 2020. In 2021 no employees received remuneration in excess of the highest-paid director (2020 - none).

The average salary and allowance increase for FTE employees, in 2021, was 3.3% due to more senior appointments in the year. The average performance and pay increase was 98.1% due to the introduction of a new performance related pay scheme in 2021.



*The ECITB presented the 2021 Project Management Offence, live from Aberdeen in October.*

### Employees representing each quartile of pay:

Percentile	Total pay and benefits 2021 £'000	Total pay and benefits 2020 £'000	Salary 2021 £'000	Salary 2020 £'000
25 <sup>th</sup> percentile	44	44	40	40
Median	49	49	46	46
75 <sup>th</sup> percentile	62	63	58	58

Total pay and benefits year on year remained relatively flat. Benefits mainly comprise employer pension contributions that are employee matched plus 1% to a maximum of 9.5% employer contributions for all bandings.

Full time equivalent remuneration ranged from £23,000 to £172,000 (2020 from £23,000 to £166,000). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind plus severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

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

# Senior Staff Pensions Entitlements

## Defined Benefit Pension

On 5th April 2016 the accrual of pension benefits in the Defined Benefits Section of ITB Pension Funds (ITB) ceased for all senior staff and other employees. From 6th April 2016, pension benefits accrued in the Defined Contribution Section of ITB. There is, therefore, no defined benefit increase to be reported on in 2021 (2020 - 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 2021 £'000	Normal contribution 2020 £'000
C J Claydon	14	13
A Brown	10	10
R Blyth	8	8
D Nash	7	6
N Spencer	0	1

## 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 £30,000 (2020 - £31,600). No other trustees received compensation for the performance of their duties in the year (2020 : £400).

In 2021, 13 trustees (2020 - 9) incurred travel, accommodation and subsistence expenses, which were reimbursed by the ECITB. In 2021, these expenses amounted to £6,145 (2020 - £12,119).

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 2021.

## 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

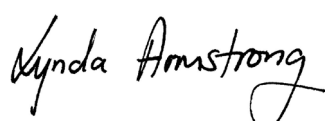
Name	Full Time Equivalent Number
Number of employees who were relevant union officials during the relevant period	1

## 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	5,130
Percentage of total pay bill spent on facility time	0

Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours	-



**L A Armstrong**  
Chairman  
10<sup>th</sup> June 2022



**C J Claydon**  
Chief Executive and Accounting Officer  
10<sup>th</sup> June 2022

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Engineering Construction Industry Training Board for the year ended 31 December 2021 under the Industrial Training Act 1982. The financial statements comprise: the Engineering Construction Industry Training Board's:

- Balance sheet as at 31 December 2021;
- Statement of Financial Activities, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the Engineering Construction Industry Training Board's affairs as at 31 December 2021 and its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Industrial Training Act 1982 and Secretary of State directions issued thereunder.

## Opinion on regularity

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

## Basis for opinions

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

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



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

### Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Engineering Construction Industry Training Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Engineering Construction Industry Training Board's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other Information

The other information comprises information included in the Report of the Trustees but does not include the financial statements nor my auditor's certificate thereafter. The Trustees and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### Opinion on other matters

In my opinion the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Industrial Training Act 1982.

In my opinion, based on the work undertaken in the course of the audit the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## **Matters on which I report by exception**

In the light of the knowledge and understanding of the Engineering Construction Industry Training Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Report of the Trustees.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Engineering Construction Industry Training Board or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Charities Act 2011 have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

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

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

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

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

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

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

## **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

## Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Engineering Construction Industry Training Board's accounting policies, key performance indicators and performance incentives.
- Inquiring of management, the Government Internal Audit Agency and those charged with governance, including obtaining and reviewing supporting documentation relating to the Engineering Construction Industry Training Board's policies and procedures relating to:
  - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - o the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Engineering Construction Industry Training Board's controls relating to the Engineering Construction Industry Training Board's compliance with the Industrial Training Act 1982, Charities Act 2011, and Managing Public Money;
- discussing among the engagement team and involving relevant internal specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Engineering Construction Industry Training Board for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates, and within grant claims. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Engineering Construction Industry Training Board's framework of authority as well as other legal and regulatory frameworks in which the Engineering Construction Industry Training Board operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Engineering Construction Industry Training Board. The key laws and regulations I considered in this context included, the Industrial Training Act 1982, Charities Act 2011, Managing Public Money, and relevant employment, pensions and tax legislation and regulations.

## Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, and the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board

- and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- performing substantive testing covering the regularity assertion, including for grant expenditure where the risk of fraud or irregularity may be increased.

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

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

### Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Report

I have no observations to make on these financial statements.

**Gareth Davies**

**16<sup>th</sup> June 2022**

**Comptroller and Auditor General**

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

# Financial Accounts for the year ended 31 December 2021

## Statement of Financial Activities for the year ended 31 December 2021

Income		2021 £'000	2020 £'000
<b>Income from other trading activities</b>			
Income from investments	Note 4	202	300
<b>Income from charitables activities</b>			
<b>Total non-levy income</b>	Note 3	1,908	1,704
<b>Levy</b>	Note 2	28,734	27,805
<b>Total Income</b>		30,844	29,809

Expenditure		2021 £'000	2020 £'000
<b>Expenditure on Raising funds</b>			
Investment management costs		27	57
Provision for bad debts and against appealed levies	Note 5	20	(1)
Levy collection costs		251	268
<b>Total costs of raising funds</b>		298	324
<b>Expenditure on charitables activities</b>			
<b>Total costs of charitable activities</b>	Note 6	33,361	28,549
<b>Total expenditure</b>		33,659	28,873
Net gains / (losses) on investments	Note 15	(190)	(91)
<b>Net income / (expenditure)</b>		(3,005)	845

Other recognised gains /(losses)		2021 £'000	2020 £'000
<b>Other recognised gains / (losses)</b>			
Gains / (losses) on revaluation of fixed assets	Note 13	-	393
<b>Net movement in funds</b>	Note 21	(3,005)	1,238

Reconciliation of funds		2021 £'000	2020 £'000
<b>Total funds brought forward at 1 January</b>		16,877	15,639
<b>Total funds carried forward at 31 December</b>	Note 21	13,872	16,877

The statement of financial activities reflects all gains and losses during the year to 31 December 2021. All activities are continuing. All funds are unrestricted.

The notes on pages 49 to 74 and the appendices on pages 76 to 80 form part of these financial statements.



## Balance Sheet as at 31 December 2021

<b>Fixed assets</b>		<b>2021</b>	<b>2020</b>
		<b>£'000</b>	<b>£'000</b>
Tangible assets	Note 13	275	1,701
Investments maturing in more than one year	Note 15	899	5,862
<b>Total fixed assets</b>		<b>1,174</b>	<b>7,563</b>

<b>Current assets</b>			
Debtors	Note 16	459	497
Investments maturing in less than one year	Note 15	4,791	2,918
Cash and cash equivalents in hand	Note 23	13,968	14,147
<b>Total current assets</b>		<b>19,218</b>	<b>17,562</b>

<b>Creditors</b>			
Amounts falling due within one year	Note 17	(6,520)	(8,248)
<b>Net current assets</b>		<b>12,698</b>	<b>9,314</b>
<b>Total assets less liabilities</b>		<b>13,872</b>	<b>16,877</b>

<b>The funds of the charity</b>			
Unrestricted fund	Note 21	13,872	16,877
<b>Total charity funds</b>		<b>13,872</b>	<b>16,877</b>

The notes on pages 49 to 74 and the appendices on pages 76 to 80 form part of these financial statements.



L A Armstrong  
Chairman  
10<sup>th</sup> June 2022



C J Claydon  
Chief Executive and Accounting Officer  
10<sup>th</sup> June 2022

## Statement of cash flows for the year-ended 31 December 2021

Cash flows from operating activities		2021 £'000	2020 £'000
Net cash provided by operating activities	Note 22	(4,636)	2,670
Cash flows from investing activities			
Investment income	Note 4	202	300
Purchase of property, plant and equipment		(81)	(163)
Proceeds from sale of property, plant and equipment		1,436	1
Proceeds from sale of investments	Note 15	2,900	1,250
Purchase of investments	Note 15	-	-
<b>Net cash provided by investing activities</b>		<b>4,457</b>	<b>1,388</b>
Change in cash and cash equivalents in the reporting period	Note 23	(179)	4,058
Reconciliation of changes in cash, cash equivalents and in hand		2021 £'000	2020 £'000
Balance at 1 January	Note 23	14,147	10,089
Change in cash and cash equivalents in the reporting period	Note 23	(179)	4,058
<b>Balance at 31 December</b>		<b>13,968</b>	<b>14,147</b>

There are no cash flows from financing activities.

The notes on pages 49 to 74 and the appendices on pages 76 to 80 form part of these financial statements.

# Notes forming part of the Accounts for the year ended 31 December 2021

## 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 up to and including 2023, which will give ECITB funds for continuing operation until the beginning of 2024. At time of publication, the regular three year consultation with voters is taking place for renewal of the ECITB's ability to collect levy for a further 3 years. There is currently no reason to expect that this will be unsuccessful.

In terms of liquidity, ECITB holds £13.9m of reserves at the end of 2021 and levy income in the year has been assessed on what is likely to be the lowest levels of employment during the pandemic. ECITB's going concern assumption would be threatened if more than half of billed 2022 levy income were not collected in year. However, if this were to be the case, training expenditure would be reduced as it is unlikely to be paid to Employers who do not pay their 2022 levy demand. This scenario is extremely unlikely and is not deemed a strategic risk. However, ECITB would mitigate it by adapting its charitable activities to match its financial resources.

In terms of ECITB's strategy and business plan, these were reviewed during 2022 and industry consulted on them. With levy income lower in 2022 than 2021 and the long term requirements of Engineering Construction Industry training expected to accelerate by events in 2020 & 2021, the review exercise reconfirmed much of the strategy and plan and ECITB has the resources to meet both.

### Accounting Convention

These accounts have been prepared in accordance with the Industrial Training Act 1982 and the Charities SORP (FRS 102) ("the SORP"), adapted in 2019. 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 2021/22 The HM Treasury Financial 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 2020 was raised in January 2021 and recognised as income in 2021.

## 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. Freehold land and buildings comprise a set of garages which are held at an estimate of their market value based on their estimated share of the Blue Court property which was sold during 2021 for which the sale price was considered to represent market valuation.

## Other Assets

Apart from freehold property, fixed assets are stated at their historical cost, less accumulated depreciation.

## 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 9 years 3 months.

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



from the date of purchase.

## Investments

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

## Cash and cash equivalents

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

## Debtors

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

## Debt Provision

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

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

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

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

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

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

## Creditors

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

## Pensions

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

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

## Corporation Tax

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

## Value Added Tax

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

## Fund

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

## 2. Levy receivable

Levy Receivable	2021	2020
Number of establishments wholly or mainly engaged in engineering construction activities (leviable establishments)	320	319
Number of employers operating leviable establishments	297	295
Number of leviable establishments subject to payment of levy	244	238
Number of employers operating leviable establishments subject to payment of levy (levy-paying in-scope employers)	221	220
Number of leviable establishments exempt from payment of levy	76	81
Number of employers operating leviable establishments exempt from payment of levy (non-levy paying in-scope employers)	76	81
	<b>£'000</b>	<b>£'000</b>
Levy receivable	28,734	27,805

In 2021 no employers formally appealed levy assessments raised in the year (2020 - 1 employer).

### 3. Non levy income

Non Levy Income	2021 £'000	2020 £'000
From sales	1,908	1,704
	<b>1,908</b>	<b>1,704</b>

The following streams of income were received from sales:-

Sources of Sales Income	Income Stream	2021 Income £'000	2020 Income £'000
UK employers	ECITB Project Management Conference	113	58
	VQ registration and certification	82	56
	ECI Training & Development Awards Event	50	42
UK Training Providers	Apprentice Certification	1	1
	Technical training & test licence fees and course & test income	370	321
	Supervisory and PMSC licence fees and training course income	47	32
	CCNSG licence fees and safety passport income	754	742
Overseas Training Providers	Apprenticeship Learner Income	128	118
	Technical training & test licence fees and course & test income	363	312
	Supervisory and PMSC licence fees and training course income	-	-
	IHSP licence fees and safety passport income	-	-
	Consultancy Services	-	21
		<b>1,908</b>	<b>1,704</b>

No grant in aid is receivable by the ECITB.

#### 4. Investment income

Investment Income	2021 £'000	2020 £'000
Income from quoted investments	175	236
Income from cash deposits	27	64
	202	300

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

Charge / (Credit) for provisions for bad debts and against appealed levies	2021 £'000	2020 £'000
Levy bad debts due to insolvency or non-payment	29	39
Levy Assessments under appeal	77	23
Reversal of previous year's levy bad debt provision	(27)	(23)
Trade bad debts	(59)	(40)
	20	(1)

#### 6. Charitable activity

Charitable Activities	2021 £'000	2020 £'000
Grant Funding (note 7)	23,204	19,723
Direct Costs (note 8)	7,361	5,974
Support Costs (note 9)	2,796	2,852
	33,361	28,549

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 £23.2m of grants made to employers in 2021, grants amounting to £19.9m 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	£
Magnox Ltd	1,571,967	FieldCore Service Solutions International LLC	188,890
Sellafield Ltd	1,521,850	DP Services Holdings Ltd	179,620
* Wood Group UK Ltd	1,362,828	Dornan Engineering Services Ltd	173,051
Altrad Engineering Services Ltd	1,281,053	Semco Maritime Ltd	152,155
Bilfinger UK Ltd	1,268,541	On Line Design & Engineering Ltd	150,058
* Jacobs UK Ltd	1,122,748	Peter J Douglas Engineering Ltd	147,345
Worley Group UK Ltd	1,084,781	Kent Energies UK Limited	134,220
* Petrofac Facilities Management Ltd	1,063,344	EJ Musk Process Services Ltd	123,886
Stork Technical Services Ltd	897,151	Granherne Ltd	111,020
Dounreay Site Restoration Ltd	743,237	Subsea 7 Ltd	106,029
NNB Generation Company Ltd	592,729	Shepley Engineers Ltd	105,020
* NUVIA Limited	494,430	MII Engineering Limited	95,142
* Doosan Babcock Ltd	484,850	Rhyal Engineering Ltd	86,752
Oceaneering International Services Ltd	424,454	Allied Protek Engineering Solutions Ltd	83,351
Cavendish Ltd	400,404	Pipex Ltd	79,010
Siemens plc	386,462	Engenda Group Ltd	74,502
Atkins Ltd	314,750	Appollo Engineering Ltd	74,070
Aker Solutions Ltd	313,056	Hornbill Engineering Ltd	71,615
Fluor Ltd	302,427	VWS Ltd	69,576
AMEC Foster Wheeler Energy Ltd	263,115	ENGIE Fabricom UK Ltd	66,583
Worley Europe Ltd	249,056	One-Dyas UK Ltd	66,468
Applus UK Ltd	244,492	C. & P. Engineering Services Ltd	66,250
Xodus Group Ltd	243,113	Blackrow Engineering CO. Ltd	66,150
Trillium Flow Services UK Limited	218,075	<b>Sub Total</b>	<b>19,928,504</b>
WSP UK Ltd	214,967	<b>Other Grants</b>	<b>3,275,748</b>
BGEN Ltd	204,335	<b>Total</b>	<b>23,204,252</b>
Technip UK Ltd	189,526		

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

For comparative purposes the top 50 largest employers or employer groups in terms of grant values for 2020 were:

employers or employer groups in terms of grant values.

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

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

## 8. Direct costs

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

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

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

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

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

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

Activity	2021 Total £'000	2020 Total £'000
Apprentice allowances, travel and subsistence	273	427
Apprentice training and assessment costs	2,296	1,601
Apprenticeship recruitment costs	53	49
Awarding Organisation administration	19	22
Depreciation on assets in staff possession	1	6
ECITB Active Cup	113	88
ECITB Awarding Body External Verification	2	30
Professional, administrative & commission fees incurred in international commercial activities	145	90
Product development	39	140
(Profit) / Loss on disposal of Fixed Assets	(10)	-
Regional costs	475	112
Safety Passport issue and administration	83	61
Staff costs (salary, NI and pensions) (Note 10)	3,538	3,140
Staff travel and subsistence	148	151
Talent Retention Solution services	67	57
Blending learning Strategy	53	-
Connected Competence	66	-
	<b>7,361</b>	<b>5,974</b>

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

Charitable Activity	2021 %	2020 %
Proportion of direct costs allocated to Charitable Activities	99	99
Proportion of direct costs allocated to Levy Collection Costs	1	1
	<b>100</b>	<b>100</b>

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

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

## 9. Support costs

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

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

Function	Activity	2021 £'000	2020 £'000
Corporate Affairs	Policy, marketing & communications	161	202
Finance & Legal	Professional charges	-	3
	Depreciation categorised as a support cost	101	149
	(Profit) / Loss on disposal of fixed assets	(28)	24
Human Resources	Support staff costs (including salary, NI and pensions)	1,580	1,561
	Support staff travel and subsistence	139	70
	Agency costs	56	12
	Professional pension fees	-	-
	Other professional fees	71	59
	Staff recruitment and training	103	83
Information Technology project costs		89	70
Information technology and communications		313	382
Head Office infrastructure (includes buildings and office consumables costs)		129	121
Governance		82	116
		<b>2,796</b>	<b>2,852</b>

Support costs are 2% lower than 2020.

The cost of the statutory audit for 2020 is included within Governance costs. The quoted cost of the 2021 audit was £45k (2020 £50k).



## 10. Staff costs

Staff Costs	2021 £'000	2020 £'000
Salaries	4,376	4,089
Social security costs	476	430
Pension costs (standard contributions)	278	251
Agency costs	218	171
Other personnel costs	27	27
	<b>5,375</b>	<b>4,968</b>

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

Salaries include gross salaries, performance-related pay or bonuses, overtime, and allowances (such as car and private or home office allowances) to the extent that they are subject to UK taxation. The ECITB operates a performance-related incentive scheme in which all employees are eligible to participate (after completing initial periods of employment in their roles). In 2020, the total incentive award amounted to an average 3.8% of the total basic salary (2020 – 1.9%).

One employee received £6k termination costs in 2021 (2020 - 0).

## 11. Staff numbers

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

	Directly Employed	Temporary	2021 Number	2020 Number
Total	75	4	79	74

Employees earning over £60,000 per annum including benefits in kind, excluding pension contributions	2021 Number	2020 Number
£60,001 - £70,000	10	10
£70,001 - £80,000	6	3
£80,001 - £90,000	1	-
£90,001 - £100,000	-	2
£100,001 - £110,000	2	-
£110,001 - £120,000	1	2
£120,001 - £130,000	1	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	-
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-
	<b>22</b>	<b>18</b>

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

Category	2021			2020		
	Female	Male	Total	Female	Male	Total
Directors	-	4	4	-	4	4
Other Employees	29	50	79	31	44	75
<b>Total</b>	<b>29</b>	<b>54</b>	<b>83</b>	<b>31</b>	<b>48</b>	<b>79</b>

## 12. Industry training board pension funds

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

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

### The two sections are:

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

The principal future assumptions used are as follows.

- Real rate of return (net of pension increases) would be -1.7% p.a.
- Nominal rate of investment return on assets would be 1.3% p.a.
- Rate of future pension increases for the 2007 section would be in line with Consumer Prices Index (CPI) changes (assumed to be 3.1% p.a.)
- Rate of future pension increases for the New and 2007 sections would be in line with the Retail Prices Index (RPI) changes (assumed to be 3.1% p.a.)

2. The 'DC Section' is a defined contribution scheme for staff who joined on or after 1 April 2012. From 6 April 2016, employee and employer contribution rates changed as a result of the closure of the DB Section and staff now being part of the DC Section. The range for employee contributions is 4.5%–8.5%, and the employer contributions will match the employee contribution plus 1%, but are capped at 9.5% (2017/18 9%). The pension cost charge for 2021 was £278k (2020 £251k).

### 13. Tangible Fixed Assets

2021 Tangible Fixed Assets	Freehold Land & Buildings £'000	Machinery Plant & £'000	Computer Equipment £'000	Software IT £'000	Furniture & Equipment £'000	Total £'000
<b>Cost or valuation</b>						
At 1 January 2021	1,391	57	257	246	80	2,031
Adjustment to 2020 *	-	-	14	-	(14)	-
Revaluation	-	-	-	-	-	-
Additions	-	-	81	-	-	81
Disposals	(1,370)	(57)	(92)	-	(64)	(1,583)
At 31 December 2021	21	-	260	246	2	529
<b>Depreciation</b>						
At 1 January 2021	-	48	165	57	60	330
Adjustment to 2020 *	-	-	7	1	(8)	-
Charge for year	5	1	48	53	1	108
Revaluation	-	-	-	-	-	-
Disposals	-	(49)	(84)	-	(51)	(184)
At 31 December 2021	5	-	136	111	2	254
<b>Net Book Value</b>						
At 1 January 2021	1,391	9	92	189	20	1,701
At 31 December 2021	16	-	124	135	-	275

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

## Land and Buildings

\* At the 2020 year end a small number of items had been classed as furniture & equipment that were computer equipment.

During the year, within freehold land and buildings, the ECITB disposed of the Head office, Bluecourt, in Kings Langley for £1.4m. This allowed the associated revaluation reserve to be transferred into the general fund (note 21).

## 14. Capital commitments

At the end of 2021 there were no capital commitments (2020 - nil).

## 15. Investments

Investments	2021 £'000	2020 £'000
Listed investments		
Market value at 1 January	8,780	10,121
Purchases	-	-
Sales	(2,900)	(1,250)
Net Gain / (Loss)	(190)	(91)
Market value at 31 December	5,690	8,780
Investments maturing in more than one year	899	5,862
Investments maturing in less than one year	4,791	2,918
Total market value of listed investments	5,690	8,780
Cash and cash equivalents and in hand		
Cash at bank and in hand	1,209	3,499
Cash equivalents	12,759	10,648
Total cash and cash equivalents and in hand	13,968	14,147



Details of material investments are as follows:-

	2021 % Value of portfolio	2020 % Value of portfolio
Cash Equivalent held by the investment portfolio manager	69.1%	54.9%
United Kingdom Treasury Stock 7.9.22 (1.75%)	15.9%	15.4%
United Kingdom Treasury Stock 22.1.21 (1.5%)	0.0%	7.7%
Barclays Bank 12.1.22 (4.25%)	7.3%	7.2%
Wellcome Trust 28.5.21 (4.75%)	0.0%	2.9%
Friends Life 21.4.22 (8.25%)	2.8%	2.8%
European investment bank EIB 15.12.23 (.875%)	2.7%	2.6%
EIB 7.9.21 EMTN (1.125%)	0.0%	2.6%
Coventry Building Society 13.11.23 (Variable%)	2.2%	2.1%
National Grid Gas Finance PLC 22.9.21 (1.125%)	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	2021 £'000	2020 £'000
Levy debtors	487	507
Provision for bad levy debts	(487)	(488)
Net levy debtors	-	19
Non- levy debtors	280	350
Non-levy bad debt provision	(55)	(114)
Total non-levy debtors	225	236
Prepayments and accrued income	232	234
Other debtors	2	8
<b>Total debtors</b>	<b>459</b>	<b>497</b>

The Levy debtors are pre-2021 debts and have fully provided for.

Balance with Intra-Governmental Bodies	2021 £'000	2020 £'000
Local authorities	-	2
Balances with non government bodies	459	495
<b>Total</b>	<b>459</b>	<b>497</b>

<b>Debt Provision</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Opening provision against appealed levies and for bad debts	601	626
Levy bad debts due to insolvency or non-payment	29	39
Other bad debts	(60)	(41)
Reversal of bad debt provision due to receipt of liquidator's dividend	(27)	(23)
<b>Closing provisions for bad debts and againsts appealed levies</b>	<b>543</b>	<b>601</b>

During the course of 2021 no levy debts (£nil) (2020- £nil) were written off in the balance sheet.

## 17. Creditors

<b>Creditors - amounts falling due within one year</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Creditors	5,083	6,067
Accruals	1,373	2,152
Taxation	21	22
Deferred income	43	7
<b>Total creditors falling due within one year</b>	<b>6,520</b>	<b>8,248</b>

There were no creditors with amounts falling due after more than one year as at 31 December 2021 (2020 £nil).

<b>Balances with Intra-Governmental Bodies</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Government bodies	1,663	1,531
Local authorities	5	2
Balances with non government bodies	4,852	6,715
<b>Total creditors</b>	<b>6,520</b>	<b>8,248</b>

The balance with Central Government bodies at the 2021 year-end includes the sum of £1,562k in training grants payable to Sellafield Limited, Magnox Limited and Dounreay Site Restoration Ltd (2020 - £1,274k).

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

<b>Analysis of Deferred income</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Deferred Income released from Prior Years	7	23
Income deferred in the Current Year	43	7

## 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 does not hold any embedded derivatives.

<b>Financial assets by category</b>		<b>2021 £'000</b>	<b>2020 £'000</b>
Investments	Note 15	5,690	8,780
Debtors	Note 16	459	497
Cash and Cash equivalent	Note 23	13,968	14,147
<b>Financial liabilities by category</b>			
Creditors	Note 17	6,520	8,248

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, debtors and creditors (see Notes 15, 16 and 17). Levy, governmental and trade debtors 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 by the ECITB's relationships with most major levy debtors, which includes appropriate due diligence when raising levies and ongoing discussions around training needs, and therefore identifies credit risk issues early on. 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 2021 are estimated to amount to £12,499k (2020 - £10,214k). 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	2021 £'000	2020 £'000
2014	3	13
2015	-	15
2016	23	80
2017	180	444
2018	775	1,229
2019	1,704	3,601
2020	3,093	4,832
2021	6,721	-
	<b>12,499</b>	<b>10,214</b>

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

The commitments relating to the 2021 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

	2021	2020
Within 1 year	13	-
Between 2-5 years	13	-
After 5 years	-	-
	26	-

The above relates to the occupation of Office Suite KD3 First Floor, KD Tower, Cotterells, Hemel Hempstead, HP1 1FW.

ECITB have the ability to break at July 2022 but it is not expected that this will be acted on.

Our spend on the property to date has been to install ethernet and air conditioning purification which would both stay as improvements to the property.

After one year, no damage or other alterations have been made, therefore our current estimate of a dilapidation charge is £0.

## 21. Unrestricted Fund

Unrestricted fund	At 1 January 2021 £'000	Incoming resources £'000	Outgoing resources £'000	Transfer between funds	Other recognised Gains/losses	As at 31 December 2021
Revaluation reserve	1,318	-	-	(1,318)	-	-
General Funds	15,559	30,844	(33,659)	1,318	(190)	13,872
<b>Total Unrestricted Funds</b>	<b>16,877</b>	<b>30,844</b>	<b>(33,659)</b>	<b>-</b>	<b>(190)</b>	<b>13,872</b>



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

During the year, within freehold land and buildings, the ECITB disposed of the Head office, Bluecourt, in Kings Langley for £1.4m.

This allowed the associated revaluation reserve to be transferred into the general fund (note 13).

## 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		2021 £'000	2020 £'000
Net incoming / (outgoing) resources	SOFA	(3,005)	845
Depreciation	Note 13	108	154
(Gains) / Losses on investments	Note 15	190	91
Investment income	Note 4	(202)	(300)
(Gain) / Loss on disposal of fixed assets	Note 13	(38)	24
Decrease / (increase) in debtors	Note 16	37	595
Increase / (decrease) in creditors	Note 17	(1,726)	1,261
<b>Net cash inflow from operating activities</b>		<b>(4,636)</b>	<b>2,670</b>

## 23. Analysis of changes in cash equivalent

Analysis of change in cash and cash equivalents	At 1 Jan 2021 £'000	Cashflows £'000	At 31 Dec 2021 £'000
Cash at bank and in hand	3,499	(2,290)	1,209
Cash held by investment portfolio manager	10,648	2,111	12,759
	<b>14,147</b>	<b>(179)</b>	<b>13,968</b>

All cash is held in commercial banks or financial institutions.

## 24. Contingent liabilities

There are no contingent liabilities at the balance sheet date. (2020 – 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	2021 £'000	2020 £'000
Levy paid to ECITB	9,256	6,857
Sale of training services by ECITB	18	24
	<b>9,274</b>	<b>6,881</b>

The amount owed to ECITB by related parties at the balance sheet date is £6k (2020: £7k). 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	2021 £'000	2020 £'000
Payment of grants	6,235	4,141
Purchase of training and assessment services by ECITB	42	2
	<b>6,277</b>	<b>4,143</b>

The amount owed by ECITB to related parties at the balance sheet date is £0k (2020 - £926k).

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

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

During the year Simon Hicks, a Board Member was paid £10,000 for Research and Advisory Services between January 2021 and February 2021, in relation to work carried out to progress the “Transition to Net Zero” Study through his Company, Purple Forge Limited.

## 26. Post year-end events

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

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

# Organisational Details

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

### **Chief Executive Officer**

Chris Claydon

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

Rory Blyth

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

David Nash

### **Director of Operations**

Andy Brown

## **Complaints**

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

## **Head Office and Principal Address**

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

## **Charity Registration Details**

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

## **Auditors**

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

## **Bankers**

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

# Appendix A:

This Appendix shows:

- The members of the ECITB's Board of Trustees during 2021 and at 21<sup>st</sup> May 2022;
- Changes in membership since 1<sup>st</sup> January 2021; and
- Meeting attendance records during 2021.

Name	Changes during 2021 and to date	2021 Meeting Attendance Record
Ms L Armstrong		6 of 6
Ms L Birse	Tenure expired December 2021	5 of 6
Mr C Claypole		5 of 6
Mr S Hicks		5 of 6
Ms H Hill		5 of 6
Prof J Howe		6 of 6
Ms D James		4 of 6
Mr D Vineall		3 of 6
Mr C Gilmour		5 of 6
Mr P Somers		5 of 6
Ms J Cooper		6 of 6
Mr D Gear		6 of 6
Mr S Hunt		6 of 6

# Appendix B:

This Appendix shows:

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

## Council

Name	Changes during 2020 and to date	2020 Meeting Attendance Record
Mr M Arnold		2 of 3
Mr S Blackman		3 of 3
Mr D Boath	Retired 11/21	3 of 3
Mr P Bunyan		3 of 3
Ms C Childs	Joined 07/21	2 of 2
Mr C Claypole		2 of 3
Mr M Crichton		2 of 3
Mr. G Cook	Replaced by Ms C Childs	0 of 1
Mr I Guy		0 of 3
Mr M Hockey		3 of 3
Mr A Mitchell		3 of 3
Mr W Reid	Retired 10/21	2 of 2
Mr A Riley		3 of 3
Mr K Scott		2 of 3
Ms T Shelley		3 of 3
Mr M Stanton		0 of 2
Mr G Stirling		2 of 3
Ms A Thom		3 of 3
Mr P Ventre		3 of 3
Mr C Weldon	Joined 11/21	0 of 1
Ms H Westcott		0 of 3
Mr I Woodland	Replaced by Mr C Weldon	1 of 2



## Audit & Risk Committee

Name	Changes during 2021 and to date	2021 Meeting Attendance Record
Ms H Hill		4 of 4
Mr C Tall		3 of 4
Mr A Coppola	Resigned March 2022	4 of 4
Mr I Maybrey		4 of 4

## Qualifications and Awards Committee

Name	Changes during 2021 and to date	2021 Meeting Attendance Record
Mr R Clarke		2 of 3
Mr R Davies		1 of 3
Mr T Stone		3 of 3
Mr D Whitehouse		3 of 3
Pro J Howe		3 of 3
Mr M Lewis	Resigned June 2021	1 of 1

## Client Contractor National Safety Group (CCNSG)

Name	Changes during 2021 and to date	2021 Meeting Attendance Record
Mr R Clarke		2 of 3
Mr R Miguel		3 of 3
Mr M Riley	Appointment as committee Chair 09/19	3 of 3
Mr D White		2 of 3
Mr P Barker		1 of 3
Mr R Davies		3 of 3
Mr T Woolmer		0 of 3
Ms D Boyle		3 of 3
Mr M Ellis		3 of 3
Mr J Murray		2 of 3

# Appendix C:

Trustees are appointed by the Secretary of State because of their positions in the industry. The following Board members (who are serving as charitable trustees at 21st May 2022 or who have stepped down since 1 January 2021) have declared the following other interests:

Member	Declared Interest
Mrs L Armstrong	Non-Executive Director; Kaz Minerals Plc –resigned May 2021 Non- Executive Director; Orsted A/S President Shell Pensioners Association Fellow, Energy Institute Member, IoD
Ms L Birse	President People & Organisation, AS EAAA, Wood
Mr C Claypole	Managing Director, Site Service Engineering Ltd Member of Management Board, ECIA
Mr S Hicks	Bioenergy Infrastructure Group Member – IET Purple Forge Ltd
Ms H Hill	Senior Technical Adviser, Hydrogen Heating Programme, Clean Heat Directorate, BEIS BEIS Science & Engineering Network - Co-Chair Fellow, Institution of Mechanical Engineers
Prof J Howe	Executive Director, Thornton Energy Research Institute Chair: North West Hydrogen Alliance Academic member: National Grid Future of Gas Forum and Stakeholder User Groups Member: Storengy Responsibility Board Board Member: Cheshire Energy Hub Hydrogen Advisory Group: Thyson Technology BEIS Hydrogen Advisory Council: Member of Capacity and Research and Innovation Work Streams Future Energy Advisory: GHD UKRI: Funded Co-investigator on a number of industrial decarbonisation challenge projects Institute for Apprenticeships and Technical Experience/Education: Member of the Green Skills Advisory Group
Ms D James	VP Nuclear Power - Jacobs
Mr D Vineall	Human Resources Director, Nuclear Decommissioning Authority
Mr P Somers	CEO UK, Ireland & Nordics ,Altrad Services Ltd
Ms J Cooper	UK Stakeholder Relations & Regulatory Affairs Offshore,Orsted Member of Institute of Mechanical Engineers

Member	Declared Interest
Mr D Gear	<p>Founder and Director of Voar Energy.</p> <p>Employee of Peterson, specifically as Manager for the Decommissioning &amp; Shetland Businesses.</p> <p>Previously employed by Petrofac, and retain a financial interest through shareholding.</p> <p>Ambassador for the Energy Institute (Young Professionals Network)</p> <p>Executive Committee Member of the Shetland Net Zero Energy Forum.</p> <p>Steering group member for the Shetland Port and Harbour strategy group, and the Shetland Marine working group.</p> <p>Member of the Shetland Space Project, Economy, Community and Environment Working Group.</p>
Mr S Hunt	Regional Director of Stork UK
Mr C Gilmour	<p>Director of Doosan Babcock Limited</p> <p>Board Member of Engineering Construction Industry Association (ECIA)</p> <p>ECIA representative on National Joint Council (NJC)</p> <p>Spokesperson for the Sizewell C Consortium</p> <p>Fellow of the Institute of Mechanical Engineers (FIMechE)</p>

## Audit & Risk Committee Members

Member	Declared Interest
Mr C Tall	<p>Internal Audit Director – BT Plc</p> <p>Institute of Internal Auditors – Member</p> <p>Association of Chartered Certified Accountants - Member</p>
Mr I Maybrey	<p>Member of UK Power Networks Independent Expert Panel</p> <p>Consultant at Legal &amp; General</p> <p>Member ISACA</p>
Mr A Coppola	<p>Ernst &amp; Young LLP</p> <p>ODCEC (Chartered Accountant in Italy)</p>





**Engineering Construction Industry Training Board**

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

**[www.ecitb.org.uk](http://www.ecitb.org.uk)**

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