



Engineering Construction Industry Training Board

Report of the trustees and accounts for the year ended 31 December 2022

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

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Contents

<u>Chair's introduction</u>	04
<u>Chief Executive's review</u>	05
<u>About the ECITB</u>	07
<u>Strategic report and performance review 2022</u>	08
<u>Sustainability</u>	13
<u>Commercial activities 2022</u>	14
<u>Looking ahead 2023</u>	14
<u>2022 governance statement</u>	15
<u>Financial report</u>	22
<u>Results for the year</u>	23
<u>Remuneration report</u>	27
<u>The certificate and report of the Comptroller and Auditor General to the Houses of Parliament and the Scottish Parliament</u>	32
<u>Financial accounts for the year ended 31 December 2022</u>	37
<u>Notes forming part of the accounts for the year ended 31 December 2022</u>	40
<u>Organisational details</u>	60
<u>Appendices</u>	61

Chair's introduction

Welcome to the ECITB's Report of the trustees and accounts for 2022. The ECITB ended the year on a high with the confirmation of our strongest levy consultation result in memory.

Eighty-five percent of levy payers, representing 97% of levy paid, voted in favour of our proposals to maintain the current levy rates for the period 2023-25. The Board's decision to hold the rates (at 1.2% for site-based workers and 0.33% for other/off-site workers) reflected its desire to strike the right balance between effectively resourcing support for training and the fragile operating environment that continues to affect many engineering construction companies.

The levy consensus result is a clear vote of confidence in the ECITB. It gives us a strong mandate to implement our plans to support industry and the workforce over the coming three years.

We published our strategy for 2023-25 in the summer of 2022, following extensive consultation with industry and government partners. The strategy seeks to tackle major challenges facing the industry head on, not least the ever-increasing demand for skilled workers, both now and in the future, as engineering construction project activity ramps up. In particular, projects tackling the transition to Net Zero will move from the design phase into construction in the next few years, placing more pressure on the labour market.

Addressing skills shortages is a central component of the strategy and the Board has committed to spending up to 48% of grant expenditure on new entrant programmes over the next strategic period, including apprenticeships, scholarships and careers promotion. We will also continue to support the UK Government's priorities for skills and technical education as set out in our annual Ministerial priorities letter, as well as the skills policies of the devolved governments in Scotland and Wales.

2023 promises to be another successful year for the organisation as we turn to the delivery of the new strategy. In addition to growing the new entrant pool, we will focus on a number of initiatives ranging from enhancing our labour market intelligence capabilities and developing a common competence assurance framework to expanding our blended learning offer to industry. We will also build on our work to identify Net Zero skills needs and equip the workforce with the training they need to navigate the energy transition.

At the end of 2022, Chris Claydon announced his departure as Chief Executive. I am truly grateful for all the hard work Chris has put in over his seven-year tenure at the helm and he leaves the organisation in excellent health. Andy Brown takes over as Interim CEO while we recruit a permanent successor. I am confident that he will successfully guide the organisation as we commence delivery of the new strategy and navigate the UK Government's ITB Review, scheduled for 2023.

As ever, there is much to do. However, the ECITB is in a better position than ever to lead the skills agenda on behalf of our industry and deliver its training needs.



Lynda Armstrong OBE
Chair

Chief Executive's review

I am delighted to take over as Interim CEO of the ECITB and look back at 2022 with a strong feeling of pride and accomplishment. The levy consultation result, and strong industry buy-in to our new strategy, demonstrate the industry's collective recognition in the importance of investing in skills for the future and unequivocal support for the ECITB and our plans. This places us in an excellent position to continue to engage with the industry and other partners as we deliver against this renewed mandate.

Our new strategy will support growth in the engineering construction industry by helping employers to recruit a more diverse workforce and training and certifying them against industry standards. This will help tackle the forecasted labour shortages and skills gaps. Our new business plan, which accompanies the new strategy, sets out our objectives and detailed plans for the next three years.

In addition to securing the levy consensus, the ECITB achieved significant results in 2022. We invested more than £22m in industry training, targeting support for both existing workers and new entrants alike. The latter is vital to the future-skills pipeline. Last year we supported more than 2,000 apprentices, including 820 new starts, which was 30% more than our planned target for the year.

We also continued to progress our scholarship programme with a further 100 scholars on the programme in 2022. This covered a broader geographic spread of providers, including for the first time, learners in the Shetland Islands. Crucially we managed to leverage more than £100k of external funding to support the delivery of the scholarship programme - a clear example of ECITB yielding value for money and helping to make levy funds go as far as possible.

How the ECITB invests the levy is strongly informed by reliable labour market intelligence. At the start of 2022, we published the final reports of our workforce census, conducted in 2021, which mapped data for more than 45,000 workers across 1,360 industrial sites in the UK and offshore. This intelligence has helped to identify occupational shortages and inform the work of the UK Government's Infrastructure and Projects Authority. It is vital we keep an up-to-date picture of the workforce and will therefore be repeating this exercise in 2024.

As the skills standards body, the ECITB plays a leading role in assuring workforce competence. A key part of this role is ensuring training standards and qualifications are employer-led and meet industry needs. This is critical to improving competency levels against a standard which supports cost-effective assurance and helps drive productivity. Last year, we reviewed 24 national occupational standards and training standard suites, including key disciplines such as electrical installation and non-destructive testing. We also launched new products in response to technological changes in industry – this includes piloting the ECITB's drone operating standard in 2022 with an advanced course to follow next year.

In addition, we delivered more than 4,500 technical tests in 2022 as part of the Connected Competence programme, and at the turn of the year, were well positioned to secure the support of several offshore operators for the Connected Competence Client Charter. Our work with the Scottish Government and OPITO to develop the Energy Skills Passport is aimed at securing common recognition of skills to facilitate greater workforce mobility between projects and sectors – an area of key focus as part of the energy transition.

The ECITB further enhanced its support for the acquisition of vital skills for Net Zero in 2022. We continued to grant support learners on our Energy Transition Leadership Programme at the University of Strathclyde and our Energy Transfer Technician Scholarship, including the creation of a wind turbine technician pathway.

Collaboration with organisations including the Industrial Decarbonisation Research and Innovation Centre and the Carbon Capture Storage Association, as well as engagement with clients and contractors involved in the Industrial Clusters, has increased significantly.

Engagement with government partners has also continued to go from strength to strength. We secured representation on a number of high-level government groups, including the UK Government's Green Jobs Delivery Group and the Construction Skills Delivery Group. We also inputted into the Scottish Government's Modern Apprenticeship Review and the Welsh Government's Net Zero Skills Plan. This work is vital to ensure government policies and strategies reflect the needs of the engineering construction industry, and that we collaborate effectively to drive skills delivery for major infrastructure projects. This strategic engagement with governments, trade associations and client organisations means we are in a strong position to make effective skills interventions once contracts start to be let.

Finally, we made important progress in our efforts to champion diversity and inclusion (D&I) in the ECI in 2022. This work is truly vital if the industry is to secure future talent and benefit from the innovation brought by recruiting a diverse talent pool. In 2022, we supported nearly 1,000 learners to undertake D&I training. Next year we will invest further resource in this area as we develop and implement our D&I action plan.

In 2023, our focus will be to deliver the new ECITB strategy, ensuring that industry and learners acquire the skills they need. This will need a collaborative effort with our partners and I look forward to working with all our stakeholders and customers as we implement our plans.



Andy Brown
Interim Chief Executive

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. This industry 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.

ECITB Mission:

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

Strategic report and performance review 2022

Operating environment

The shift in global geopolitics in 2022 highlighted the importance of establishing long-term energy security, while still committing to the national target of net zero by 2050 (2045 in Scotland). The drive across the UK economy – and more broadly throughout Europe – to establish domestic energy security, has created a growing demand for new investments in renewable energy sources, decarbonisation technologies and nuclear power generation whilst underlining the importance of domestic oil and gas in the immediate term.

The activity at Hinkley Point C (HPC) has continued apace, with the site workforce approaching 10,000 by the end of 2022 and the engineering construction phase now starting. Preparation work to develop skills pathways for Sizewell C has been underway, building on the experience at HPC. Nuclear decommissioning at Sellafield and Dounreay continues, with work on some EDF sites expected to commence in 2023. On the United Kingdom Continental Shelf (UKCS) the offshore oil and gas sector has seen a resurgence, driven by the increase in energy prices globally. The growth in decommissioning also continued with the North Sea Transition Authority predicting a £20 billion project pipeline over the next decade. The Scotwind leasing round in Jan 2022 awarded rights for 25GW potential capacity.

The level of investment in current and future renewable energy projects over the next 10-15 years is now almost twice that of nuclear projects and four times that of oil and gas. With multiple significant carbon capture, hydrogen and fixed offshore wind projects in the design or planning stage, and floating offshore wind projects under discussion, the scale and number of upcoming projects are daunting. It is clear that the current workforce is unable to meet this demand. Workforce pressure has also been evident in 2022 across core engineering construction projects in existing processing sectors, with examples of asset maintenance work being de-scoped due to a lack of labour availability.

Growth prospects are based on new technologies, or technologies that have not previously been deployed at the scale now required. A coherent and innovative skills approach is vital to minimise pressures on the engineering construction workforce, at a time when there is a labour shortage across the industry and its allied sectors. Whilst energy transition provides the industry with an unprecedented opportunity to reinvent itself and diversify recruitment pathways, there remains a real risk that the jobs required for decarbonisation projects will not be filled.

The number of apprenticeship starts across engineering and manufacturing technologies has halved over the last five years. However, those apprenticeship standards that form the backbone of a reliable workforce in engineering construction – mainly at levels 2 and 3 – have maintained their intakes over the same period. The engineering construction industry benefits from a solid training base and this foundation now needs to be built upon with flexible entry pathways that create routes open to larger numbers of new entrants from a broader cross-section of society.

Objectives and achievements in 2022

2022 was the final year of the three-year strategy, Leading Industry Learning 2020-22. Developed in close consultation with industry and other stakeholders, the strategy was endorsed at the 2019 levy consultation. It was accompanied by a three-year business plan which set out delivery plans to achieve the strategic objectives, alongside performance indicators to measure progress.

Throughout 2022 the ECITB delivered a suite of programmes and activities to support industry alongside engaging in extensive consultation to inform the development of the new 2023-25 strategy.

Key deliverables in 2022

- Maintaining the pipeline of new entrants, through investing in excess of £22m in training, which included support for more than 2,000 apprentices across a variety of apprenticeship programmes and more than 250 graduate new entrants and 100 new learners supported on ECITB scholarships. A total of 300 learners have started a scholarship since 2020 and the ECITB attracted more than £100k in external funding in 2022 to support that delivery.
- Continuing to champion the recognition of qualifications and skills to enable skills transferability. In 2022 the ECITB delivered more than 4,500 technical tests under the Connected Competence programme and has trialled site-based assessment. This is a key enabler to unlock the value of a standardised base level of competence for key occupations which will allow the ECI workforce to transition across different sectors more easily. The ECITB has also been an active participant in the Energy Skills Alliance, particularly in the work to develop a common Energy Safety Passport for site access, an ambition which Connected Competence can underpin.
- Accelerating the transition to Net Zero by supporting learners on the Energy Transition Leadership Programme at the University of Strathclyde and the Energy Transfer Technician Scholarship. We have continued our skills mapping, focusing on the occupational requirements of the hydrogen value chain. Our engagement with clients and contractors involved in the Industrial Clusters, particularly the two Track 1 Clusters, has increased significantly. The ECITB has also been an active member of the government's Green Jobs Delivery Group and worked as a key skills partner with the Industrial Decarbonisation Innovation & Research Centre and the Carbon Capture & Storage Association.
- Providing comprehensive insights into the supply and demand of the ECI workforce. In 2022 we completed the publication of the ECITB's 2021 Workforce Census. Three sectoral deep dives and a regional analysis now supplement the overview analysis to complete the suite of five reports. The data has been cited externally and underpins our engagement with government and the development and targeting of ECITB programmes and grant funding across different geographical regions. We have also conducted detailed analysis of demand data sources to inform the development of the new 2023-25 strategy and have commissioned a workforce planning model which is now under development.
- Establishing a blended learning platform for delivering a wide range of online learning and development. This platform has been used in 2022 to deliver digital safety passport material to ECITB scholarship learners. Preparation work is well advanced to deliver a curated learning journey to ECITB learners on other programmes and to provide tailored employer 'academies' through the platform.

The following table provides an overview of ECITB’s progress in meeting the three-year business plan objectives that form the basis of the existing, Leading Industry Learning strategy 2020-22.

Key performance indicators

Strategy pillar: Foundations

3 Year Business Plan objective	Performance and achievements in 2022
1 Produce high-quality intelligence on labour market, skills and workforce trends	<ul style="list-style-type: none"> • Published the final ECITB workforce census reports (five in total). The data collected covers over 45,000 workers across 1,360 sites. • Produced labour demand analysis to inform strategy development and a paper on the impact of skills shortages on industry. • Continued to deliver cross-infrastructure workforce intelligence gathering, in collaboration with the IPA, CITB, NSAR and EDF. • Scoped out and commissioned work to develop the ECITB labour demand model, which is being delivered by Whole Life Consulting. Established industry Technical Reference Group to support delivery.
2 Ensure all employers who should pay the levy do	<ul style="list-style-type: none"> • Issued 41 Business and Activity Return (BAR) forms to potential leviable establishments. • Undertook 24 establishment reviews of existing leviable establishments. • Seven new establishments added to the Register of Leviable Establishments out of 17 reviews of new establishments. • An additional £352k of levy was raised by either bringing new establishments onto the register or by ensuring that declarations submitted from existing establishments are correct.
3 Ensure National Occupational Standards (NOS), qualifications and training standards reflect industry requirements	<ul style="list-style-type: none"> • Four additional NOS suites reviewed, including non-destructive testing and electrical installation. • 24 training standards across eight disciplines created / reviewed. • 12 ECITB training courses created / reviewed. • 20 technical tests across nine disciplines and 11 apprentice phase tests/other tests created / reviewed. • More than 50 in-scope and out-of-scope employers attended approximately 100 ECITB standards working group meetings. • 282 regulated qualification certifications; 444 newly registered candidates (in addition to those still in assessment who neither registered nor certificated in 2022).
4 Enhance data collection and evaluation methods to drive continuous improvement	<ul style="list-style-type: none"> • Completed an independent evaluation of the Train to Retain programme by CEBR.
5 Help the industry develop more inclusive cultures and encourage greater workforce diversity	<ul style="list-style-type: none"> • 984 learners supported to undertake D&I training in 2022. • The ECITB Diversity and Inclusion Group (IDEA) industry round table to inform action planning; IDEA Chair recognised as Executive Leader of the Year at the Engineering Talent Awards. • International Women in Engineering Day (INWED) virtual roundtable, 6k views; Black History Month magazine feature and website space, 60-120k reach. • Started embedding Equality Impact Assessment for compliance with Public Sector Equality Duty.

Strategy pillar: Meeting current skills needs

3 Year Business Plan objective	Performance and achievements in 2022
1. Address priority skills shortages and provide training solutions to tackle skills gaps	<ul style="list-style-type: none"> Funded more than £22m of training for and on behalf of employers to close skills gaps and shortages in the industry. 50% increase in the number of mentees supported on ECITB's Project Management Mentoring Programme compared to 2021. Launched Applied Project Management Bootcamp in collaboration with providers. £50k of external funding secured through the bootcamp model. Established Northern Competency Cluster to facilitate collaborative action between operators and contractors to address regional skills shortages.
2. Support the training and recruitment of new entrants into the industry	<ul style="list-style-type: none"> Total number of apprentices supported - 2187 in Dec (varies month by month, includes new starts and those already on the programme). 820 apprentice starts. 263 graduate starts in 2022. Scholars: 100 new starts in 2022, 300 supported in total. Funded the training of 60 HSO Bronze Operatives (£60,000). Levered in over £100k external funding for the Scholarship Programme.
3. Support the retention and development of essential skills	<ul style="list-style-type: none"> Developed and delivered pipefitting and rigging multi-skilling programme in conjunction with Altrad Babcock, ACT Now and Drax. Facilitated and grant-supported bespoke fast-track pipefitting upskilling initiative at AIS, providing an alternative route for companies to develop existing personnel.
4. Improve access to quality and cost-effective training including through blended learning and digital methods	<ul style="list-style-type: none"> Delivered training/testing to more than 41,000 UK delegates in 2022 (ECITB licensed products). Conducted 210 provider audits. 39 providers improved their audit grade from grade three (requires improvement) to grade two (good) or grade one (outstanding). Approved six new UK providers, 120 trainers/testers and 12 ECITB Provider Approval Scheme (PCAS) courses. Approved 24 international providers, 80 trainers and eight PCAS courses. Piloted and tested the ECITB LXP to 250 users and released the beta platform in December 2022. 13 organisations started using the LXP in December 2022 for training interventions online through the ECITB Learn Academy. 130 courses undertaken by learners by year-end. Built five white-labelled employer academies in Nov/Dec 2022.
5. Enable greater transferability of skills between sectors and projects	<ul style="list-style-type: none"> Mapped core Connected Competence standards for offshore wind and nuclear to ascertain the scope for transferability between sectors. Delivered 4,502 technical tests as part of Connected Competence allowing transferability of personnel across companies reducing time and cost associated with onboarding and re-training.

Strategy pillar: Preparing for the future

3 Year Business Plan objective	Performance and achievements in 2022
<p>1. Support the delivery of industrial strategies and industry roadmaps, including the nuclear, offshore wind and North Sea Transition deals</p>	<ul style="list-style-type: none"> Supported the North Sea Transition Deal People and Skills Delivery Plan, including Skills Passport work with the Scottish Government. Developed Military to Offshore Wind Programme and launched Wind Turbine Equipment Statutory Inspection Standards, developed in collaboration with developers and supply chain companies. Delivered the Nuclear Project Management Mentoring Programme across the Nuclear Decommissioning Authority (NDA) estate. Continued to support Hinkley Point Support Operative (HSO) Bronze Programme (new entrants) and piloted the HSO Electrical Silver Programme for upskilling of electrical general operatives. Supported the creation of the Mechanical Centre of Excellence for Hinkley Point C (HPC) to deliver training and mock-up facilities to de-risk key elements of the build.
<p>2. Enable Engineering Construction Industry (ECI) companies to harness IR4 technologies to improve productivity by having the right skills</p>	<ul style="list-style-type: none"> £100k of grant support awarded to support IR4-related training in 2022. Embedded digital passport into scholarship provision with 135 completions to date. Developed, launched and piloted the ECITB Industrial Drone Operating Standard. One provider is currently licensed to deliver training. An advanced course to be developed in 2023.
<p>3. Work with UK and devolved governments to shape education and skills policies to meet industry needs</p>	<ul style="list-style-type: none"> Promoted ECI skills needs through membership of UK Government's Green Jobs Delivery Group and Construction Skills Delivery Group. Broadened engagement across policy and analyst teams in DfE, BEIS and the Scottish and Welsh Governments. Participated in Skills Development Scotland (SDS) Engineering Modern Apprenticeship Review and supported the creation of the Welsh Government's Net Zero Skills Strategy. Worked with DfE to introduce more flexibility into the T-level industry placements rules. Changes announced by DfE in Q1 2023. Secured co-funding for training ECI learners, including through the Bootcamps (£116k, England) and ETZ Ltd (£100k, Scotland) Responded to eight consultations from government departments / other ALBs and one from the Scottish Government. Submitted written evidence to enquiries held by the BEIS and Science and Technology Commons Select Committees.

3 Year Business Plan objective	Performance and achievements in 2022
4. Work collaboratively to support industry to prepare the workforce for the transition to a Net Zero carbon economy	<ul style="list-style-type: none"> • Supported 30 learners on the Energy Transition Leadership Programme and 17 Energy Transfer Technician scholars. • Expanded our links with the industrial clusters and grew understanding of skills and labour requirements of the two Track 1 clusters. • Co-hosted the Industrial Decarbonisation Research and Innovation Centre (IDRIC) skills policy event in London in October and spoke at various Net Zero events cementing ECITB's position as a key player/thought-leader on Net Zero skills. • Developed hydrogen skills mapping work and tested with industry. • Referenced as a key partner in the UK Government's Hydrogen Action Plan, as well as the Carbon Capture and Storage Association's (CCSA) Carbon Capture and Storage Supply Chain and Skills Plan.

Sustainability

In 2022 ECITB captured key sustainability measures to review our impact on the environment and help identify future steps we can take to reduce our overall impact. These are set out in the table below.

2022 is the first year in which this data has been collected. The information contained in this section has not been audited and does not form part of the auditors' opinion on the accounts.

	2022
Paper	
Reams (number)	50
Amount spent on paper (£)	500
Travel	
Expenditure on official business travel (£)	167,661
Domestic flights:	
Quantity of flights	195
emissions (tCO ² e)	27
distance (km)	105,843
International flights:	
Quantity of flights	92
emissions (tCO ² e)	52
distance (km)	349,896
Trains:	
emissions (tCO ² e)	8
distance (km)	235,377
Utilities	
Electricity used (kwh)	900
Total water consumption (m ³)	1.32
Total energy indirect emissions (kwh)	900
Total other indirect emissions – gross (tCO ² e)	88

Commercial activities 2022

The ECITB's commercial activities comprise operations in Great Britain and overseas, primarily in 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 slightly during 2022 from £754k to £764k. Overall numbers were above those in 2021 due to a resurgence of construction and consequent training activity after the reductions caused by Covid 19.

International commercial activities

ECITB operates in three main areas overseas, namely the Middle East, South East Asia and East Africa. Gross international commercial income in 2022 was £583k. This was a £92k (18%) increase on 2021 after bad debts. Income was mainly delivered through charges for International Training Provider Licences. The consistent performance to 2021 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 number of providers on our books continued to grow during 2022 despite the continuing lockdowns in our territories during the first half of the year.

Looking ahead: 2023

2023 marks the first 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 Report of the trustees and accounts to refer.

Financial projections 2023

The 2023 operational plan and financial budget are based on the ECITB's strategic priorities and objectives. Given the ambitious 2023-25 strategy, high demand for training grants in 2022 and levy income that is still recovering from covid impacts 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 2023.

The 2023 budget currently anticipates a £2.2m deficit, using reserves to support training during a period of lower levy receipts and high post-pandemic demand. Key assumptions within this budget include:

- A £2m 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 2023 budgeting for significant development. It is possible that less budget will be required in 2023 as discovery and full project initiation progresses.

2022 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 10th September 2020. Levy income during the financial years 2021 to 2023 inclusive will be collected under the terms of the 2020 Order. This was the first time that the ECITB conducted a consultation based on a rise in the levy.

During the year, a formal consultation with levy-paying employers occurred relating to proposals for future industrial training levy arrangements. The proposals for 2023-25, to maintain levy rates at 1.2% of gross labour emoluments for site workers and 0.33% for the offsite/other workers, were accepted by the levy-payers. In a resoundingly positive response, 85% of levy-paying employers, representing 97% of the industrial training levy paid, voted in favour. The new Industrial Training Levy (Engineering Construction Board) Order is planned to be laid in 2023.

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

Records of the members of the ECITB's Board of Trustees during 2022 and at January 2023, together with changes in membership since 1st January 2022 and meeting attendance records 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 2022 the tenure of two trustees came to an end. In 2022 the Board met on six occasions. Average attendance at the Board over the year was 88% (2021 – 86%).

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 Chair 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 Report of the trustees 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. During 2022 there were 11 regional forums and 1 national forums. Each forum comprises industry employers, and either represents a geographical area, or a significant industry sector. Each forum normally meets three times a year under the chairmanship of a Regional Chair, who has been elected by the members of the forum.

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

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

ECITB Management and Staff

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

The Chief Executive leads the organisation's executive management team ("the Executive"), which in 2022 comprised the Chief Executive, the Board Secretary, the Director of Finance & Business Services, the Director of Operations and the Director of Strategy & Policy and Deputy Director of Strategy and 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 Corporate Governance, 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.

At each Board meeting, the Board receives verbal updates on the performance of each Committee, including the Audit and Risk Committee and the Remuneration and Nominations Committee. Specifically, in 2022 the Chair of the Audit and Risk Committee reported regularly on matters relating to risk management, internal controls and audit related issues, cyber security and IT projects. The Chair of the Remuneration and Nominations Committee reported on the Annual Pay Review of ECITB staff and notably, in 2022 it reported on progress on identifying potential candidates for the CEO role and updates on the recruitment process.

The senior staff and Committee reports, the information and discussion papers and the KPIs reviewed by the Board include financial and non-financial data, obtained by reliable sources with a proven track record of providing reliable and high-quality data. The data is diligently collected to ensure that the information presented to the Board is accurate, complete and reliable, enabling the Board to make informed decisions.

These measures enable the Board to monitor, advise on, challenge and lead the performance of the organisation against its strategic goals and objectives. 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.

A review of all actions coming out of 2022 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. Additionally, during 2022 an independent Board effectiveness review was conducted, in line with the over-riding principles of the UK Government's ALB (arm's length body) board effectiveness review and in accordance with the UK Corporate Governance Code. The headline assessment was that there was a strong core in the Board's processes and activities which were well-led by the Chair and professionally delivered by the executive team, which enabled the Board to fulfil its mandate more than adequately, notwithstanding the environment in which it operated.

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 has been maintained by the Board Secretary. 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 2022 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 2022 (and up to the date of this letter), and accords with HM Treasury guidance. A number of specific sources contribute to this 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.

During 2022, GIAA conducted an audit on ECITB's Risk Management. As a result of the audit's recommendations, the Board will review and agree ECITB's risk appetite statement, during the first meeting in 2023, which will set out the extent to which ECITB is able to take risk. In 2023, ECITB will be reviewing and updating the risk management policy in accordance with the revised risk appetite statement.

Risk overview

The most significant risks faced by ECITB during 2022, which could impact on the delivery of its strategic objectives are shown below:

- Compliance Risk/Cyber failure – Data Loss from online systems causing breach of personal and/or sensitive data resulting in potential losses/damage to data subjects/owners and risks of non-compliance (regulatory and governmental).
- Programme Risk – Blended learning and IT strategy does not meet anticipated deliverables, due to time, cost, quality, security and engagement. This is mixed with the risk of developing the wrong product outside of ECITB's evolving time and resource constraints.
- 2022 Levy consensus - The industry will not support ECITB by voting against the levy proposal at the next levy consultation in 2022
- Programme Risk –Net Zero - 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 Connected Competence - Risk that Connected Competence does not realise the cost benefits associated with the claims and stakeholders' expectations.
- Compliance Risk - Failure to comply with statutory duties or other legal responsibilities.
- Recruitment and Retention - 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 Changes - 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 2022 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. The activities of these forums were embedded during 2022. One of the TCBS'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 the year one of our main service providers migrated from one data centre to another.

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 2022. I am satisfied that the governance arrangements and the risk and control framework used in 2022 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.



Andy Brown
Interim Chief Executive and Accounting Officer

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.

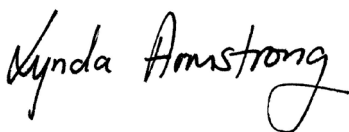
In preparing the accounts the Trustees and Accounting Officer are to have regard to the requirements of the Government Financial Reporting Manual and in particular to:

- 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 Report of the trustees and accounts as a whole are fair, balanced and understandable;
- They take personal responsibility for the Report of the trustees and accounts and the judgements required for determining that they 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, include responsibility for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records and for safeguarding the ECITB's assets as set out in Managing Public Money published by HM Treasury.



Lynda Armstrong OBE
Chair
15 June 2023



Andy Brown
Interim Chief Executive and Accounting
Officer
15 June 2023

Results for the year

A summary statement of financial activities for the period 1 January 2022 to 31 December 2022 (with comparative information for 2021) 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 the year ended 31 December 2022

Income	2022 £'000	2021 £'000
Levy	26,251	28,734
Investment income	367	202
Non levy income	2,043	1,908
Total Income	28,661	30,844

Expenditure	2022 £'000	2021 £'000
Investment management costs, bad debt provision, levy collection costs and provision against appealed levies	374	298
Charitable activities	30,217	33,361
Total expenditure before other gains and losses	30,591	33,659

Net income / (expenditure) before other gains and losses	(1,930)	(2,815)
Gains / (losses) on revaluation of fixed assets	-	-
Gains / (losses) on investment assets	(58)	(190)
Net movement in funds surplus / (deficit)	(1,988)	(3,005)

Reconciliation of funds	2022 £'000	2021 £'000
Total funds brought forward at 1 January	13,872	16,877
Total funds carried forward at 31 December	11,884	13,872

Balance sheet	2022 £'000	2021 £'000
Fixed assets		
Tangible assets	223	275
Investments maturing in more than one year	-	899
	223	1,174

Current Assets	15,908	19,218
Creditors: amounts falling due within one year	(4,247)	(6,520)
Net current assets	11,661	12,698
Net assets less liabilities	11,884	13,872

Fund	2022 £'000	2021 £'000
Unrestricted fund	11,884	13,872

Incoming resources

Levy income in 2022 amounted to £26.3m (2021: £28.7m). This represents the gross levy assessed during the year, together with any adjustments for levies assessed in earlier years. Levy rates on costs of on-site workers remained at 1.2% and, on costs of all other workers increased from 0.22% in 2021 to 0.27% in 2022. Levy exemption levels remained unchanged from 2018 for both site-based and other workers at £1m and £275k respectively. The decrease in levy income is driven by the fall in employer emoluments and a decreased size of the workforce during the base period of 2020/21 as a result of the pandemic.

Other incoming resources totalled £2m (2021: £1.9m) mainly comprised of income from sales and sponsorships and are broadly in line with 2021.

Investment income, from quoted investments and interest on cash deposits, amounted to £367k (2021: £202k). Investment performance has increased compared to 2021 due to increasing interest rates throughout 2022.

Expenditure

Expenditure on charitable activity amounted to £30.2m which was £3.1m (9%) lower than in 2021. This was due to increased grant support during the pandemic in 2021.

Total costs of delivery of the service, comprising direct and support costs, were £10.9m (2021: £10.2m).

Levy collection costs saw a slight increase to £276k (2021: £251k), £25k higher than 2021.

Net movement in funds

The net decrease in resources for the year, after recognised gains and losses, amounted to £2m (2021: net decrease in resources was £3m). This was a conscious decision to use reserves and aligns with the three-year strategy.

Balance sheet at 31 December 2022

Assets

Current assets decreased by £4.2m, as a result of additional payment runs in December, reducing creditors and a planned decrease in reserves.

At 31 December, investments and cash amounted to £15.2m (2021: £19.7m).

Year-end debtors amounted to £730k (2021: £459k) - a £271k increase. Debtors at the end of both 2022 and 2021 comprised levy and trade debtors, prepayments and accrued income.

Creditors

Year-end creditors amounted to £4.2m (2021: £6.5m). The decrease is driven by additional payment runs in December and fewer grants awarded in December 2022 compared to 2021.

The funds of the charity

The year-end balance sheet shows total charity funds of £11.9m (2021: £13.9m).

Reserves policy

The Reserves policy at the end of 2022 remained the same as at 2021, however, it has been recalculated based on current commitments. The minimum level of reserves the Trustees consider necessary is £6.5m to accord with its policy of holding reserves to cover the full costs of winding up the ECITB, estimated to be around £3.2m, and a further discretionary fund to support the costs of apprentices taken on under ECITB funding arrangements, set at £3.3m.

The ECITB does not hold any restricted funds and all reserves are reported as unrestricted. Of the £11.9m funds held at the end of the reporting period, around £12.7m are theoretically committed (to be funded through current and future resources), primarily in agreements to issue grants for apprentices and graduates, resulting in a technical calculation of £0.8m more commitment than reserve funds available. The ECITB's reserves policy relates to total unrestricted reserves, rather than the theoretical calculation of available reserves after the 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.

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 then Secretary of State for the Department for Business, Innovation and Skills, 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 2022, the performance of the long-term portfolio, after the deduction of management fees, was 62.2% compared to the benchmark of 49.8%. The portfolio's annual return to 31st December 2022 was 0.6% (benchmark return -4.2%).

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 2022, the sickness absence rate was 1.5% (2021 – 1.5%), equivalent to 3.4 working days per employee (2021 – 3.4 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 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. Benefits mainly comprise employer pension contributions that are employee-matched plus 1% to a maximum of 9.5% employer contributions for all bandings. 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.

Benefits in kind represent private health insurance.

Year	Salary £'000	Pension benefit £'000	Benefits in kind (to nearest £100)	Performance pay £'000	Total £'000	Date of appt to position
C J Claydon, Chief Executive						
2022	150-155	10 - 15	1,700	10 - 15	180 -185	
2021	150-155	10 - 15	1,600	20 - 25	185 -190	24.08.15
A Brown, Director of Operations						
2022	120 - 125	10 - 15	1,900	10 - 15	140 - 145	
2021	140 - 145	5 - 10	1,800	5 - 10	130 - 135	01.04.13
R Blyth, Director of Finance and Business Services						
2022	105 - 110	5 - 10	1,000	5 - 10	125 - 130	
2021	95 - 100	5 - 10	900	10 - 15	115 - 120	16.03.19
David Nash, Director of Strategy and Policy						
2022	100 - 105	5 - 10	1,200	5 - 10	115 - 120	
2021	95 - 100	5 - 10	1,500	5 - 10	110 - 115	01.01.20

Fair pay disclosures

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

Disclosure	2022			2021		
	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
	3.7: 1	3.3: 1	2.7: 1	4.3: 1	3.7: 1	2.9: 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 decrease in these ratios year on year was mainly due to the highest paid director being awarded a reduced bonus in 2022 - £10,000 (2021 - £20,000). In 2021 no employees received remuneration in excess of the highest-paid director (2021 - none).

The average salary and allowance increase for FTE employees in 2022 was 7.6% due to an across-the-board pay rise of 3%, a one-off cost of living allowance for employees earning less than £50k and internal promotions to more senior positions in the year. The average performance and pay increase was broadly flat year on year. The highest paid director's salary and allowance fell by 3.5% mainly due to a reduced performance bonus which fell by 50% (2021 - 4,344% increase).

Employees representing each quartile of pay

Percentile	Total pay and benefits 2022 £'000	Total pay and benefits 2021 £'000	Salary 2022 £'000	Salary 2021 £'000
25th percentile	46	44	41	40
Median	52	49	48	46
75th percentile	63	62	59	58

Total pay and benefits year-on-year saw a slight increase due to the 3% pay rise awarded in 2022.

Full-time equivalent remuneration ranged from £21,000 to £165,000 (2021 from £23,000 to £172,000). 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 in 2022 (2021 - 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 2022 £'000	Normal contribution 2021 £'000
C J Claydon	14	14
A Brown	11	10
R Blyth	10	8
David Nash	8	7

Trustees' costs

In accordance with her appointment by the Secretary of State, the Chair of the Board is entitled to remuneration. During the year, the Chair, Ms L Armstrong, received a salary of £30,000 (2021 - £30,000). No other trustees received compensation for the performance of their duties in the year (2021: £0).

In 2022, 12 trustees (2021 – 13) incurred travel and subsistence expenses, which were reimbursed by the ECITB. In 2022, these expenses amounted to £25,177 (2021 - £6,145).

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 2022.

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

	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	5,561
Percentage of total pay bill spent on facility time	0

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours:	-
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Lynda Armstrong OBE
Chair
15 June 2023



Andy Brown
Interim Chief Executive and Accounting
Officer
15 June 2023

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 2022, under the Industrial Training Act 1982 and the Charities Act 2011.

The financial statements comprise: the Engineering Construction Industry Training Board's

- Balance Sheet as at 31 December 2022;
- Statement of Financial Activities for the year then ended;
- Statement of Cash Flows 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 2022 and its net expenditure for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with Industrial Training Act 1982 and Secretary of State directions issued thereunder and in accordance with the Charities Act 2011

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 and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate and report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. 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 including the appendices, but does not include the financial statements nor my auditor's certificate. 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.

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:

- 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
- I have not received all of the information and explanations I require for my audit; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Industrial Training Act 1982 and Secretary of State directions issued thereunder and 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 for the financial statements

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:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Engineering Construction Industry Training Board from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with the Industrial Training Act 1982 and Secretary of State directions issued thereunder and in accordance with the Charities Act 2011;
- ensuring that the Report of the Trustees, which includes the Remuneration Report, is prepared with regard to HM Treasury's Government Financial Reporting Manual; 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 Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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, I:

- considered the nature of the sector, control environment and operational performance including the design of the Engineering Construction Industry Training Board's accounting policies and key performance indicators.

- inquired of management, Engineering Construction Industry Training Board's Internal Auditors and those charged with governance, including obtaining and reviewing supporting documentation relating to the Engineering Construction Industry Training Board's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - 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
- inquired of management, Engineering Construction Industry Training Board's Internal Auditors and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team 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's 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.

I obtained an understanding of the Engineering Construction Industry Training Board's framework of authority and other legal and regulatory frameworks in which the Engineering Construction Industry Training Board operates. I focused 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, employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures: I reviewed 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;

- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Trustees and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated 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 communicated relevant identified laws and regulations and potential risks of fraud 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. This description forms part of my certificate.

Other auditor's responsibilities

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

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

23 June 2023

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

Financial accounts for the year ended 31 December 2022

Statement of financial activities for the year ended 31 December 2022

The statement of financial activities reflects all gains and losses during the year to 31 December 2022. All activities are continuing. All funds are unrestricted.

The notes on pages 40 to 59 form part of these financial statements.

Income	Notes	2022 £'000	2021 £'000
Income from other trading activities			
Income from investments	Note 4	367	202
Income from charitable activities			
Total non-levy income	Note 3	2,043	1,908
Levy	Note 2	26,251	28,734
Total income		28,661	30,844

Expenditure

Expenditure on Raising funds			
Investment management costs		16	27
Provisions for bad debts and against appealed levies	Note 5	82	20
Levy collection costs		276	251
Total costs of raising funds		374	298
Expenditure on Charitable activities			
Total costs of charitable activities	Note 6	30,217	33,361
Total expenditure		30,591	33,659
Net gains / (losses) on investments	Note 15	(58)	(190)
Net income / (expenditure)		(1,988)	(3,005)

Other recognised gains / (losses)

Gains / (losses) on revaluation of fixed assets	Note 13	-	-
Net movement in funds	Note 21	(1,988)	(3,005)

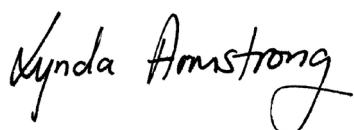
Reconciliation of funds

Total funds brought forward at 1 January		13,872	16,877
Total funds carried forward at 31 December	Note 21	11,884	13,872

Balance sheet as at 31 December 2022

The accounts were approved by the Board on 19 May 2023.

	Notes	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	<i>Note 13</i>	223	275
Investments maturing in more than one year	<i>Note 15</i>	-	899
Total fixed assets		223	1,174
Current assets			
Debtors	<i>Note 16</i>	730	459
Investments maturing in less than one year	<i>Note 15</i>	882	4,791
Cash and cash equivalents and in hand	<i>Note 23</i>	14,296	13,968
Total current assets		15,908	19,218
Creditors			
Amounts falling due within one year	<i>Note 17</i>	(4,247)	(6,520)
Net current assets		11,661	12,698
Total assets less liabilities		11,884	13,872
The funds of the charity			
Unrestricted fund	<i>Note 21</i>	11,884	13,872
Total charity funds		11,884	13,872



Lynda Armstrong OBE
Chair
15 June 2023



Andy Brown
Interim Chief Executive and Accounting
Officer
15 June 2023

The notes on pages 40 to 59 form part of these financial statements

Statement of cash flows for the year-ended 31 December 2022

There are no cash flows from financing activities.

Cash flows from operating activities	Notes	2022 £'000	2021 £'000
Net cash used in operating activities	<i>Note 22</i>	(4,734)	(4,636)
Cash flows from investing activities			
Investment income	<i>Note 4</i>	367	202
Purchase of property, plant and equipment		(81)	(81)
Proceeds from the sale of property, plant and equipment	<i>Note 13</i>	26	1,436
Proceeds from the sale of investments	<i>Note 15</i>	4,750	2,900
Purchase of investments	<i>Note 15</i>	-	-
Net cash provided by investing activities		5,062	4,457

Change in cash and cash equivalents in the reporting period	<i>Note 23</i>	328	(179)
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Reconciliation of changes in cash, cash equivalents and in hand		2022 £'000	2021 £'000
Balance at 1 January	<i>Note 23</i>	13,968	14,147
Change in cash and cash equivalents in the reporting period	<i>Note 23</i>	328	(179)
Balance at 31 December		14,296	13,968

The notes on pages 40 to 59 form part of these financial statements.

Notes forming part of the accounts for the year ended 31 December 2022

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 residual and any potential future 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. Consultation with employers confirmed their support for ECITB's mandate in this regard to be renewed up to and including 2026, which will give ECITB funds for continuing operation until the beginning of 2027. The passing of secondary legislation to enshrine this mandate in law is planned for and expected during 2023. During 2023 a formal central government review of the Industrial Training Boards is planned. On current timelines, the likelihood is that this will report towards the end of 2023 or during 2024. The strong employer mandate and current government support give no reason to expect the legislation not to be passed and for the ITB review to affect the presumption that the ECITB's accounts should be prepared on a going concern basis. In this context, whilst there is always some uncertainty around recommendations that might stem from an ITB review, if the review were to make recommendations that would materially affect the future of the ECITB, it is highly unlikely and impractical for changes to be mandated to take place within 12 months of the signing date of these accounts.

In terms of liquidity, ECITB holds £11.9m of reserves at the end of 2022 and levy income in the year has been assessed on what represents approximately 4% growth in underlying emoluments in the industry year on year. ECITB's going concern assumption would be threatened if more than half of the billed 2023 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 2023 levy demand. This scenario is extremely unlikely and is not deemed a strategic risk. However, the ECITB would mitigate it by adapting its charitable activities to match its financial resources such that it did not affect the going concern assumption.

In terms of ECITB's strategy and business plan, these were reviewed during 2022 and industry was consulted on them. With levy income higher in 2023 than in 2022 and the long-term requirements of engineering construction industry training expected to accelerate with the UK's energy transition, the review exercise reconfirmed much of the strategy and plan and that 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 2022/23 *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 2021 was raised in January 2022 and recognised as income in 2022.

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 have 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

The 2021 freehold land and buildings comprised a set of garages which were sold in 2022.

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 and equipment	10 years
Plant and machinery Other tools and equipment	3 years
Computer equipment and IT software	4 years

No depreciation is provided on freehold land.

Depreciation on freehold buildings is provided on the last revalued existing use value over the remaining useful life of the asset. The annual depreciation provision is calculated by dividing the latest revalued amount by the number of years of remaining useful life. By the end of the year, all freehold buildings had been sold.

Depreciation on motor vehicles was 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 was 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

	2022	2021
Number of establishments wholly or mainly engaged in engineering construction activities (leviable establishments)	298	320
Number of employers operating leviable establishments	280	297
Number of leviable establishments subject to payment of levy	233	244
Number of employers operating leviable establishments subject to payment of levy (levy-paying in-scope employers)	213	221
Number of leviable establishments exempt from payment of levy	65	76
Number of employers operating leviable establishments exempt from payment of levy (non-levy paying in-scope employers)	65	76

	2022 £'000	2021 £'000
Levy receivable	26,251	28,734

In 2022 no employers formally appealed levy assessments raised in the year (2021 - 0 employer).

3. Non levy income

Non levy income	2022 £'000	2021 £'000
From sales	2,043	1,908

Sources of sales income	Income stream	2022 income £'000	2021 income £'000
UK employers	ECITB Project Management Conference	3	113
	VQ registration and certification - Awards Qualifications & Technical	112	82
UK training providers	ECI Training & Development Awards event	47	50
	Apprentice certification	1	1
	Technical training and test licence fees and course and test income	453	370
	Supervisory and PMSC licence fees and training course income	46	47
	CCNSG licence fees and safety passport income	798	754
Overseas training providers	Apprenticeship Learner Income	196	128
	Technical training and test licence fees and course and test income	387	363
		2,043	1,908

No grant in aid is receivable by the ECITB.

4. Investment income

Investment income	2022 £'000	2021 £'000
Income from quoted investments	61	175
Income from cash deposits	306	27
Total	367	202

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

Charge/ (credit) for provisions for bad debts and against appealed levies	2022 £'000	2021 £'000
Levy bad debts due to insolvency or non-payment	21	29
Levy assessments under appeal	38	77
Reversal of previous year's levy bad debt provision	(9)	(27)
Trade bad debts	32	(59)
Total	82	20

6. Charitable activity

Charitable activities	2022 £'000	2021 £'000
Grant funding (note 7)	19,327	23,204
Direct costs (note 8)	7,518	7,361
Support costs (note 9)	3,372	2,796
Total	30,217	33,361

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

7. Grant funding

Of the £19.3m of grants made to employers in 2022, grants amounting to £16.5m 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 the 50 largest employers or employer groups in terms of grant values.

Employer	£
*Altrad Services Ltd	1,763,844
Sellafield Ltd	1,507,730
Bilfinger UK Ltd	1,214,266
*Wood Group UK Ltd	1,193,076
Magnox Ltd	1,013,165
Petrofac Facilities Management Ltd	874,265
*Jacobs UK Ltd	821,990
Worley Group UK Ltd	764,727
Atkins Ltd	682,000
Dounreay Site Restoration Ltd	639,056
NNB Generation Company Ltd	607,757
*Stork Technical Services UK Ltd	535,339
Siemens Energy Ltd	414,966
Oceaneering International Services Ltd	397,063
Cavendish Ltd	356,057
MWH Treatment Ltd	260,725
Semco Maritime Ltd	224,746
BGEN Ltd	210,101
Aker Solutions Ltd	188,190
Applus UK Ltd	181,905
Nuvia Limited	176,460
Ponticelli UK Ltd	168,941
Subsea 7 Ltd	161,521
Fluor Ltd	157,930
MII Engineering Limited	148,443
WSP UK Ltd	139,790
Trillium Flow Services UK Limited	135,474
Shepley Engineers Ltd	111,260
On Line Design & Engineering Ltd	99,740

Employer	£
EJ Musk Process Services Ltd	97,278
Technip UK Ltd	88,954
Intelect Ltd	83,403
Atlantic Projects Company Limited	74,718
Techno Engineering Ltd	74,580
Peter J Douglas Engineering Ltd	72,915
Blackrow Engineering CO. Ltd	72,380
FieldCore Service Solutions International LLC	69,205
Kellogg Brown & Root Ltd	68,771
Costain Oil Gas & Process Ltd	66,040
East Midlands Instrument Company Ltd	63,320
VWS Ltd	63,135
Allied Protek Engineering Solutions Ltd	61,540
Aquaterra Energy Ltd	61,382
Ledwood Mechanical Engineering Ltd	61,210
One-Dyas UK Ltd	57,570
Boskalis Subsea Services Ltd	57,258
C. & P. Engineering Services Ltd	52,260
EFAB Industrial Solutions Ltd	51,400
Wisbech Electrical Ltd	51,315
Hornbill Engineering Ltd	49,410
Sub Total	16,548,571
Other Grants	2,778,834
Total	19,327,405

* 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 2021 were:

Employer	£
Magnox Ltd	1,571,967
Sellafield Ltd	1,521,850
*Wood Group UK Ltd	1,362,828
Altrad Engineering Services Ltd	1,281,053
Bilfinger UK Ltd	1,268,541
*Jacobs UK Ltd	1,122,748
Worley Group UK Ltd	1,084,781
*Petrofac Facilities Management Ltd	1,063,344
Stork Technical Services Ltd	897,151
Dounreay Site Restoration Ltd	743,237
NNB Generation Company Ltd	592,729
*NUVIA Limited	494,430
*Doosan Babcock Ltd	484,850
Oceaneering International Services Ltd	424,454
Cavendish Ltd	400,404
Siemens plc	386,462
Atkins Ltd	314,750
Aker Solutions Ltd	313,056
Fluor Ltd	302,427
AMEC Foster Wheeler Energy Ltd	263,115
Worley Europe Ltd	249,056
Applus UK Ltd	244,492
Xodus Group Ltd	243,113
Trillium Flow Services UK Limited	218,075
WSP UK Ltd	214,967
BGEN Ltd	204,335
Technip UK Ltd	189,526

Employer	£
FieldCore Service Solutions International LLC	188,890
DP Services Holdings Ltd	179,620
Dornan Engineering Services Ltd	173,051
Semco Maritime Ltd	152,155
On Line Design & Engineering Ltd	150,058
Peter J Douglas Engineering Ltd	147,345
Kent Energies UK Limited	134,220
EJ Musk Process Services Ltd	123,886
Granherne Ltd	111,020
Subsea 7 Ltd	106,029
Shepley Engineers Ltd	105,020
MII Engineering Limited	95,142
Rhyal Engineering Ltd	86,752
Allied Protek Engineering Solutions Ltd	83,351
Pipex Ltd	79,010
Engenda Group Ltd	74,502
Appollo Engineering Ltd	74,070
Hornbill Engineering Ltd	71,615
VWS Ltd	69,576
ENGIE Fabricom UK Ltd	66,583
One-Dyas UK Ltd	66,468
C. & P. Engineering Services Ltd	66,250
Blackrow Engineering CO. Ltd	66,150
Sub total	19,928,504
Other grants	3,275,748
Total	23,204,252

* 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	2022 total £'000	2021 total £'000
Apprentice allowances, travel and subsistence	649	273
Apprentice training and assessment costs	1,896	2,296
Apprenticeship recruitment costs	15	53
Awarding organisation administration	19	19
Depreciation on assets in staff possession	-	1
ECITB Active Cup	115	113
ECITB awarding body external verification	2	2
Professional, administrative and commission fees incurred in international commercial activities	117	145
Product development	125	39
(Profit) / loss on disposal of Fixed Assets	-	(10)
Regional costs	161	475
Safety Passport issue and administration	104	83
Staff costs (salary, NI and pensions) (Note 10)	3,667	3,538
Staff travel and subsistence	298	148
Talent retention solution services	6	67
Blending learning strategy	152	53
Connected Competence	192	66
Total	7,518	7,361

Charitable activity	2022 %	2021 %
Proportion of direct costs allocated to charitable activities	99	99
Proportion of direct costs allocated to levy collection costs	1	1
Total	100	100

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

The above 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 costs falling within this category are:

Function	Activity	2022 £'000	2021 £'000
Corporate Affairs	Policy, marketing and communications	206	161
Finance & Legal	Depreciation categorised as a support cost	113	101
	(Profit) / loss on disposal of fixed assets	2	(28)
Human Resources	Support staff costs (including salary, NI and pensions)	1,722	1,580
	Support staff travel and subsistence	157	139
	Agency costs	38	56
	Other professional fees	139	71
	Staff recruitment and training	45	103
Information Technology project costs		52	89
Information Technology and communications		566	313
Head office infrastructure (includes buildings and office consumables costs)		225	129
Governance		107	82
Total		3,372	2,796

Support costs are 20% higher than 2021.

The cost of the statutory audit for 2021 is included within governance costs. The quoted cost of the 2022 audit was £60k (2021 - £45k).

10. Staff costs

Staff costs	2022 £'000	2021 £'000
Salaries	4,723	4,376
Social security costs	541	476
Pension costs (standard contributions)	297	278
Agency costs	100	218
Other personnel costs	5	27
Total	5,666	5,375

Staff costs include the salaries and other employment benefits received by senior staff and the Chair'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 2022, the total incentive award amounted to an average 3.9% of the total basic salary (2021 – 3.8%).

There were no termination costs in 2022 (2021 - £6k).

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	2022 number	2021 number
Total	76	4	80	79

Employees earning over £60,000 per annum including benefits in kind, excluding pension contributions	2022 number	2021 number
£60,001 - £70,000	9	10
£70,001 - £80,000	4	6
£80,001 - £90,000	4	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	2
£110,001 - £120,000	3	1
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£140,001 - £150,000	-	-
£150,001 - £160,000	-	-
£160,001 - £170,000	1	1
	22	22

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

Category	2022			2021		
	Female	Male	Total	Female	Male	Total
Directors	-	4	4	-	4	4
Other employees	34	47	81	29	50	79
Total	34	51	85	29	54	83

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 2021.

The principal future assumptions used are as follows.

- Real rate of return (net of pension increases) would be -2.4% p.a.
- Nominal rate of investment return on assets would be 0.85% p.a.
- Rate of future pension increases for the 2007 section would be in line with Consumer Prices Index (CPI) changes (assumed to be 3.3% 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 3.3% 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 2022 was £297k (2021 £278k).

13. Tangible fixed assets

2022 Tangible fixed assets	Freehold land & buildings £'000	Plant & machinery £'000	Computer equipment £'000	IT software £'000	Furniture & equipment £'000	Total £'000
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Cost or valuation

At 1 January 2022	21	(0)	260	246	2	529
Adjustment to 2022	7		(1)			6
Revaluation	-	-	-	-	-	-
Additions	-	-	81	-	-	81
Disposals	(28)	-	(51)	(27)	-	(106)
At 31 December 2022	(0)	(0)	289	219	2	510

Depreciation

At 1 January 2022	5	-	136	111	2	254
Adjustment to 2022						
Charge for year	2	-	59	52	0	113
Revaluation	-	-	-	-	-	-
Disposals	(7)	-	(46)	(27)	-	(80)
At 31 December 2022	-	-	149	136	2	287

Net book value

At 1 January 2022	16	(0)	124	135	0	275
At 31 December 2022	(0)	(0)	140	83	0	223

2021 Tangible fixed assets	Freehold land & buildings £'000	Plant & machinery £'000	Computer equipment £'000	IT software £'000	Furniture & equipment £'000	Total £'000
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Cost or valuation

At 1 January 2021	1,391	57	257	246	80	2,031
Adjustment to 2021	-	-	14	-	(14)	-
Revaluation	-	-	-	-	-	-
Additions	-	-	81	-	-	81
Disposals	(1,370)	(57)	(92)	-	(64)	(1,583)
At 31 December 2021	21	(0)	260	246	2	529

Depreciation

At 1 January 2021	-	48	165	57	60	330
Adjustment to 2021	-	-	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

Net Book Value

At 1 January 2021	1,391	9	92	189	20	1,701
At 31 December 2021	16	(0)	124	135	0	275

Land and buildings comprised a garage in Kings Langley, Hertfordshire, held at cost and sold during 2022.

14. Capital commitments

At the end of 2022 there were no capital commitments (2021 - nil).

15. Investments

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

Listed investments	2022 £'000	2021 £'000
Market value at 1 January	5,690	8,780
Purchases	-	-
Sales	(4,750)	(2,900)
Net gain / (Loss)	(58)	(190)
Market value at 31 December	882	5,690
Investments maturing in more than one year	-	899
Investments maturing in less than one year	882	4,791
Total market value of listed investments	882	5,690
Cash and cash equivalents and in hand	2022 £'000	2021 £'000
Cash at bank and in hand	2,797	1,209
Cash equivalents	11,499	12,759
Total cash and cash equivalents and in hand	14,296	13,968

	2022 % value of portfolio	2021 % value of portfolio
Cash equivalent held by the investment portfolio manager	92.9%	69.1%
United Kingdom Treasury Stock 7.9.22 (1.75%)	0.0%	15.9%
Barclays Bank 12.1.22 (4.25%)	0.0%	7.3%
Friends Life 21.4.22 (8.25%)	0.0%	2.8%
European Investment Bank EIB 15.12.23 (.875%)	3.9%	2.7%
Coventry Building Society 13.11.23 (Variable%)	3.2%	2.2%

Details of material investments are as follows:

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 two weeks.

16. Debtors

The majority of levy debtors are pre-2022 debts and have fully provided for.

Debtors	2022 £'000	2021 £'000
Levy debtors	298	487
Provision for bad levy debts	(298)	(487)
Net levy debtors	(0)	-
Non-levy debtors	353	280
Non-levy bad debt provision	(85)	(55)
Total non-levy debtors	268	225
Prepayments and accrued income	462	232
Other debtors	-	2
Total debtors	730	459

Balances with intra-governmental bodies	2022 £'000	2021 £'000
Local authorities	-	-
Balances with non-government bodies	730	459
Total	730	459

Debt provision	2022 £'000	2021 £'000
Opening provision against appealed levies and for bad debts	545	601
Levy bad debts due to insolvency or non-payment	21	29
Other bad debts	32	(60)
Reversal of bad debt provision	(212)	(27)
Closing provisions for bad debts and against appealed levies	386	543

During 2022 levy debts of £203,156 (2021- £nil) were written off in the balance sheet. These were previously provided for in full.

17. Creditors

Creditors - amounts falling due within one year	2022 £'000	2021 £'000
Creditors	3,904	5,083
Accruals	337	1,373
Taxation	6	21
Deferred income	-	43
Total creditors falling due within one year	4,247	6,520

There were no creditors with amounts falling due after more than one year as at 31 December 2022 (2021 - £nil).

Balances with intra-governmental bodies	2022 £'000	2021 £'000
Government bodies	620	1,663
Local authorities	13	5
Balances with non-government bodies	3,614	4,852
Total creditors	4,247	6,520

The balance with central government bodies at the 2022 year-end includes the sum of £545k in training grants payable to Sellafield Limited, Magnox Limited and Dounreay Site Restoration Ltd (2021 - £1,562k).

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

Analysis of deferred income	2022 £'000	2021 £'000
Deferred income released from prior years	43	7
Income deferred in the current year	-	43

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.

Financial assets by category	Note	2022 £'000	2021 £'000
Investments	Note 15	882	5,690
Debtors	Note 16	730	459
Cash and Cash Equivalents	Note 23	14,296	13,968
Financial liabilities by category	Note	2022 £'000	2021 £'000
Creditors	Note 17	4,247	6,520

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 the cost of closing ECITB (ie office close down and redundancies and a fund for legal costs) plus a discretionary fund to pay a portion of the outstanding commitments on new entrant (apprenticeship and graduate) contracts. 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 transaction 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 2022 are estimated to amount to £12,706k (2021 - £12,499k). 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	2022 £'000	2021 £'000
2014	3	3
2015	-	-
2016	5	23
2017	71	180
2018	262	775
2019	962	1,704
2020	793	3,093
2021	3,517	6,721
2022	7,093	-
Total	12,706	12,499

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 2022 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

	2022 £'000	2021 £'000
Within 1 year	13	13
Between 2-5 years	13	13
After 5 years	-	-
Total	26	26

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

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 two years, no damage or other alterations have been made, therefore our current estimate of a dilapidation charge is £nil.

21. Unrestricted fund

Unrestricted fund	At 1 January 2022 £'000	Incoming resources £'000	Outgoing resources £'000	Transfer between funds	Other recognised gains/ losses	As at 31 December 2022
Revaluation reserve	-	-	-	-	-	-
General funds	13,872	28,661	(30,591)	-	(58)	11,884
Total unrestricted funds	13,872	28,661	(30,591)	-	(58)	11,884

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
Total unrestricted funds	16,877	30,844	(33,659)	-	(190)	13,872

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

	Note	2022 £'000	2021 £'000
Net incoming / (outgoing) resources	SOFA	(1,988)	(3,005)
Depreciation	Note 13	106	108
(Gains) / losses on investments	Note 15	58	190
Investment income	Note 4	(367)	(202)
(Gain) / loss on disposal of fixed assets	Note 8 & 9	1	(38)
Decrease / (increase) in debtors	Note 16	(271)	37
Increase / (decrease) in creditors	Note 17	(2,273)	(1,726)
Net cash outflow from operating activities		(4,734)	(4,636)

23. Analysis of changes in cash equivalent

Analysis of changes in cash and cash equivalents	At 1 Jan 2022 £'000	Cashflows £'000	At 31 Dec 2022 £'000
Cash at bank and in hand	1,209	1,588	2,797
Cash held by investment portfolio manager	12,759	(1,260)	11,499
Total	13,968	328	14,296

All cash is held in commercial banks or financial institutions.

24. Contingent liabilities

There are no contingent liabilities at the balance sheet date. (2021 – 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	2022 £'000	2021 £'000
Levy paid to ECITB	6,403	9,256
Sale of training services by ECITB	93	18
Total	6,496	9,274

The amount owed to ECITB by related parties at the balance sheet date is £26k (2021: £6k). The transactions in the following table comprise 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	2022 £'000	2021 £'000
Payment of grants	4,340	6,235
Purchase of training and assessment services by ECITB	133	42
Total	4,473	6,277

The amount owed by ECITB to related parties at the balance sheet date is £699k (2021 - £0k).

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.

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

ECITB's directors

Interim Chief Executive Officer: Andy Brown
Director of Finance and Business Services: Rory Blyth
Director of Strategy and Policy: David Nash
Interim Director of Operations: Matthew Oates

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

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

Appendices - unaudited

Appendix A:

This appendix shows:

- The members of the ECITB's Board of Trustees during 2022 and at 19 May 2023;
- Changes in membership since 1st January 2022; and
- Meeting attendance records during 2022.

Name	Changes during 2022 and to date	2022 meeting attendance record
Ms L Armstrong		6 of 6
Mr C Claypole	Tenure expired May 2022	1 of 2
Mr S Hicks		6 of 6
Ms H Hill		5 of 6
Prof J Howe		4 of 6
Ms D James	Tenure expired May 2022	2 of 2
Mr D Vineall		5 of 6
Mr C Gilmour		6 of 6
Mr P Somers		4 of 6
Ms J Cooper	Stepped down February 2023	6 of 6
Mr D Gear		5 of 6
Mr S Hunt		6 of 6

Appendix B

This appendix shows:

- The members of the Board's committees during 2022 and at 19 May 2023;
- Changes in membership since 1st January 2022; and
- Meeting attendance records during 2022.

Name	Changes during 2022 and to date	2022 meeting attendance record
Mr S Blackman		2 of 2
Mr P Bunyan		2 of 2
Mr M Crichton	Resigned June 2022	N/A
Mr C Claypole	Tenure expired May 2022	N/A
Mr M Hockey	Deceased	1 of 2
Mr C Gammie		2 of 2
Mr W Lindsay	Appointed in May 2022 and resigned December 2022	2 of 2
Mr A Mitchell		1 of 2
Ms T Shelley		2 of 2
Ms A Thom		1 of 2
Mr P Ventre		2 of 2
Mr M Arnold		1 of 2
Mr A Riley		2 of 2
Ms H Westcott	Resigned February 2022	N/A
Mr I Guy		0 of 2
Mr M Stanton		2 of 2
Mr G Stirling	Stepped down due to OCA disolvment	N/A
Mr K Scott	Stepped down due to OCA disolvment	N/A
Ms C Childs		0 of 2
Mr C Weldon		1 of 2
Mr J Webster	Appointed in February 2022	2 of 2
Mr S Hunt		1 of 2
Mr S Hamilton	Appointed in December 2022	N/A

Audit & Risk Committee

Name	Changes during 2022 and to date	2022 meeting attendance record
Ms H Hill		4 of 4
Mr C Tall		4 of 4
Mr A Coppola	Resigned March 2022	1 of 1
Mr I Maybrey		3 of 4

Qualifications and Awards Committee

Name	Changes during 2022 and to date	2022 meeting attendance record
Mr R Clarke		3 of 3
Mr R Davies		2 of 3
Mr T Stone		1 of 3
Mr D Whitehouse		2 of 3
Prof J Howe (Chair)		2 of 3

Client Contractor National Safety Group (CCNSG)

Name	Changes during 2022 and to date	2022 meeting attendance record
Mr R Clarke		2 of 3
Mr R Miguel		1 of 3
Mr M Riley (Chair)		2 of 3
Mr D White		2 of 3
Mr R Davies		2 of 3
Ms D Boyle	Resigned May 2022	2 of 3
Mr M Ellis		2 of 3
Mr J Murray		1 of 3
Ms E McMullen	Appointed in December 2022	N/A
Mr M Poole	Appointed in December 2022	N/A

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 19 May 2022 or who have stepped down since 1 January 2022) have declared the following other interests:

Member	Declared interest
Mrs L Armstrong	
Mr C Claypole	Managing Director, Site Service Engineering Ltd Stocks Group Limited (which includes levy payer, Site Service Engineering) Director, Winterton Rangers Community Interest Club Director, Winterton Sports and Agricultural Society
Mr S Hicks	Bioenergy Infrastructure Group Member – IET Purple Forge Ltd
Ms H Hill	Ofgem - Strategy and Decarbonisation Fellow, Institution of Mechanical Engineers
Prof J Howe	Professor of Energy - University of Chester Board Member – COGENT Chair: North West Hydrogen Alliance (This body has ECI Members)
Ms D James	VP Nuclear Power - Jacobs
Mr D Vineall	Group Chief People Office - Nuclear Decommissioning Authority
Mr P Somers	CEO UK, Ireland & Nordic - Altrad Services Ltd
Mr S Hunt	Regional Director – Stork UK
Mr C Gilmour	Vice President Nuclear & Defence Sector of Altrad Babcock Limited Board Member of Engineering Construction Industry Association (ECIA) ECIA representative on National Joint Council (NJC) Spokesperson for the Sizewell C Consortium Fellow of the Institution of Mechanical Engineers
Ms J Cooper	Director of Offshore Wind Member - Institute of Mechanical Engineers
Mr D Gear	Founder and Director of Voar Energy Ltd Founder and Advisor at Norn Ltd General Manager and Director of Peterson Shetland Ltd General Manager of Peterson Decommissioning Ltd Executive Committee Member of the Shetland Net Zero Energy Forum.



Engineering Construction Industry Training Board

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