



# CITB-ConstructionSkills Annual Report and Accounts 2009



**Construction Industry Training Board  
(CITB-ConstructionSkills)  
Annual Report and Accounts 2009**

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the Industrial Training Act 1982.

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## INTRODUCTION

# Foreword

The UK's construction industry employs nearly 2.4 million people, contributes up to 8% of GDP and underpins all other UK industries and public services. Nonetheless, 2009 was a very tough year across the sector as the recession deepened. Despite some signs of recovery in house building, cuts to major public programmes and weak consumer spending in the repair and maintenance sectors left many construction firms suffering. During turbulent times, the organisation has focused on limiting the impact of the downturn on the industry's talent and skills base by continuing our work as an Industrial Training Board (ITB) and Sector Skills Council (SSC) to ensure the sector has the right skills, in the right place, at the right time – now and in the future.

One of our main tasks is to use skills intelligence from the Construction Skills Network (CSN) to predict future employment and training requirements and identify, with employers, the priority areas for action. The resulting objectives are captured in our Sector Skills Agreement (SSA) – a set of action plans for employers and their representative bodies, professional institutions, trades unions, delivery partners and Government which respond to the industry's key skills issues.

The main concern at present is that a loss of workers during the recession risks skills shortages emerging during the recovery, affecting the industry's ability to deal with opportunities arising then.

This Annual Report and Accounts gives an overview of the work we undertook in 2009 to manage this risk – including initiatives to safeguard apprentices and other entrants to the industry and deliver practical support to businesses at this difficult time.

As well as challenges, there have been many positive developments. The Construction & Built Environment Diploma had a successful first year, with 1,700 young people opting to study it in schools across England. In the 2009/10 academic year, there will be 3,291 new entrants for the Diploma at Levels 1, 2 and 3. The SkillBuild National Final at South Lanarkshire College saw over 100 young people from across the UK battling it out to become Britain's best tradesperson.

The Apprenticeship Matching Service (AMS) in England gave financial help to employers taking on a displaced apprentice. We also delivered 'Adopt an Apprentice' in Scotland and supported Welsh Assembly Government (WAG) 'Young Recruits' and 'Pathways to Apprenticeships' initiatives.

The Cross-industry Construction Apprenticeship Taskforce (CCATF), chaired by Geoff Lister, worked hard during the year to champion the ethos and culture of training. Support from the UK Contractors Group and National Apprenticeship Service (NAS) has encouraged its members to maintain its efforts in a difficult environment. The group has continued its work to influence policy makers – for example, through good procurement practice.

In London, new centres opened to deliver specialist training. The National Construction College East London (Newham) was launched in early 2009 and the end of the year saw the successful Eton Manor plant training school relocate to Beckton Park.

In Scotland, we delivered on the Scottish Government's ScotAction initiatives to support the Scottish economy and in Wales we worked with 'ProAct' (helping Welsh businesses through the downturn and to prepare for recovery).

We helped cut the number of accidents by supplying the Worker Engagement Toolkit, a new film commissioned by ConstructionSkills and the Union of Construction, Allied Trades and Technicians (UCATT), to improve communication between site managers and operatives.

In England, we continued to extend our National Skills Academy for Construction programme. This now supports 38 projects, helping contractors and their supply chain to develop site-specific training solutions. We also worked with central and local government and key agencies to develop guidance aimed at embedding training requirements in the procurement of publicly-funded construction work. This will create more employment, apprenticeships and training on public sector projects.

And finally, following a stringent audit undertaken by the National Audit Office, on behalf of the UK Commission for Employment and Skills (UKCES), we were awarded a new licence to operate (with the Construction Industry Council (CIC) and CITB-ConstructionSkills Northern Ireland) as the SSC for Construction – ConstructionSkills.

The report from the National Audit Office prepared ahead of the decision identified a number of key strengths, such as the way we work with SSC partners, strong engagement with sector employers, excellent and innovative labour market information and the sector specific solutions we could deliver.

However, just as the industry has had to face hard times, the Board needed to make tough choices in 2009. With lower income from falling levy payments in future, cuts in Government expenditure and less commercial income, the Board took some difficult decisions to manage spending while maintaining our return to industry. Looking forward, a four-point financial plan has been agreed setting out the critical steps needed to ensure the organisation has a firm and sustainable future as outlined on page 10.

One of those steps was to balance levy income and grant payments by making 'in year' changes to the Grants Scheme. Decisions to reduce grant rates are never going to be welcome, but these were essential to guarantee funding for business-critical training now and in the future. Continuing dialogue with our stakeholders on future grant-giving policy is vital to ensure that they understand the options before us and can influence the Board's thinking. This will be a very high priority during the early months of 2010.

Nonetheless, as this Report shows, we distributed £169.4m in training grants in 2009, £3m higher than planned, with 22,637 registered employers receiving support. We also managed to provide a direct return to the sector of more than was paid in levy income. So, for every £1 of levy paid, the industry received a direct benefit of £1.03.

Because this figure is based purely on the direct financial returns attributable to individual employers, it takes no account of the work of wider value to the industry and agreed by the Board. Examples of this include the financial support we give to the Constructionarium (which gives such valuable practical experience to undergraduates that several universities have made participation a mandatory part of their built environment degree programmes) or our work on recruitment and careers, promoting the industry as an aspirational choice.

This work is paid for from non-levy income, generated through contracted work or the sales of products and services, and represents a substantial additional return to the sector. We will work hard to maintain and increase these income streams, but recognise that this will be tough in the near future.

During 2009, the organisation stepped up its efforts to make a range of cost savings to help balance the books. Regrettably, this involved job losses on top of pay and recruitment restraint, better asset utilisation, tougher contract negotiations and cuts in the use of temporary staff and contractors. In 2009, these measures gave us immediate savings of £20m and more will be forthcoming in 2010.

Our longer-term transformation plans focus on delivering a more flexible, leaner and e-enabled enterprise fit for the future. In 2009, we put the foundations in place by setting up a new Shared Service for call and transaction handling. The development of a new ICT strategy also got under way and our customer strategy continued to pay dividends, after the establishment of a dedicated team to manage communications and provide an enhanced service to 'strategic' accounts.

Looking ahead, as the leadership organisation for the UK construction industry's skills and training needs, it is our role to anticipate and lead on skills solutions in emerging areas such as sustainability and innovative construction methods. We must ensure employers are equipped with the management and leadership skills they need to increase productivity and deliver a competitive world-class industry. We set up a Future Skills Unit in 2009 to recognise the greater pace of change and make sure we can provide new qualifications to support employers through this transition.

Our recently published Business Plan (available on [www.cskills.org](http://www.cskills.org)) outlines our other priorities for 2010–14. It shows how we will contribute to addressing key industry and Government challenges ahead and summarises how CITB-ConstructionSkills will continue to adapt its structures and ways of working to provide an efficient, flexible and responsive service to the industry, whilst making the best use of the resources available to it.

2010 also sees a change of Chairman as I step down after eight years at the helm. I have greatly enjoyed the challenges of chairing Board and ConstructionSkills Council meetings as well as representing the organisation at many other events. Following the retirement of Deputy Chairman Peter Rogerson in 2009 it will indeed be the end of an era.

However, with James Wates, who is a current Board member as well as a highly respected senior member of the industry, taking over at the beginning of April 2010 and Judy Lowe as a highly capable Deputy Chairman already in post, I'm certain that the organisation has a very successful future ahead.

Finally, I must thank all those we work with for their continued support in helping this organisation achieve its goals. Decisive action to safeguard skills in our industry and ensure the future success of your sector body is the key challenge for 2010.

**Sir Michael Latham DL**  
**Chairman**

# The Business and Economic Environment

### Industry profile

Without doubt, 2009 was a challenging year for construction. The impact of the recession on the sector was little short of devastating in terms of jobs and workloads. Characterised by a sharp decline in output and falling levels of demand, the sector is experiencing its worst contraction for 30 years. This is illustrated by the fall in worth of the construction contracting element of the industry, which in 2009 was estimated to be worth £97bn in real terms, a 13% fall since 2008.

Whilst a downturn was expected on the back of the credit crunch, the speed and depth of this contraction was without precedent. Consequently, it caught out many businesses, particularly in terms of planning in the face of reduced workloads, late payments and increased competition. Few businesses – if any – were unaffected.

The vast majority of contractors, both large and small, reported a steep decline in activity in 2009, and despite some indications that the rate of decline started slowing towards the end of the year, the general outlook remains fairly gloomy in the short term, given the lag between new orders being tendered and work starting on site. Indicators suggest that pockets of growth are emerging, but all the signs point to a long and slow recovery.

In terms of impact, there is little doubt that the private sectors have borne the brunt of the recession with private housing suffering its second consecutive double digit decline in output in 2009 (taking the level of activity down to below that seen in the depths of the 1990s recession in real terms). Whilst commercial construction held up well in 2008, it fell sharply in 2009 as work-in-progress was completed and few new projects started on site.

In contrast, the public sectors have largely done better. Infrastructure and public non-residential work clearly benefited from the Government's fiscal stimulus package with output up by nearly a quarter (23%) and a third (32%) respectively since 2007. However, the type of work available and long lead times on projects meant that large parts of the contracting community felt little benefit. Indeed, the general consensus is that little of the allocated finance has led to significant extra work, even in the sectors benefiting most. Some sectors, such as housing, have experienced very little direct benefit.

Housing, especially in the private sector, suffered most as a result of the downturn, as new housing work effectively ceased. Until the credit crunch, private sector housing, along with the commercial sector, was one of the main engines of construction growth, fuelled by the housing price bubble and strong levels of consumer spending. As a result, the house building sector was the first to feel the full force of the downturn and subsequent activity has been negligible. Output in private housing has fallen by almost 40% since 2007 and new orders in the year to the third quarter of 2009 were 37% lower compared to the same period 12 months earlier.

So although public spending has partially mitigated the effect of reduced private sector activity, in the short term, the public sectors face expenditure cuts as Government has to start constraining growth in public debt (forecast to reach 80% of GDP by 2014).

The anticipation is that as public investment is reigned in, the private sectors will start to grow, and although there are positive signs – with new orders in private housing and commercial rising in the second half of 2009 – levels are much lower than they were 12 months ago and almost unrecognisable compared to 2007.

### Workforce profile

Whilst construction workforce levels across the UK have generally been buoyant over the past 15 years, with strong demand for tradespeople, professional and technical occupations and management roles, sector performance has been badly impacted by the recession, reflected in severe job losses.

Data from the Construction Skills Network (CSN) shows that construction employment started to fall in 2008, albeit by a marginal 1%. However, predictions suggest a much larger drop of 15% across 2009 and 2010, with the bulk in 2009. It is estimated that job losses between 2008 and 2010 will reach over 400,000 amongst contractors and professionals.

Figures from the Labour Force Survey (LFS) show that some 2.6 million people were employed across the sector at the end of 2008. Of these, 2.3 million were involved in construction contracting and another 300,000 employed in architectural and engineering roles in the Professional Services sector.

Despite a slight decline in recent years, primarily as a result of HM Revenue and Customs (HMRC) tightening up regulations related to employment status, self-employment in the sector remains high, with well over a third (37%) of the available labour in the contracting sector classified as self-employed.

By the end of 2009, it is estimated that total employment across the construction sector, including both contracting and professional services, will have fallen back to around 2.3 million – and this is only expected to rise marginally to 2.4 million by 2014, well below the 2.7 million peak of 2007.

The Construction Skills Network (CSN), which reports on the numbers of new industry recruits needed to satisfy growth, shows that the slowdown has reduced the requirement from an average of about 88,000 per year pre-recession to 48,000 per year between 2010 and 2014. The most significant employment growth is expected to come after 2011, when construction output starts to grow again.

The number of vacancies across the sector fell from 14,900 in September 2008 to 7,600 in September 2009, reaching their lowest level for over a decade.

### **National, regional and sectoral variation**

Construction output in the UK regions and nations varies widely and is very much linked to the performance of the macro-economy.

The first half of the past decade was associated with significant output growth in the North. During the period 2000–05, northern regions (particularly the East Midlands, Yorkshire and Humber, and the North West) saw stronger growth than those in the South, driven by urban regeneration projects, housing, inward investment and creation/relocation of key Government departments and services.

Pre-recession growth was expected to shift southwards over the five years to 2010, and the strongest demand for new entrants to the industry was forecast to be in regions with the biggest construction markets – Greater London and the South East. However, the recession has resulted in very mixed fortunes with much depending upon the level of public investment in the nations and regions.

In England, the Building Schools for the Future (BSF) programme benefited Greater London and the North disproportionately. Greater London and the West Midlands also benefited from the PFI hospital building programme.

However, work in London, which relies heavily on the offices market, has been badly affected by the travails in financial services and all regions suffered from the downturn in the private housing market.

Forecasts suggest that the East of England will see the strongest regional growth over the long term with output rising at 3.8% between 2010 and 2014 (over twice the UK level of 1.7%). It is also predicted to emerge from the recession earlier, benefiting from large scale infrastructure projects and underlying housing demand.

Scottish construction output is forecast to grow strongly from 2010 to 2011, before dropping slightly from 2012 to 2014. However, average growth over the whole period will be 2.8% – well above the UK average.

Output in Wales is forecast to rise at an annual average rate of 2.5%, fuelled by higher demand in the private housing and infrastructure sectors.

### **Industry prospects**

Construction activity is a vital prerequisite for growth and improvements in social and economic cohesion and, as such, occupies a position of strategic importance. It is also clear that there are strong interdependencies between the performance of the macro-economy and construction activity. A steady recovery from recession will support the industry in planning for and responding to the nation's economic and environmental challenges.

The sector is notorious for being first into and last out of recession. However, the general feeling is that the worst of the recession is now over, and it is likely that in general economic terms, the final quarter of 2009 will have been flat at worst, bringing to an end the longest downturn since the 1930s.

The worst should also be over for the sector as a whole, although the impact of job losses will continue to be felt throughout the industry for some time. A further, marginal decline in output is projected for 2010, but over the whole of the 2010 to 2014 period UK construction output is expected to see average growth of 1.7% each year. However, the balance between public and private work will change.

As economic conditions improve, stabilisation and then recovery are expected for the private housing, industrial and commercial sectors, although the timing of the upturn will vary across markets. In contrast, the public sectors are facing expenditure cuts as whichever political party comes to power in the General Election of 2010 will need to make tough choices to address high levels of public debt.



## INTRODUCTION

Although the recession has changed the short-term picture for construction, there is little doubt that the long-term trend is for rising levels of activity, which will present work and training opportunities.

### **The sector's skill needs**

With evidence of recovery in the global economy, attention is moving from the depth of the recession towards its exit path. The sector will emerge from the recession into a much changed social and economic landscape of high levels of unemployment, particularly amongst 18- to 24-year olds and low-skilled workers, reduced household wealth, significant public spending cuts and more prudent lending from the banks. A change of Government is also a real possibility in 2010 and this will drive policy change; already there is an emphasis on greater devolved power in the regions and nations with more decision making at local level.

Consequently, the spotlight is on how construction can adapt to these changes without undermining the potential for future growth. Recovery from previous recessions has been hindered by skills gaps and shortages caused by job losses. Whilst contractors have tried to retain capacity through the current recession, experience suggests that skills gaps and shortages will appear as growth returns to the sector.

The exodus of skilled workers from the industry through redundancy and retirement will also impact on the ability of the industry to transfer knowledge from experienced workers, potentially further hindering long-term growth. Attracting people into the industry and ensuring that they have the right skills and knowledge remains a key priority for the sector if it is to take advantage of the upturn.

Despite recession, construction is still likely to employ over 2.3 million people in 2010 and will need new entrants to replace those leaving and meet demand.

The current evidence suggests that there is no immediate shortage of skilled workers, and there is sufficient evidence to suggest that the forecast demand for additional skilled workers can be met in the short term from the excess pool of labour created by the recession. However, the need for skilled labour is ever present, particularly within specialist occupations serving growth sectors and in terms of developing a workforce that is adaptable and ready to deal with changing working practices and new processes.

### **Key drivers and policy issues**

The environment and innovation are two areas at the forefront of Government policy at both UK level and across the devolved administrations. The drive for sustainable development (enforced by legislation) is slowly taking hold in the minds of the consumer, in the requirements of clients and the practices of the vast majority of the larger industry players.

In Scotland and Wales, sustainability has become a central plank of Government policy with the Scottish and Welsh Assembly Governments setting challenging targets for carbon reduction and introducing new funding streams to promote the development of renewable energy generation.

However, to boost employment opportunities and productivity, there is a need for micro businesses (those with 0–9 employees) – which constitute the vast majority in the construction sector – to be able to take advantage of the growing market around Government's 'green' policy and investment. Annual spend has been projected to be between £3.5bn and £6bn per annum – a sum which would provide significant opportunities to a wide range of companies and could create a substantial number of new jobs.

When fully embraced, sustainable construction will not only impact on the way the industry builds and what it builds, but also on the skills it needs – although the extent of those needs will vary. For some, sustainability will require new skills for designing and building, affecting both professional and trade occupations. For others, the change will be about understanding and acting within the law.

The transfer of power and funding streams from central to local government is also a key challenge for CITB-ConstructionSkills, to ensure that the organisation is able to maximise the benefit for the sector and that skills and training issues stay at the heart of local policy-making strategy.

### **Legislative drivers**

Legislation remains a key driver for change across the economy and construction is no exception.

Changes that will affect the sector in 2010 include further work on secondary legislation for various sections of the Local Democracy, Economic Development and Construction Act (given Royal Assent in late 2009). Section 8 will amend current construction contracts legislation with the aim of 'ensuring fairness' and helping to ensure prompt cash flow through supply chains.

The Construction (Design and Management) Regulations, which came into force in April 2007, will undergo a re-examination (due to be completed late in 2010) to identify where the regulations have and haven't been successful in order for them to be refined where necessary.

As well as introducing legislation to improve working conditions, legislation may be used punitively by Government. Recently, the sector has been subject to fines after an Office of Fair Trading (OFT) investigation into 'cover pricing'. Several firms fined for breaching competition laws have lodged appeals, the outcome of which will be known in 2010.

Other proposed legislation may influence industry structure. HM Revenue and Customs (HMRC) has begun a consultation process on proposed legislation to address the perception of 'false self-employment' in the construction industry. Under proposed legislation, certain self-employed workers will be deemed to be in receipt of employment income and subject to automatic PAYE and National Insurance contributions. At present, this is only at consultation stage. Due to the recession HMRC has stated it would like this change to take effect once the economic outlook improves. It is not certain how many workers would be affected, but HMRC estimates that as many as 300,000 might be.

Understanding legislative change is not only important in terms of how businesses operate, but for construction it dictates the form and quality of what is built. Wider legislation aimed at addressing climate change will have the most significant impact on how the industry builds, which in turn has far-reaching implications for skills, qualifications, and certification and accreditation systems.

In 2010, Building Regulations in Scotland will be changing to achieve reduced carbon emissions from new buildings. Similarly in Wales, the Welsh Assembly Government has sought the devolution of power to make Building Regulations. From 2011, it will take on this function and there will be separate Building Regulations for Wales. This will be instrumental in stimulating the delivery of zero carbon new build.

As in any sector, change resulting from new legislation, particularly in respect of skills requirements, is likely to be gradual as firms respond and get to grips with the implications. This is especially so in construction because of the large proportion of small firms, high levels of self-employment and wide use of sub-contracting.

### **Future skills challenges**

Widespread redundancies have led to increased labour outflows to other industries, and as more of these workers retrain, it will become increasingly difficult to restore skills when growth returns. History shows that some of the most experienced workers leaving the industry will not come back, affecting the delivery of affordable housing, schools, hospitals, transportation infrastructure and energy generation schemes, all of which must be completed with minimum impact on the environment.

The twin forces of globalisation and sustainability have converged to present the sector with a considerable skills challenge. Increasing global integration of economies and labour forces is leading to greater international competition and demand for higher skills. Increasing technological change is hastening a move away from traditional construction methods towards manufacturing-based solutions. The UK also faces crucial challenges in relation to the environment, energy security, carbon reduction, resource efficiency and waste reduction. The construction sector has a critical role to play in delivering these commitments, but also in providing sustainable employment and growth.

To maximise opportunities, the sector will need to develop not only its technical capability but its ability to interface with other sectors, such as energy producers, and their supply chains. This could mean a significant shift in the skills and competence of the industry as part of a major process of innovation.

More sustainable working practices backed by new and emerging technologies will result in the revision of many roles and activities across site and office-based occupations. There is also a focus on closing the productivity gap, through the development and delivery of innovative solutions capable of producing high quality goods and services, and generating sustainable employment opportunities.

A sustained period of strong demand for construction prior to the recession resulted in relatively low levels of innovation. However, significant exposure to the economic crisis, along with increased regulation, especially associated with the green agenda, and growing market pressure, means that the construction industry must now seriously consider technological developments in order to meet its customers' and regulatory expectations.

In this respect, the recession and subsequent recovery offer a real opportunity to redefine roles within the industry, as well as presenting extra opportunities in emerging areas.

## INTRODUCTION

# Key Deliverables 2009

The economic downturn had a significant impact on our industry and our organisation in 2009. Training volumes fell as companies made hard choices to survive the recession. Falling income from levy payments, Government funding and commercial sources meant that difficult decisions to manage affordability and maintain our return to industry had to be taken.

This challenging context is reflected in the varied set of results for the industry-facing and organisational measures targeted in 2009. The effect of the downturn is apparent in lower new entrant numbers, whereas framework and VQ achievements have performed strongly. The need to manage affordability is highlighted in an above target return on levy set against a bottom line deficit for the year.

The total number of new entrant trainees (target 1) is a third down on 2008's result, with only Wales holding on target (including 'Pathways to Apprenticeships' which delivered 225 starts). Specialist apprenticeships contributed a further 75 entrants in the year, but overall the impact of the downturn on employer placements has been plain.

Diverse entrants (target 2) have been particularly affected, with only a third of the outcomes recorded in 2008. On top of a significant reduction in the number of adult diverse recruits through the Step into Construction initiative, the number of female and ethnic minority apprentices recruited to the ConstructionSkills managing agency fell by 50%.

Apprenticeship framework achievements (target 3) held up well during the year to come in ahead of expectations. Achievements in Scotland contributed strongly to this result, with 20% more frameworks completed in 2009, although the achievement rate as a proportion of total leavers has fallen in comparison to the rates of around 80% recorded in England and Wales, giving an overall result of 73%. Specialist apprenticeship achievements are building, with 73 framework completions in 2009.

Another strong performance is the number of VQ achievements funded by CITB-ConstructionSkills Grant (target 4), which gave a result 30% ahead of target. However, this emphasises how important the steps taken to manage grant affordability in line with levy income are in ensuring financial certainty.

Specialist VQ Level 2 achievements (target 5) via the National Specialist Accredited Centre also performed well ahead of expectations and the 2008 result. Lower volumes were anticipated for Health and Safety Tests (target 6), and the decline in training activity reduced the number of bookings and passes to 15–20% below 2008 results (noting that exceptionally high volumes were recorded for that year).

After unprecedented levels of grant claiming in 2008 (continuing into 2009), measures to bring the 2009/10 Grants Scheme in line with available levy funds appear to have been effective. The number of employers claiming (target 7) came in on target, slightly below 2008's exceptional result. Employers investing in training through Training Plans and Investors in People (IIP) (target 8) have driven grant claims. Within the overall number, there were a third more IIP recognitions than in 2008.

An above target repeat of 2008's performance in establishing National Skills Academy for Construction projects (target 9) has further strengthened the skills infrastructure, including three pilot company-based approaches.

Reflecting the challenges and difficult decisions faced in 2009, Employer satisfaction (target 10) was not expected to hold at 2008's high level, and marginal reductions across most products and services contributed to a result just below target – but still at an appreciably good level of performance. Employee satisfaction (target 11) also fell from a high level in 2008 with leadership, communications and career development identified as key areas for focus in 2010.

Sustained high demand for grants and falling income has contributed to a further bottom line deficit (target 12) which, when taken together with 2008's result, has created an unsustainable position. A four-point financial plan is in place to restore working capital by 2012, including the management of the return on levy (target 13) to 100%, through affordability measures and prioritisation of grants.

Assessing overall performance, the Board recognised the organisation's efforts in difficult circumstances and supported the steps being taken to address areas of shortfall and build on the achievements delivered in 2009.

Key deliverable		2009 Target	2009 Achieved	2008 Achieved
1	New entrant trainees Attracting and retaining talent	7,950	4,991	7,637
2	Diverse entrants – apprentice starts and job placements Attracting and retaining talent	1,890	664	2,042
3	Framework achievements Attracting and retaining talent	8,015	8,217	8,082
4	Vocational qualifications funded by grant Developing talent	60,400	79,237	–
5	Specialist VQ Level 2 achievements Developing talent	1,830	2,324	2,226
6	Health and Safety Test bookings / passes (000s) Developing talent	636 / 458	548 / 422	676 / 494
7	Employers claiming grant Improving business performance	22,500	22,637	23,566
8	Employers investing in training – Training Plans and IiP Improving business performance	6,450	7,175	7,568
9	Active National Skills Academy for Construction projects established Strengthening the skills infrastructure across nations	18	19	19
10	Employer satisfaction survey Developing our customer and stakeholder relationships	7.7	7.6	7.9
11	Employee satisfaction survey Building the capability of our people	49%	40%	49%
12	Bottom line surplus / (deficit) £m Managing our finances	0.0	(11.6)	(13.1)
13	Return on levy Managing our finances	103%	103%	110%

# Keeping our Balance

For more than a decade, CITB-ConstructionSkills has seen sustained growth in income from industry and other sources. Strong employer engagement in training and development has been evident, alongside equally strong Government commitment to skills through higher public funding.

As a result, demand for grants has grown steadily and employer and industry support initiatives were expanded.

However, in 2009, industry output fell significantly and we expect it to fall again in 2010. This will lead to a drop in levy income over the period to 2012. We also expect employer engagement in training to moderate somewhat, which will in turn reduce CITB-ConstructionSkills' income from training services.

The result will be less money available to distribute to our beneficiaries through our Grants Scheme and other interventions.

As this Report confirms, the Grants Scheme is the largest element of our expenditure, paying out almost £170m in support for training in 2009.

In addition, we provide other forms of direct financial support – either attributable to individual employers (employer support), or of wider benefit (industry support).

An example of the former is the travel and lodging payments made in respect of apprentices. The latter includes support for SkillBuild and the sector's involvement in World Skills (the Skill Olympics) as well as our investment in the Constructionarium and general careers activity. These interventions are reviewed regularly by the Board.

Grants Schemes are reviewed annually and repositioned every August. The Scheme (2008/09) mainly operating during the financial year reported here was developed in early 2008, when economic conditions were markedly different and claims under this Scheme were possible until late 2009.

The surge in demand for grants reported in 2008 did not significantly abate during 2009, although containment measures were adopted and are expected to take effect in 2010.

With further significant public sector cuts expected after the next election, actions to reposition the organisation for the period ahead are already well under way. Over the next two years, our programme targets:

**Employer funds** – This term is used to describe the range of direct benefits provided to our beneficiaries and funded by levy income through the Grants Scheme and other direct interventions agreed by the Board.

Our plans in this area cover short-term, tactical reductions to grants as well as a strategic review of the Grants Scheme for implementation in August 2010. These changes reduce the overall quantum claimable and restrict entitlement in key areas. For example, they limit claims within submitted Training Plans to periods of training of three hours or more. Other forms of financing for employer and industry support will be kept under close review.

**Transformational change** – Through organisation-wide efficiency and effectiveness reviews, sourcing reviews and use of ICT to transform business processes and delivery channels, we are committed to making significant cuts in annual operating costs.

**Prioritisation and cost savings** – Focusing on activities which can be stopped or deferred, reducing people costs and applying further tactical cuts to budgets, such as staff travel and subsistence, we can make an immediate impact on operating costs.

**Income generation** – Through the delivery of an Enterprises Strategy, exploiting known opportunities for new product and market development, the organisation will seek to build its non-levy income streams helping to maximise the return to its beneficiaries in the future.

These measures are designed to return working capital to target levels over a two-year period. They are not, however, just aimed at dealing with simple financial challenges, but are designed to create an environment in which a stable and fiscally responsible enterprise can continue to flourish.

The result will be a leaner, more agile organisation better placed to consider aspects of delivery through partnerships or outsourcing. A step-change in service delivery, e-enablement and culture is at the heart of this transformation.

# Managing Business Risks Effectively

## Risk management

Risk management is integral to business planning and performance monitoring processes, and risks are considered not just corporately and at directorate level but also by departments within directorates. Corporate Assurance (the internal audit department) supports directorates with this and reports the principal risks facing each directorate and the organisation to the Audit Committee at its meetings. We aim continuously to improve risk management processes to ensure they are in line with best practice and fit-for-purpose in the increasingly challenging environments in which the business operates. An annual Control Risk Self Declaration exercise conducted by managers gives further assurance that the organisation handles risk effectively. Corporate governance and risk management frameworks and policies are in place. They are reviewed to ensure they reflect best practice and are in line with HM Treasury guidance and corporate initiatives.

The principal business risks which are considered within directorates and by the Audit Committee are:

### Economic climate

The current economic climate presents a range of risks to the organisation, some of which are generic to many businesses, such as continuing to ensure sound financial control and forecasting, together with managing cash flow and working capital effectively. In addition, the organisation recognises the need to respond flexibly to the risks facing the industry to help minimise the effect of the economic downturn – for example, by taking a lead in helping apprentices and their employers. CITB-ConstructionSkills also needs to work to position the industry so that it is ready to maximise opportunities now and as the economic climate improves.

### Principal partnerships

CITB-ConstructionSkills carries out many activities for the benefit of the industry in conjunction with and supported by a range of partners. For example, it works with SSC partners to deliver the SSA; with federations and individual employers to deliver apprenticeships and other training; and it receives funding from bodies such as the LSC for delivering specific outcomes. To meet stakeholder expectations, CITB-ConstructionSkills must continue to manage and build its principal business partnerships. Established and well-proven liaison mechanisms minimise potential risks, such as transaction volume shortfalls associated with these partnerships.

## Maintaining stakeholder support

CITB-ConstructionSkills must continue to meet industry expectations to ensure support from stakeholder groups. We liaise with industry at all levels and an independent survey of employers' attitudes is carried out annually. Results are used to gauge industry support for the levy and to inform business planning and longer-term strategies. We place great importance on links with federations, trades unions and educational bodies in order to support strategic reviews of training priorities. Work with Government (for example, the Departments for Business, Innovation and Skills and for Children, Schools and Families, the Scottish Government and Welsh Assembly) ensures mutual understanding and alignment of policies and goals.

## Conflicts of interest

CITB-ConstructionSkills provides a unique focal point for integrating strategic skills planning, standard setting and the delivery of national training resources. As a Non-Departmental Public Body (NDPB) it is accountable to the Secretary of State for Business, Innovation and Skills and must abide by principles of regularity and propriety, ensuring that its work is not adversely impacted by a conflict of interest. It believes that transparency of decision making and rigorous scrutiny by stakeholders will help it attain these goals.

It is subject to much external and independent scrutiny; its accounts are audited annually by the National Audit Office and (as a registered charity) it reports to the Charity Commission and Office of the Scottish Charities Regulator (OSCR). Allegations of maladministration may be investigated by the Parliamentary Commissioner for Administration (the Ombudsman). Its Accounting Officer may be called before the Public Accounts Committee. Its levy proposals must be agreed by both Houses of Parliament – if industry support has been confirmed.

It adopts a balanced approach to developing standards, qualifications and training, to ensure sustainable solutions are embedded for the benefit of those who need training and those who supply it. Its composite nature allows for the integration and testing of developments across all stages of the educational process, acting also as a provider of training resources in specialist or other market sectors which are not otherwise supported.

## INTRODUCTION

# Public Benefit

As its governing document (the Industrial Training Act 1982) sets out, CITB-ConstructionSkills aims to encourage the adequate training of people employed or intending to be employed in construction.

The Board has regard to the Charity Commission's general guidance on Public Benefit when planning activities which will deliver on these aims.

Enhancing the skills and competence of people working in construction benefits the competitiveness of an industry that employs more than 2.6 million people, contributes some 8% of UK GDP, and improves the quality of the built environment. Helping to identify and mitigate skills gaps and shortages and, in times of recession, to maintain training capacity is vital for the UK economy. Encouraging individuals to develop their skills through lifelong learning benefits them personally and contributes to a stable and productive society. Such an aim is regarded as advancing education and so the organisation has been registered as a charity since 1972.

The main ways in which this aim is delivered are through providing financial support for employers engaged in training, offering advice and support to employers in respect of their training needs, developing and maintaining a framework of standards and qualifications in consultation with the industry, and managing schemes for recording achievement. In addition, CITB-ConstructionSkills provides training itself where there is no satisfactory market alternative.

The following pages illustrate how these activities have been delivered during 2009 across England, Scotland and Wales.

Of note is the high level of demand from employers for grants in 2009, resulting in a direct return to the industry of £1.03 for every pound of levy paid. More details of financial performance are on pages 23 to 56. Information about performance against other business targets is given on pages 8 and 9 and analysed by nation and region in Appendix E, pages 70 and 71.

## Looking after Information

In order to carry out its duties effectively and efficiently, CITB-ConstructionSkills has to collect and make use of personal information about individuals, such as employers, employees and applicants for posts, suppliers and apprentices.

It is committed to a policy of protecting the rights and freedoms of individuals with respect to the processing of their personal data, and undertakes to comply with its legal obligations and responsibilities under the Data Protection Act 1998 at all times.

To this end, it will ensure that:

- information is protected from unauthorised access
- integrity of information is maintained
- information is available when needed
- regulatory and legislative requirements are met

- annual Fair Processing Notices are issued inviting employers to update details held on CITB-ConstructionSkills' databases and giving them the chance to opt in or out of receiving its marketing information
- business continuity plans are produced, maintained and tested
- staff are made aware of their duties and responsibilities with respect to the processing of information and its security
- all breaches of information security are investigated.

CITB-ConstructionSkills follows Cabinet Office guidance issued in 2008 in relation to incidents involving protected personal data.

In 2009, no such incidents occurred and there were no other reportable breaches of information security.

# CITB-ConstructionSkills in England

## Developing our plans

2009 has been dominated by thinking about the depth and length of the present recession and about the impact on the sector of anticipated falls in public investment. This has had a significant effect on industry skills needs and may presage a redirection of effort towards an emerging skills agenda focused on a low/zero carbon future and on other sustainability issues. A different mix of skills is likely to become increasingly important over the next five years and our plans need to take account of this.

During 2009, we have worked with a range of stakeholders to develop understanding and analysis, but CITB-ConstructionSkills' strength is in identifying needs and sourcing solutions for the sector. At a time of financial constraint for all, this will bring real challenges, but is vital to safeguard the future productivity of the sector.

Our CSN has been recognised as providing an authoritative forecast of skills needs across the whole built environment sector. In 2010, we aim to extend this research into the supply side, looking to identify the extent and adequacy of provision.

For the National Construction College, there was disappointment during the year when the Learning and Skills Council – which had indicated that it was willing to contribute to the capital cost of development at the Bircham Newton site – was forced to acknowledge that it had over-committed its resources. The NCC East's was one of many FE development projects affected by the LSC's retrenchment.

## Recruiting qualified new entrants

During 2009, the activities of the Recruitment and Careers team in England focused on developing strategic careers information, advice and guidance to careers professionals to ensure that they were fully informed of the wide range of careers qualifications and progression routes available to young people and adults across all occupations within the Construction and Built Environment sector.

The number of apprentices recruited in England, as in the rest of Great Britain, continued to be affected by the economic downturn with the final recruitment position standing at 2,663.

The NCC saw its apprentice achievement rates continue to improve during 2009, and was particularly successful in delivering timely achievements to become the lead national provider of specialist apprenticeships.

During 2009, CITB-ConstructionSkills set up its Apprenticeship Matching Service (AMS) to help those who had been 'displaced' to complete their training in industry. The AMS helpline, aimed at employers, apprentices and parents provides practical advice and support backed up by a dedicated team plus CITB-ConstructionSkills' network of trained advisers. Whenever possible, the service tries to help employers retain their apprentices, but where this is not feasible, apprentices are helped to find a new employer. In 2009, 1,006 apprentices were 'displaced', but the service helped return 489 to training.

The commitment of employers, the work of the AMS team and the willingness of colleges to be flexible in helping learners to complete programmes, along with the continued efforts of Apprenticeship Officers and Company Development Advisers (CDAs), helped sustain achievement rates through this period. The net impact of the downturn was a drop in potential achievements of 3% in 2009 compared with 5% in 2008.

This helped to drive up the apprenticeship framework achievement rate in England to 78% – nine percentage points higher than the national average for construction.

To aid continuous improvement, in 2009 we formed a national construction and built environment Peer Review and Development (PRD) group with the support of the Learning and Skills Improvement Service (LSIS); this promotes further sharing of best practice across the sector to raise performance levels of all providers.

As the Machinery of Government changes continue, we are working with key stakeholders to ensure a smooth transition and that the good performance of work-based learning in construction is recognised – as highlighted in the recent Ofsted 2009/10 survey inspection programme: good practice in apprenticeship training.

Against a challenging economic background, more than 200 Inspire Scholars were matched with employers. In all, some 700 scholars were supported by this programme which helps students with the costs associated with attending university.



## BUSINESS ACTIVITIES

### Qualifying the existing workforce

The loss of Train to Gain funding during 2009 undoubtedly affected business. Nonetheless, as Target 4 in the Key Deliverables table shows, a large number of experienced people secured qualifications through an assessed route.

The National Specialist Team continued to provide a support service to the specialist sector by identifying and supporting the development and implementation of a varying range of products and services to suit employers. Examples include:

- new training forums for the oak frame and concrete framing sectors
- working through TunnelSkills to develop training modules as part of a tunnelling apprenticeship in preparation for the Crossrail project in London
- training programmes linked to innovation and modern methods of construction in areas such as insulated concrete formwork, cold rolled steel frame systems
- Specialist Apprenticeship Programmes (SAPs) including hard landscaping, single ply and hard metals roofing.

In addition, the National Specialist Accredited Centre delivered over 2,300 National Vocational Qualifications (NVQs) and there were nearly 80 SAP achievements.

To help the heritage and conservation sector, the team supported the Construction Skills Certification Scheme (CSCS) Heritage Skills Card, a Heritage Skills NVQ Level 3, a Heritage Specialist Apprenticeship Programme and created a memorandum of understanding for use with local authorities, procurers and influencers.

The NCC trained over 24,000 adults during 2009, most already employed in the sector. Customer satisfaction rose to 73% (from 72% in 2008) and the team strengthened its teaching and professional skills. It is now planning to offer a teacher training programme to other construction work-based learning providers as a commercial product.

Demand for tailor-made courses was strong and special programmes – such as one aimed at supervisors and foremen created for Costain, to help them reduce the cost of defects – have also proved highly successful. Practical skills modules, based on the longstanding graduate appreciation programmes, have also been popular with customers.

Site Safety Plus continued to set the standard for health and safety training in the sector, with a range of courses available (from the one-day Health and Safety Awareness course to the five-day Site Management Safety Training Scheme). In difficult conditions and with other providers slashing prices – including ‘buy one get one free’ offers – participation was below planned levels, which we will be working to improve in 2010.

### Supporting lifelong learning

In supporting the construction of the Olympic Park in East London, the NCC maintained its role as lead provider for the five Host Boroughs, LDA and ODA. This led to the opportunity to develop new products – such as the Supervising Behavioural Practice programme being delivered to every single contractor on the Olympic Park. This complements the existing Site Safety Plus Scheme and courses for the year ahead are already filling up. The aim is to make such innovations available nationally in 2010.

During 2009, NCC East launched the National Skills Academy for Construction Leadership and Management Hub and worked with Anglia Ruskin University on its Foundation degree offering.

The Leadership and Management Hub can provide a blended learning approach to training through the use of practical team-building and problem-solving exercises with classroom-based training. The aim is to broaden the management and leadership offering, and a new industry-led development group will be advising the NCC’s senior management team on future developments.

As part of the Government’s vocational qualification reform programme, we led the work on including NVQs within the new Qualification and Credit Framework (QCF) and have successfully transferred all existing NVQs. This involved the development of over 1,200 new QCF units. Our aim has been to preserve NVQs as a distinct type of qualification but at the same time give employers the increased flexibility that the new framework will provide for developing new qualifications to meet their business needs.

CPCS is a competence-based card scheme, and one core element is the NVQ/SVQ requirement. By adopting vocational standards, the scheme gives an individual the chance to attain a nationally recognised qualification, aiding career development at the same time as proving competence in the workplace. Learning is an ongoing process and CPCS believes that it is important to encourage the acquisition of knowledge and skills as a basis for improving performance and future success.

### Developing the skills culture and infrastructure

Despite difficult times, the number of English employers investing in training remained high, with 17,057 claiming grant, and 5,599 investing in structured training through Training Plans and Investors in People (IiP). Commitments to the Government's Skills Pledge rose by 429 to 2,711.

2009 was also significant for a strategic commitment to develop the diversity agenda (across Great Britain, not just in England). This signalled our aim of giving leadership to the Construction and Built Environment sector over a culture change to improve the sector's record on diversity. This seeks to:

- prioritise equality and diversity in ConstructionSkills and the sector
- embed equality and diversity in business planning
- represent the industry with Government policy makers
- promote and implement equality and diversity good practice across the sector.

A significant driver was the publication by the Equality and Human Rights Commission of a report into Race Discrimination in the Construction Industry. Staff contacted the Commission to ensure that good practice was recognised within the report and took part in high-level discussions with the Commission to help with action planning after publication.

We continued to work with bodies such as The Prince's Trust, Construction Youth Trust, Women in Science Engineering and Construction (WISE) and Women and Manual Trades (WAMT). The Women into Construction 2012 project (jointly funded with the London Development Agency) aimed to help women gain and keep jobs on the Olympic Park and hit its target (50 women securing work) in 2009. Training is a priority, with much delivered by NCC East London. This project also won the WISE Partnership Award. A successful conference and workshop was held in December and actions are being followed up. The continuation of the project into the mainstream of the sector beyond 2009 is being planned and this will ensure that the good practice gained continues.

NET Ambitions Greater London project (funded by the London Development Agency and project managed by ConstructionSkills) for people with disabilities wishing to join the construction industry will have achieved or over-achieved the targets by project end on 31 March 2010.

Since the project began around 450 people have received training, information, advice and guidance, with 42 gaining employment.

The year witnessed the transfer of NCC's successful plant training facility (linked with the Olympic Park) from Eton Manor to Beckton Park – which was officially opened in January 2010. A site at Newham, opened in early 2009, was also well used. As explained in the last report, the concept of National Skills Academy for Construction regional hubs has been useful in shaping our plans.

With the continued emphasis on helping companies to systematically identify their training needs, a construction-specific diagnostic tool has been trialled by the CDAs. As construction employers had expressed a view that advisers should act as recognised 'skills brokers', the CDAs are all in the process of becoming appropriately accredited to the SFEDI standard. SFEDI is the UK Government's recognised standard-setting body for Business Support and Business Enterprise.

In 2009, ConstructionSkills took over direct management of SkillBuild competitions. The overall number of competitors (1,323) this year was 19% higher than in the 2008 regional heats and represented 144 different colleges and training providers across England, Wales and Scotland. A highly successful national final competition took place at South Lanarkshire College, Scotland, and following the event an awards dinner was held at Hampden Park in Glasgow.

ConstructionSkills also developed a partnership with UK Skills to provide financial support to the UK squad that participated in World Skills held in Calgary, Canada. In Calgary, Mark Nevin (a painter and decorator from Scotland whose employer had previously been supported by the Grants Scheme) won the gold medal – a superb achievement.

The National Skills Academy for Construction continued to extend its reach, supporting nearly 40 separate projects across England by the end of 2009. It also commissioned research on including training requirements in contract clauses. Working with Government and local authorities, it has produced best practice guidance to encourage a level playing field in this area. Finding a way to sustain engagement with training in hard times is vital, and this is one way of doing so.

# CITB-ConstructionSkills in Scotland

### **Developing the skills culture and infrastructure**

During 2009, we maintained good working relationships with seven Scottish Government Ministers. Alex Neil, Minister for Housing and Communities, visited Inchinnan during December and the recently appointed Minister for Skills and Lifelong Learning, Keith Brown, opened the SkillBuild final at South Lanarkshire College. Staff have had various constructive meetings with Keith Brown, the outcome of one such meeting being the 'Safeguard an Apprentice' initiative referred to below.

Various other MSPs visited Inchinnan during 2009 including the Labour Skills Spokesman, Deputy Presiding Officer, and the MSP tasked with writing the Labour Party election manifesto, John Park.

The recent reshuffle in Cabinet saw the Secretary for Skills move to Culture and the Minister for Culture move to Skills. This is a positive move and our established relationship with Fiona Hyslop and Mike Russell means that we will continue to be in a position to influence their thinking.

The Scottish Government's carbon emissions target (a cut of 42% by 2020) is one of the most ambitious in Europe. CITB-ConstructionSkills has signed a Memorandum of Understanding (MoU) with the Scottish Construction Centre to help achieve the Government's sustainability targets. This will involve the delivery of workshops, SVQs, and web-based learning materials and will build on the e-packs developed through Learn Direct & Build. Because of geographical issues associated with the development of renewable technologies, innovation, and sustainability, it is important that e-modules are developed to deliver training at a local level. This will build on the successful e-packs trialled with Moray and Glasgow Metropolitan Colleges.

ConstructionSkills Scotland created a new position of Project Manager (Scotland) within its newly formed Future Skills Unit (FSU) in October 2009 – itself established to provide a leadership position on future skills issues for the sector. This has involved working with key employers, federations, other built environment Sector Skills Councils and key stakeholders as the unit links in with and supports key Scottish Government priorities around the low carbon, renewables and sustainability agendas.

The FSU is establishing links with, and provides support to, a number of projects which will enable the organisation gain a better understanding of emerging and changing skills requirements and the impact on training and qualifications.

As a managing agency for construction, the organisation sees innovation and sustainability as a key area for growth and is committed to working with the Scottish Government and key stakeholders to ensure there is an increased focus on future skills needs. It is vital to ensure that Scottish employers have access to the relevant range of skills and training opportunities to enable them effectively to embrace the low carbon, innovation and sustainability agendas.

The FSU will gather additional Labour Market Intelligence through the Construction Skills Network (CSN) and other forecasting and research channels, to enable us to provide the sector with an authoritative analysis of future skills needs.

### **Qualifying the existing workforce**

We now sit on the newly created Scottish Traditional Skills Forum which aligns well with our MoU with Historic Scotland and SQA. This will not only look at the traditional skills needed in repair and maintenance activities, but also the skills required to retro-fit traditional buildings to required future energy and efficiency targets. The Forum will also consider the architectural and engineering skills required in assessing traditional buildings.

Working in partnership with the private sector and NCC Scotland, ConstructionSkills has developed an Institute of Leadership and Management (ILM) accredited Level 5 VRQ Leadership and Management qualification. This is particularly innovative in that the 80 hours of learning and assessment is delivered entirely online, greatly reducing travel and accommodation costs for our client base.

The new Level 5 programmes are designed to improve the leadership and management skills of construction employees throughout the UK, with two pilot programmes to be launched during 2010 in Scotland and South East England. Successful completion of the Level 5 provides graduates with direct entry into the final year of the Edinburgh University BA Business and Enterprise degree course.

Currently under development, using the same technology platform, is a Level 2 and 3 Leadership and Management qualification which should be completed by July 2010.

### **Recruiting qualified new entrants**

As in the rest of Great Britain, the recession has restricted the ability of employers to support apprenticeships. Nevertheless – taking account of the nearly 500 displaced apprentices for whom new places were found during 2009 – some 1,800 people were placed on apprenticeship programmes during the year. This was fewer than originally hoped for but still a creditable achievement. Currently, there are some 6,250 apprentices in training, with this figure likely to rise as the January intake starts.

The development of qualifications at SVQ Level 2 for the civil and specialist sectors last year has been timely, and there is already uptake from people working on the M74 motorway extension. So far, occupations covered include highway maintenance, formwork, steelfixing, land drilling, passive fire protection, plant operations and demolition.

The development of Europe's first SMART grid in Scotland will allow the development of renewable technology around wave, tidal and offshore wind. This will create skills opportunities around the infrastructure needed to service these developments, such as port development, and will lead to the development of further Civil Engineering frameworks.

The 'Adopt an Apprentice' and 'Safeguard an Apprentice' initiatives, which we developed along with Government and Skills Development Scotland, resulted in 180 displaced apprentices being enabled to continue their training.

### **Education and careers**

We have boosted ConstructionSkills' influence with Higher Education and it was significant that the universities came to us to help provide evidence to the Scottish Funding Council in connection with its consideration of funding for Built Environment courses. We believe that sufficient evidence was presented, with the support of the professions and other SSCs, to persuade the Scottish Funding Council to change its approach.

Our relationships with the professions are in part due to the skills available to us internally. We have set up our Education Team so that each Education Adviser has a focus role with the professions, so that (for example) ICE is serviced by a Civil Engineer and RIAS by an Architect.

We have had a very positive meeting with Transport Scotland about the Forth Replacement Crossing and have been able to include in the contract documents the need to provide training opportunities through the appropriate SSC.

This includes graduate training opportunities, pre-vocational courses, recruitment, and business opportunities for SMEs and micro organisations. We will look to developing the required specialist and civils qualifications to service the specific marine civil engineering skills needs around working and operating from floating craft and construction in a marine environment.

We took part in the Scottish Government's consultation around the Energy Efficiency Action Plan. Apart from the reduction in carbon emissions, it also looks to a target for generating 50% of Scotland's electricity needs from renewable sources by 2020. Scotland has in place, or has under development, capacity to generate 33% of its needs this year.

Initiatives such as 'Sustainable Glasgow' look to ensure that the city is one of Europe's most sustainable cities in ten years time. It will also look at the promotion of 'District Heating' with the integration of commercial, industrial, housing and university partners.

During the latter part of the year, staff attended the Housing Supply Task Force Group chaired by the Housing Minister, Alex Neil. There was agreement to look at the role of Housing Associations in placing apprentices. With this in mind, the chairman suggested that he would chair a group consisting of representatives of local authorities, Housing Associations, Heads of Planning, Homes for Scotland and ConstructionSkills in the New Year.

Staff also attended the National Economic Forum in December, which provided another opportunity to influence the Cabinet and First Minister.

# CITB-ConstructionSkills in Wales

### **Influencing policy development**

CITB-ConstructionSkills' continuing support of the Welsh Assembly Government's (WAG) Built Environment Forum has helped to drive and influence key players in the industry and to highlight specific issues facing the sector to Ministers.

Setting up a Cross Party Group on the Welsh Built Environment created new opportunities to air sector concerns. This body, made up of eight Assembly Members (AMs), has discussed subjects such as public sector procurement and capital investment plans that continue to stifle the ability of employers in Wales to take best advantage of the actions stemming from the Welsh Economic Summits.

The appointment of a new First Minister and Cabinet reshuffle gives us challenges to establish and build relationships quickly in the year ahead.

The new North Wales Construction Forum will support and promote the interests of the sector in that region. As well as representation from key local stakeholder groups and employers, its membership will also include AMs. It aims to address key issues such as new technologies, professional pathways, training, company development, and procurement, and will develop links with the Welsh Built Environment Forum.

This will be followed by the development of two further regional forums in South West and South East Wales. Their first meetings will be held in the first quarter of 2010.

### **Developing the skills culture and infrastructure**

The Shared Apprenticeship pilot – a partnership between Carmarthenshire Construction Training Association and Coleg Sir Gâr, overseen by CITB-ConstructionSkills – is progressing. It is now two years into a five-year pilot with the second intake of apprentices having just completed 12 months on programme. A third intake of 32 has now been recruited – more than the 24 originally planned.

For the fourth consecutive year, we honoured local talent – individuals and companies – at the Built on Success Awards, held in March 2009. The keynote address was delivered by John Griffiths AM, Deputy Minister for Skills. The Awards also served as the launch of the Construction Showcase and focused more strongly on young people in the industry.

Demonstrations were carried out early in the day by the Construction Youth Trust and a separate awards ceremony for the Apprentice of the Year was held. Despite the tough economic climate, the awards were strongly supported by the sector with almost 250 people present. The message reinforced throughout was that, given the difficulties being experienced by the industry due to the downturn, it was more important than ever for businesses to invest in training for their employees.

After the success of the previous two skills competitions (2008 and 2009), we were again asked to co-ordinate the construction element of SkillsCompetition Wales in 2010. Four regional heats will take place during the year, culminating in the final in March.

A Strategic Outline Case detailing the feasibility for a National Construction College (NCC) for Wales was submitted to the WAG as part of the Assembly's Transformation Policy in Education and Training Provision in Wales.

As a result, ConstructionSkills in Wales was asked to research the need for a NCC location in terms of the skills it could deliver in support of the industry and the economy's skills needs. A funding proposal to the Sector Priorities Fund Programme has been submitted to produce robust and current data to inform the options available to transform the training provision in Wales.

### **Qualifying the existing workforce**

The Construct Wales programme has been an important part of the work of the Company Development team in 2009. This has included referring companies to support and supporting awareness-raising events, particularly around future skills and the low carbon agenda. Networks have been established with Gwynedd County Council and in Ceredigion we have helped smaller companies to prepare for upcoming frameworks and contracts.

Where appropriate, Training Plans have been renewed and at the year end, the number of Training Plans completed was slightly fewer than in 2008. To counter this, we have been active in the ProAct scheme. This WAG-funded scheme aims to support businesses that have experienced significant hardship as a result of the recession. We have helped to deliver over £1m of support to the sector by working with companies on their applications and Training Plans to access the programme.

An innovative Business Improvement Programme ran during 2009, involving 12 companies from the South East Wales area. The companies attended a series of workshops and received in-company support from Human Resource Development (HRD) advisers. The pilot was funded through the Welsh Assembly 'Sector Development Fund' secured by CITB-ConstructionSkills. Since the project ended, 10 companies have reached the liP standard. A follow-on programme examining a workshop approach to achieving ISO 14001 has begun.

Following the establishment of the Ceredigion Independent Training Group in 2008, a group in Mid Glamorgan was set up in 2009. This involves over 30 companies, four colleges and representation from local authorities and other key stakeholders.

### **Recruiting qualified new entrants**

Despite ongoing weakness in the private housing and commercial sectors, the managing agency in Wales has managed to deliver a credible performance above initial expectations.

A re-focus of recruitment activity towards social housing refurbishment and maintenance schemes helped traditional recruitment deliver a credible 720 apprentices. This is a 14% drop from 2008, but it compares favourably with other nations.

The continuous drive to improve quality has again raised attainment rates with framework achievement rates reaching a record 80%. Whilst this is an excellent result, work is now focusing on improving progression rates to Advanced Apprenticeships, as well as improving diversity recruitment.

With recruitment of apprentices naturally being weaker through the recession, the managing agency has been working with the Welsh Assembly to help alleviate the impact on young people.

The 'Pathways to Apprenticeships' scheme is one such initiative that provides work experience to full-time college students, with the aim of converting these students to fully employed apprentices on completion. The managing agency is co-ordinating work experience for these students and has to date secured 225 work placements.

With WAG initiatives on social clauses now taking effect and a prioritisation of Apprenticeships in future education strategies, the managing agency in Wales is in a healthy position to grow its business over the coming years.

### **Education and careers**

Recruiting Construction Ambassadors in Wales went very well in 2009, with around 100 Ambassadors trained and 300 activities supported.

ConstructionSkills has taken a lead role in the work of SSCs across the built environment sector to introduce the Principal Learning and Project qualification as part of the Welsh Baccalaureate. These new qualifications (part of the 14–19 Diploma programme) are available at three levels – Foundation and Higher (equivalent to GCSEs) and Advanced (equivalent to A level). They emphasise practical and work-related learning activities as well as in-depth subject knowledge.

Presentations and meetings with schools and colleges interested in taking up this approach have been undertaken during the year, including representation and keynote presentations on behalf of all SSCs at two national conferences.

During 2009, support from all Careers Wales companies has been achieved and contracts agreed. Excellent progress has been made against activity, especially in Mid Glamorgan and North Wales.

Following the completion of Assembly-funded research into the barriers facing women and BMEs in entry and progression in the industry, the WAG has agreed to fund action to address some of the action points identified as part of the research. 'Deconstructing the Barriers – Effecting Change' is a three-year project that will, amongst other things, increase the number of BME and Female Construction Ambassadors and Construction Champions in Wales and fund diversity awareness workshops for SMEs.

A draft learning Pathway including entry qualification routes into professional and technical occupations incorporating the Welsh Baccalaureate, Education for Sustainable Development and Global Citizenship (ESDGC) and Essential Skills has been developed with BACH members. This is currently under final consultation.

# CITB-SgiliauAdeiladu yng Nghymru

### Dylanwadu ar ddatblygu polisi

Mae cefnogaeth barhaus CITB-SgiliauAdeiladu o Fforwm Amgylchedd Adeiledig Llywodraeth Cynulliad Cymru (WAG) wedi helpu i yrru a dylanwadu ar chwaraewyr allweddol y diwydiant ac i ddod i'r amlwg â materion penodol sy'n wynebu'r sector i Weinidogion.

Gan sefydlu Grŵp Trawsbleidiol ar Amgylchedd Adeiledig Cymru, crëwyd cyfleoedd newydd i ddatgan pryderon y sector. Mae'r corff hwn, sy'n cynnwys wyth Aelod Cynulliad (ACau), wedi trafod pynciau megis caffaeliad sector cyhoeddus a chynlluniau buddsoddiad cyfalaf sy'n parhau i fygu gallu cyflogwyr yng Nghymru, yn eu rhwystro rhag manteisio i'r eithaf ar y gweithredoedd sy'n tarddu o Uwchgynadleddau Economaidd Cymru.

Mae'r apwyntiad o Brif Weinidog newydd yng Nghymru ac ad-drefniant y Cabinet yn ein cyflwyno â heriau i sefydlu ac adeiladu perthnasau'n gyflym yn ystod y flwyddyn sydd i ddod.

Bydd Fforwm Adeiladu Gogledd Cymru newydd yn cefnogi a hyrwyddo diddordebau'r sector yn yr ardal honno. Yn ogystal â chynrychiolwyr o grwpiau rhanddeiliaid lleol allweddol a chyflogwyr, bydd ei aelodaeth yn cynnwys ACau. Mae'n anelu at fynd i'r afael â materion allweddol megis technolegau newydd, llwybrau proffesiynol, hyfforddiant, datblygu cwmnïau a chaffaeliad. Bydd hefyd yn datblygu cysylltiadau â Fforwm Amgylchedd Adeiledig Cymru.

Datblygir dau fforwm rhanbarthol pellach yn Ne-orllewin a De-ddwyrain Cymru yn dilyn hwn. Cynhelir eu cyfarfodydd cyntaf yn ystod chwarter cyntaf 2010.

### Datblygu'r diwylliant sgiliau a seilwaith

Mae'r peilot Prentisiaethau a Rennir – partneriaeth rhwng Cymdeithas Hyfforddiant Adeiladu Sir Gaerfyrddin a Choleg Sir Gâr, a oruchwylir gan CITB-SgiliauAdeiladu – yn symud yn ei flaen. Dechreuwyd y peilot, a fydd yn para am bum mlynedd, dwy flynedd yn ôl ac mae'r ail dderbyniad o brentisiaid newydd gwblhau 12 mis ar y rhaglen. Mae trydydd derbyniad o 32 o brentisiaid nawr wedi'i recriwtio – mwy na'r 24 a gynlluniwyd yn wreiddiol.

Am y bedwaredd flwyddyn yn olynol, anrhydeddodd CITB-SgiliauAdeiladu yng Nghymru ddawn leol – unigolion a chwmnïau – yn y seremoni wobrwyo, *Built on Success*, a gynhaliwyd ym mis Mawrth 2009. Traddodwyd y prif anerchiad gan John Griffiths AC,

Y Dirprwy Weinidog dros Sgiliau. Gweithiodd y Seremoni fel lansiad y *Construction Showcase* hefyd gan ffocysu'n gryfaf ar bobl ifanc yn y diwydiant.

Cynhaliwyd arddangosiadau'n gynnar yn y diwrnod gan yr Ymddiriedolaeth Ieuentid Adeiladu a chynhaliwyd seremoni wobrwyo ar wahân ar gyfer Prentis y Flwyddyn. Er gwaethaf yr hinsawdd economaidd anodd, cefnogwyd y gwobrau'n gryf gan y sector gyda bron 250 o bobl yn mynychu. Y neges a bwysleisiwyd trwy gydol y digwyddiad oedd ei fod yn bwysicach nawr nag erioed i fusnesau fuddsoddi mewn hyfforddiant i'w gweithwyr ag ystyried yr anawsterau sy'n cael eu profi gan y diwydiant fel canlyniad i'r dirywiad.

Ar ôl llwyddiant y ddwy gystadleuaeth sgiliau flaenorol (2008 a 2009), gofynnwyd eto i CITB-SgiliauAdeiladu gydlynw elfen adeiladu Cystadleuaeth Sgiliau Cymru yn 2010. Cynhelir pedair rownd ragarweiniol yn ystod y flwyddyn cyn i'r gystadleuaeth diweddu â'i rownd derfynol ym mis Mawrth.

Cyflwynwyd Achos Amlinellol Strategol a oedd yn manylu ar ddichonoldeb Coleg Adeiladu Cenedlaethol (NCC) ar gyfer Cymru i WAG fel rhan o Bolisi Gweddnewid y Cynulliad ar gyfer Addysg a darpariaeth hyfforddiant yng Nghymru.

Fel canlyniad, gofynnwyd i SgiliauAdeiladu yng Nghymru ymchwilio'r angen am leoliad NCC yn nhermau'r sgiliau a allai ddarparu i gefnogi'r diwydiant ac anghenion sgiliau'r economi. Mae cynnig am gyllid i gynhyrchu data grymus a chyfoes i hysbysu'r opsiynau sydd ar gael i weddnewid darpariaeth o hyfforddiant yng Nghymru wedi'i gyflwyno i Raglen y Gronfa Blaenoriaethau Sector.

### Cymhwyso'r gweithlu presennol

Mae'r Rhaglen Adeiladu Cymru wedi bod yn rhan bwysig o waith y tîm Datblygu Cwmnïau yn 2009. Mae hyn wedi cynnwys cyfeirio cwmnïau at gefnogaeth a chefnogi digwyddiadau codi ymwybyddiaeth, yn benodol ynghylch sgiliau dyfodol a'r agenda carbon isel. Mae rhwydweithiau wedi'u sefydlu gyda Chyngor Sir Gwynedd, ac yng Ngheredigion, rydym wedi helpu cwmnïau llai i baratoi ar gyfer fframweithiau a chontractau dyfodol.

Lle bo'n briodol, adnewyddwyd cynlluniau hyfforddi ac ar ddiwedd y flwyddyn, roedd y nifer o gynlluniau a gwblhawyd ychydig yn llai nag yn 2008. Er mwyn cydbwyso hyn, rydym wedi bod yn weithredol trwy'r cynllun ProAct. Anelir y cynllun hwn, a drawsgronnir

gan WAG, at gefnogi busnesau sydd wedi profi caledi arwyddocaol fel canlyniad i'r dirwasgiad. Rydym wedi helpu i ddarparu dros £1 miliwn o gymorth i'r sector trwy weithio â chwmnïau ar eu ceisiadau a chynlluniau hyfforddi iddynt gael mynediad i'r rhaglen.

Rhedwyd rhaglen arloesol i wella busnesau a oedd yn cynnwys 12 o gwmnïau o ardal Dde-ddwyrain Cymru yn ystod 2009. Mynychodd y cwmnïau gyfres o weithdai a derbynion nhw gefnogaeth fewnol gan ymgynghorwyr Datblygu Adnoddau Dynol (HRD) y cwmni. Cyllidwyd y peilot trwy Gynulliad Cymru a'i Gronfa Ddatblygu Sectorau a sicrhawyd gan CITB-SgiliauAdeiladu. Ers i'r project ddod i ben, mae 10 cwmni wedi cyrraedd safon yr IIP. Mae rhaglen atodol sy'n archwilio ymagwedd weithdy at gyflawni'r ISO 14001 wedi'i chychwyn.

Yn dilyn sefydliad Grŵp Hyfforddi Annibynnol Ceredigion yn 2008, sefydlwyd grŵp ym Morgannwg Ganol yn 2009. Mae hwn yn cynnwys dros 30 o gwmnïau, pedwar coleg a chynrychiolaeth o awdurdodau lleol a rhanddeiliaid allweddol eraill.

### **Recriwtio newydd-ddyfodiaid cymwysedig**

Er gwaethaf gwendidau parhaus yn y sectorau tai preifat a masnachol, mae'r asiantaeth reoli yng Nghymru wedi llwyddo i draddodi perfformiad credadwy a oedd uwchben disgwyliadau gwreiddiol.

Mae ail-ffocysu gweithgaredd recriwtio ar ailwampio Tai Cymdeithasol a chynlluniau cynnal wedi helpu recriwtio traddodiadol i ddenu 720 o brentisiaid. Mae hwn yn gwmp o 14% ers 2008, ond mae'n cymharu'n ffafriol â chenedloedd eraill.

Mae'r gwrthiad parhaus i wella ansawdd wedi llwyddo i godi cyfraddau cyrhaeddiad eto gyda chyfraddau cyflawniad fframwaith yn cyrraedd eu ffigur uchaf erioed o 80%. Er bod hwn yn ganlyniad ardderchog, mae gwaith nawr yn cael ei ffocysu ar wella cyfraddau dilyniant i Brentisiaethau Uwch, yn ogystal â gwella recriwtio amrywiol.

Oherwydd y mae'r lefelau o brentisiaid a recriwtir yn llai yn naturiol yn ystod y dirwasgiad, mae'r asiantaeth reoli wedi cydweithio â Chynulliad Cymru i helpu i liniaru'r effaith ar bobl ifanc.

Darperir profiad gwaith i fyfyrwyr coleg llawn-amser gan gynlluniau fel un 'Llwybrau at Brentisiaethau', gyda'r nod o drosi'r myfyrwyr hyn yn brentisiaid llawn gyflogedig wrth iddynt gwblhau'r cyrsiau. Cydlynir profiad gwaith i'r myfyrwyr yma gan yr asiantaeth reoli a hyd yn hyn, mae wedi sicrhau 225 o leoliadau gwaith.

Wrth i fentrau WAG ar gymalau cymdeithasol ddechrau cymryd effaith ac wrth i Brentisiaethau gael eu blaenoriaethu o fewn strategaethau addysg dyfodol, mae'r asiantaeth reoli yng Nghymru mewn sefyllfa iach i dyfu ei busnes dros y blynyddoedd sydd i ddod.

### **Addysg a gyrfaoedd**

Aeth y broses o recriwtio Llysgenhadon Adeiladu'n dda iawn yng Nghymru yn 2009. Derbyniodd tua 100 o Lysgenhadon hyfforddiant a chefnogwyd tua 300 o weithgareddau.

Mae SgiliauAdeiladu wedi cymryd rôl arweiniol yng ngwaith SSCau ar draws sector yr amgylchedd adeileddig er mwyn cyflwyno'r cymhwyster Prif Ddysgu a Phrosiect fel rhan o Fagloriaeth Cymru. Mae'r cymwysterau newydd hyn (rhan o'r rhaglen Diploma 14–19) ar gael ar dair lefel – Sylfaen ac Uwch (sy'n cyfateb i TGAU) a Phellach (sy'n cyfateb i lefel A). Rhoddir ganddynt bwyslais ar weithgareddau dysgu ymarferol, gweithgareddau seiliedig ar waith a gwybodaeth bwnc fanwl.

Ymgwymerwyd â chyflwyniadau a chyfarfodydd mewn ysgolion a cholegau sydd â diddordeb mewn gweithredu'r dull hwn yn ystod y flwyddyn, gan gynnwys cynrychiolaeth a phrif gyflwyniadau ar ran yr holl SSCau mewn dwy gynhadledd genedlaethol.

Yn ystod 2009, llwyddwyd i sicrhau cefnogaeth gan holl gwmnïau Gyrfa Cymru a chafodd contractau eu cytuno. Mae cynnydd ardderchog wedi'i wneud yn erbyn gweithgaredd, yn arbennig ym Morgannwg Ganol a Gogledd Cymru.

Yn dilyn cwblhad ymchwil, a gyllidwyd gan y Cynulliad, i mewn i'r rhwystrau sy'n atal menywod a Phobl Dduon a Lleiafrifoedd Ethnig rhag dechrau a mynd ymlaen yn y diwydiant, mae WAG wedi cytuno i gyllido gweithred a fydd yn mynd i'r afael â rhai o'r pwyntiau gweithredu a adnabuwyd fel rhan o'r ymchwil. Parheir y Project 'Dad-adeiladu'r Rhwystrau – Sbarduno Newid' ('Deconstructing the Barriers – Effecting Change') am dair blynedd a bydd, ymhlith pethau eraill, yn cynyddu'r nifer o Lysgenhadon Adeiladu a Hyrwyddwyr Adeiladu BME a benywaidd yng Nghymru. Bydd hefyd yn cyllido gweithdai ymwybyddiaeth amrywiaeth i BBaChau.

Mae llwybr dysgu drafft sy'n cynnwys llwybrau cymhwyster mynediad i mewn i alwedigaethau proffesiynol a thechnegol gan gynnwys Bagloriaeth Cymru, Addysg ar gyfer Datblygu Cynaliadwy a Dinasyddiaeth Fyd-eang (ESDGC) a Sgiliau Hanfodol wedi'i ddatblygu gydag aelodau BACH. Mae hwn ar hyn o bryd yn mynd trwy'r cam terfynol o ymgynghori.



## ANNUAL ACCOUNTS

# CITB-ConstructionSkills Trustees

The names of those serving as charitable Trustees of CITB-ConstructionSkills on 25 February 2010 are shown below, together with the names of those who stepped down during 2009.

As specified in Schedule 1 of the Industrial Training Act 1982, Trustees are appointed by the Secretary of State for Business, Innovation and Skills, normally for five years, following a public appointment process. Nominations of candidates from the industry's employers are sought from the principal trade associations, while those for employees are made by the trades unions. Candidates from the education sector are appointed after consultation with the Ministers concerned with education in England, Scotland and Wales.

Trustees are introduced to CITB-ConstructionSkills' work through an induction meeting with the senior management team and receive ongoing support from the Secretariat. As all members are required to have industrial or commercial experience, further training (whether formal or informal) is provided to support specific duties, such as participation in the Audit Committee.

Trustees are responsible for agreeing CITB-ConstructionSkills' policies, business and financial plans, delegating operational decision making to the Executive Team. In addition to serving on the Board, most will also take part in policy making as members of the Board's subcommittees, as shown in Appendix A. These non-executive bodies are also supported by other volunteers from the industry.

### Current and former Trustees (2009/10)

Sir Michael Latham, DL, MA, Dip Ed, FRSA – Chairman

Peter Rogerson, OBE, FloR – Deputy Chairman (until 30 September 2009)

Judith Ann Lowe, BA, FCIL, FRSA, FIOD – Deputy Chairman (from 01 October 2009)

Harry Adam

Chris Jones, BSc (Hons), MBA, CEng, MICE

Ian Billyard

Billy Kirkwood (from 01 December 2009)

Bob Blackman, MBE, MIOSH

Geoff Lister, FCIOB

Professor Barry Clarke, Eur Ing, FICE, FGS, PhD, BSc

Tim Peach

David Cochrane

Martyn Price, FIOC

Peter Cunningham

Harold Rackham

Derek Field, FCIOB

Alan Ritchie

George Fraser, ARICS (until 01 March 2009)

James Wates, FCIOB, FRSA

Trevor Gamble

Graham Wren, BSc, CEng, MICE

Geoff Holt, FloR, MInstD

# Financial Report

## Accounting and Reporting Compliance: Statement of Recommended Practice (SORP 2005)

The accounts comply with the Accounting and Reporting by Charities: Statement of Recommendation Practice (SORP 2005) and all applicable accounting standards, and are prepared in accordance with the accounting and disclosure requirements of the Government Financial Reporting Manual.

### Accounts direction

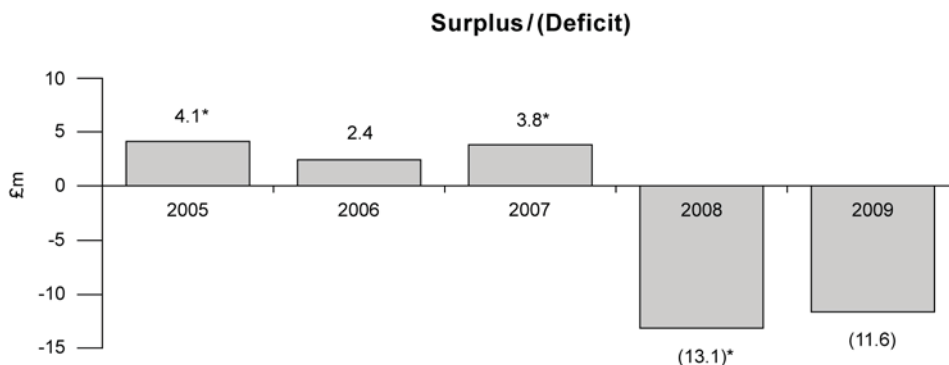
The accounts have been prepared in a form directed by the Secretary of State for Business, Innovation and Skills with the approval of HM Treasury in accordance with Section 8 (1) of the Industrial Training Act 1982.

## Result for the year

CITB-ConstructionSkills returned a £11.6m deficit for the year to 31 December 2009 (2008 £13.1m deficit), including a £0.3m unrealised loss on the revaluation of freehold property (2009 £1.7m), a realised loss on disposal of freehold property of £0.1m and a £1.3m exceptional item relating to the write-off of net costs incurred in respect of the redevelopment of NCC East (see Note 11 to the Financial Statements). Excluding the above items, the deficit of £9.9m compared with a forecast break-even for 2009.

Levy income was in line with expectations. However, grants paid to employers were £4.7m more than forecast. Non-levy income fell by 5.5% against 2008, reflecting difficulties in the economy, and investment income fell by £2.7m (73.4%) because of lower interest rates on the reduced levels of investments held. Expenditure (excluding grants) fell by £1.5m, (1.0%) because of lower volumes and other cost savings. Despite a strong levy collection performance (up £3.9m on 2008) and a reduction in the value of grants paid to employers of £6.7m, the direct return to employers, including employer support, was still 103% of levy (2008 110%) (see page 30).

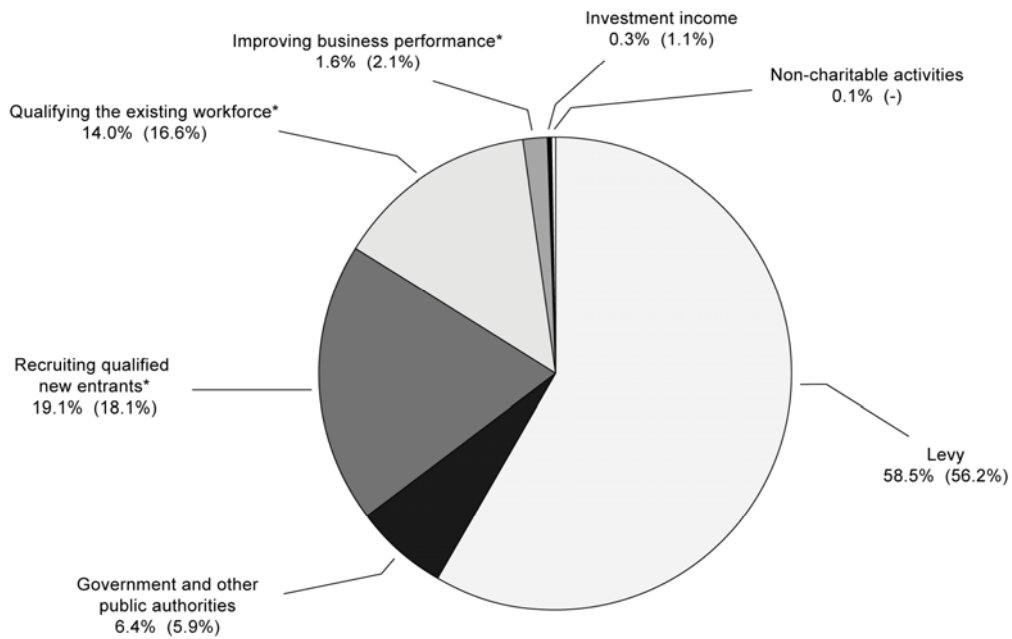
CITB-ConstructionSkills manages its finances over a five-year period as part of its planning process. Whilst it is recognised that a deficit has been recorded for 2009, a surplus of £5.5m is currently forecast for the year to 31 December 2010; and plans are in place to return to the target level of reserves (see the section 'Reserves' within Note 1 to the Financial Statements on page 43, which describes the Reserves Accounting Policy) by 2012.



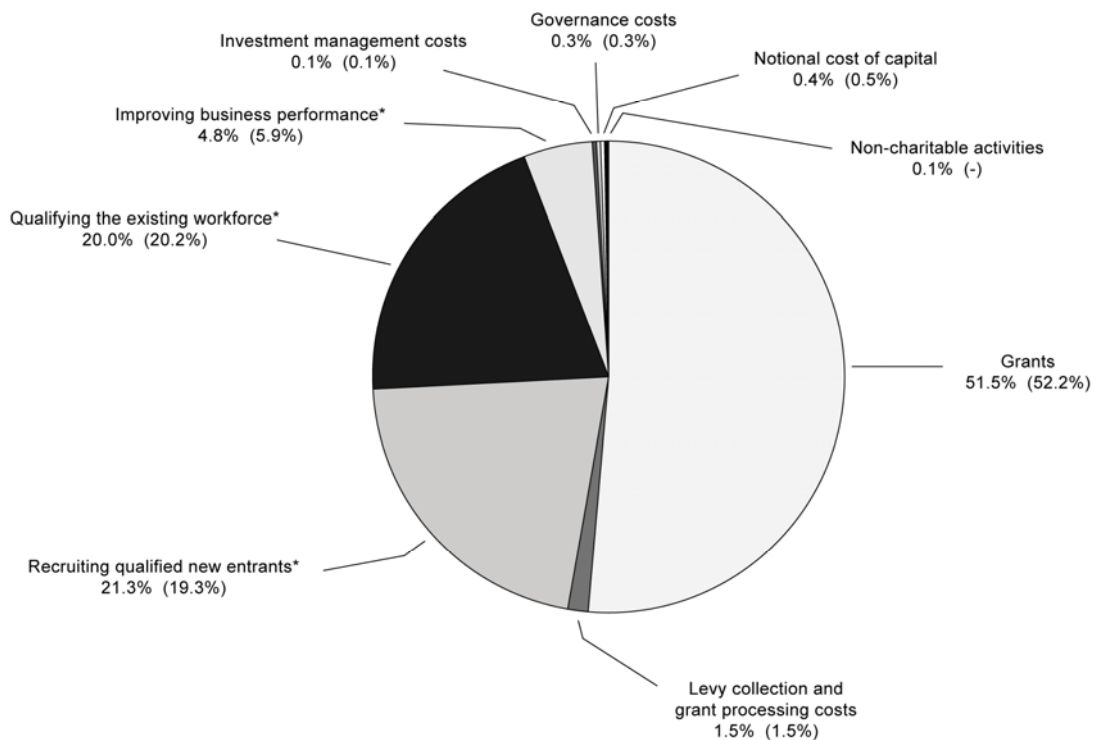
\* The revaluation of freehold property gave rise to unrealised gains of £3.0m in 2005 and £0.7m in 2007, and unrealised losses of £1.7m in 2008 and £0.3m in 2009. The results for 2009 also include an exceptional write-off of £1.3m (see above).

# ANNUAL ACCOUNTS

## Income by category as a percentage of total incoming resources



## Expenditure by category as a percentage of total resources used



\* see Industry skills challenges on page 27

## Income

### Levy

Levy income for 2009 was £185.7m (2008 £181.8m), comprising of £188.6m (2008 £182.4m) in respect of the current year's assessment less an adjustment of £2.9m (2008 £0.6m) for the reassessment of prior years' charges.

A three-year Levy Order was introduced during the year, at the behest of Government. Levy rates remained unchanged at 0.5% on direct labour payments (PAYE) and 1.5% on labour-only sub-contract payments (LOSC) whereas the small firms' exclusion level was increased from £76,000 to £80,000. These levy rates, and the exclusion level, are fixed for the duration of the Order.

The increase in levy income, as compared with the previous year, was due mainly to industry activity and earnings growth of 11% for the year to 05 April 2008. This uplift was offset by a 2.1% movement from LOSC to lower rated direct employment and a 25% increase in the value of bad debts either written off or provided for. The prior year reassessment charge resulted from a reduction in the 31 December 2008 value of estimated levy assessments.

Almost 15,500 levy payers (59% of total levy payers) signed up to pay their levy by direct debit instalments, an increase of around 1,000 on 2008. Despite the extremely difficult economic climate, levy receipts during the year increased from £175.9m in 2008 to £187.2m in 2009.

### Government and other public authorities

CITB-ConstructionSkills receives no grant-in-aid. Funding itemised here is in respect of specific projects undertaken.

Overall, funding from Government and other public authorities increased from £19.0m to £20.4m (see Note 2 to the Financial Statements on page 44).

Income from central Government departments, the Scottish Government and the Welsh Assembly Government rose by £2.6m to £16.5m, mainly due to more funding received from the Learning and Skills Council for increased activity on the 'Train to Gain' initiative (£2.0m) and the National Skills Academies for Construction (£0.5m).

Funding from the UK Commission for Employment and Skills (UKCES) fell by £1.2m to £3.9m. Funding for Sector Skills Council core contract activities was £2.4m to match expenditure on specific contracted activities, £0.3m higher than in 2008. The core contract, which provided £5.6m over three years from 01 October 2006, was extended by six months providing an additional £0.4m for ConstructionSkills to deliver four key goals:

- reducing skills gaps and shortages, and anticipating future needs
- improving productivity, business and public service performance
- increasing opportunities to develop and improve the productivity of everyone in the sector's workforce
- improving learning supply.

Funding for Sector Skills Council non-core contract activities dropped by £1.5m to £1.5m, in line with the lower number of projects undertaken. Projects included £0.4m for the Sector Qualifications Reform programme, £0.3m for a project to develop national occupational standards and £0.2m for 'Women into Work' (a project to increase the opportunities for and recruitment of women into construction).

### Other income

Other income totalled £110.2m, down from £119.2m in 2008 due to the reasons outlined in the section 'Industry skills challenges' on page 27.

### Investment income

Investment income fell by £2.7m (73.4%) to £1.0m in 2009, resulting from lower interest rates and a fall in the average level of cash deposits and investments held during the year. Average investment returns fell to 1.21% (2008 5.36%).

# ANNUAL ACCOUNTS

## Expenditure

### Grants

Grant expenditure amounted to £169.4m in 2009 (up £3.4m on the original plan) compared with £176.1m in 2008 and £137.7m in 2007.

Demand for grants in general increased from the high levels experienced in 2008, with the exception of apprenticeship grants. Consequently, to help restrict grant expenditure within available funds, measures were agreed by the Board to withdraw a number of grants and reduce most grant rates with effect from 01 August 2009. Apprenticeship and undergraduate grants were exempt from these changes.

Apprentice numbers fell in the year, resulting in a drop in the amount payable for apprentice grants by 9% from £79.3m in 2008 to £72.0m in 2009. The value of commitment grants dropped by 35%, attendance grants by 13% and achievement grants by 5%.

Expenditure on all other grants rose from £96.8m in 2008 to £97.4m in 2009, a rise of 0.6%. Despite a 10% reduction in grant rates from 01 August 2009, both Training and Development Plan and Work Experience grant spend was higher than in 2008.

The number of employers claiming grant fell by 929 to 22,637.

### Governance costs

Governance costs represent the costs of the governance infrastructure (as defined in the SORP 2005) and include the costs of the Board and committees, corporate assurance, external audit, business planning and related support costs. Total expenditure for 2009 was £0.9m (2008 £0.9m) (see Notes 1 and 8 to the Financial Statements on pages 41 and 46 respectively).

### Notional cost of capital

The notional cost of capital was £1.4m (see Note 9 to the Financial Statements on page 46). This charge, which is added back in the Statement of Financial Activities, is included as a requirement within the Government Financial Reporting Manual. The rate, set by HM Treasury for 2009, was 3.5% (2008 3.5%).

## Industry skills challenges

The Statement of Financial Activities (see page 38) reports income and expenditure against three industry skills challenges as follows:

- recruiting qualified new entrants
- qualifying the existing workforce
- improving business performance.

Resources associated with these activities are allocated against the three challenges, showing the amount of incoming and expended resources between the three.

### Recruiting qualified new entrants

Priority activities are centred on:

- improving understanding of career opportunities in construction
- increasing apprenticeship completions and widening opportunities for on-site practice
- promoting diversity through local employment and training projects
- increasing quality applications for construction-related degree courses.

Income rose by £2.1m (3.6%) to £60.8m; increased funding from the Learning and Skills Council for new diploma qualifications, offset by a significant fall in trainee numbers, giving rise to the overall increase in income.

Expenditure at £70.0m (2008 £65.3m), which includes college fees, trainee allowances and operating costs, also increased reflecting higher diploma rates, higher timely achievement rates and additional support for 19 to 25+ learners during the year.

### Qualifying the existing workforce

Priority activities are centred on:

- intensifying and widening the industry's qualifying the workforce initiative
- developing flexible training and qualification structures for specialist occupations
- assisting the effective integration of immigrant workers.

Income during 2009 fell by £9.3m (17.3%) to £44.4m. Industry initiatives for qualifying the workforce through Health and Safety Testing, Experienced Worker Assessment, certification schemes and NVQ/SVQ registrations showed significantly lower volumes, reflecting the impact of the recession on the construction industry, resulting in the fall in income. Income from direct training courses delivered by the NCC decreased in 2009 by 20%.

Expenditure during 2009 reduced by £2.1m (3.1%) to £65.9m because of reduced volumes offset by the increased commitments under the Train to Gain initiative for which the income is included in funding from Government and other public authorities (see page 44).

### Improving business performance

Priority activities, aimed at improving the business performance of construction employers, are centred on:

- increasing the number of employers investing in training
- developing management and leadership skills
- supporting lifelong learning in construction
- developing skills for sustainability.

Income arises from Executive Management Programmes and health and safety training courses delivered by NCC and the sale of publications. Total income fell in 2009 by £1.8m to £5.0m because of reduced course fee income and sales of publications.

Expenditure fell by £4.0m to £15.8m, with the effect of reduced volumes augmented by reductions in headcount and other related costs. Included in this category are costs associated with:

- more support to the industry for structured training through Training Plans and lIP
- Management and Supervisory programmes
- Executive Management Programmes and health and safety training courses
- the sale of publications.

# ANNUAL ACCOUNTS

## Balance sheet

The balance sheet shows net assets of £32.6m at 31 December 2009 (£44.5m at 31 December 2008). The drop on the previous year reflects the deficit for the year of £11.6m and the transfer of the restricted fund of £0.3m to exceptional items (see Note 11 on page 47). Working capital (net current assets) fell by £9.7m to £19.0m (see below).

### Fixed assets

The net book value of fixed assets reduced by £2.2m to £14.0m, reflecting net additions of £0.5m less depreciation charges of £1.9m, and the transfer to exceptional items of £0.8m relating to costs of the aborted development at NCC East (see Note 11 on page 47).

All freehold properties were revalued at 31 December 2009, giving rise to an unrealised reduction in value of £26,000 (see Note 12 on page 48).

During 2009, fixed asset additions were £0.6m, the lowest level for a number of years, reflecting the need to preserve cash in the current climate.

Major purchases include £0.1m on plant for tipping and hydraulic excavation equipment, £0.1m on replacement servers and £0.1m in respect of the Customer Relationship Management programme.

### Debtors

Total debtors at 31 December 2009 were £32.1m (2008 £39.7m).

Levy debtors fell from £26.0m to £24.1m despite a £4m increase in levy income. This was due to an increase in levy collected during the year and significantly higher provisions for bad debts (+£2.7m) and reassessments (+£2.5m). The tenth and final instalment (£11m) of levies being paid by direct debit fell due in January 2010.

Non-levy debtors decreased by £5.7m to £8.0m, £3.7m of which resulted from a fall in the amounts due from intra-Government bodies at 31 December 2009. This was due to the timing of funds received from the Learning and Skills Council. Other trade debtors (see Note 13 on page 49) fell by £1.9m reflecting improved debt collection and a drop in activity; prepayments and accrued interest fell by £0.1m.

### Creditors

Creditors fell by £1.2m to £54.1m at 31 December 2009.

New Entrant Training grants and allowances outstanding at the year end decreased by £0.9m to £4.3m, due to the drop in apprentice numbers during the year. Accruals for other grants increased by £0.7m.

Amounts owing to intra-Government bodies increased by £2.1m to £5.8m resulting from payments due to the Learning and Skills Council.

Other trade creditors (see Note 16 on page 50) fell by £1.7m, reflecting reduced activity and cost-saving initiatives implemented during the year.

### Net current assets/reserves

Net current assets, which are taken as a measure of CITB-ConstructionSkills' reserves, reduced from £28.7m at 31 December 2008 to £19.0m at 31 December 2009, primarily as a result of the deficit for the year of £11.6m offset by a £2.2m reduction in the level of tangible fixed assets.

Reserves at £19.0m fell below the minimum year-end target level of reserves of £42.2m, as agreed with Government, and an original forecast of £28.3m. The shortfall against the original forecast minimum reserves arose from the deficit for the year of £11.6m against a planned break-even (see 'Result for the year' on page 23). Reserves are now forecast to come within the target range by 2012.

The target range for reserves is calculated using a risk-based formula (see the section 'Reserves' within Note 1 to the Financial Statements on page 43).

### Provisions

The level of provisions remained constant at £0.4m and represents provision for rent and other charges in respect of a vacated property that is surplus to current requirements and provision for future leasehold property dilapidations (see Note 18 to the Financial Statements on page 52).

**Other information****Employer registrations**

The number of employers on the Levy and Grant Register increased by 542 to 80,271 at 31 December 2009, of which 26,324 (2008 27,378) were due to pay a levy in 2009 – see Statistical Information Table 3 on page 58. During the year, 7,623 employers were added to the register compared with 7,081 deletions resulting from firms going out of business or out-of-scope to CITB-ConstructionSkills.

**Grant policy**

CITB-ConstructionSkills publishes a Grants Scheme annually and registered employers are entitled to claim training grants in line with its conditions.

**Risk management**

The major risks to which CITB-ConstructionSkills is exposed, as identified by management, have been reviewed and systems have been established to mitigate those risks (see the Statement on Internal Control on pages 34 and 35).

**Material cash support payments**

The names of the recipients and the aggregate amounts of material grant and support payments are disclosed in Note 6 to the Financial Statements on page 45.

**Events since the end of the year**

No events have occurred since the end of the year that affect the reader's understanding of the Financial Statements.

**Charitable donations**

No charitable donations were made during the year.

**Auditor**

The Comptroller and Auditor General (C&AG) is appointed under statute as CITB-ConstructionSkills' auditor. The statutory audit fee for 2009 amounted to £47,000 (2008: £46,000).

**Payment policy and performance**

CITB-ConstructionSkills' payment policy is to pay all undisputed invoices within 30 days (or the agreed contractual terms if otherwise specified). The aim is to pay 100% of undisputed invoices, and disputed invoices once the dispute has been settled, on time within these terms. The payment performance for the whole of 2009 was 95.3% compared with 96.8% in 2008.

Trade creditors at 31 December 2009 represented 19 days of average purchases during the year (2008 18 days).

**Investment policy and performance**

CITB-ConstructionSkills invests available funds within strict guidelines set by Government. These are designed to ensure that the risk of loss is minimised and the range of investments available is consequently tightly controlled. Environmental, social and ethical factors are considered to the extent permitted by current guidelines. Funds invested directly by CITB-ConstructionSkills generated a return of 1.21% for the year compared with a benchmark (Charities Official Investment Fund) rate of 1.22%.



# ANNUAL ACCOUNTS

## What the industry gets back

	2009 £m	=	2009		2008
Levy	<u>185.7</u>	=	<u>£1.00</u>	paid by employers	<u>£1.00</u>
Grants	169.4	=	<b>£0.91</b>	paid to employers	£0.97
Employer support	22.4	=	<b>£0.12</b>	other benefits	£0.13
Total direct benefit	<u>191.8</u>	=	<u>£1.03</u>	total direct benefit to employers	<u>£1.10</u>

Levy income for the year amounted to £185.7m.

Training grants expenditure amounted to £169.4m, representing 91% of levy (2008 97%). Employer support, i.e. additional direct support given to employers such as subsidised training courses and apprentice travel/lodging allowances, amounted to £22.4m (12% of levy). Therefore, for every £1.00 of levy paid, employers received £1.03 (2008 £1.10) back in grant and employer support.

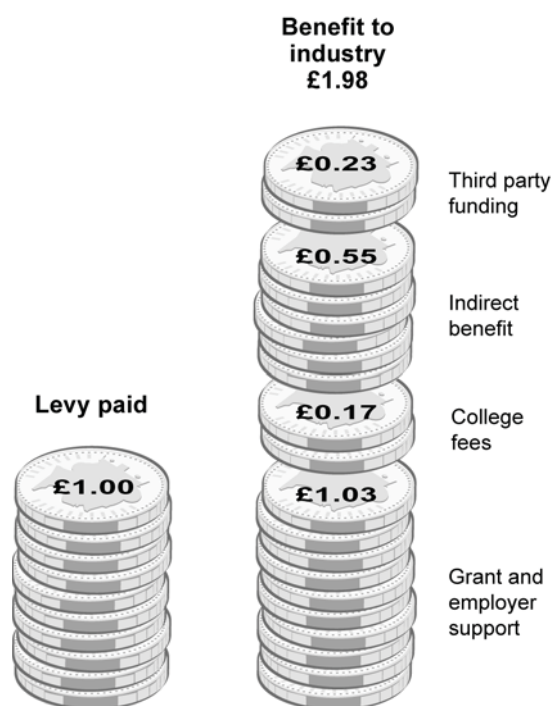
College fee payments for apprentices gave a further direct benefit to employers of £0.17.

In addition to the direct benefits paid to, or on behalf of, employers and trainees, CITB-ConstructionSkills carries out the recruitment and management of apprentices, undertakes industry research, provides advice on training and careers, and develops construction qualification standards. Specific activities include the Positive Image campaign (£0.5m), SkillBuild (£0.3m), WorldSkills (£0.2m) and diversity programmes (£0.2m). The total value of this support amounts to £0.55 for each £1.00 of levy.

Whilst down on 2008, this high ratio of support has been made possible because CITB-ConstructionSkills has acted on behalf of the industry to generate income from the Learning and Skills Council, Welsh Assembly Government and Scottish Executive as a contribution towards the cost of the New Entrant Training programme. In addition to New Entrant Training income, there has been a significant increase in the contribution from other training and sales activity income.

CITB-ConstructionSkills also leverages extra funds and benefits directly for the industry which do not enter CITB-ConstructionSkills' accounts but are included in the figures shown in the diagram below. In 2009, for every £1.00 of levy paid, third party contributions amounted to 23p.

During the year to 31 December 2009, for each £1.00 of levy paid by registered employers, the construction industry received a total of £1.98 (2008 £2.20), broken down as follows:



**Statement of the Board's responsibilities**

The Industrial Training Act 1982 requires the Board to keep proper accounts and other records in relation to the accounts, and to prepare in respect of each of its financial years a statement of account in such form as the Secretary of State may, with the approval of the Treasury, determine. The accounts are prepared on an accruals accounting basis and must show a true and fair view of CITB-ConstructionSkills' state of affairs at the year end and of its income and expenditure and cash flows for the financial year. In preparing that statement of account, the Board is required to:

- a) select suitable accounting policies and then apply them consistently
- b) make judgements and estimates that are reasonable and prudent
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- d) prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that CITB-ConstructionSkills will continue in business.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of CITB-ConstructionSkills and to enable it to ensure that the Financial Statements comply with the Industrial Training Act 1982. It is also responsible for safeguarding the assets of CITB-ConstructionSkills and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of the Accounting Officer's responsibilities**

The Chief Executive of CITB-ConstructionSkills undertakes the role of Accounting Officer. His responsibilities in this capacity, which include ensuring the propriety and regularity of the public finances for which he is answerable, are set out in the Accounting Officer Memorandum, issued by HM Treasury, and published as Chapter 3 of *Managing Public Money*, which is available on the Treasury website, [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk).

The Chief Executive has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that CITB-ConstructionSkills' auditors are aware of that information. So far as the Chief Executive is aware, there is no relevant audit information of which CITB-ConstructionSkills' auditors are unaware.

Annual Report approved by the Board on 25 February 2010 and signed on its behalf by:

**Chairman**  
**Sir Michael Latham DL**

**Chief Executive**  
**Mark Farrar**

# Remuneration Report

## Membership

The Remuneration Committee is a subcommittee of the Board. Its purpose is to determine general policy on remuneration and individual remuneration packages for Directors.

Its membership is made up of the Chairman, Deputy Chairman and three Board members (Dave Cochrane and James Wates served throughout the year. Ian Miller was replaced during the year by Tim Peach).

The Chief Executive, Corporate Services Director and Head of Human Resources provide information to the Committee to inform its decisions.

## Policy on the remuneration of directors

Salaries and benefits are benchmarked against external market comparators on a triennial basis to ensure appropriate remuneration packages are paid to attract and retain capable individuals.

Individual remuneration for directors is reviewed annually with regard to external market changes and an assessment of individual performance evidenced by the performance management process (the range of individual performance payments is 0–3% of basic salary).

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

## Policy on contracts, notice periods and termination payments

Directors are permanent employees of the organisation. Notice periods are six months. Termination payments, if applicable, are paid in accordance with standard CITB-ConstructionSkills staff terms and conditions.

## Non-cash remuneration

No non-cash remuneration is made. The provision of company cars and free fuel – offset by a private use contribution – are part of the standard terms and conditions of employment for senior grades of staff. As an alternative, a cash option and business mileage allowance are paid.

## Salary and pension entitlements (audited)

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

## Board members' remuneration

The Remuneration Committee is not responsible for considering Board members' remuneration. Payments to the Chairman and Deputy Chairman are authorised under Schedule 1 (4) of the Industrial Training Act 1982. No other Board members are remunerated. Note 24 (page 55) provides more information about this.

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## Notes – Remuneration and Pension benefits tables (opposite)

Salary includes gross pay, payments in lieu of car and luncheon allowance. Benefits in kind include the use of allocated cars and medical insurance.

Steve Geary was appointed (from 03 September 2007) as Skills Strategy Director on a secondment from the Department for Children, Schools and Families (DCSF). He is not a member of the ITB Pension Fund. However, CITB-ConstructionSkills made payments totalling £22,027 directly to DCSF to cover his pension contributions.

## ANNUAL ACCOUNTS

Remuneration	Salary	Benefits in kind	2009 Total	2008 Total
	£'000	£'000	£'000	£'000
Mark Farrar – <i>Chief Executive</i>	222.0	1.0	223.0	165.9*
Andy Walder – <i>National Construction College Director</i>	97.5	0.6	98.1	80.4*
Erika Stoddart – <i>Corporate Services Director</i> <i>(commenced 05 January 2009)</i>	116.0	1.0	117.0	–
Frazer Clement – <i>Business Services Director</i>	114.0	10.4	124.4	119.2
Max Hamps – <i>Director</i>	97.4	13.5	110.9	108.9
Mike Bialyj – <i>Employer Services Director</i>	99.2	10.8	110.0	107.1
Nicola Thompson – <i>Communications and Change Director</i>	101.3	1.0	102.3	98.6
Steve Geary – <i>Skills Strategy Director</i>	105.0	9.3	114.3	109.4

\* Mark Farrar was appointed Chief Executive and Andy Walder was appointed National Construction College Director on 01 September 2008.

Pension benefits	Real increase in pension at normal retirement date	Total accrued pension at normal retirement date as at 31 Dec 2009	Cash equivalent transfer value at 01 Jan 2009	Real increase/ decrease in the cash equivalent transfer value during the year	Cash equivalent transfer value at 31 Dec 2009
	£'000	£'000	£'000	£'000	£'000
Mark Farrar	5–7.5	5–10	49	74	123
Andy Walder	2.5–5	10–15	92	58	151
Erika Stoddart <i>(started 05 January 2009)</i>	0–2.5	0–5	–	15	15
Frazer Clement	2.5–5	55–60	762	152	914
Max Hamps	0–2.5	10–15	195	44	238
Mike Bialyj	0–2.5	15–20	181	52	233
Nicola Thompson	0–2.5	10–15	80	35	115

**Sir Michael Latham DL**  
**Chairman of the Remuneration Committee**  
**25 February 2010**

# Statement on Internal Control

### Scope of responsibility

As Chief Executive and Accounting Officer, I am responsible for maintaining a sound system of internal control that supports the achievement of CITB-ConstructionSkills' policies, aims and objectives, whilst safeguarding the funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*. The Board is responsible for establishing and monitoring appropriate policies to fulfil the objectives of CITB-ConstructionSkills as a statutory ITB. As Chief Executive and Accounting Officer, I am responsible for managing the implementation of agreed policies and am accountable to the Board.

As an SSC, CITB-ConstructionSkills operates with its partners as ConstructionSkills and is accountable to the Secretary of State for Business, Innovation and Skills (BIS). It also reports to BIS as a statutory ITB and non-departmental public body.

CITB-ConstructionSkills is registered as a charity. The organisation's charitable activities are partly funded by a statutory levy, confirmed by a three-year Levy Order passed by both Houses of Parliament (most recently in 2009) – see also page 66.

### Aims of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of CITB-ConstructionSkills' policies, aims and objectives. It is also designed to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 December 2009 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

### Capacity to handle risk

The management of strategic and operational risk is embedded in business processes. This is led by the Executive Team, which formally considers key organisational risks on a regular basis. Directors also manage directorate risks with their senior teams within formal business processes.

Risk identification, management and mitigation steps are undertaken informally as part of day-to-day business management. In addition, risk is formally considered in our business planning process, programme and project management, financial planning and legal contracting arrangements.

### The risk and control framework

The risk management policy, strategy, appetite and objectives are periodically reviewed and the organisation aims to apply best practice in the identification, evaluation and cost-effective management of risk as an integral part of operational activity. Directors are accountable to the Executive Team in their areas, with top directorate risks reviewed monthly through performance monitoring. Implicit in this approach is encouragement and support for the achievement of business objectives, anticipating and responding to changing social, environmental and legislative needs, optimising control to achieve operational efficiencies and ensuring legal compliance as a minimum. Control risk self-declarations are completed by all managers each year to validate awareness and understanding of the risk and control framework.

### Management of risks to information

We routinely review systems and processes for handling data securely and undertook a thorough examination of systems, access and information security processes and procedures in 2008 in the light of revised Government guidelines and in order to ensure we continue to meet latest best practice. The Information Management Group, consisting of senior staff from information management related areas of the business, meets regularly to consider how information is managed and controlled. The Group reports periodically to the Executive Team.

### Conflicts of interest

In fulfilling its statutory aims, CITB-ConstructionSkills operates in several roles for the benefit of the sector, acting as an integrator of training policy, ensuring there is the best available fit between employer needs and provision to meet such needs. Consequently, it is sensitive to situations in which the potential for conflicts of interest arises. It believes that transparency of decision making and rigorous scrutiny by stakeholders, combined with well maintained information and other structural barriers, are effective in mitigating any impact arising from perceived or actual conflicts of interest.

### Internal audit

Corporate Assurance is the dedicated internal audit unit working within the organisation to standards defined by HM Treasury and in accordance with professional guidelines. Audit coverage and planning is informed by risk and consideration of strategic objectives. Audit work is carried out to support managers in improving business management, giving recommendations and guidance on compliance, governance and risk management. The overarching objective of all audit work is to give an independent opinion on the adequacy and effectiveness of the system of internal control.

Reports are submitted to the Audit Committee on audits undertaken, the implementation of recommendations, risk management (including the annual Control Risk Self Declaration process) governance and other matters. The Head of Corporate Assurance has a direct reporting line to the Chief Executive and access to the Chairman of the Audit Committee to ensure independence.

### Audit committee

A formally constituted Audit Committee operates in accordance with best commercial practice and HM Treasury guidelines. The Chairman of the Audit Committee reports formally to the Board about risk management and the status of internal control within CITB-ConstructionSkills. The Chief Executive joins the Audit Committee to review the organisation's management of risk and ensures that members' advice about the identification, assessment and management of risk is taken into account. The Chairman of the Audit Committee is an ex-officio member of the Finance Committee, to enable dialogue on matters of mutual interest relating to risk management within CITB-ConstructionSkills.

### Review of effectiveness

As Accounting Officer, I am responsible for reviewing the effectiveness of the system of internal control. My review is informed by the work of CITB-ConstructionSkills' internal auditors and executive managers, who are responsible for developing and maintaining the internal control framework.

The Head of Corporate Assurance's opinion on the general adequacy of the effectiveness of risk management, controls and governance processes is that they are satisfactory. This means that adequate and effective systems are in place overall but that there is some risk that business targets may not be achieved.

In particular, matters relating to ongoing internal control and risk management weaknesses have been identified within the Employer Services directorate. This directorate is working through an internal Efficiency and Effectiveness review aimed at improving operational management and efficiency. The review will help to address internal control and risk management elements. An Assurance Framework is being developed to map controls and assurance across all activities.

One area of concern identified during the year related to the financial and contractual management of a schedule of our contract with the LSC. Cuts in funding from Government agencies and weak management controls resulted in partial repayment of funds to the LSC and not enough contract funding being available to meet commitments. A multi-disciplinary team was put in place to address the concerns and introduce stronger controls to prevent future recurrences. In addition, the structure of the unit involved was reviewed and is being reshaped to place more emphasis on quality, training and contract management. A full review of all externally funded contracts is under way by the new unit. The Audit Committee has formally considered the matters and endorsed the corrective actions.

Where other weaknesses have been identified, I am satisfied that specific actions are in place to manage associated risks. I do not consider these issues indicate a significant weakness in the system of internal control that would warrant further disclosure. Comments made by the external auditors in their final audit report and other reports also inform my review of the effectiveness of the system of internal control. As part of this, I have been informed of the effectiveness of the system of internal control by the Executive Team, through control risk self declarations, and by Corporate Assurance and the Audit Committee. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee, and a plan to ensure its continuous improvement is in place.

Accounting Officer:

**Mark Farrar**  
**Chief Executive**  
**25 February 2010**

Acknowledged on behalf of the Board:

**James Wates**  
**Chairman of the Audit Committee**  
**25 February 2010**

# **Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Board of CITB-ConstructionSkills**

I certify that I have audited the financial statements of CITB-ConstructionSkills for the year ended 31 December 2009 under the Industrial Training Act 1982. These comprise the Statement of Financial Activities, the Balance Sheet and Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective responsibilities of the Board, Chief Executive and auditor**

The Board and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Industrial Training Act 1982 and directions made thereunder by the Secretary of State for Business, Innovation and Skills and for ensuring the regularity of financial transactions. These responsibilities are set out on page 31 in the Statements of the Board's and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Industrial Training Act 1982 and directions made thereunder by the Secretary of State for Business, Innovation and Skills. I report to you whether, in my opinion, the information which comprises Key Deliverables 2009, the Financial Report, CITB-ConstructionSkills Trustees and Appendix B: Register of Interests of Board Members, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition I report to you if CITB-ConstructionSkills has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects CITB-ConstructionSkills' compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of CITB-ConstructionSkills' corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information comprises the Introduction (excluding Key Deliverables 2009) and Business Activities and Statistical Information sections, the unaudited parts of the Remuneration Report and other Appendices. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the

Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to CITB-ConstructionSkills' circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Industrial Training Act 1982 and directions made thereunder by the Secretary of State for Business, Innovation and Skills, of the state of affairs of CITB-ConstructionSkills as at 31 December 2009 and of its incoming resources and application of resources for the year then ended; and
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Industrial Training Act 1982 and directions made thereunder by the Secretary of State for Business, Innovation and Skills; and
- information which comprises the sections headed Financial Report, Key Deliverables 2009, CITB-ConstructionSkills Trustees and Appendix B: Register of Interests of Board Members, included within the Annual Report, is consistent with the financial statements.

### Opinion on regularity

In my opinion, in all material respects, the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### Report

I have no observations to make on these financial statements.

**Amyas CE Morse**  
Comptroller and Auditor General

09 March 2010

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



# Financial Statements

## CITB-ConstructionSkills Statement of Financial Activities for the Year Ended 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>INCOMING RESOURCES</b>			
Incoming resources from charitable activities			
Non-levy income			
Recruiting qualified new entrants		60,813	58,700
Qualifying the existing workforce		44,362	53,710
Improving business performance		5,029	6,791
Government and other public authorities	2	20,432	19,025
Total non-levy income		130,636	138,226
Levy	3	185,693	181,788
Incoming resources from generated funds			
Investment income		968	3,636
Incoming resources from non charitable activities	4	151	–
		<u>317,448</u>	<u>323,650</u>
<b>RESOURCES EXPENDED</b>			
Cost of generating funds			
Investment management costs		29	30
Charitable activities			
Grants	5, 6	169,395	176,080
Recruiting qualified new entrants		70,001	65,280
Qualifying the existing workforce		65,935	68,074
Improving business performance		15,763	19,771
Levy collection and grant processing costs		5,110	5,217
Total cost of charitable activities	7	326,204	334,422
Non charitable activities	4	132	–
Governance costs	8	920	890
		<u>327,285</u>	<u>335,342</u>
<b>Total resources expended</b>			
Notional cost of capital	9	1,425	1,906
<b>Total resources expended including notional costs</b>		<u>328,710</u>	<u>337,248</u>
<b>Net outgoing resources for the year after charging notional cost of capital</b>		(11,262)	(13,598)
Notional cost of capital added back	9	1,425	1,906
<b>Net outgoing resources before other recognised gains and losses</b>		<u>(9,837)</u>	<u>(11,692)</u>
<b>Other recognised gains and losses</b>			
Realised gain on investments		10	9
Unrealised (loss)/gain on investments		(56)	281
Realised loss on sale of freehold properties		(108)	–
Unrealised loss on revaluation of freehold properties		(306)	(1,729)
<b>Net movement in funds before exceptional item</b>	10	<u>(10,297)</u>	<u>(13,131)</u>
<b>Exceptional item</b>	11	<u>(1,302)</u>	<u>–</u>
<b>Net movement in funds</b>		<u>(11,599)</u>	<u>(13,131)</u>
Accumulated unrestricted fund at 01 January		44,176	57,307
Accumulated unrestricted fund at 31 December	19	<u>32,577</u>	<u>44,176</u>
Accumulated restricted fund at 01 January		331	–
Incoming resource – NCC East development fund		–	331
Transfer to exceptional item		(331)	–
Accumulated restricted fund at 31 December	19	<u>–</u>	<u>331</u>
Accumulated funds at 31 December		<u>32,577</u>	<u>44,507</u>

The above results include all recognised gains and losses and are derived from continuing activities. Notes 1–30 form an integral part of these accounts.

**Balance Sheet as at 31 December 2009**

	Notes	2009		2008	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	12		<b>13,974</b>		16,245
<b>CURRENT ASSETS</b>					
Debtors	13, 17	<b>32,093</b>		39,726	
Properties held for sale	14	<b>750</b>		2,030	
Investments	15, 17	<b>38,724</b>		38,717	
Cash at bank	17, 21	<b>1,554</b>		3,581	
		<b>73,121</b>		<b>84,054</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	16, 17	<b>(54,113)</b>		<b>(55,349)</b>	
<b>Net current assets</b>			<b>19,008</b>		<b>28,705</b>
<b>Total assets less current liabilities</b>			<b>32,982</b>		<b>44,950</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	18		<b>(405)</b>		<b>(443)</b>
<b>NET ASSETS</b>			<b>32,577</b>		<b>44,507</b>
<b>FINANCED BY</b>					
Accumulated fund	19		<b>32,577</b>		<b>44,507</b>

Notes 1–30 form an integral part of these accounts.

Approved by the Board on 25 February 2010

and signed on its behalf by:

Chairman  
Sir Michael Latham DL

Chief Executive  
Mark Farrar

## ANNUAL ACCOUNTS

### Cash Flow Statement for the Year Ended 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>Reconciliation of net resources used to net cash inflow from operating activities</b>			
Net outgoing resources for the year after charging notional cost of capital		(11,262)	(13,598)
Exceptional item	11	(844)	–
Notional cost of capital		1,425	1,906
Interest receivable		(968)	(3,636)
Operating deficit		(11,649)	(15,328)
Depreciation charges		1,941	1,874
Fixed asset write-off		51	–
Profit on sale of tangible fixed assets		(21)	(82)
Realised gain on investments		10	9
Realised loss on sale of property		(108)	–
Unrealised loss on properties held for sale		(280)	–
Decrease/(Increase) in debtors		8,878	(472)
Decrease in creditors and provisions		(824)	(10,701)
<b>Net cash outflow from operating activities</b>		<b>(2,002)</b>	<b>(24,700)</b>
<b>CASH FLOW STATEMENT</b>			
<b>Net cash outflow from operating activities</b>		<b>(2,002)</b>	<b>(24,700)</b>
Returns on investments and servicing of finance	20	1,003	4,342
Capital expenditure (net)	20	(965)	(5,539)
Management of liquid resources (call accounts, term deposits, money market and externally managed funds)	20	(63)	27,029
<b>(Decrease)/Increase in cash at bank</b>	21	<b>(2,027)</b>	<b>1,132</b>
<b>Reconciliation of net cash flow to movement in net funds</b>	21		
<b>(Decrease)/Increase in cash at bank in the period</b>		<b>(2,027)</b>	1,132
Management of liquid resources (call accounts, term deposits, money market and externally managed funds)		63	(27,029)
Other non-cash movements in the year		(56)	281
<b>Movement in net funds in the year</b>		<b>(2,020)</b>	<b>(25,616)</b>
<b>Net funds at 01 January</b>		<b>42,298</b>	67,914
<b>Net funds at 31 December</b>		<b>40,278</b>	42,298
<b>Represented by:</b>			
Investments	15	38,724	38,717
Cash at bank		1,554	3,581
		<b>40,278</b>	<b>42,298</b>

Notes 1–30 form an integral part of these accounts.

## Notes to the Financial Statements for the Year Ended 31 December 2009

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### 1. ACCOUNTING POLICIES

#### Going concern

These accounts are prepared on a going concern basis.

#### Accounting convention

The Financial Statements are prepared in accordance with the Industrial Training Act 1982 and directions made thereunder by the Secretary of State for Business, Innovation and Skills. The accounts comply with the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005).

The accounts also meet the accounting and disclosure requirements of the Government Financial Reporting Manual and applicable Accounting Standards.

With effect from 01 January 2009, CITB-ConstructionSkills has implemented Financial Reporting Standards (FRS) 25, 26 and 29 relating to financial instruments.

These accounts are prepared under the historical cost convention as modified to reflect the revaluation of fixed assets and investments. Debtors and creditors are shown at face value as any impairments are covered by provisions.

#### Incoming resources

##### Levy

Levy income is that receivable from assessments based on the employment details returned by firms, with an estimate for firms from which employment details have not been received, and is recognised in the Statement of Financial Activities (SOFA) in the period in which assessments are raised.

##### Government and other public authorities

Government grants received are recognised in the Statement of Financial Activities so as to match them with the expenditure towards which they are intended to contribute.

##### Recruiting qualified new entrants

Income is accounted for on an accruals basis apart from output-related funding which is included in the period in which the trainee attains the specified achievements.

#### Resources expended

##### Grants

The charge in the Statement of Financial Activities consists of the training grants paid during the year together with an estimate of the liability for unpaid grants for the period and any adjustments to provisions made in earlier years.

##### Recruiting qualified new entrants

The charge in the Statement of Financial Activities includes payments in relation to New Entrant Training made during the year together with an estimate of the liability for unpaid course fees for the period.

##### Leasing

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

##### Allocation of resources expended

Costs are allocated either directly or apportioned by staff time spent as follows:

Cost of generating funds – direct

Charitable and non-charitable activities – direct and by staff time

Governance costs – direct and by staff time, and include the costs of Board and committees, Corporate Assurance, Business Planning, Legal, Finance and Audit fees.

# ANNUAL ACCOUNTS

## Notes to the Financial Statements for the Year Ended 31 December 2009 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Other recognised gains and losses

##### Realised on investments

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

##### Unrealised on investments

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

#### Assets

##### Estimation techniques

###### *Levy debtors*

Amounts receivable for levy assessments are calculated on the basis of historical results and patterns adjusted for any known changes in circumstances. In particular the calculation includes an adjustment to estimated levies that normally result in being reassessed to a level below that originally estimated.

##### Tangible fixed assets

Tangible fixed assets are stated at modified historical cost. Costs of acquisition, comprising only those costs that are directly attributable to bringing the asset into working condition for its intended use, are capitalised. The threshold for capitalisation is £2,500.

Freehold land is not depreciated. Motor vehicles are depreciated on a reducing balance basis at 30% per annum. All other tangible fixed assets are depreciated evenly in order to write off the value of the asset over their estimated useful economic lives. These lie within the following ranges:

Freehold buildings	– 50 years (permanent buildings)
	– 20 years (improvements and temporary buildings)
	– Nil (buildings under construction)
Leasehold land and buildings	– the lease term
Plant and machinery	– 5 to 10 years
Office equipment	– 4 to 10 years
Computer equipment	– 4 years

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

##### Properties held for sale and investments

Properties held for sale and investments are stated at market value at the balance sheet date.

#### Liabilities

##### Estimation techniques

###### *Grant and college fees creditors*

Amounts payable in relation to grant claims and college fee invoices not yet received are calculated on the basis of historical payment patterns adjusted for any known changes in circumstances.

**Notes to the Financial Statements for the Year Ended 31 December 2009** (continued)**1. ACCOUNTING POLICIES** (continued)**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are classified in the following categories: loans and receivables, available-for-sale and other financial liabilities. CITB-ConstructionSkills' financial instruments are not considered to be held-to-maturity investments, nor does CITB-ConstructionSkills hold financial assets or liabilities expressly for trading purposes. Material classes of financial instruments are separately identified under these categories in the notes to the accounts.

**Loans and receivables**

'Loans and receivables' financial instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, for example trade debtors and deposits held in banks. Subsequent to initial recognition, these assets are carried at cost less impairment where material.

**Available-for-sale**

'Available-for-sale' financial instruments are non-derivatives that are either designated in this category or not classified in any of the other categories. CITB-ConstructionSkills' investments are considered to fall within this category. Subsequent to initial recognition these assets are recorded at fair value, with any realised and unrealised gains or losses reflected in the Statement of Financial Activities.

**Other financial liabilities**

'Other financial liabilities' financial instruments are short-term creditors.

**Other****VAT**

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

**Pensions**

The expected costs of pensions are provided on systematic and rational bases over the estimated average service lives of members of the schemes. Variations arising from actuarial surpluses are spread over the average remaining service lives of members to the extent that the resulting credit does not exceed the regular cost.

**Reserves**

Reserves (defined as net current assets) are required to cover exposure to delays in income receipts and acceleration of grants and costs which are outside the control of CITB-ConstructionSkills and to ensure continuity of funding to the construction industry.

A risk-based formula, as agreed with Government, is used to calculate an appropriate year-end target level of reserves. Actual reserves should fall within the range of plus or minus 5% of the agreed target.

## ANNUAL ACCOUNTS

### Notes to the Financial Statements for the Year Ended 31 December 2009 (continued)

#### 2. INCOMING RESOURCES FROM GOVERNMENT AND OTHER PUBLIC AUTHORITIES

	2009 £'000	2008 £'000
European grants receivable	727	443
Government departments and Scottish Executive	<u>15,809</u>	<u>13,453</u>
	<b>16,536</b>	<b>13,896</b>
UK Commission for Employment and Skills (UKCES) (see below)	<u>3,896</u>	<u>5,129</u>
	<b><u>20,432</u></b>	<b><u>19,025</u></b>

No grant-in-aid is receivable by CITB-ConstructionSkills

UKCES income includes funding for the Sector Skills Council core contract of £2,390,000 (2008 £2,063,000) to reimburse expenditure of £2,390,000 (2008 £2,063,000) for specific activities during the year.

#### 3. LEVY

2008 levy assessment receivable in 2009	188,611	182,386
Adjustment to previous years' levy assessments	<u>(2,918)</u>	<u>(598)</u>
	<b><u>185,693</u></b>	<b><u>181,788</u></b>

#### 4. NON-CHARITABLE ACTIVITIES

Non-charitable activities represents the income generated from the use of CITB-ConstructionSkills' social and leisure facilities and its related expenditure.

#### 5. TRAINING GRANTS

Paid or offset during the year	169,574	179,032
<b>Less:</b> Accruals brought forward	<b>(28,386)</b>	<b>(31,338)</b>
<b>Add:</b> Accruals for further payments	<b>28,207</b>	<b>28,386</b>
	<b><u>169,395</u></b>	<b><u>176,080</u></b>
New Entrant Training grants		
Commitment grants	1,339	2,061
Attendance grants	30,589	35,041
Achievement grants	<u>40,112</u>	<u>42,178</u>
	<b>72,040</b>	<b>79,280</b>
Other grants	<u>97,355</u>	<u>96,800</u>
Total grants (all claimed as institutional grants)	<b><u>169,395</u></b>	<b><u>176,080</u></b>

**Notes to the Financial Statements for the Year Ended 31 December 2009** (continued)**6. MATERIAL CASH SUPPORT PAYMENTS IN RESPECT OF TRAINING**

Accounting and Reporting by Charities: Statement of Recommended Practice 2005 requires material grants made to be disclosed. Disclosure must include the name of the recipient and the aggregate amount of grants made to that recipient. The definition of grants includes grants, trainee allowances and college fee payments, and these are reconciled below. Training grants make a contribution towards an employer's training costs.

Aggregate payments/offsets over £250,000 made during the year:

Recipient	£'000	Recipient	£'000
Carillion* – CITC	£6,860,000	Aggregate Industries	477
– other	£2,098,000	Bell	439
Balfour Beatty	3,879	Hewden Stuart	439
Kier	3,378	Ashstead Plant Hire	414
Laing O'Rourke	3,173	P C Harrington Holdings	411
Vinci	2,556	Hewlett Civil Engineering	409
Morgan	2,116	Bouygues	399
BAM	2,040	May Gurney	382
Insight Solutions	1,607	Alfred Bagnall	380
Barratt	1,565	Amey	374
Rok	1,399	Royal Volker Wessels	369
Galliford Try	1,091	Bowmer & Kirkland	358
Keepmoat	1,003	Miller	350
Taylor Wimpey	1,001	Shepherd	312
Morrison	998	Ashleigh	297
Skanska	997	McGinley Support Services	294
Costain	960	Dean & Dyball	292
Interserve	918	SGB	289
Connaught	822	South West Highways	286
Willmott Dixon	803	Black & Veatch	284
Wates	755	Ainscough	274
Seddon	751	Redrow	271
Sir Robert McAlpine	743	F M Conway	267
Byrne	660	J N Bentley	264
Persimmon	584	Clancy	261
R G Carter	576	CCG	260
AWG	540	Cruden Holdings	256
Mitie	538		<u>55,072</u>
H B Civil & Building Services*			
– CITC	£495,000		
– other	£40,000		
Speedy Hire	531		
Cape	487	Other recipients	<u>157,911</u>
		Total payments	<u>212,983</u>

\* These employers operate managing agencies for the Construction Industry Training Centres (CITC) and therefore had access to higher levels of New Entrant Training grants.

The number of employers claiming grant decreased from 23,566 in 2008 to 22,637 in 2009 (-3.9%).

Reconciliation with charges:	Accruals B/F £'000	Payments £'000	Accruals C/F £'000	Charges £'000
Grants (Note 5)	(28,386)	169,574	28,207	169,395
Trainee allowances	(375)	6,209	375	6,209
College fees	(9,021)	37,200	8,536	36,715
	<u>(37,782)</u>	<u>212,983</u>	<u>37,118</u>	<u>212,319</u>

College fees and trainee allowances are included within expenditure attributed to Recruiting qualified new entrants in the Statement of Financial Activities (page 38).



## ANNUAL ACCOUNTS

### Notes to the Financial Statements for the Year Ended 31 December 2009 (continued)

#### 7. CHARITABLE ACTIVITIES

Activity	Activities undertaken directly	Support costs (Note 10)	Total	Grant making	2009 Total including grants	2008 Total including grants
	£'000	£'000	£'000	£'000	£'000	£'000
Grants	169,395	–	169,395	(169,395)	–	–
Recruiting qualified new entrants	67,085	2,916	70,001	72,040	142,041	144,560
Qualifying the existing workforce	62,924	3,011	65,935	63,581	129,516	128,919
Improving business performance	14,774	989	15,763	33,774	49,537	55,726
Levy collection and grant processing costs	–	5,110	5,110	–	5,110	5,217
	<u>314,178</u>	<u>12,026</u>	<u>326,204</u>	<u>–</u>	<u>326,204</u>	<u>334,422</u>

Activities undertaken under the headings Recruiting qualified new entrants, Qualifying the existing workforce and Improving business performance are described in more detail on page 27.

#### 8. GOVERNANCE COSTS

	2009 £'000	2008 £'000
Board and committee costs	193	211
Corporate Assurance	384	353
Business Planning	112	78
Legal	74	72
Finance	53	61
External audit	49	51
Other	55	64
	<u>920</u>	<u>890</u>

#### 9. NOTIONAL COST OF CAPITAL

In accordance with HM Treasury Guidance, the accounts include a notional charge representing the cost of capital, which is based on the average capital employed (equivalent to net assets) at a rate prescribed by HM Treasury of 3.5% (2008 3.5%). The charge has been included after the heading 'total resources expended'. As the charge is notional, it is removed from the Statement of Financial Activities before identifying net incoming/outgoing resources for the year.

**Notes to the Financial Statements for the Year Ended 31 December 2009** (continued)**10. NET MOVEMENT IN FUNDS**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
The net movement in funds for the year of £11,599,000 was arrived at after (crediting)/charging:		
Profit on sale of fixed assets	<b>(21)</b>	(82)
Exceptional item (see Note 11)	<b>1,302</b>	–
Unrealised loss on revaluation of freehold property	<b>306</b>	1,729
Board members' remuneration (see Note 24)	<b>44</b>	44
Rentals paid under operating leases		
• Hire of plant and machinery	<b>79</b>	187
• Other operating leases	<b>695</b>	965
Auditors' remuneration		
• Audit fees	<b>49</b>	51
Depreciation		
• Owned assets	<b>1,941</b>	1,874
Sector Skills Council activities (see Note 2)	<b>2,390</b>	2,063
Indemnity insurance	<b>13</b>	12
Support costs (see below)	<b>12,026</b>	12,538

Indemnity insurance covers breach of professional duty by reason of any neglect, error or omission committed in good faith by any employee or agent.

Support costs are allocated on a staff time basis as follows:

Support cost	Levy collection and grant processing	Recruiting qualified new entrants	Qualifying the existing workforce	Improving business performance	Total
	£'000	£'000	£'000	£'000	£'000
Levy and grant	4,236	–	–	–	4,236
Management	85	387	368	124	964
Finance	107	387	369	127	990
Information technology	354	1,659	1,642	507	4,162
Human resources	71	414	394	133	1,012
Legal	257	69	238	98	662
<b>2009</b>	<b>5,110</b>	<b>2,916</b>	<b>3,011</b>	<b>989</b>	<b>12,026</b>
2008	5,217	3,204	3,114	1,003	12,538

**11. EXCEPTIONAL ITEM**

The exceptional item represents the development costs of building new college facilities at NCC East written off because Government funds are no longer available to complete the project as planned. £789,000 of the costs written off were included in fixed assets at 31 December 2008 (see Note 12 on page 48), less £331,000 of grant funding received in 2008 (see Note 19 on page 53). The net cash outflow in 2009 was £844,000.

## ANNUAL ACCOUNTS

### Notes to the Financial Statements for the Year Ended 31 December 2009 (continued)

#### 12. TANGIBLE FIXED ASSETS

	Freehold property	Plant and machinery	Motor vehicles	Office and computer equipment	Total
(a) Summary	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
01 January 2009	10,066	7,852	3,657	8,635	30,210
Additions	24	140	20	461	645
Disposals	–	(106)	(453)	–	(559)
Transfer to exceptional item (Note 11)	(789)	–	–	–	(789)
Write-off	–	–	–	(1,378)	(1,378)
Revaluation (see below)	(26)	–	–	–	(26)
<b>31 December 2009</b>	<b>9,275</b>	<b>7,886</b>	<b>3,224</b>	<b>7,718</b>	<b>28,103</b>
Valuation 2009	8,715	–	–	–	8,715
Cost	560	7,886	3,224	7,718	19,388
	9,275	7,886	3,224	7,718	28,103
<b>Depreciation</b>					
01 January 2009	23	5,099	1,983	6,860	13,965
Charges for the year	28	698	489	726	1,941
Disposals	–	(104)	(346)	–	(450)
Write-off	–	–	–	(1,327)	(1,327)
<b>31 December 2009</b>	<b>51</b>	<b>5,693</b>	<b>2,126</b>	<b>6,259</b>	<b>14,129</b>
<b>Net book value</b>					
<b>31 December 2009</b>	<b>9,224</b>	<b>2,193</b>	<b>1,098</b>	<b>1,459</b>	<b>13,974</b>
31 December 2008	10,043	2,753	1,674	1,775	16,245

At 31 December 2009, CITB-ConstructionSkills received professional valuations of its freehold property. FDP Savills undertook the valuation of the property at Bircham Newton, valuing the training centre and head office on an existing use basis and the agricultural land at market value. Lambert Smith Hampton carried out the valuations of freehold property held at Glasgow, Birmingham and Erith on an existing use basis. These valuations were made in accordance with the Practice Statements in the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, which resulted in a reduction in value of £26,000.

	2009 £'000	2008 £'000
<b>(b) Historical cost information</b>		
If the valuations had not been included then freehold property would have been included at the following amounts:		
Cost	13,226	13,991
Accumulated depreciation	(3,546)	(3,415)
	<u>9,680</u>	<u>10,576</u>

#### (c) Freehold property

Included in freehold property is an amount of £3,790,000 (2008 £3,782,500) relating to freehold land.

**Notes to the Financial Statements for the Year Ended 31 December 2009** (continued)**12. TANGIBLE FIXED ASSETS** (continued)**(d) Modified historic cost accounting**

Apart from freehold property, fixed assets are included at cost less accumulative depreciation. No adjustment has been made in respect of modified historical cost accounting as the amount is not considered to be material.

**(e) Capital commitments**

There were capital commitments of £5,917 at 31 December 2009 (2008 £482,978) for computer equipment.

**(f) Plant equipment on loan**

The National Construction College has the use of equipment on loan, free of charge, from plant equipment suppliers equivalent to a purchase value of approximately £1m (2008 £2.2m).

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Levy debtors	<b>24,060</b>	25,982
Trade/other debtors (see below)	<b>6,339</b>	11,988
Prepayments and accrued interest	<b>1,694</b>	1,756
	<b>32,093</b>	39,726
Trade/other debtors includes:		
Intra-Government balances:		
Central Government bodies	<b>1,350</b>	5,340
Public corporations	<b>284</b>	4
Local authorities	<b>39</b>	12
	<b>1,673</b>	5,356
Other trade debtors	<b>4,666</b>	6,632
	<b>6,339</b>	11,988

**14. PROPERTIES HELD FOR SALE**

Properties held for sale represents two Scottish properties which are surplus to requirements and are held at the market value at 31 December 2009.

**15. INVESTMENTS**

<b>Analysis of movement of investments</b>	<b>2009</b>	2008
	<b>£'000</b>	£'000
Carrying value (market value) at beginning of year	<b>38,717</b>	65,465
Additions to investments at cost	<b>351,216</b>	522,823
Disposals at carrying value	<b>(351,153)</b>	(549,852)
Net (loss)/gain on revaluation	<b>(56)</b>	281
Carrying value (market value) at end of year	<b>38,724</b>	38,717
Listed securities managed by fund managers	<b>12,092</b>	11,546
Deposits with banks and building societies	<b>26,632</b>	27,171
	<b>38,724</b>	38,717

## ANNUAL ACCOUNTS

### Notes to the Financial Statements for the Year Ended 31 December 2009 (continued)

#### 15. INVESTMENTS (continued)

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

<b>Investments</b>	<b>2009</b>	2008
	<b>£'000</b>	£'000
5% Euro Inv Bank 2012	<b>5,333</b>	–
5.5% Euro Inv Bank 2011	<b>2,145</b>	2,156
4.25% Euro Inv Bank 2010	<b>2,063</b>	2,090
4% Treasury Stock 2009	–	3,773
<b>Term deposits</b>		
Nationwide	<b>5,000</b>	5,000
Bank of Scotland	–	5,000
Bank of Ireland	–	2,000
<b>Money market funds</b>		
Barclays Business Premium	<b>9,059</b>	–
Abbey Business Reserve	<b>7,762</b>	–
RBS Global Treasury Funds	–	6,237
Barclays Global Investors Liquidity Funds	–	5,933

#### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Trade creditors (see below)	<b>24,321</b>	23,946
Other creditors	–	1,360
Taxation and social security	<b>1,210</b>	1,282
Accruals:		
New Entrant Training grants and allowances payable to 31 December	<b>4,314</b>	5,210
Other grants payable to 31 December	<b>24,268</b>	23,551
	<b>54,113</b>	55,349
Trade creditors includes:		
Intra-Government balances:		
Central Government bodies	<b>5,520</b>	3,355
Public corporations	<b>259</b>	280
Local authorities	<b>2</b>	84
	<b>5,781</b>	3,719
Other trade creditors	<b>18,540</b>	20,227
	<b>24,321</b>	23,946

**Notes to the Financial Statements for the Year Ended 31 December 2009** (continued)**17. FINANCIAL INSTRUMENTS**

FRS 29 requires the disclosure of information to enable users to evaluate the significance of financial instruments for CITB-ConstructionSkills' financial position, the nature and extent of risks arising from financial instruments to which it was exposed during the period and at the reporting date and how these are managed.

**Financial assets and liabilities by category**

Set out below are the accounting classifications of each class of financial assets and liabilities as at 31 December 2009, together with any associated gains and losses.

	Loans and receivables	Available for sale	Other financial liabilities	Total
	£'000	£'000	£'000	£'000
Debtors excluding prepayments	30,399	–	–	30,399
Investments	–	38,724	–	38,724
Cash at bank	1,554	–	–	1,554
Creditors	–	–	(54,113)	(54,113)
<b>2009</b>	<b>31,953</b>	<b>38,724</b>	<b>(54,113)</b>	<b>16,564</b>
2008	41,551	38,717	(55,349)	24,919

**Investment losses**

	£'000
Gains on disposal of investments	10
Net movement in fair value of available-for-sale investments	(56)
<b>2009</b>	<b>(46)</b>
2008	290

**Financial risk management**

Qualitative information on CITB-ConstructionSkills' approach to financial risk management is disclosed in the 'Investments' and 'Reserves' sections of the Annual Report above, and in the Statement of Internal Control. Quantitative disclosures are included here. All investments are reported at market value at 31 December 2009.

**Credit risk**

CITB-ConstructionSkills is exposed to credit risk of £4,666,000 in other trade debtors (see Note 13 on page 49). However, this is not considered to be significant as major customers are familiar and loss experience has been small. 94% of non-levy debts have been recovered over the past year and it is expected that the current outstanding figure will be settled within normal payment terms. Any amounts that are past due or impaired are not material and are adequately provided for. No collateral is held in respect of any debtors. Levy debtors arise as a consequence of raising statutory assessments on in-scope employers and are not perceived to be a credit risk.

As at 31 December 2009, term deposits and cash holdings are all placed with approved UK banks and are spread across several institutions. CITB-ConstructionSkills has not suffered any loss during 2009 (2008 nil) in relation to cash held by bankers.

**Liquidity risk**

58.5% of CITB-ConstructionSkills' income in 2009 was derived from the statutory levy (2008 56.2%), and the right to raise this levy has been confirmed for three years.

The reserves policy is set out under accounting policies (Note 1 on pages 41 to 43). CITB-ConstructionSkills believes that the level of unrestricted reserves at the end of 2009, combined with secure matching of expenditure to funding income for the year ahead and the continuation of levy receipts, is such that CITB-ConstructionSkills is not exposed to unacceptably high liquidity risks.

## ANNUAL ACCOUNTS

### Notes to the Financial Statements for the Year Ended 31 December 2009 (continued)

#### 17. FINANCIAL INSTRUMENTS (continued)

##### Market risks

##### Interest rate

CITB-ConstructionSkills' financial assets, excluding short-term debtors and creditors, are made up of investments and cash. Information about material investments is disclosed at Note 15 on pages 49 and 50.

Cash is held in a variety of non-interest bearing bank accounts.

Interest income for the year made up 0.3% (2008 1.1%) of CITB-ConstructionSkills incoming resources and no loans are held, so exposure to interest rate risk is minimal. The effect of a 1% movement in interest rates in 2009 would have been £0.5m.

##### Foreign currency

All of CITB-ConstructionSkills' financial assets are denominated in pounds sterling. Therefore it is not exposed to any foreign currency risk.

##### Other price

Exposure to wider price risks is reduced by appropriate procurement controls coupled with competitive tendering and the securing of longer-term fixed price contracts where possible. Whilst some contracts have an element of variability based on the Retail Price Index, any risks arising from these are not deemed to be material.

#### 18. PROVISIONS FOR LIABILITIES AND CHARGES

	Vacated office costs	Leasehold property dilapidations	Total
	£'000	£'000	£'000
Balance as at 01 January 2009	103	340	443
Utilised	(38)	–	(38)
<b>Balance as at 31 December 2009</b>	<b>65</b>	<b>340</b>	<b>405</b>

The above provisions are calculated as follows:

- vacated office – known rental and associated costs for the remaining property lease over the next two years, on the assumption that the lease is unassigned during this period
- leasehold property dilapidations – a provision for estimated settlements with landlords on the expiry of the leases over the next seven years based on past experience; £90,000 of this provision is in respect of 2010 and the remainder relates to future years.

**Notes to the Financial Statements for the Year Ended 31 December 2009** (continued)**19. ACCUMULATED FUND**

	Unrestricted fund			Restricted fund	Total funds
	General reserve	Fixed asset revaluation reserve	Total unrestricted fund	NCC East development fund	
	£'000	£'000	£'000	£'000	£'000
Balance at 01 January 2009	42,879	1,297	44,176	331	44,507
Transfer	488	(488)	–	–	–
Net movement in funds	(11,573)	(26)	(11,599)	(331)	(11,930)
<b>Balance at 31 December 2009</b>	<b>31,794</b>	<b>783</b>	<b>32,577</b>	<b>–</b>	<b>32,577</b>

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

The general fund includes £2,103,000 arising from the sale of property, in 2003, held by the National Construction College. It is intended to use this surplus for future development of the training and recreational facilities of the National Construction College.

**20. GROSS CASH FLOWS**

	2009 £'000	2008 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received on investments	<b>1,003</b>	4,342
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	<b>(1,095)</b>	(5,936)
Receipts from sales of tangible fixed assets	<b>130</b>	183
Capital grant receipts	<b>–</b>	214
	<b>(965)</b>	(5,539)
<b>Management of liquid resources</b>		
Placed on deposit and purchase of externally managed investments	<b>(351,216)</b>	(522,823)
Deposit withdrawals and sale of externally managed investments	<b>351,153</b>	549,852
	<b>(63)</b>	27,029

**21. ANALYSIS OF CHANGES IN NET FUNDS**

	At 01/01/09	Cash flows	Other non-cash movements	At 31/12/09
	£'000	£'000	£'000	£'000
Current asset investments on call	13,171	7,461	–	<b>20,632</b>
Other current asset investments	25,546	(7,398)	(56)	<b>18,092</b>
	38,717	63	(56)	<b>38,724</b>
Cash at bank	3,581	(2,027)	–	<b>1,554</b>
	<b>42,298</b>	<b>(1,964)</b>	<b>(56)</b>	<b>40,278</b>



## ANNUAL ACCOUNTS

### Notes to the Financial Statements for the Year Ended 31 December 2009 (continued)

#### 22. ITB PENSION FUND

CITB-ConstructionSkills is a participating employer in the ITB Pension Funds Scheme, which is a defined benefit scheme. The most recent triennial valuation of the scheme was performed as at 31 March 2007, which indicated that the actuarial value of the assets held by the Scheme showed a small surplus of between £2.0m and £3.0m over the Scheme liabilities, based on FRS 17 methodologies. However, the latest asset values of the Scheme are not known. The next valuation will be carried out as at 31 March 2010.

The principal future assumptions used are that the real rate of return (net of pension increases) would be 2.5% per annum; the nominal rate of investment return on assets would be 5.99% per annum; pension increases (Old Section) would be in line with the Retail Prices Index (RPI) changes and assumed to be 3.4% per annum; and 'real' salary inflation would be 1.5% per annum.

It is not possible to identify separately the proportion of assets and funding level attributable to CITB-ConstructionSkills, therefore in accordance with the provisions of FRS 17 relating to multi-employer schemes, the Scheme has been accounted for as a defined contribution scheme.

Staff joining the ITB Pension Funds Scheme after 01 April 2008 were entered into a 'New Section' of the ITB Pension Funds Scheme, receiving a reduced level of benefits compared to the 'Old Section' provisions. With effect from 01 April 2009, current staff who are members of the 'Old Section' have the opportunity to transfer to the 'New Section' if they wish to do so; this requires a lower level of contributions from both the employee and employer. Employee contribution rates for Old Section members increased in April 2009 from 5% to 6.8% and will increase to 7.8% in April 2010. The employer contribution rate for 2009 was increased from 10% to 12% (Old Section), rising to 16% in April 2010 and the contribution rate for the New Section was maintained at 10.1% in 2009, increasing to 11.1% from April 2010.

Payments made in 2009 are shown in Note 25 on page 55.

#### 23. LEASE COMMITMENTS

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

	2009		2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
<b>Operating leases</b>				
Leases expiring within one year	79	54	75	37
Leases expiring in the second to fifth years	120	410	187	387
Leases expiring after five years	261	–	210	–
	<u>460</u>	<u>464</u>	<u>472</u>	<u>424</u>

**Notes to the Financial Statements for the Year Ended 31 December 2009** (continued)**24. BOARD MEMBERS' REMUNERATION**

Remuneration of the Board members was as follows:

	2009	2008
	£	£
Chairman – Sir Michael Latham	22,438	22,438
Deputy Chairman – Peter Rogerson (Retired 30 September 2009)	16,126	21,396
Deputy Chairman – Judy Lowe (Joined 01 October 2009)	5,375	–

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

No other Board members received any emoluments from CITB-ConstructionSkills during the year.

No Board member had pension entitlements under any pension schemes funded by CITB-ConstructionSkills.

Expenses paid to Board members during the year amounted to £33,432 (£23,721 in 2008) in respect of accommodation, travel and subsistence. The total number of recipients was 11 (13 in 2008).

**25. PARTICULARS OF STAFF**

During the year, the average number of staff employed by CITB-ConstructionSkills (expressed in full-time equivalents) was as follows:

	2009 number	2008 number
Training	998	1,077
Other activities	417	481
	<u>1,415</u>	<u>1,558</u>

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

	2009 £'000	2008 £'000
Salaries of directly employed staff	43,826	44,382
Redundancy costs	853	–
Social security	3,419	3,386
Other pension costs (see Note 22)	4,124	3,408
	<u>52,222</u>	<u>51,176</u>

The remuneration, pension entitlements and pension transfer values of the most senior members of CITB-ConstructionSkills' staff can be found in the Remuneration Report on pages 32 and 33.

The emoluments, including benefits in kind but excluding pension contributions and redundancy payments, of employees earning more than £60,000, other than those stated in the Remuneration Report (pages 32 and 33), fell within the ranges shown below:

	Number of employees	
	2009	2008
£60,001 – £70,000	23	15
£70,001 – £80,000	12	11
£80,001 – £90,000	6	4
£90,001 – £100,000	2	2

## ANNUAL ACCOUNTS

### **Notes to the Financial Statements for the Year Ended 31 December 2009** (continued)

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#### **26. TAXATION**

As a registered charity, CITB-ConstructionSkills is exempt from corporation tax on its charitable activities under section 505 of the Income and Corporation Taxes Act 1988. However, incoming resources includes income which is deemed to be of a non-charitable nature, resulting in a taxable profit of £19,000. This has given rise to a potential corporation tax liability of £4,000, provision for which is included under taxation in creditors (Note 16 on page 50).

#### **27. RELATED PARTY TRANSACTIONS**

Appendix A (on pages 61 and 62) lists the members of the Board and its Committees, also giving the names of their employers. Appendix B (pages 63 and 64) shows the Register of Interests of Board Members. On this basis, in the normal course of business, most Board members are likely to have commercial interests as levy payers and grant claimers which, as they are transacted at arms length, are not considered to be material for either party.

#### **28. LOSSES AND SPECIAL PAYMENTS**

There were no reportable losses or special payments made during the year over £250,000. Bad debts written off during the year amounted to £4,195,820 (2008 £2,432,591).

#### **29. CONTINGENT LIABILITIES**

As part of a programme of change, in December 2009 announcements were made to staff relating to the reorganisation of a number of departments across CITB-ConstructionSkills. This reorganisation may lead to a number of redundancies during 2010, the detail and costs of which were not known at the balance sheet date; therefore, no provision has been made in these accounts.

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

There have been no events after the balance sheet date requiring an adjustment to the Financial Statements. The Financial Statements were authorised for issue on 09 March 2010 by Mark Farrar (Accounting Officer).

# Statistical Information for the Year Ended 31 December 2009

## Levy and grant

Table 1: Distribution of number of employers by 2008 levy assessment band and main activity

Main activity	Levy value						Total
	Not assessed	£ Zero	£s 1-99	£s 100-499	£s 500-999	£s 1,000+	
Alteration to a building/part of a building	202	289	0	6	27	135	659
Architectural steelwork installation	29	13	0	2	10	27	81
Asbestos removal	10	17	0	4	10	43	84
Asphalt and tar spraying	18	154	1	15	60	164	412
Bricklaying/pointing	159	797	5	11	12	69	1,053
Building and civil engineering	930	1,919	2	39	204	1,615	4,709
Building repair and maintenance	566	2,518	0	72	379	1,265	4,800
Cavity wall insulation or draught proofing	35	18	0	0	6	27	86
Civil engineering	271	634	3	38	129	840	1,915
Construction labour agencies	110	151	2	4	3	22	292
Curtain walling/structural glazing	14	11	0	1	4	26	56
Damp proofing	17	40	0	1	12	22	92
Demolition	97	150	1	7	54	195	504
Developers	404	626	0	9	28	330	1,397
Diamond drilling	15	58	1	4	13	31	122
Dry lining or partition specialist	133	324	1	12	13	370	853
Felt roofing	11	136	0	6	26	79	258
Fire protection	9	14	0	0	4	38	65
Fitted kitchen/bedroom/bathroom installation	113	502	1	15	71	206	908
Flat glass glazing/emergency boarding up	14	117	0	8	40	50	229
Floorcovering	9	105	0	5	25	82	226
Flooring	71	286	2	15	45	229	648
General building	5,390	14,981	22	293	1,434	6,464	28,584
Hard landscaping	51	134	0	2	11	29	227
House building	229	1,181	1	13	139	1,171	2,734
Interior fit-out	148	121	0	1	19	240	529
Joinery and carpentry (mainly site work)	1,143	4,329	13	77	218	570	6,350
Joinery manufacture	204	950	1	89	310	514	2,068
Mastic asphalt	4	29	0	4	10	24	71
Mastic sealant application	9	25	0	6	8	27	75
Painting and decorating	1,000	2,770	3	100	238	1,020	5,131
Paving	35	135	2	3	7	18	200
Plant hire/repair and/or tool hire	340	932	1	79	244	725	2,321
Plastering and/or artexing	659	1,212	5	21	60	436	2,393
Preparing/fixing stone for building including stonemasonry	42	175	1	6	31	109	364
Reinforced concrete specialist	18	71	0	4	4	48	145
Roof sheeting and cladding	75	175	1	7	17	277	552
Roofing including slating and tiling	775	1,493	3	56	200	719	3,246
Scaffolding	179	505	0	44	195	747	1,670
Shopfitting	140	208	1	3	53	423	828
Site preparation or groundworks	226	687	2	34	88	427	1,464
Steeplejack/lightning conductor engineering	3	24	0	6	17	38	88
Suspended ceiling installation	50	236	1	6	18	271	582
Swimming pool construction	4	22	0	0	15	22	63
Utilities	21	18	0	1	0	31	71
Wall and floor tiling	153	326	1	13	30	165	688
Other	74	120	1	6	40	137	378
<b>Total</b>	<b>14,209</b>	<b>39,738</b>	<b>78</b>	<b>1,148</b>	<b>4,581</b>	<b>20,517</b>	<b>80,271</b>

Note: Not assessed – Employers in their first year of registration and untraceable employers  
 Zero – Employers whose payroll payments fall below the £76,000 threshold

## STATISTICAL INFORMATION

### Statistical Information for the Year Ended 31 December 2009 (continued)

Table 2: Levy income by employer size			
Employer size	Number of employers	Number of employees	Levy £'000
Large	334	286,789	60,652
Medium	1,932	185,435	48,511
Small	11,137	223,337	49,374
Micro	52,659	136,466	30,074
Other	14,209	Not known	0
<b>Total</b>	<b>80,271</b>	<b>832,027</b>	<b>188,611</b>

Table 3: Number of employers assessable to levy		
Levy banding	Number of employers	Number of employees
Assessable to positive levy	26,324	690,429
Assessable to zero levy	39,738	141,598
Not assessed	14,209	Not known
<b>Total</b>	<b>80,271</b>	<b>832,027</b>

Table 4: Grant and support by size of employer			
Employer size	Number of employers claiming grant and other support	Value of grant and other support payments £'000	Percentage of total grant and other support
Large	314	61,045	29%
Medium	1,756	52,087	24%
Small	7,064	48,268	23%
Micro	11,889	44,762	21%
Other	1,614	6,821	3%
<b>Total</b>	<b>22,637</b>	<b>212,983</b>	<b>100%</b>

Key to size of employer:

Large: 250+ employees

Medium: 50–249 employees

Small: 10–49 employees

Micro: 0–9 employees

Other: Includes new registrations

**Statistical Information for the Year Ended 31 December 2009** (continued)

Table 5: Number of employers with new entrant trainees					
Number of trainees	Employer size				Total
	Large	Medium	Small	Micro	
1	34	231	1,718	8,479	10,462
2 to 5	55	415	1,840	2,326	4,636
6 to 10	33	196	289	0	518
11 to 15	26	58	40	0	124
16 to 20	11	48	0	0	59
21 to 50	46	37	0	0	83
51 to 100	13	2	0	0	15
101 and over	24	0	0	0	24
<b>Total</b>	<b>242</b>	<b>987</b>	<b>3,887</b>	<b>10,805</b>	<b>15,921</b>

Table 6: Employers claiming grant by levy band				
Levy banding	Employers claiming grant		Employers not claiming grant	
Assessable to a positive levy	12,730	16%	13,594	17%
Assessable to zero levy	8,293	10%	31,445	39%
Other	1,614	2%	12,595	16%
<b>Total</b>	<b>22,637</b>	<b>28%</b>	<b>57,634</b>	<b>72%</b>

Key to size of employer:

Large: 250+ employees

Medium: 50–249 employees

Small: 10–49 employees

Micro: 0–9 employees

Other: Includes new registrations

## STATISTICAL INFORMATION

### Statistical Information for the Year Ended 31 December 2009 (continued)

Main activity	Employer size				Total
	Large	Medium	Small	Micro	
Alteration to a building/part of a building	0	15	29	194	238
Architectural steelwork	0	0	2	2	4
Asphalt and tar spraying	51	11	3	6	71
Bricklaying/pointing	0	20	86	459	565
Building and civil engineering	695	5,004	447	760	6,906
Building repair and maintenance	373	275	631	642	1,921
Civil engineering	350	110	92	80	632
Construction labour agencies	726	4	7	25	762
Damp proofing	0	0	9	8	17
Demolition	6	23	24	8	61
Developers	0	13	16	83	112
Diamond drilling	0	5	9	2	16
Dry lining or partition specialist	2	53	95	31	181
Erecting/dismantling exhibition stands	0	0	3	5	8
Felt roofing	0	2	33	24	59
Fire protection	0	5	2	0	7
Fitted kitchen/bedroom/bathroom installation	0	3	51	160	214
Flat glass glazing	0	8	21	19	48
Floor covering	0	6	32	40	78
Flooring	30	2	82	69	183
General building	978	1,592	3,113	5,393	11,076
Hard landscaping	0	1	3	19	23
House building	509	567	313	442	1,831
Interior fit-out	3	25	53	24	105
Joinery and carpentry (mainly site work)	28	243	720	3,046	4,037
Joinery manufacture	0	154	653	726	1,533
Mastic asphalt	0	2	7	4	13
Painting and decorating	146	416	840	1,382	2,784
Paving	0	0	0	5	5
Plant hire/repair and/or tool hire	305	121	111	223	760
Plastering and/or artexing	0	27	197	542	766
Preparing/fixing stone for building including stonemasonry	0	14	97	99	210
Reinforced concrete specialist	3	3	8	4	18
Roof sheeting and cladding	0	15	27	33	75
Roofing including slating and tiling	0	83	315	331	729
Scaffolding	46	210	367	234	857
Shop fitting	68	171	197	79	515
Site preparation and groundworks	5	43	28	41	117
Steeplejack/lightning conductor engineering	0	45	41	6	92
Suspended ceiling installation	0	26	82	35	143
Term maintenance – buildings	8	0	10	3	21
Wall and floor tiling	0	35	69	126	230
Other activities	19	9	15	43	86
Other (out of scope)	21	21	16	706	764
<b>Total</b>	<b>4,372</b>	<b>9,382</b>	<b>8,956</b>	<b>16,163</b>	<b>38,873</b>

Key to size of employer:

Large: 250+ employees  
Medium: 50–249 employees

Small: 10–49 employees  
Micro: 0–9 employees

# A: Membership of the Board and its Committees

	TB	FC	TC	VG	AC	HSEC
Harry ADAM, Ian Williams Ltd	■				■	
Peter ANDREWS, Civil Engineering Contractors Association			⊗	●		
Allan ASHWORTH, University of Salford				▲		
Robert BALDWIN, Unite – the Union				□		
Bruce BARCLAY, Department for Business, Innovation and Skills					◆	
Ian BILLYARD, Leeds College of Building	▲		▲			
Bob BLACKMAN, Unite the Union	□					●
Greg BROWN, Construction Industry Council						◆
Duncan CANNEY, Willmott Dixon Holdings Ltd					■	
John CARPENTER, The Joint Board of Moderators						◆
Phil CHATFIELD, The Environment Agency						◆
Professor Barry CLARKE, Leeds University	▲					
David COCHRANE, Sir Robert McAlpine Ltd	■	■				
Peter CUNNINGHAM, Constructing Excellence	✦					
Colin DOBSON, British Association of Construction Heads						◆
Keith DONNELLY, Carillion Training Services			▲			
Andrew DUNCAN, Department for Business, Innovation and Skills	◆					
Richard EASTON, A F Hadley Ltd, T/A Hadley Shopfitters			■			
Neil ETCHELLS, Syntonic Construction Ltd						■
Derek FIELD, McCarthy & Stone Retirement Lifestyles Ltd	■	■				
Peter FISHER, Costain Ltd						■
Trevor GAMBLE, Ramble Containers Ltd	■		⊗			
Michael HAGUE, Unite the Union			□			
John HALLAM, Simons Construction Ltd						■
Christine HARDY, Finning Group UK			■			
Bob HARPER, Ashstead Plant Hire Company Ltd						■
Geoff HOLT, Associated Roofing and Maintenance Ltd	■		■			
Frank HORAN, College of North West London				★		
Robert HUDSON, National Association of Shopfitters						▼
Chris HUGHES, Welsh Built Environment Forum	◆			★		
Chris JONES, BAM Construct UK Ltd	■		⊗			
David JONES, Classic Excel Ltd			■			
Billy KIRKWOOD, RDK Construction Ltd	■					
Alan KNIGHT, Union of Construction, Allied Trades and Technicians					□	

- Chairman
- Deputy Chairman
- Employer Member
- Employee Member
- ▲ Education Member

- ▼ Federation Member
- ★ Member
- ✦ Client Member
- ◆ Observer
- ⊗ Ex-officio

- TB** The Board
- FC** Finance Committee
- TC** Training Committee
- VG** Standards and Qualifications Validation Group
- AC** Audit Committee
- HSEC** Health, Safety and Environment Committee



## APPENDICES

	TB	FC	TC	VG	AC	HSEC
Sir Michael LATHAM, DL, Willmott Dixon Ltd	●	●				
Richard LATHAM, Persimmon plc			■			
Michael LEVACK, Scottish Building				▼		
Geoff LISTER, Greenwood Estate and Property Maintenance Ltd	■		⊗			
Robert LOCKEY, National House-Building Council				★		
Mike LONG, National Specialist Contractors Council						◆
Judy LOWE, Strategic Consulting Ltd	○	■	●			
Simon MANTLE, National House-Building Council						◆
Terry McCOMISKEY, Council for the Curriculum, Examinations and Assessments				◆		
Katrine McLEOD, Scottish Qualifications Authority				◆		
Giles MEREDITH, Health and Safety Executive						◆
Peter O'CONNELL, Federation of Master Builders						◆
Tim PEACH, MPG Group Ltd	■	■				
Andrew PEARS, National Federation of Builders						▼
Martyn PRICE, Carpentry Management Contracting (CMC) Ltd	■		■			
Howard PROSSER, CIOB						◆
Jim PURDIE, Hochtief PPP Solutions						■
Harold RACKHAM, G N Rackham & Sons Ltd	■	■				
Alan RITCHIE, Union of Construction, Allied Trades and Technicians	□	□				
Derek ROSS, BAM Nuttall Ltd						■
Lance SAUNDERS, CIOB				★		
John SCOTT, Morgan Sindall Fit-out (a Division of Morgan Sindall plc)						■
Paul SEALY, Kier Group plc			■			
Amit SHAH, Balfour Beatty plc					■	
Geoff SNOW, OBE, Snows Construction 1976 Ltd			■			
Haydn STEELE, Construction Plant-hire Association						⊗
Billy SWEENEY, ROK Group			■			
John THOMPSON, Union of Construction Allied Trades and Technicians			□			□
James WATES, Wates Group Ltd	■	⊗			●	
Bob WHINCAP, Rotor Scaffolding Services Ltd			■			
Briony WICKENDEN, Skanska UK			■			
Edward WOODS, Taylor Wimpey UK						■
Graham WREN, Balfour Beatty Ground Engineering	■	■				
Clive YOUNG, Department for Business, Innovation and Skills	◆		◆			

(This table shows the position as at 31 December 2009)

- Chairman
- Deputy Chairman
- Employer Member
- Employee Member
- ▲ Education Member

- ▼ Federation Member
- ★ Member
- ✦ Client Member
- ◆ Observer
- ⊗ Ex-officio

- TB The Board
- FC Finance Committee
- TC Training Committee
- VG Standards and Qualifications Validation Group
- AC Audit Committee
- HSEC Health, Safety and Environment Committee

## B: Register of Interests of Board Members

### Related party transactions

Employer Board members must be concerned in the management of the activities of an employer engaging in the construction industry in order for their appointment by the Secretary of State to be valid. All will therefore have business interests as levy payers or potential recipients of grant that may conflict with their responsibilities as Board members.

The following have in addition declared other personal or business interests.

#### Ian Billyard

*Principal, Leeds College of Building*

Ian is National Chair of the British Association of Construction Heads.

#### Bob Blackman

*National Secretary, Construction, Crafts and Building Materials Trade Group, Unite the Union*

Bob is a Director of Construction Skills Certification Scheme Ltd.

#### Barry Clarke

*Professor of Civil Engineering Geotechnics, University of Leeds*

Barry is Vice-President of the Institution of Civil Engineers. He is a member of the Joint Board of Moderators for the Institution of Civil Engineers, the Institution of Structural Engineers and the Institution of Highway Engineers. He is a member of the Board of Thomas Telford, a member of the Construction Industry Council Board and a member of the Executive Group of the Engineering Professors Council.

#### Trevor Gamble

*General Manager, Ramble Containers Ltd*

Trevor is a seconded member of the Rail Plant Association Management Committee, and a member of the General Council of the Construction Plant-hire Association (CPA). He is Chairman of the Construction Plant Certification Scheme (CPCS) Management Committee.

#### Geoff Holt

*Managing Director of Associated Roofing and Maintenance Ltd (South West) and ARM Roofing Maintenance Ltd, Newport, South Wales*

Geoff is a member of the NSCC Training Committee, Chair of the Roofing Industry Alliance (RIA) National Training Council, and of the National Federation of Roofing Contractors (NFRC) Technical Advisory and National Flat and Waterproof Membranes Groups. He represents the South West Region on the NFRC Board and is a member of the Code of Practice Committee. He is the UK representative for Flat and Waterproof Membranes to the International Federation, represents the NFRC at the Flat Roofing Alliance (FRA)/Single Ply Roofing Association (SPRA) Technical Meeting and is a Board member of the Institute of Roofing.

#### Chris Jones

*Director of Learning and Development, BAM Construct UK Ltd*

Chris is a member of the Construction Skills Certification Scheme Ltd (CSCS) Technical, Supervisory and Management Working Group and a member of the UK Contractors Group Training Subgroup.

#### Sir Michael Latham

*Deputy Chairman – Willmott Dixon Ltd (until 31 December 2009)*

Sir Michael is Chairman of the Collaborative Working Centre (UK) Ltd, of the Joint Major Contractors Group of the Electrical Contractors Association and the Heating and Ventilating Contractors Association, Chairman of the Joint Industry Board for the Electrical Contracting Industry and Chairman of the Major Projects Agreement Forum. He is a consultant for E C Harris LLP, a member of the Editorial Advisory Panel of *Building* magazine, Chairman of the RIA and a Patron of the NFRC (from January 2010). He is Visiting Professor in the Department of Civil Engineering at the University of Leeds. He chaired the joint Government/industry review of the Construction Act in 2004, is Chairman of the Association for Consultancy and Engineering's Advisory Group, and a regular speaker on construction issues. Until 31 December 2009, he was Deputy Chairman of Inspace Ltd.

## APPENDICES

### **Geoff H Lister**

*Director – Greenwood Estate and Property Maintenance Ltd*

Geoff was National President and Director of the Federation of Master Builders until September 2008 and is a Member of the Leeds College of Building Search Committee. He chairs the Cross-industry Construction Apprenticeship Task Force, a joint FMB and CITB-ConstructionSkills working group and has been nominated as a director of the B&CE Benefit Schemes, representing the FMB.

### **Judy Lowe**

*Managing Director, Strategic Consulting Ltd*

As MD of the above business. Judy from time to time holds consultancy assignments in the construction industry. Should these present potential conflicts in future, they will be separately identified and registered, but there were no such conflicts at the time of this declaration. In addition, Judy is Chairman of Catalyst Higher Education Sheffield, a construction Public-Private Partnership.

### **Martyn Price**

*Managing Director of Carpentry Management Contracting (CMC) Ltd*

Martyn is a Director of VUK Ltd and Innovation on Site Ltd, both of which are registered employers and grant claimers. He is Chief Executive of Consign (Construction Skills Solutions) Ltd which is in receipt of grant and other funded support from CITB-ConstructionSkills. He chairs both Skills4Site Ltd and the Innovation Construction Skills Forum which are in receipt of funds from CITB-ConstructionSkills. He also chairs the SkillBuild and Skills Competitions Strategic Board and represents the construction sector on the Apprenticeship Ambassador Network.

### **Harold Rackham**

*Company Chairman of G N Rackham & Sons Ltd*

Harold is company Chairman of G N Rackham & Sons Ltd, a family building company which pays levy and receives grants from CITB-ConstructionSkills. He is a Director of the Federation of Master Builders, serving at regional and national level as Chairman of the Home Builders Committee and member of the Management, External Affairs and Training Committees. Harold represents the Federation of Master Builders on the National House-Building Council and on its Standards Committee. He has also been a long-serving member of the National Construction College Advisory Committee and East Area Advisory Committee.

### **James Wates**

*Deputy Chairman of the Wates Group Ltd*

James is Chairman of the UK Contractors Group, Vice President of the Chartered Institute of Building, Board member and Treasurer of the British Council for Offices, a member of the CBI Construction Council, and a member of the London Skills and Employment Board.

## **C: Employer Organisations**

During 2009, CITB-ConstructionSkills maintained close contact with the following major employer organisations:

The British Woodworking Federation  
The Civil Engineering Contractors Association  
The Construction Plant-hire Association  
The Federation of Master Builders  
The Hire Association Europe  
The Home Builders Federation  
The National Association of Shopfitters  
The National Federation of Builders  
The National Federation of Demolition Contractors  
The National Specialist Contractors Council  
The Scottish Building Federation  
The Scottish Decorators Federation  
The Scottish Plant Owners' Association  
The UK Contractors Group

CITB-ConstructionSkills also maintains regular contact with the following trades unions over skills and training issues:

Unite the Union (formerly TGWU)  
Union of Construction, Allied Trades and Technicians (UCATT)

# D: CITB-ConstructionSkills Statutory Basis

As an Industrial Training Board established to promote and improve the standard of training within an industry, the Construction Industry Training Board (CITB) – now more commonly known as CITB-ConstructionSkills – is held to be established for exclusively charitable purposes and is therefore registered as a charity (Registered Charity Number 264289). Members of the Board, who also act as Trustees of the charity, are identified on page 22.

Its charitable activities are partly funded by the statutory levy established by the Industrial Training Act 1982 and confirmed by the Levy Orders passed by both Houses of Parliament. The most recent is the Industrial Training Levy (Construction Industry Training Board) Order 2009 (2009 No. 549) enacted on 03 March 2009 and coming into force on 04 March 2009. Full details of the powers and responsibilities of CITB-ConstructionSkills as well as the restrictions placed on it can be found in the Industrial Training Act 1982 and subsequent amendments.

In 2003, the organisation, operating with the Construction Industry Council and CITB Northern Ireland (another statutory body), was recognised as the Sector Skills Council (SSC) for Construction, an entity collectively known as ConstructionSkills. In 2009, after a rigorous review by the National Audit Office, its performance was assessed as Good and its licence to operate as an SSC renewed by the Secretary of State on the recommendation of the UK Commission for Employment and Skills (UKCES).

The SSC is governed by a Council on which all three partner organisations are represented. The Council plans, directs and manages a programme of work to give strategic leadership and influence in support of the learning and skills agenda across the construction sector and throughout the UK.

In 2004, ConstructionSkills created a Sector Skills Agreement (SSA) which has been kept up-to-date since then, involving commitments from employers and their trade associations, the trades unions, the education sector and Government. It also developed a robust forecasting model (the Construction Skills Network [CSN]) for the sector's future skill needs validated by the industry at local and national levels.

Over the past five years, the CSN has developed an increasingly sophisticated analysis of sector data on skills needs and training supply across the UK used by governments, local authorities and other stakeholders. In addition, the launch of the National Skills Academy for Construction based on a project-driven approach to supporting training helps ensure that provision will be able to meet sector needs in more difficult economic times.

## **CITB-ConstructionSkills' aims and objectives**

CITB-ConstructionSkills exists to help employers ensure that there are, and will continue to be, enough trained people to meet the needs of the construction industry. Its principal activities are designed to achieve this end.

The Industrial Training Act passed in 1964 made possible the establishment of Industrial Training Boards 'for the purpose of making better provision for the training of persons for employment ... in any activities of industry...'. In that July, the Industrial Training (Construction Board) Order 1964 brought CITB into being. The legislation also provided for the raising of a training levy to fund its activities. Rates of levy (which with the consensus agreement of the industry expressed through employers' organisations is not based on exemption) are recommended by the Board and subject to affirmative resolution by both houses of Parliament. For assessments payable in 2009, 2010 and 2011, levy rates are 0.5% of the total of payments made to employees and 1.5% of the payments made under labour-only agreements, offset by 1.5% of labour-only receipts from employers in the construction industry.

Policies for delivering the SSA (referred to above) are formulated through the committee structure. The Council, Board and other bodies meet regularly, to ensure adequate debate between industry representatives and staff. A further network of advisory committees supports local consultation. The Council, Board and other committees determine policy, and agree the business and financial plans which sustain delivery. They also monitor and review performance. Operational decisions are taken by executive staff within the policy framework laid down by the Board. Members of the senior management team are identified in the Remuneration Report on pages 32 and 33.

The membership of the Board and its main committees is shown in Appendix A, pages 61 and 62. CITB-ConstructionSkills is indebted to all the relevant employers' organisations and other bodies that provide valuable support and advice. A list of the major employer organisations and trades unions with which CITB-ConstructionSkills maintains close contact is in Appendix C, page 65.

### **CITB-ConstructionSkills' structure**

Activities across Great Britain are covered in this report, with separate pages for England, Scotland and Wales (on pages 13–21), reflecting the diversity of national approaches to meeting the needs of employers.

The organisation continues to seek to become *Simpler* to deal with, *Faster* to respond to customers, and *Closer* to their needs. During 2009, it simplified its structure to have six directorates (Business Services, Employer Services, National Construction College, Skills Strategy, Communications and Change, and Corporate Services), each headed by a Director reporting to the Chief Executive and collectively responsible to the Chairman and Board. A separate Corporate Assurance team reports directly to the Chief Executive.

Directorate planning is undertaken on a five-year rolling basis, informed by external industry-focused drivers and internal organisational development drivers. While clear accountabilities for delivery are recognised as critical, the vital importance of interdependencies between the directorates is also reflected in each directorate plan. No single directorate can fully meet any of its accountabilities without the support of at least one other directorate.

### **CITB-ConstructionSkills' principal activities**

The principal ways in which CITB-ConstructionSkills delivers its objectives are by giving financial support to employers engaged in training, offering advice and support in respect of their training needs, developing and maintaining a framework of standards and qualifications in consultation with the industry, and managing schemes for recording achievement. In addition, CITB-ConstructionSkills provides training itself where there is no satisfactory market alternative. Delivery plans are published in CITB-ConstructionSkills' Business Plan and updated annually. These include key performance indicators and identify targets for the forthcoming year and beyond. Information about progress against those plans in 2009 is given on pages 8–21.

### **Research and development**

CITB-ConstructionSkills maintains an ongoing programme of research on matters relevant to training in construction. The CSN provides an authoritative basis for forecasting capacity, productivity and skills across the sector, which helps the organisation and industry plan for the impact of future trends on the workforce. Outputs from this and other research work are reported widely and available from our website, [www.cskills.org](http://www.cskills.org). CITB-ConstructionSkills undertakes a regular review of national occupational standards, ensuring that they match current industry needs. This involves consultation and research with employers and trade associations across the four home countries. The development of appropriate training and other support material is undertaken separately.

### **CITB-ConstructionSkills and public service**

In 2009, CITB-ConstructionSkills reviewed its Mission and Vision statements (see below) to reflect more closely its wider role as part of the Sector Skills Council for Construction. Furthermore, as a non-departmental public body, CITB-ConstructionSkills is expected continually to raise its standards of public service and to become more responsive to the wishes of users. As this report shows, CITB-ConstructionSkills constantly seeks to ensure that its policies accord with industry's needs and that it operates cost-effectively in the interests of the levy payer.

## APPENDICES

In particular, CITB-ConstructionSkills believes that transparency of decision making and rigorous scrutiny by stakeholders will help it attain these goals. Since December 2002, when it received the approval of the Information Commissioner for a Publication Scheme compliant with the Freedom of Information Act 2000, a range of material produced by CITB-ConstructionSkills, including Board (and since 2006, the Training Committee and ConstructionSkills Council) agendas, minutes and papers, has been made available through the website, [www.cskills.org/aboutus/ourstructure/papers](http://www.cskills.org/aboutus/ourstructure/papers).

Further requests for information can be addressed to Mark Brookes at the Secretariat, CITB-ConstructionSkills, Bircham Newton, King's Lynn, Norfolk PE31 6RH (email [mark.brookes@cskills.org](mailto:mark.brookes@cskills.org)).

In July 1995, the Board approved a Code of Best Practice for its members, based on HM Treasury Code of Practice published in 1994. Since then, changes in best practice have been incorporated, most recently in 2009 following a review by BIS. In July 1997, the Board also agreed the introduction of a Code of Employee Conduct based on guidance issued by the Cabinet Office.

### **Corporate social responsibility**

The organisation's business activities are designed to improve the UK's built environment and to support the development of skills. In particular, these are expected to support the Government's low carbon strategy, improve social inclusion (having better skills improves employability and self-esteem) and to improve knowledge and understanding of health and safety issues in the sector. Many staff undertake supportive roles in their local communities (for example as special constables, school governors, Scout and other youth leaders) and are helped to do so. As a registered charity, the business is constrained from making corporate donations, but enables staff to do so for a range of national and local charities.

Great emphasis is placed on the safety of all those who work for or are linked with the organisation, including the need to protect the environment from harm from its activities. CITB-ConstructionSkills believes that good safety is good business and has shown its commitment by achieving Grade 1 at Ofsted inspection. The OHSAS 18001 health and safety management system is well established in the NCC and is sufficiently robust to roll out across the business in place of its current system.

We were successful in achieving certification for the Environmental Management System 14001 for NCC East at the first attempt. This was extremely pleasing given the size of site and range of activities undertaken.

During 2009 a major review of safeguarding vulnerable young persons and adults was undertaken. This identified several improvements to our safeguarding policies and procedures, aimed at ensuring they met best practice. This is a major consideration in protecting our learners as well as making staff aware of the issues relating to abuse and knowing what to do if such a case arose.

### **Financial redress in cases of maladministration**

As part of its commitment to public service principles, CITB-ConstructionSkills offers financial recompense in cases of maladministration. In 2009, no payments were made under the terms of this policy.

### **Employee relations**

CITB-ConstructionSkills recognises the following unions for the purposes of collective bargaining: Amicus (AEEU and MSF Sections), GMB, Unite the Union and UCATT. Procedural agreements provide for communication and consultation. A team briefing system allows two-way communication with staff, and an intranet and employee newsletter keeps them informed of CITB-ConstructionSkills initiatives.

As reported in the Key Deliverables table (page 9) we measure staff satisfaction annually and use the information gained to develop our plans. There is a high response rate (more than 80% in 2009) and overall satisfaction is good.

We regularly monitor levels of absence. In 2009, the sickness absence rate was 2.92% (2008: 3.01%), equivalent to 7.3 working days per head (2008: 7.52). This compares with a 2009 public sector average absence rate (as reported by the CIPD) of 4.3% and a 2009 private sector average of 2.8%.

During 2009, CITB-ConstructionSkills has continued to support its equal opportunities policy, which aims to ensure that no job applicant, employee or client receives less favourable treatment than any other on the grounds of gender, race, colour, nationality, ethnic origin, religion, age, marital status, sexuality, political belief, offending background or disability.

In December 2009, CITB-ConstructionSkills employed 24 people who considered themselves as having a disability as set out in the Disability Discrimination Act 1995.

### **Our mission for the industry**

Ensuring the construction industry has the right skills in the right place at the right time.

### **Our vision for the organisation**

To be the leadership organisation for the UK construction industry's skills and training needs.



**E: Breakdown of 2009 Achievements**

Area	Apprenticeship starts	Recruit female and ethnic minority trainees	STEP into Construction job outcomes	Framework achievements
North East	232	8	2	505 (74.8%)
North West	433	10	–	975 (75.2%)
Yorkshire and Humber	416	21	–	974 (81.4%)
Midlands	313	18	–	691 (77.4%)
East	354	15	3	753 (77.5%)
South West	371	11	–	881 (81.6%)
South East	370	8	17	653 (77.9%)
Greater London	174	44	10	213 (79.8%)
Wales	596	10	42	733 (80.4%)
Scotland	1,432	23	13	1,765 (56.8%)
Other (Partners)	75 (Specialist) 225 (PTA – Wales)	8 (Specialist)	401 (Third Party)	73 (Specialist) 1 (Other)
Great Britain	4,991	176	488	8,217 (73.1%)

Grant claimers / levy-assessed employers	Proportion of employers claiming grant	Employers submitting a Training Plan	New employers recognised as liP
1,001 / 2,200	45.5%	400	4
2,955 / 7,334	40.3%	839	61
2,225 / 5,718	38.9%	611	28
2,957 / 10,091	29.3%	660	18
1,759 / 7,052	24.9%	572	27
2,588 / 7,619	34.0%	703	84
2,582 / 9,727	26.5%	1,053	63
990 / 4,669	21.2%	474	2
1,750 / 4,367	40.1%	462	17
3,830 / 7,285	52.6%	1,077	20
–	–	–	–
22,637 / 66,062	34.3%	6,851	324

## APPENDICES

# F: Location of Construction Skills Offices and National Construction College Centres

### Head Office

Bircham Newton  
King's Lynn  
Norfolk PE31 6RH  
Tel: 0300 456 7577

### Scottish Office

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

### London Office

Carthusian Court  
12 Carthusian Street  
London EC1M 6EZ  
Tel: 0300 456 7700

### Welsh Office

Units 4 & 5, Bridgend Business Centre  
David Street, Bridgend Industrial Estate  
Bridgend CF31 3SH  
Tel: 01656 655226  
email: wales.office@cskills.org

## HUB OFFICES – ENGLAND

### Morley

(North East, North West, Yorkshire and Humber)  
Milton House  
Queen Street  
Morley  
Leeds LS27 9EL  
Tel: 0844 844 0046  
email: northeast.office@cskills.org  
email: northwest.office@cskills.org  
email: yorkshire.humber@cskills.org

### Eastleigh

(South East, South West and Greater London)  
Eastleigh House  
1st Floor, Upper Market Street  
Eastleigh  
Hants SO50 9FD  
Tel: 0844 844 0046  
email: southeast.office@cskills.org  
email: southwest.office@cskills.org  
email: london.office@cskills.org

### Loughborough

(East Midlands, West Midlands and East)  
Belton Road Industrial Estate  
20 Prince William Road  
Loughborough  
Leicestershire LE11 5TB  
Tel: 0844 844 0046  
email: midlands.office@cskills.org  
email: east.office@cskills.org

### National Specialist and Education Departments

Charnwood Wing, Holywell Park  
Ashby Road  
Loughborough  
Leicester LE11 3GJ  
Tel: 01509 282857

## SATELLITE OFFICES – ENGLAND

### North East

Unit H1 & I1  
North East Business & Innovation Centre  
Enterprise Park East, Wearfield  
Sunderland SR5 2TA

### North West

8 Waterside Court, St Helens Technology Campus  
Pocket Nook Street  
St Helens  
Merseyside WA9 1UA

### South West

7 Kew Court, Pynes Hill  
Rydon Lane, Exeter  
Devon EX2 5AZ

### West Midlands

The Regus Group  
Birmingham Blythe Valley Park  
Central Boulevard, Blythe Valley Business Park  
Solihull B90 8AG

### Greater London and East

Carthusian Court  
12 Carthusian Street  
London EC1M 6EZ

**FIELD AREA OFFICES – SCOTLAND**

**Scotland (North)**

Marr House  
Beechwood Park  
Inverness IV2 3JJ  
Tel: 0300 456 5260  
email: scotland.north@cskills.org

**Scotland (South)**

4 Fountain Avenue  
Inchinnan Business Park  
Inchinnan  
Renfrewshire PA4 9RQ  
Tel: 0344 994 8800  
email: scotland.south@cskills.org

**NATIONAL CONSTRUCTION COLLEGE**

**All NCC Course Enquiries**

Tel: 0844 844 0466

**National Construction College East**

Bircham Newton  
King's Lynn  
Norfolk PE31 6RH  
Tel: 01485 577577

**National Construction College Midlands**

83 Lifford Lane, King's Norton  
Birmingham B30 3JH  
Tel: 0121 459 8000

**National Construction College Central**

Ladyhole Lane  
Ashbourne  
Derbyshire DE6 1LR  
Tel: 01335 346738

**Executive Management Programmes**

Bircham Newton  
King's Lynn  
Norfolk PE31 6RH  
Tel: 0844 844 0466

**National Construction College East London  
(Thames House)**

Royal Docks Campus  
Gate 14, Woolwich Manor Way  
London E16 2QY

**OTHER**

**CITB-ConstructionSkills' Bankers**

Barclays Bank plc  
17 Market Place  
Fakenham  
Norfolk NR21 9BE

**CITB-ConstructionSkills' Investment Advisers**

Williams de Broe Ltd  
21 New Street  
Bishopsgate  
London EC2M 4HR

**National Construction College East London  
(Beckton Park)**

Beckton Park (off Royal Albert Way)  
Millman Road  
East London E16 2FG

**National Construction College South**

Manor Road  
Erith  
Kent DA8 2AD  
Tel: 01322 349638

**National Construction College Scotland**

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

**Health, Safety and Supervisory**

Bircham Newton  
King's Lynn  
Norfolk PE31 6RH  
Tel: 0844 844 0466

**College Office (Apprentice Contact)**

Bircham Newton  
King's Lynn  
Norfolk PE31 6RH  
Tel: 01485 577464

**CITB-ConstructionSkills' Auditors**

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

**CITB-ConstructionSkills Legal Adviser**

Krista Shipp  
Head of Legal (Acting)  
Bircham Newton  
King's Lynn  
Norfolk PE31 6RH

## APPENDICES

# G: Glossary

ACAV	Association of Construction Assessors & Verifiers	LFS	Labour Force Survey
AEEU	Amalgamated Engineering and Electrical Union	LSC	Learning and Skills Council
AM	Assembly Member	LSIS	Learning and Skills Improvement Service
BACH	British Association of Construction Heads	MSF	Manufacturing, Science and Finance
BIS	Department for Business, Innovation and Skills	MSP	Member of the Scottish Parliament
BME	Black and Minority Ethnic	NAO	National Audit Office
BRE	Building Research Establishment	NCC	National Construction College
BSF	Building Schools for the Future	NDPB	Non-Departmental Public Body
C&AG	Comptroller and Auditor General	NFRC	National Federation of Roofing Contractors
CBI	Confederation of British Industry	NOS	National Occupational Standards
CCATF	Cross Industry Construction Apprenticeship Taskforce	NSAFC	National Skills Academy for Construction
CIPS	Chartered Institute of Purchasing and Supply	NSCC	National Specialist Contractors Council
CPCS	Construction Plant Competence Scheme	NVQ	National Vocational Qualification
CQS	Construction Qualification Strategy	ODA	Olympic Delivery Authority
CSCS	Construction Skills Certification Scheme	OSAT	On-Site Assessment and Training
CSN	Construction Skills Network	OSCR	Office of the Scottish Charities Regulator
ESDGC	Education for Sustainable Development and Global Citizenship	R&M	Repair and Maintenance
EWPA	Experienced Worker Practical Assessment	RIA	Roofing Industry Alliance
FE	Further Education	RTPI	Royal Town Planning Institute
FMB	Federation of Master Builders	SDS	Skills Development Scotland
FRA	Flat Roofing Alliance	SME	Small and Medium-sized Enterprises
GDP	Gross Domestic Product	SMSTS	Site Management Safety Training Scheme
HE	Higher Education	SPRA	Single-ply Roofing Association
HMSO	Her Majesty's Stationery Office	SQA	Scottish Qualifications Authority
HRD	Human Resource Development	SSA	Sector Skills Agreement
ICE	Institution of Civil Engineers	SSC	Sector Skills Council
liP	Investors in People	SVQ	Scottish Vocational Qualification
ITB	Industrial Training Board	TGWU	Transport and General Workers Union
LDA	London Development Agency	UCATT	Union of Construction, Allied Trades and Technicians
		UKCES	UK Commission for Employment and Skills
		UKCG	UK Contractors Group
		WAG	Welsh Assembly Government



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