



Annual Report 2013/2014





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**CITB-ConstructionSkills NI
Annual Report and Accounts
for the year ended 31st August 2014**

Laid before the Northern Ireland Assembly pursuant to Article 21 (2) of the Industrial Training (NI)
Order 1984 by the Department for Employment and Learning

on 10th February 2015

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Management Commentary and Strategic Report

Introduction

CITB-ConstructionSkills NI presents its annual report for the year ended 31 August 2014. The financial statements have been prepared under the Industrial Training (Northern Ireland) Order 1984 in a form directed by the Department for Employment and Learning (DEL) with the approval of the Department of Finance and Personnel (DFP).

CITB NI was formally established as an Industrial Training Board (ITB) under the Industrial Training Act (Northern Ireland) 1964 and subsequently repealed by the 1984 Industrial Training Order, to encourage the adequate training of those employed or intending to be employed in the construction industry in Northern Ireland.

The legislation enables the raising of a statutory levy for the purposes of encouraging employers to participate in training and to fund the Board's activities. Relevant employer bodies are consulted annually in respect of the levy rate, which is set by the Board and approved by the Department for Employment and Learning (DEL).

CITB-ConstructionSkills NI continues to be a partner in ConstructionSkills the Sector Skills Council (SSC) for Construction which is a partnership between CITB-ConstructionSkills NI, CITB GB and the Construction Industry Council. The Sector Skills Council has a wider footprint than that of the Industrial Training Board, involving professional services as well as construction employers. The CITB-ConstructionSkills NI Chairman and the Chief Executive are members of the ConstructionSkills governing body.

CITB-ConstructionSkills NI combines the roles of an ITB and SSC to improve the skills and productivity of the industry in NI by engaging with employers to determine their skills needs, and working with Government and stakeholders to meet those needs through direct intervention to facilitate the development and delivery of critical skills for the industry.

Mission, Vision & Aims

Mission;

To develop and embed a training culture which will improve the skills and productivity of the Northern Ireland construction industry.

Vision;

A construction industry where skills and competence are at the core of every business supported by a respected and valued CITB-ConstructionSkills NI.

The Board approved CITB-ConstructionSkills NI aims as being;

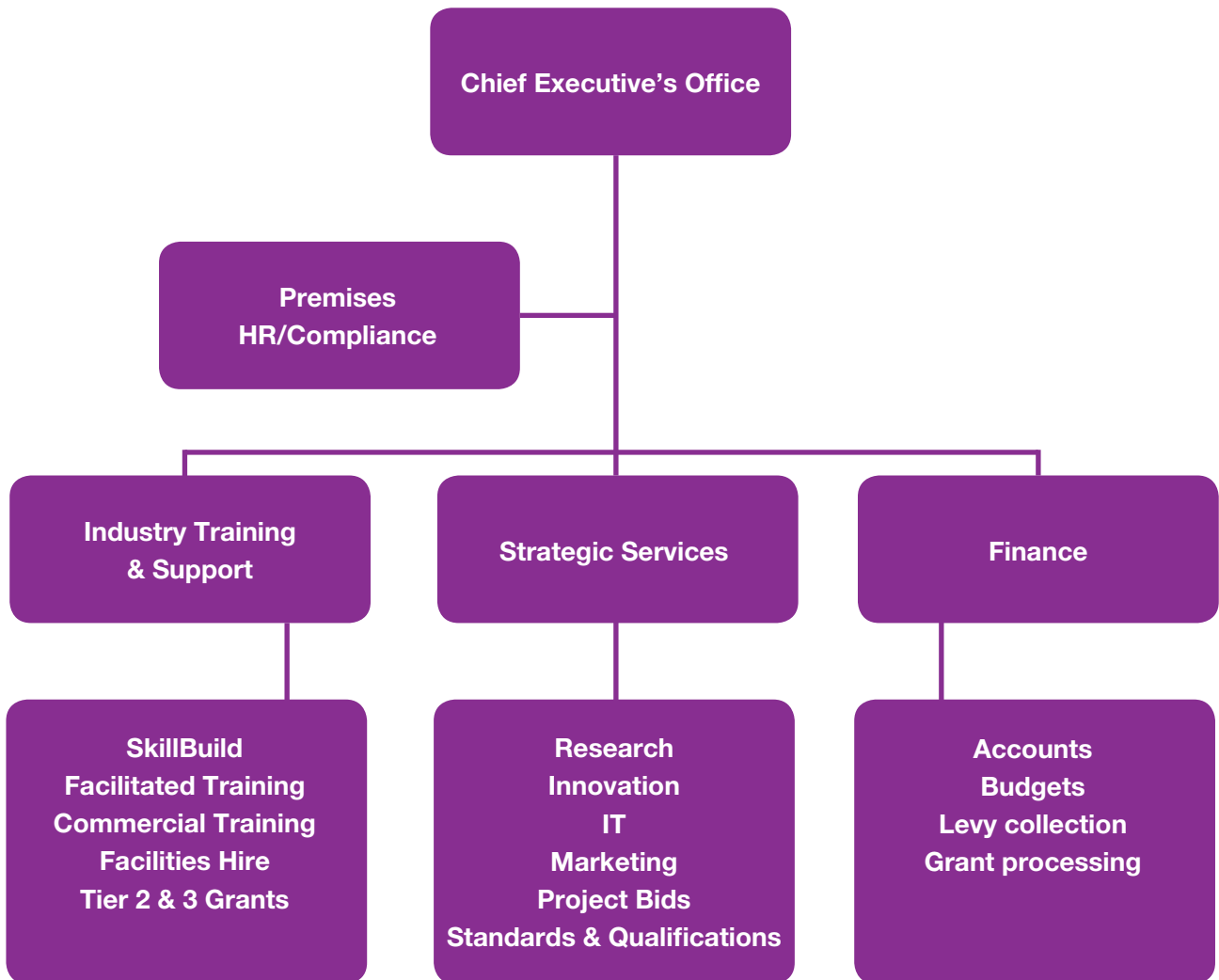
- *CITB-ConstructionSkills NI is respected and valued by industry stakeholders and staff.*
- *The industry invests in skills and qualifications to improve safety and profitability.*
- *CITB-ConstructionSkills NI is customer focused, flexible, responsive and supportive.*
- *CITB-ConstructionSkills NI is the voice for skills and informs government policy.*
- *Communication is clear and direct.*
- *Qualifications and occupational competencies meet the needs of NI industry.*

CITB-ConstructionSkills NI is delivering these aims through a range of actions which will improve our organisation and its services to the construction industry in NI.

Going Concern

CITB-ConstructionSkills NI is satisfied that the organisation is a going concern on the basis that there is no reason to believe that the NI Assembly approval of the annual levy order will not be forthcoming to meet CITB-ConstructionSkills NI's liabilities in the future. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Organisational Structure



The Executive Management Team comprised the Chief Executive, Director of Industry Training and Support, Director of Strategic Services and Board Accountant.

CITB-ConstructionSkills NI had 30 members of staff at 31 August 2014.

	Male	Female	Total
Directors	3	1	4
Employees	5	21	26

Description of the Market

The construction industry output in Northern Ireland fell by around 37% since its peak in 2007, the deepest fall within the UK. The impact on occupation levels, the economy and construction industry strategy has been significant. Construction activity in other areas of the UK, particularly London, has been increasing over the last two years however activity in NI remains low, lagging behind most other areas of the UK.

The volume of overall construction output in NI continued to fall in two of the four quarters of 2013 including a decrease of 3.7% in Q4 compared to Q3. Considering the sub sectors of the industry, while areas such as Housing and New Work continue to fall, Repair & Maintenance and Infrastructure experienced increases in activity in Q4 2013 of 2% and 7% respectively.

Growth is expected to return over 2014/15 and there is a perception of a strengthening market for construction in NI and a degree of optimism within the house-building sector. However this is at a fragile stage and cannot yet be described as an upturn in activity. Based on current projections, the industry is expected to expand at an average annual rate of 2.3% over the five years to 2018. These projections, however do not account for proposed budgetary cuts within the NI Executive.

Many of our major employers continue to source a significant proportion of their work outside NI. Smaller companies have also followed this trend either as part of the supply chain or in their own right. This means that NI construction companies have become a significant exporter of skills and expertise. Many construction workers made unemployed have sought employment in other potentially, lower paid sectors or are leaving NI to seek employment in more buoyant economies. This is exemplified by a reduction in construction related unemployed figures which stood at 8,400 in March 2014, a reduction of 40% from the peak of 14,070 in February 2010.

It is believed that employment levels in NI will not grow at the same rate (1.1%) as growth in output (2.3%). The reason for this assertion is the suspected “under employment” within the industry which materially affects the business planning of CITB-ConstructionSkills NI as core income is directly linked to employment levels.

The total number of employers registered to CITB-ConstructionSkills NI (in scope) reduced from 4,127 in 2007 to 3,241 in August of 2011. The number held steady at 3,275 (August 2012), 3,212 (August 2013) and 3,125 (August 2014) which indicates a degree of stability as the industry reduces in size to match the availability of work.

Considering the eligibility of companies for payment of levy, in 2007 2,644 employers paid levy (64% - Levy threshold of £15,000) while in the 2013/14 year 737 employers paid levy (24% - Levy threshold of £80,000). This indicates the burden of supporting training is borne by a vast minority of the industry. All registered employers can avail of the grants and services provided by CITB ConstructionSkills NI whether they pay levy or not.

Industry Training

CITB-ConstructionSkills NI's three tier Grant system is now well established and delivering increased support for the industry;

- Tier 1 – Grant support direct to employers for training identified and organised by themselves.
- Tier 2 – Grant support to industry partners (such as federations, FE/HE and associations) to deliver training direct to industry at low, or no, cost to employers.
- Tier 3 – Facilitated training funded and procured by CITB-ConstructionSkills NI to support training of strategic need to the NI Industry.

CITB-ConstructionSkills NI's ability to work in partnership with industry bodies and sub-sectors through Tiers 2 & 3 of the Grant has greatly enhanced its direct connection and ability to deliver support that is targeted, strategic and therefore effective. The flexibility and innovation this system allows, ensures CITB ConstructionSkills NI can use its resources to deliver training interventions that support the aims of both the industry and government.

Corporate Governance and Accountability

CITB-ConstructionSkills NI and the Department for Employment and Learning (DEL) have in place a Management Statement and Financial Memorandum, which outlines the relationship between the two organisations.

The Board's Committee structure comprises the Finance and General Purposes Committee, Audit and Risk Assurance Committee and Board Review Panel. The Board's Committee structure is outlined in Appendix 1. Over the 2013/14 year a number of Board Members have retired. A public appointments process was carried out by DEL and the Assemblies Public Appointments Unit. This, when added to a recruitment process carried out in the previous year, has completely refreshed the Board which has given a renewed stimulus to its strategic thinking.

The Board Chairman, Tony Doran, also retired within this year and both DEL and CITB-ConstructionSkills NI acknowledges and thanks him for the many years' service he has committed to improving both the organisation and industry. A recruitment process was carried out by DEL and the Assemblies Public Appointments Unit and Maurice Johnston was appointed as Chairman in August 2014.

A representative from Sectoral Development Branch within DEL attends Audit and Risk Assurance Committee and Board meetings and Board and Committee minutes are made available to DEL.

The Audit and Risk Assurance Committee, which is attended by Internal Audit, NI Audit Office and a representative from DEL meets quarterly and standard agenda items include Dear Accounting Officer letters, Risk Management and Internal Audit Programme. A report of Audit and Risk Assurance Committee meetings is provided for each Board meeting.

In addition to the formal Board and Committee structure CITB-ConstructionSkills NI engages with industry and stakeholders through an Employers Forum (comprising representatives from the employer bodies in scope to the Board), A Providers Forum (comprising post school providers) and the Skills Observatory (wide ranging group of employer bodies and stakeholders) as well as regular meetings with stakeholders and industry. To encourage direct contact with small and medium sized companies who may not be affiliated to industry bodies, a series of employer seminars were held throughout the year covering the entire province.

Policies and strategies are formulated and developed in consultation with the industry including communication with all of the aforementioned groups and committees (a list of employer bodies is attached as Appendix 3).

Analysis of Key Performance Indicators

A Balanced Scorecard (BSC) was introduced in September 2007 as a management performance tool to manage, monitor and evaluate key performance indicators. The results of the Balanced Scorecard are then used to inform future strategies and improve performance. The Balanced Score Card was reviewed during 2013-2014 and the

performance against targets is reviewed regularly by the Executive Management Team and progress reported to the Board three times within the year.

A copy of the Balanced Scorecard is provided in (Appendix 4).

A review of critical success factors and targets included within the Balanced Scorecard was completed by the Executive Management Team in November 2013 and approved by the Board in January 2014.

Overall performance against the Critical Success Factors for 2013/2014 has been good. At the end of the year 17 of the 19 targets had been met or exceeded, whilst two had reached 80% and 96% of their target. There has been a steady increase in the number of Critical Success Factors being met or exceeded with 89% of targets achieved in 2013/2014 compared to 85% in 2012/2013 and 77% in 2011/2012.

Future Strategies

The direction set by the Board in 2011 is under review with a Board workshop scheduled for November 2014. While the Mission & Vision has remained clear and consistent since 2011, the means by which we bring these about is constantly reviewed by staff and discussed with the Board and its Committees.

As CITB-ConstructionSkills NI's income and reserves reduce, how resources are used to benefit the industry becomes more in focus. As stated before, the system of Grant support has already been reviewed and the detail of how and what we support is under constant consideration. In addition, work with other agencies to secure external funding streams to support the industry continues. CITB-ConstructionSkills NI resources have already been used to secure funding from DEL, Heritage Lottery Fund and European funding bodies to drive the skills agenda and this will continue

The drive to improve electronic communication with the industry continues. As we move into an age of virtual communities, CITB-ConstructionSkills NI needs to ensure that the tools available to communicate better with the industry are utilised. In addition to an internal strategy to improve organisational technology, discussions are underway to develop a partnership with industry and educational establishments to ensure our existing and future workforce also develops in a virtual environment.

This year CITB-ConstructionSkills NI has explored innovative ways of employing and supporting Apprentices within the sector. Inspired by the DEL Ministers review of Apprenticeships and Youth Training, CITB-ConstructionSkills NI has introduced a pilot program exploring a system where the industry "shares" the responsibility for employing and training our next generation of talent.

Risks and Uncertainties

Risk Management is an integral part of the Board's system of controls and is underpinned by an active risk management process. The process is structured around three separate but related documents, these being the:-

- Risk Management Strategy
- Strategic Risk Register
- Operational Risk Register

A further level of control is applied by means of a monthly review by the Executive Management Team and a quarterly report to the Audit and Risk Assurance Committee highlighting the management and control of the current principal risks facing the organisation.

The Audit and Risk Assurance Committee also provides the Board with a detailed report on the management of risk on an annual basis that includes the effectiveness of the strategic and operational risk registers.

The principal risks facing CITB-ConstructionSkills NI evolve from the reduction in size of, and activity within, the construction industry over a number of years of recession, the continuing progression to a more proactive approach to distribution of the grant funding and an increased number of externally funded projects.

The impact the current economy has in numbers of construction employees and the employer's ability to pay the levy remains a concern. This directly impacts not only income, but the skills profile of the industry. The prolonged period of decline in construction activity has impacted in the training and recruitment of the next generation of talent. Providing that investment in construction projects grows as predicted, this is an area that will be a focus for concern and intervention over the coming years.

ACTIVITY REPORTS

Levy

CITB ConstructionSkills NI had reduced the Levy rate from 0.65% to 0.6% over the three years between 2011 and 2014 to reflect the difficult time the industry was experiencing as a result of the economic downturn. This was possible through careful management, and reduction, of operational costs and our financial reserves.

Levy Assessors carried out audits on a risk assessed basis so that the correct amount of levy had been assessed for each registered in scope employer audited. A total of 460 audits were completed during the year, an increase of over 15% on the number for the previous year. This resulted in refunds due to overpayment amounting to £59,654 (an increase on last year) and £87,220 of additional levy being invoiced during the year as a result of the work undertaken by the levy assessors.

96.7% of the invoiced levy was recovered during the year which compares favorably with previous years. The remainder will continue to be actively pursued. Levy income for the year was £2.14M which was 103% of the original budget figure which is an indication of the industry starting to stabilize and the success of the audit strategy.

13 employers asked CITB-ConstructionSkills NI to review their eligibility for being "in scope" and registered. Of these, eight were assessed as no longer in-scope with the remaining five remaining registered. One appeal was made to the Industrial Tribunal in relation to scope however this was withdrawn by the employer before the Tribunal could hear the case. There were no other Industrial Tribunal challenges with respect to scope enquiries within the year.

Grant

While the finance available for grant to the industry has declined in line with income, 95% of the levy has been returned to the industry in direct and indirect benefits. The value of direct grant returned to industry was 55% of the levy (based on actual income). We have therefore met the 55% target which represents substantial support to the industry to prepare it for an economic upturn. This is in line with CITB-ConstructionSkills NI's financial strategy to use the accumulated reserves to support the organisation and industry through the economic downturn.

The benefit to the industry in terms of direct support for training was;

• Tier 1	£1,019,643
• Tier 2 (Partnership)	£78,841
• Tier 3 (Direct Training)	£80,872
• Total Direct Grant	£1,179,356

The figures above include grants paid and accrued in addition to adjustments in respect of prior period accruals.

The main areas of grant claims under Tier 1 are short duration training, NVQ achievement (non-apprenticeship), H&S training and Technical Management & Professional.

In addition to direct support to the industry through grant, CITB-ConstructionSkills NI has invested resources to secure external funding to support skills within the industry. Funding to support skills development was obtained through bids to the Heritage Lottery Fund, European Funding and the Department for Employment & Learning. This is detailed elsewhere in the Annual Report. This method of financing training to benefit skills development is one which will be built upon over the coming years.

During 2013/14 592 employers claimed grant (2012/13:719), with a total of 5,259 grant applications (2012/13- 5,085).

Over the year 419 grants were claimed by levy payers and 173 by those who are below the threshold and do not pay levy. This is an indication of the support provided to smaller companies, however many micro companies benefit indirectly from grant through receipt of training carried out by larger companies so this is only an indication.

The support provided by the Grants Scheme is continuously reviewed by staff and the Board with direct input by the industry through its federations and direct contact with employers. Employers are actively being encouraged to provide suggestions on changes for the Grant Scheme and areas for support through Tiers 2 & 3 of the Grant.

Industry Training and Support

The provision of a number of training initiatives continued to be made available to the industry where it was identified that a comparable alternative did not exist or was not practical due to cost or limited numbers.

The industry training that was provided directly by CITB-ConstructionSkills NI was limited to three specific areas; health and safety training delivered on site by the Mobile Training Unit (MTU), scaffolding training, and the Undergraduate Development Programme (UDP). A total of 1,210 training days were delivered to the industry via these three training and competence measures.

Mobile Training Unit (MTU)

The Mobile Training Unit (MTU) provides a convenient way of meeting training requirements with minimum disruption to the site and production. It is a tried and tested way to train and develop experienced workers on site and has been recognised as a flexible and innovative approach to meeting employers training needs. The MTU currently travels across the Province delivering an extensive range of construction related, health & safety and bespoke training to operatives, supervisors and managers. A total of 3,188 individuals attended

training by means of the MTU or via an onsite venue which represents an increase of over 300 participants on last year's total.

Scaffolding Training

The scaffolding programme provided training and assessment for 83 individuals through the Construction Industry Scaffolders Record Scheme (CISRS) Part 1, Part 2 and Advanced Scaffolding. 7 operatives achieved either NVQ level 2 or NVQ Level 3 through the scheme allowing them to acquire their industry recognised scaffolder card. CITB-ConstructionSkills NI remains the only facility in Northern Ireland able to provide the Construction Industry Scaffolders Record Scheme (CISRS).

The Basic Access Systems Erector (BASE) Scaffolding training course is a relatively new competence course for individuals that are not approved scaffolders but who may be required occasionally erect or dismantle basic scaffolding up to 6 meters high. A need for this training was identified and through support funding from the Skills Solutions Department within the Department for Employment and Learning (DEL) 15 individuals completed the five day course.

Undergraduate Development Programme (UDP)

During the training year 56 construction undergraduates from the local Universities or Further Education establishments attended the 10-day Undergraduate Development Programme (UDP). The aim of the programme is to develop skills which employers are looking for in graduate level new entrants coming into the local construction industry.

The UDP contains four elements that contribute to the competence development of new construction managers, these include; team building exercises, health and safety at supervisory level, practical craft awareness and training in core management skills. All undergraduates who participated in the programme attained a Construction Skills Register (CSR) Registration Card.

Facilities

The facilities at CITB-ConstructionSkills NI continue to be well utilised with regular hire of classrooms and the practical training areas (both internal and external) to support and drive industry training.

Over the year an increased number of industry bodies use the premises to hold committee and ad-hoc meetings due to its central location and plentiful car parking. The establishment of CITB-ConstructionSkills NI as a base to hold the monthly committee and information/guidance seminars by the pan-industry Northern Ireland Safety Group (NISG) has been an added bonus. The NISG meetings and Annual Conference attract on average of 70-80 attendees per event and have resulted in additional bookings of the facilities by external bodies. Two tenants occupied a section of the premises and provided a range of training for the wider construction industry, including plant and building services engineering.

Training Interventions

The introduction of a Pilot Training Intervention Programme in the 2010/2011 training year has now resulted in an updated Grant Scheme that supports training that has been identified by industry representative bodies as critical to employers in dealing with the current economic climate.

Positive feedback from the industry on this approach has resulted in the annual Grants Scheme now incorporating three strands which give the industry flexibility and a method of obtaining training on strategic or new approaches to their activities at low cost.

In addition to the direct “on-call” section of the grant scheme, the two tiers of Training Interventions, introduced in the 2010/2011 year, continue to grow in strength and impact. These interventions were once again targeted at areas identified by the industry representative bodies as critical to employers in dealing with the current economic climate.

Tier 2 Training Interventions - In Partnership with Industry Bodies

Five initiatives were approved for funding during the year;

- Performance Improvement Programme – in partnership with the CEF
- Intermediate Estimating – in partnership with the FMB
- Training to achieve Nvir-o-Cert Accreditation – in partnership with the CEF
- Fire Rated Glass & Glazed Screens – in partnership with the GGF
- NVQ Level 5 Diploma in Management– in partnership with the FMB

97 individuals were involved from a range of companies of all sizes and from all areas of the sector. Within the ‘Performance Improvement’ intervention 14 senior managers and directors were coached in improving the strategic performance of their companies. This included bespoke mentoring to ensure the general principles learned through the interventions were implemented in a way relevant to each individual company.

The ‘Intermediate Estimating’ intervention was delivered in a traditional “lecture” style and was attended by 16 individuals. The majority of business who attended this training were small sub-contractors who wished to improve their skills and confidence in a critical aspect of their business. It is these skills that help companies survive in difficult economic markets and ensure that clients are presented with clear and accurate quotations.

Through the ‘Nvir-o-Cert’ training CITB-ConstructionSkills NI is supporting companies to improve their environmental performance. This will help companies develop systems and processes to reduce waste and improve utilisation of materials and other resources. This will lead to better environmental performance, meeting Government objectives, and reduce costs.

As the result of an approach by members of the Glass & Glazing Federation (GGF) on an identified training need, CITB-ConstructionSkills NI worked in partnership with the federation to devise and provide training for installers of ‘Fire Rated Glass & Glazed Screens’. 26 installers attended the training which proved that the Tier 2 approach can assist industry bodies meet a training need effectively and at a low cost to their member organisations.

The Federation of Master Builders (FMB) NI in partnership with CITB-ConstructionSkills NI provided an NVQ Level 5 Diploma in Management. A total of 22 individuals successfully completed the qualification over a six month period.

Tier 3 Training Interventions – Training Procured by CITB-ConstructionSkills NI

This tier of the Grant Scheme aims to procure and deliver training that is either not currently available to the industry within NI, is introducing new or novel skills and competencies not yet widely available or is strategically important in terms of skills and competencies. Once demand is established, provision is sought and purchased through normal procurement procedures. It is then offered to the sector at low, or no, direct cost.

Three areas of intervention were delivered within the year;

- Working with Asbestos (UKATA Category B)
- Pilot Shared Apprenticeship Scheme
- Basic Access Systems Erector (BASE) Scaffolding

Recent changes to the legislation on working with Asbestos introduced a new category of operations – Non-Licensed working. This was new to the industry and there were no formal courses in Northern Ireland updating the industry on this development. In addition, the HSE has been running a high profile campaign that highlights the dangers of working around asbestos which may be hidden from view. To support these initiatives CITB-ConstructionSkills NI following consultation with the Northern Ireland Demolition Association (NIDA) contracted with a UK Asbestos Training Association (UKATA) approved provider to deliver courses direct to in-scope employers in NI. Over a series of 2 seminars, 36 people were updated on the new requirements and their awareness of the issues and preventative measures required was raised. These two courses ‘Working with Asbestos (UKATA Category B)’ are the overspill from the previous year when 10 similar courses were held and attended by 148 participants.

CITB-ConstructionSkills NI are piloting a novel way to employ apprentices for the Northern Ireland construction industry. The Shared Apprenticeship Scheme allows apprentices to complete a full apprenticeship programme by working with a number of different employers, to gain the skill sets they require to become qualified. Throughout the duration of the training the apprentice will also obtain their level 3 Vocational Qualification through the normal College system.

CITB-ConstructionSkills NI's involvement in direct training Interventions allows essential training and knowledge to be disseminated to the industry where it does not exist or is not readily available in NI. It is important to help our industry remain competitive and provide a good service to its clients.

Skillbuild NI

Skillbuild is an annual construction craft competition which is managed and governed by CITB-ConstructionSkills NI on behalf of the industry. The Competition was initially conceived in the late 1970's as an inter-college competition held in Belfast Technical College and has grown to include 12 trade areas and an average of 100 apprentice competitors.

After a number of years outside the direct control and governance of CITB-ConstructionSkills NI it returned and has been established under the guidance of an Advisory Group facilitated by staff and attended by employers, lecturers, UK Skills Training Managers and representatives of the Department for Employment and Learning.

One of the aims of Skillbuild NI is to develop competitors with the skill and ability to represent the UK at the biannual World Skills event, the largest and most prestigious vocational competition on the planet.

The next World Skills competition is to be held in Sao Paulo, Brazil in 2015 with nine Northern Ireland construction apprentices selected to the UK Squad. These young competitors will undergo extensive training and assessment before final selection to determine if they have the skills and ability to be part of Team UK for World Skills 2015.

Partnership Events

In recent years CITB-ConstructionSkills NI has endeavoured to do more work in partnership with industry bodies. The following activities were completed in the 2013/2014 year.

Business Improvement Seminars with FMB

Business Improvement Seminars were delivered in partnership with the Federation of Master Builders in Enniskillen in December 2013 and in Crumlin in February 2014. The seminars focused on sustainable construction and energy efficiency in building. A further event was

delivered in partnership with FMB and HSENI in June 2014 in Crumlin, covering health and safety topics.

Sustainability event with Smart ECO Hub

CITB-ConstructionSkills NI participated in an event on sustainability held by Smart ECO Hub in June 2014.

Lime Mortar and Rendering Training Event

CITB-ConstructionSkills NI worked in partnership with the National Trust, Northern Ireland Environment Agency and Historic Scotland to deliver a lime training event to 40 professionals and contractors in June 2014 at the Argory in County Armagh.

Annual Conference with National Heritage Training Group

Throughout the year activity continued to build working relationships with the other UK Home Nations in the delivery of heritage training and a presentation was delivered to attendees at the National Heritage Training Groups annual conference in Stirling in October 2013 on the progress to date of heritage training in Northern Ireland.

The Low Carbon Challenge

CITB-ConstructionSkills NI worked in partnership with CITB (GB), Asset Skills, SummitSkills and CIC to deliver Employer Investment Fund Agreement Phase 2 (EIF 2) - The Low Carbon Challenge, with the project completing in March 2014. CITB-ConstructionSkills NI's role involved ensuring NI input into the various work-streams of the project, which is about development work to support the UK Government's Green Deal initiative with a focus on building capacity within the local supply chains and training provider networks.

Marketing & Communications

During 2013-2014 a review and update of the Marketing and Communications Strategy was undertaken and approved.

A series of operational activities were completed to promote CITB-ConstructionSkills NI as an organisation and the products and services it provides to employers, stakeholders and individuals.

Throughout the year a series of publications were produced and distributed to employers, these included two Newsletters, two Bulletins and a Construction Indicator. Supplementary promotional flyers were published to support employer engagement events, the Undergraduate Development Programme, business information seminars and the QEW programme. This series of publications help to keep employers up to date with industry performance and our progress on key outputs and to promote on-going training events

A number of editorial articles were published for the local and trade press relating to our products and services, skills, training and funded projects such as qualifying the existing workforce, building skills for sustainable construction and traditional building skills.

Advertising focusing on promoting construction as a career was placed in the local daily press to coincide with GCSE and A' Level results.

Sponsorship support was provided to a series of stakeholders including the BEST awards through Colleges NI, CIOB Annual Lecture, ICE 'Build a Bridge' project and the GCSE in Construction.

Combined marketing activity resulted in communicating with registered employers on average every 2.3 days and with stakeholders every 3.7 days.

Regular press releases were developed and sent to local and trade press which generated 275 press clippings with a total PR value of £119,985 and contributed to 89% of employers being aware of our services.

IT Systems

CITB-ConstructionSkills NI completed the implementation of its three year Information Technology strategy (2011 to 2014) and began the planning and preparation of a new strategy for the 2014 to 2017 period.

In support of the continuing commitment to use technology to improve the effectiveness and efficiency of both in-house and customer facing services, several IT projects were commissioned during the course of the last year.

In House Services were improved by:-

Mail Archiving

An Email archiving system was introduced to enable CITB-ConstructionSkills NI to permanently store and manage all email communications sent and received.

WIFI Service

Work was undertaken to provide a more powerful, managed, reliable and secure Wifi network. CITB-ConstructionSkills NI staff and visitors are now managed on separate WIFI networks with CITB-ConstructionSkills NI staff having access to all the facilities that are normally available to them via the normal line connection whilst visitors are restricted to internet access only.

User Helpdesk

The internal IT helpdesk facility was enhanced to allow CITB-ConstructionSkills NI staff to register and monitor progress on internal IT issues they have submitted to the IT department help desk.

Backup

Data security was enhanced with the implementation of a more robust backup strategy and improved equipment was installed to back up all electronic documents daily on two separate backup systems.

Equipment

Aged IT equipment was replaced to provide the organisation with up to date PCs, laptops and tablets running a mixture of windows 7 and windows 8 operating systems.

Customer Facing Services were improved by:-

On-line Levy Return

The on-line levy return section of the website was enhanced to facilitate easier input of Levy Return data by employers

On-line Grant Claims

The on-line grant claim section of the website was enhanced to facilitate easier grant claim input and improvements to customer screens.

Core Information System (CIS) update

The main database application used to manage Levy and Grant activity was updated to run on a new development platform as an aid to system 'future proofing' the system.

Customer interface

The website was reviewed to align it with the new branding and the home page was refreshed and redesigned with a simpler layout for customer ease of use and website navigation.

E-Business

CITB-ConstructionSkills NI is committed to increasing its use of technology to improve the effectiveness and efficiency of administrative processes and through our website www.citbni.org.uk we averaged over 4000 visitors per month throughout 2013-2014

An online video to help promote claiming grant online was produced and made live on the website and had 316 views during the year. This has contributed to the increase in online grant claims to 58% of all grant claims made.

CITB-ConstructionSkills NI has been engaging more pro-actively through social media and has established a Facebook Page with 220 likes. During the year a Twitter account was established and regularly issued tweets on news and events. By the end of 2013-2014 we had 62 followers. There was also regular communication to registered employers through e-mail and SMS text messages promoting employer events, Qualifying the Existing Workforce, employer training grants and signposting to the website for more information.

Funded Projects

In recent years CITB-ConstructionSkills NI has endeavoured to obtain additional funding from external bodies to help it address the training needs of the industry. The following activities were completed during the 2013/2014 year.

Leadership Development Programme

A proposal was drafted and approved by DEL to develop and deliver a leadership programme for those next in line for senior positions in the construction industry. The proposed programme will include lectures, mentoring, 360° feedback, and potentially an international element and will focus on leadership development, with any management needs identified being addressed through existing provision.

Qualifying the Experienced Workforce

The extended first phase of QEW was completed with a total of 586 out of 600 (98%) of registered participants achieved a Level 2 NVQ. A final evaluation report was completed and submitted to the funders. Approval for a second phase of 1000 NVQs was obtained and a tender exercise undertaken to identify assessment centres. The second phase was launched by Dr Stephen Farry, Minister for Employment & Learning.

Erasmus+, Horizon 2020 and Interreg

Investigations were completed on different potential funding streams. These included Erasmus+, Horizon 2020 and Interreg. Various events were attended to find out more and discussions were held with potential partners from Germany and Ireland.

Energy Efficiency in Buildings and Sustainable Construction

Funding was awarded from the European Commission for Life Long Learning to allow CITB-ConstructionSkills NI to send 30 construction employees to Germany on a two week training programme to learn about energy efficiency in buildings and sustainable construction.

A training plan was agreed with our German training partner, KOMZET and as part of the programme all participants completed basic German language training before departing for Germany.

The first group of fifteen construction workers travelled to Germany in June 2013, and the second during October 2013.

Following a second successful bid for further European Commission funding a further 30 construction workers will be trained in Germany in April and September 2014.

A celebratory event for participants was held in November 2013. An evaluation was completed and a final report submitted to the funding body. Feedback from course participants ranged from very good to excellent.

In December 2013, a visit to Germany by Minister Nelson McCausland and representatives from the CEF and FMB was facilitated through CITB-ConstructionSkills NI and KOMZET (the German training provider), to gain an appreciation of German sustainable construction and retrofit techniques.

Pilot NVQ Level 5 in Management

A comprehensive evaluation of a pilot NVQ L5 in Management commenced in January 2014. Part 1 of the evaluation was completed in Jan/Feb 14 at the start of the programme, with part 2 and 3 of the evaluation to be completed after the programme has ended. The evaluation will look at the impact of the pilot on areas such as business planning, staff development and personal competencies. Case studies will also be developed from part 2 and 3 of the evaluation and used to promote management & leadership training to the industry.

BASE Scaffolding

Funding was secured to contribute to the delivery of a CISRS approved BASE Scaffold Training course at CITB-ConstructionSkills NI, which was completed during June 2014. Due to the demand for this course an extra two courses were delivered during August 2014. To date 15 participants have completed the course.

Directional Drilling

Funding was secured to contribute to the qualification of 10 candidates to NVQ standard in Directional Drilling Operations. This programme is supporting a Northern Ireland company in gaining nationally recognised qualifications in Directional Drilling for the first time.

Temporary Works Operations

Funding was secured to contribute to the development and delivery of a new course in Temporary Works Operations for the construction industry in Northern Ireland. The first pilot is now scheduled to commence with 8 trainees. This course will then be rolled out to the industry to enable a wider pool of candidates to be trained in the future.

Train the Trainer for Micro Construction Companies

Funding was secured to contribute to the development and delivery of a new course for trainers within micro construction companies. Employers have the industry knowledge but may lack the necessary skills to pass this knowledge on to the company's workforce. This programme will support the development and delivery of four Train the Trainer courses with a focus on the requirements of small construction employers delivering training in-house.

The programme will help raise the profile and status of the training being delivered and help to increase employer awareness and encourage further engagement in training. It also has the potential to engage micro employers more with National Occupational Standards (NOS) activities to help raise the standard of in-house training.

Sustaining Traditional Building Skills in Northern Ireland Project

Funding totalling £867,000 has been received since 2010 from the Heritage Lottery Fund for the Sustaining Traditional Building Skills in Northern Ireland project and a Heritage Specialist Apprenticeship Programme in Wood Occupations. 17 general craftspeople have been upskilled through the project to develop their skills and experience of traditional building skills through work-based placements and gain an NVQ

Level 3 Diploma in Heritage Skills. To date 7 have achieved the NVQ and the remaining 10 will have achieved by December 2014.

The programme has also provided the first heritage Training the Trainers course and funded the NVQ Level 3 for 10 college lecturers to increase the capacity to deliver heritage training in their respective colleges. These colleges are also planning to commence delivery of the NVQ Level 3 Unit Award Understanding Repair and Maintenance of Traditional (pre-1919) Buildings. A team of assessors have also been trained to assess the Heritage NVQ in the different occupational areas.

Six Heritage Ambassadors/Mentors have been appointed to pass on their skills and knowledge to the placements and promote the built heritage sector in Northern Ireland.

Specialist Apprenticeship Programme in Heritage Wood Occupations

Funding was secured to develop and deliver the first ever Heritage Specialist Apprenticeship Programme in Wood Occupations for 12 experienced carpenters and joiners. The programme, which will commence in September 2014 and will include 20 days of “off the job” training, an eleven month placement with experienced heritage contractors and a NVQ Level 3 in Heritage Skills.

A programme of Trainers CPD will commence at the same time and the nominated lecturers from the three colleges, Belfast Metropolitan College, South West College and Southern East Regional College, will shadow and assist with the delivery of the off-the-job training to enable them to deliver the course in each of their respective colleges. A team of Ambassadors/Mentors will also be appointed.

Historic Scotland Bursary Scheme

CITB-ConstructionSkills NI has managed 6 placements, funded by Historic Scotland’s Heritage Lottery Funded programme. The placements are on a year’s placement with Northern Ireland Environment Agency and are working towards a National Progression Award for the Conservation of Masonry,

Recruitment & Careers

Careers Engagement

Twelve Construction Ambassadors, all representatives from construction companies in Northern Ireland, continue to work with CITB-ConstructionSkills NI. They attended nine careers events to engage with potential new entrants, discussing their careers path and sharing their experiences of working in the construction industry.

CITB-ConstructionSkills NI staff attended a wide range of careers events during the year. They also engaged with Careers Teachers and Careers Advisers at their events and discussed the careers available in construction and promoted the construction industry as an excellent career choice. Overall by attending these events over 3,500 potential new entrants were engaged.

Careers Information

CITB-ConstructionSkills NI also worked closely with the Department for Employment & Learning and other Sector Skills Councils to produce Careers Factsheets to improve accessibility to and the provision of high quality Labour Market Information for DEL’s Career Advisers, clients and staff and Construction Ambassadors.

DEL Review of Apprenticeships

The DEL Review of Apprenticeships and Youth training was completed during the year with the Chief Executive Barry Neilson being a member of the Ministers Expert Panel. CITB-ConstructionSkills NI also consulted with industry stakeholders and responded to the consultation document. Additionally CITB-ConstructionSkills NI worked with the other Sector Skills Councils (SSC) to submit a collective SSC response to the consultation.

GCSE Construction

The GCSE Construction textbook developed by CITB-ConstructionSkills NI to support the current GCSE in Construction & the Built Environment has sold over 300 copies. Bursaries were awarded to the top 3 students studying the qualification. Over 5000 students have achieved the qualification in the last 10 years.

Stakeholder Engagement

Engaging with our stakeholders is important to understand and ensure their training needs are addressed. During 2013/2014 we engaged with our stakeholders every 3.7 days.

CITB-ConstructionSkills NI have identified various ways to engage with employers including direct Employer Information events, Drop In Events and Meet the Buyer Events held throughout Northern Ireland and attended by 429 employers.

Engagement continued with the Department for Employment & Learning Skills Advisers and Further Education College Monitoring Officers to facilitate engagement with employers and promotion of the benefits of being registered with CITB-ConstructionSkills NI.

CITB-ConstructionSkills NI, along with CITB-GB and CIC the Construction Industry Council, is a partner in CITB-ConstructionSkills the Sector Skills Council for Construction. Senior management engagement continued during the year to discuss the training needs of the UK wide industry and the potential opportunities to address these.

The SSC Forum meets regularly to discuss funding opportunities and joint bids and is attended by a representative of CITB-ConstructionSkills NI.

Women in Construction Network

Monthly updates to the events section of the Women in Construction Network website were completed and news articles uploaded. Two events were held – a seminar / networking event in October 2013 and a site visit to the A2 Shore Road project (Graham Construction) in June 2014.

Consultations

During the year 2013/14, CITB-ConstructionSkills NI responded to the following consultations:

DEL – Call for Submissions on the Review of Apprenticeships – this review seeks to ensure that future apprenticeship provision meets the needs of the NI economy

DEL – 2014-2020 ESF Investment for Growth & Jobs Programme – programme’s aim is to combat poverty and enhance social inclusion by reducing economic inactivity and to increase the skills base of those currently in work and future potential participants in the workforce

DETI – 2014-2020 ERDF Investment for Growth & Jobs Programme – DETI were consulting on their intentions to focus on three selected priorities ie, Strengthening Research, Technological Development and Innovation; Enhancing the Competitiveness of SMEs by improving access to finance; Supporting the shift towards a Low-Carbon Economy

Belfast Met – Delivering our Ambitions for 2013-16 – seeking views on BMC’s Draft Corporate Plan and 4 Point Plan that will provide direction for the College over the next three years”

Research

Throughout the year CITB-ConstructionSkills NI completed or contributed to a number of research surveys to increase its understanding of the training needs of the NI construction industry and to ensure that an adequate supply of training was available for all sectors of the industry.

Labour Market Intelligence

The Construction Skills Network (CSN) continued its work to produce accurate and up-to-date Labour Market Intelligence (LMI) for the Northern Ireland construction industry. This included two meetings of the CSN Observatory to obtain input to draft forecasts from key industry stakeholders.

The 2014-2018 LMI Report for the NI construction industry was published and distributed to stakeholders in January 2014.

Employer Tracking Survey

The annual Employer Tracking Survey of 100 NI employers was completed and actions from the findings were addressed. The survey sought to determine customer perceptions and satisfaction levels with CITB-ConstructionSkills NI.

Stakeholder survey

The annual Stakeholder Survey was completed, and actions arising were addressed. The survey of 20 employers sought to determine their views and level of involvement with CITB-ConstructionSkills NI.

Employer Attitudes and Motivations to Learning and Training

The Employer Attitudes and Motivations to Learning and Training research provides an open and regular programme of employer consultation, providing a reality check for anecdotal reports and enabling employer reactions to be gained on 'hot topics' of the moment. The report for Wave 13 of the research included 118 responses from NI employers and was published in February 2014. Topics covered included key business challenges, the economic downturn, apprentices, training and qualifications and non-UK workers.

As CITB-ConstructionSkills NI is part of the ConstructionSkills Sector Skills Council partnership, CITB-ConstructionSkills NI also takes part in a number of other UK-wide research projects completed through the ConstructionSkills partnership. The research which included NI was:

Skills & Training Research

The fieldwork for the Skills & Training Research took place in February and March 2014 and involved approximately 1,200 interviews across the UK, including 85 interviews in NI. This research was a repeat of similar research carried out in 2009 and 2011 and aimed to provide up-to-date information on recruitment difficulties, skills shortages, skills gaps and upskilling and development activity within the UK construction industry.

Continued Professional Development

The Continued Professional Development research examined the occurrence of Continued Professional Development (CPD) in the construction sector. The aim was to explore views and perspectives of CPD, how the sector could be encouraged to do more in this area and how this area could be further supported. The report for this research was published in November 2013.

Skills Development for the Self-Employed (SE) and Labour Only Sub Contractors (LOSCs)

The aim of the Skills Development for the Self-Employed and Labour Only Sub Contractors research was to explore various issues in relation to the self-employed and labour only sub-contractors such as relative skills levels, provision and uptake of training and barriers to training for this group. This UK wide research included 34 employer interviews in NI, 37 interviews with individuals working in the sector in NI and 20 interviews with recruitment agencies throughout the UK. Fieldwork was conducted from September 13 to January 14 and the report published in March 2014.

Construction Indicator

The CITB-ConstructionSkills NI 'Construction Indicator' publication was produced and distributed to stakeholders in May 2014. It provided a synopsis from various research sources of the main indicators of performance for the NI construction industry.

Labour Forecasting Tool (LFT)

The LFT is a web-based tool that allows users to predict the labour demand on projects, producing forecasts on a month by month and trade by trade basis. CITB-ConstructionSkills NI has worked with its Sector Skills Council partner, CITB GB, to promote and make this research tool available to potential users in NI.

All of the above research reports are available for downloading from the CITB-ConstructionSkills NI website or from our ConstructionSkills partner websites.

Training, Standards and Qualifications

As a recognised body for skills in the construction industry in Northern Ireland, CITB-ConstructionSkills NI has supported the development of a Construction Standards and Qualifications Strategy (CSQS) in conjunction with the industry. A new Northern Ireland action plan has also been developed. This action plan will support the development of industry training and qualifications in Northern Ireland over the next five years.

CITB-ConstructionSkills NI met with the devolved administration representatives, the NI Council for the Curriculum, Examinations and Assessment (CCEA), to provide detail on all National Occupational Standards (NOS) construction employer/stakeholder engagement activity that has occurred in Northern Ireland. Having these discussions in Northern Ireland helps meet Government commitments for the development and maintenance of robust and up-to-date NOS that will support the construction industry and the people that seek to enter it or already work within it. The Consolidated Assessment Strategy was reviewed and updated, this ensures that Awarding Organisations deliver the qualifications to the standard the industry requires.

Health & Safety

Health & Safety booklets were developed for Landscaping and Steel Erecting. Also, development began on occupational information guides for the following occupations: Scaffolder, Plant Operator, Roofer, Painter and Insulation Installer

Apprenticeship Frameworks

New NI construction industry apprenticeship frameworks were developed in partnership with the Department for Employment and Learning; these provide a clearer and more detailed overview of the qualifications required for various construction occupations.

Internal strategic projects

Five internal projects to review and improve internal processes continued throughout the year. A full evaluation of the completed projects was carried out as approximately half of the internal projects completed during the year. The evaluation found that staff skills had been expanded and improvements had been noted in employer feedback on products and services.

NDPB Statutory Duties

As an executive NDPB, CITB-ConstructionSkills NI is required to fulfill a number of statutory duties as follows:

The Promotion of Equality of Opportunity & Good Relations

In line with the statutory duties of Section 75 of the NI Act 1998, CITB-ConstructionSkills NI promotes equality of opportunity and good relations irrespective of a person's religion political beliefs, racial group, age, marital status, sexual orientation, gender, disability and dependents.

CITB-ConstructionSkills NI is committed to the fulfilment of its Section 75 obligations in carrying out all its functions, powers and duties relating to Northern Ireland. The Board has put effective internal arrangements in place to ensure that the statutory duties are effectively complied with and that progress on policies is monitored and reviewed. Objectives and targets relating to the statutory duties are included in the individual performance targets of specific staff with particular responsibilities in relation to the implementation of the Equality Scheme and monitored through line management review.

CITB-ConstructionSkills NI will endeavor to use its position as an influencer, facilitator and provider of training services to advise and lead the construction industry in the improvement of equality of opportunity and the access to training and employment for all, irrespective of religious and political beliefs, racial group, age, marital status, sexual orientation, gender, disability and dependants.

Sustainability and Efficiency Measures

A continuous drive to affect cost savings has contributed to the Board's sustainability and efficiency measures.

On-going management of general overheads resulted in a number of savings against similar budgeted expenditure for last year, this included electricity, heating oil and A4 paper. The replacement of the central heating boilers and improved system controls have resulted in reduced expenditure of 22% for heating oil over the previous year's cost. Electricity costs were also reduced, with a 9% saving on charges despite the increased tariff. Over all savings of 14% across the six Waste Management Measures have been achieved for the year.

Sustainability Report

CITB-ConstructionSkills NI constantly strives to make efficiencies that result in realistic and meaningful savings in terms of both environmental and sustainable resources.

A policy of expenditure control over energy and utility services plus improved management of procurement has resulted in significant cost savings and a reduced use of consumables over the past number of years. The organisation seeks to comply with best practice and procedures relating to sustainable development and the targets around carbon reduction incentives. Therefore the organisation has established baseline figures under its Waste Management Action Plan covering five specific areas of control, general waste, recycling, paper, electricity and heating oil.

In the base year 2008/2009 an exercise was undertaken to establish the organisations' carbon footprint resulting from the emissions from fuel, electricity and business travel. The calculation estimated a carbon footprint of 342.69 tonnes CO₂e for the year.

A carbon footprint for the organisation during the 2013/2014 year of 234.25 tonnes CO₂e represents a 2.5% reduction from the 2012/2013 figure. This calculation further represents a 32% reduction on the organisations emissions since the base year in 2008/2009.

The refurbishment of sections of the office and training facilities during year has improved energy efficiency measures resulting in reduced oil and electricity consumption which is to be

noted. This coupled with improved thermal insulation installed during the refurbishment has improved the working environment for staff and visitors.

Financial Review

For the year ended 31 August 2014, CITB-ConstructionSkills NI has prepared its annual report and accounts in accordance with International Financial Reporting Standards (IFRS).

CITB-ConstructionSkills NI's total annual operating income for 2013/14 amounted to £2,796,159. Expenditure in the year amounted to £3,322,839.

Levy Income and Expenditure

Levy income for 2013/14 amounted to £2,140,218 which represented 77% of the total annual operating income (2012/13 83%).

The levy rate remained at 0.60% on earnings paid by employers to direct labour (PAYE) and labour only subcontractors (LOSC).

Levy income has remained fairly static in the 2013/14 financial year which was forecast by CITB-ConstructionSkills NI.

Expenditure on staff costs

A total of £1,051,505 was spent on staff costs during the year. This includes staff costs in relation to delivery of training services including Standards Identification and Monitoring, marketing & advertising Skillbuild, Levy collection and grant advice support teams. In addition direct staff costs in relation to the delivery of training in the Mobile Training Unit and Undergraduate Development Programme are also included within the figure for staff costs.

Other Operating Costs (excluding staff costs)

Other operating costs were £2,170,136 and include grants to employers, training services and direct training provision. Other costs include running costs, operating lease rentals and legal fees.

Government and Other Public Body Income

CITB-ConstructionSkills NI receives no grant-in-aid from Government or other public authorities. Other income is in respect of specific projects undertaken.

Funding received from DEL amounted to £141k in relation to the QEW project and £51k contribution to the Skillbuild NI competitions.

Direct Course Income

Non levy income of £53k was generated from the sale of 2013/14 training and assessment courses.

Bank interest

Bank interest receivable amounted to £14k which represented 1% of CITB-ConstructionSkills NI's total annual operating income.

APPROVED AND SIGNED

A handwritten signature in black ink that reads "Barry Neilson". The signature is written in a cursive style with a prominent initial 'B'.

Barry Neilson
Accounting Officer
CITB-ConstructionSkills NI

Date: 15 January 2015

DIRECTORS REPORT

Position of Chief Executive

Mr Barry Neilson was Chief Executive and Accounting Officer from 1 September 2013 to 31 August 2014.

Board Members

The Board of CITB-ConstructionSkills NI comprised 13 Members and the Chairman. Membership of the Board is determined by the Department for Employment and Learning and through formal appointment by the Minister. Appointments to the Board follow the Office of the Commissioner for Public Appointments guidelines. The Department for Employment and Learning undertook formal appointments processes in 2014 to replace resignations or retiring members.

The following served as board members during the year:

Chairman: W A Doran OBE (retired 31 July 2014)
M Johnston (appointed 1 August 2014)

Representing Employers

J Armstrong (retired 31 July 2014)
M Nawaz
B Vaughan
C Boyle
D Martin (appointed 1 April 2014)
D Henry (appointed 1 April 2014)

Representing Employees

T Collins (retired 31 July 2014)
M Bradley
M O'Kane
C Brolly
S Hassard (appointed 1 April 2014)
J Pollock (appointed 1 April 2014)

Representing Education

A Murray (retired 31 July 2014)
Dr R Whiteford (retired 31 July 2014)
C McKeown
C Corken (appointed 1 April 2014)

Observer representing the Department for Employment and Learning: C Johnston

Observer representing Department of Education: M Duddy

Co-opted Members

Derek Martin until 31 March 2014

David Henry until 31 March 2014

Board member attendance is outlined in Appendix 2.

Board Member Induction

As there were a number of new Board member appointments during 2013/2014, Board member Induction was provided through attendance at On Board in June 2014.

HUMAN RESOURCES AND FACILITIES**Sick Absence**

Staff absence due to illness was on average 5.2 days per employee for the year ended 31 August 2014 (2012-13: 5 days). This figure compares favourably with sickness absence within the wider Northern Ireland Civil Service which reported an average of 10.6 days in 2012-13.

Personal Data Related Incidents

There have been no personal data related incidents during the year.

Charitable Donations

CITB-ConstructionSkills NI did not make any charitable or political donations during the year.

Position at Year End

CITB-ConstructionSkills NI's statement of financial position is sufficiently liquid to meet its financial obligations. During the year ended 31 August 2014 net current assets have decreased from £1.7 million to £1.3 million. Cash at bank and in hand has decreased from £2.3 million to £1.6 million at the year end and was invested in term deposit accounts during the year.

Reserves

The Statement of Comprehensive Net Expenditure (SoCNE) reserve at the year-end has decreased from £3.4 million to £1.8 million.

Whilst a deficit of £526k is reported in the Statement of Comprehensive Net Expenditure it is worth noting that this deficit was planned as part of the Board's financial strategy to reduce reserves and assist the industry during difficult economic times.

There has been a significant movement in the NILGOSC pension liability once again this year resulting in an adjustment of £1,070k in respect of actuarial losses which have been debited to the SoCNE reserve.

The annual pension report, which is provided by an appointed independent actuary, has showed a movement from an International Accounting Standard (IAS) 19 calculated deficit of £355k to a deficit of £1,469k. The actuary explained that this movement is due to changes in the financial assumptions used to value the assets and liabilities.

The actuary also explained that there is considerable volatility in the IAS19 surplus/deficit that would be disclosed at any given date due to current market conditions and therefore it is not possible to confidently predict what the IAS 19 position will be at the end of the next financial year, hence the current year's adjustment to reserves does not mean that the same

position will exist next year. Further information on pensions can be found in note 10 to the accounts.

Financial Strategy

CITB-ConstructionSkills NI is committed to ensuring that income received is utilised appropriately to encourage adequate training within the industry.

The Board is continually considering options to support the industry through this difficult economic climate by making best use of reserves, whilst ensuring it maintains financial stability.

The Board developed a three year financial strategy model which included consideration of the levy rate with an approved reduction from 0.65% to 0.60% for the 2011/12 and 2012/13 financial years. As the level of deficit between 2011 and 2013 was lower than forecast, CITB-ConstructionSkills NI Board agreed to extend the reduction of 0.60% in to the 2013/14 year.

This temporary reduction in the levy rate has reduced the burden on our registered in-scope employers during the downturn.

In line with the Board's projected service delivery requirements the levy rate for 2014/15 has been reinstated to 0.65%.

The Board is committed to developing a new financial strategy during 2014/15 throughout the year to ensure that future service delivery is matched to the resources that will be available.

Payment to Suppliers

CITB-ConstructionSkills NI is committed to the prompt payment of bills for goods and services received in accordance with the Better Payment Practice Code. Unless otherwise stated on the contract, payment is due within 30 days of the receipt of the goods or services, on presentation of a valid invoice or similar demand, whichever is later.

For the year ended 31 August 2014, 100% (2012-13: 100%) of payments to suppliers were paid within 30 working days. In addition to this the government has said that wherever possible public sector bodies should seek to pay suppliers within 10 working days of receipt of the invoice. In 2013-14 we met this standard for approximately 99% of invoices received.

Pensions

CITB-ConstructionSkills NI participates in a defined benefit scheme the assets of which are held in a separate trustee administered fund operated by NILGOSC. CITB-ConstructionSkills NI takes no direct role in the administration of the fund and contributions to this scheme are as recommended by the actuary. Note 10 to the financial statements provides additional information on pensions.

Register of Interests

A Register of Interests is maintained by CITB-ConstructionSkills NI and can be inspected at 17 Dundrod Road, Nutts Corner, Crumlin BT29 4SR. Material transactions with related parties and board members are disclosed in the Related Party Transactions note of the Annual Accounts.

Audit of Financial Statements

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) in accordance with the Industrial Training (Northern Ireland) Order 1984. The Comptroller and Auditor General is the head of the Northern Ireland Audit Office and he and his staff are wholly independent of CITB-ConstructionSkills NI.

The audit of the financial statements for 2013/14 resulted in an audit fee of £8,500 which is included in other expenditures within the Statement of Comprehensive Net Expenditure.

Statement on Disclosure of Relevant Audit Information

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

Non Audit Work

The Northern Ireland Audit Office (NIAO) has not undertaken any non-audit work during the financial year ended 31 August 2014.

Important events occurring after the year end

No important events occurred after the year ends which have had any financial impact on the results for the year ending 31 August 2014.

APPROVED AND SIGNED



Barry Neilson
Accounting Officer
CITB-ConstructionSkills NI

Date: 15 January 2015

REMUNERATION REPORT

Remuneration Policy

The Remuneration Committee was combined with the Finance Committee with effect from January 2010. This Committee is known as the Finance & General Purposes Committee. The role of the Committee is to advise the Board on all financial matters and remuneration and employment policy specifically relating to the following matters:

- Staff matters including recruitment, selection, promotion, organisational structure, terms and conditions of service and disciplinary and grievance matters.
- Board policies in relation to staffing matters
- Remuneration for staff at all levels
- Deal with such other issues as may be referred to it by the Board

In determining pay and grading systems and overall increases in paybill, the board takes account of public sector pay policy and any guidance issued by DFP, Treasury and the Cabinet Office.

All proposed pay remits are submitted to DEL/DFP for approval in the form of a business case to justify value for money, affordability and consistency with public sector pay policy.

The Department for Employment and Learning work within the public sector pay policy and guidance in determining the remuneration (including any salary and allowances) for Board members including the Chairman.

There are currently no plans to change the policy in relation to the remuneration of senior managers. Any such changes would be guided by public sector pay policy and any guidance issued by DFP, Treasury and the Cabinet Office.

Service Contracts

All appointments for services made by CITB-ConstructionSkills NI are made based on merit, on the basis of fair and open competition.

Unless otherwise stated, the officials covered by this report hold appointments, which are for a fixed term period of 3 years, which expire between 2015 and 2017. The Department for Employment and Learning, which is required to strictly adhere to the public appointments procedures, appoints board members. A Code of Conduct for Board Members is in place.

Unless otherwise stated, the officials covered by this report can be removed from office by the Minister without notice and without termination payments.

Mr Barry Neilson was appointed permanent Chief Executive with effect from 17 May 2010.

The conditions of service for the Chief Executive are those laid out within CITB-ConstructionSkills Northern Ireland's Employee Handbook.

The current Chief Executive's notice period is three months.

Salary and Pension Entitlements (Audited)

The following sections provide details of the remuneration and pension interests of the senior officials of CITB-ConstructionSkills NI.

The position of Chief Executive from 01 September 2013 to 31 August 2014 was held by Barry Neilson a direct employee of CITB-ConstructionSkills NI.

The remuneration payable to the Chief Executive was as follows:

Name	2013-14			2012-13		
	Salary £'000	Benefits in Kind (nearest £100)	Pensions Benefits* (to nearest £1,000)	Salary £'000	Benefits in Kind (nearest £100)	Pensions Benefits* (to nearest £1,000)
B Neilson	60-65	-	15	60-65	-	15

**The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.*

The Chairman and Board Members listed below are appointed by the Public Appointments Office. Therefore CITB-ConstructionSkills NI does not make any payments in respect of bonuses or pension benefits in respect of these individuals.

The remuneration payable to the Chairman and Board members was as follows:

Official	2013-14		2012-13	
	Salary £'000	Benefits in Kind (nearest £100)	Salary £'000	Benefits in Kind (nearest £100)
W A Doran OBE* (Retired 31 July 2014)	0-5 (20-25 full year equivalent)	-	20-25	-
M W Johnston* (Appointed 01 August 2014)	0-5 (20-25 full year equivalent)	-	0-5	-
J Armstrong* (Appointment expired 31 July 2014)	0-5	-	0-5	-
M Nawaz Board member from 01/01/13	0-5	-	0-5	-
B Vaughan* Board member from 01/01/13	0-5	-	0-5	-
C Boyle * Board member from 01/06/13	0-5	-	0-5	-
D Martin (Board Member from 01/04/2014)	0-5	-	-	-

Official	2013-14		2012-13	
	Salary £'000	Benefits in Kind (nearest £100)	Salary £'000	Benefits in Kind (nearest £100)
D Henry (Board Member from 01/04/2014)	0-5	-	-	-
T Collins * (Appointment expired 31 July 2014)	0-5	-	0-5	-
M Bradley * Board member from 01/06/13	0-5	-	0-5	-
M O'Kane Board member from 01/06/13	0-5	-	0-5	-
C Brolly Board member from 01/01/13	0-5	-	0-5	-
S Hassard Board member from 01 April 2014	0-5	-	-	-
J Pollock Board member from 01 April 2014	0-5	-	-	-
A Murray (Appointment expired 31 July 2014)	0-5	-	0-5	-
R Whiteford (Appointment expired 31 July 2014)	0-5	-	0-5	-
C McKeown Board member from 01/06/13	0-5	-	0-5	-
C Corken Board member from 01/04/2014	0-5	-	-	-
N Patton Board Member from 01/04/2007 until 14 November 2012	-	-	0-5	-
M Doran Board Member from 01/04/2007 until 31 March 2013	-	-	0-5	-

* **Member of Finance & General Purposes Committee**

	2013-14	2012-13
Band of Highest Paid Director's Total Remuneration	60-65	60-65
Median Total Remuneration	25,828	23,384
Ratio	2.4	2.6

Salary

'Salary' includes gross salary and Board member attendance allowance.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue & Customs as a taxable emolument.

Bonuses

CITB-ConstructionSkills NI does not operate a performance related pay system. Therefore no bonuses were paid to staff during the 2013-14 year. (2012-13: NIL).

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in CITB-ConstructionSkills NI in the financial year 2013-14 was £60,000 to £65,000 (2012-13: £60,000 - £65,000). This was 2.4 times (2012-13: 2.5 times) the median remuneration of the workforce, which was £26,122 (2012-13: £24,478).

Total remuneration includes salary and does not include employers pension contributions and the cash equivalent transfer value of pensions.

Pensions of Senior Officials (Audited) -

Board Members

No pension contributions are made by CITB-ConstructionSkills NI in respect of board members.

Officials	Accrued pension at pension age as at 31/08/2014 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/08/14	CETV at 31/08/13	Real Increase in CETV
	£'000	£'000	£'000	£'000	£'000
B Neilson Chief Executive	0-5 Plus lump sum of 0-5	0-2.5	58	43	14

The above information was provided by NILGOSC and comprises benefits accrued as at 31 August 2014.

Pension benefits are provided through the NILGOSC Scheme, which is described in the accounting policies note to the financial statements. This is a statutory scheme that provides benefits on a 'final salary' basis at a normal retirement age of 65. New regulations were introduced with effect from 01 April 2009 so benefits accrued before and after this date are calculated separately. For membership before 01 April 2009, the pension is based on an accrual rate of 1/80th of final pensionable pay for each year of membership and a lump sum of 3/80ths of pensionable salary for each year of service.

For membership after 01 April 2009 the pension is based on an accrual rate of 1/60th with no automatic lump sum,

Employees currently pay contributions between 5.5% and 7.5% of their pensionable earnings. The contribution rate payable is dependent on the Full Time Equivalent rate of pay for their job. Historically pensions had increased annually in line with the Retail Price Index (RPI) however in a budget statement on 22 June 2010, the Government announced that from April 2011 the Consumer Prices Index (CPI) would replace the RPI as the measure of inflation used to set Pensions Increase. Based on the historic rates of CPI, it is expected that lower increases to pensions will be paid in the future. On death, pensions are payable to the surviving spouse at a rate of 1/160th of the member's final pay times the total membership that could have been built up had the member continued to work to age 65. On death in service, the scheme will pay a lump sum benefit of three times pensionable pay.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Transfer factors are based on a number of assumptions made by the Government Actuary's Department (GAD), including life expectancy and future cost of living increases. As the cost of living increases will be applied using a different measure of inflation in the future, the factors used to calculate the CETV are currently under review.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase due to inflation, contributions paid by the employee etc.

APPROVED AND SIGNED



Barry Neilson
Accounting Officer
CITB-ConstructionSkills NI

Date: 15 January 2015

CITB-CONSTRUCTIONSKILLS NI
Financial Statements for the year Ended 31 August 2014

FOREWORD TO THE FINANCIAL STATEMENTS

Business review

A full review of the activities of CITB-ConstructionSkills NI is given in the Annual Report.

Results for the year

The amount transferred to the SoCNE Reserve for the year amounted to (£526,680) deficit, (2013: (£450,805) deficit).

Non-Current Assets

Details of the movement in non-current assets are set out in notes 4 & 5 to the financial statements. CITB-ConstructionSkills NI does not believe that there is any material difference between the market and net book value of its assets.



Mr W M Johnston – Chairman

Date: 15/01/2015



Mr B Neilson – Accounting Officer

Date: 15/01/2015

STATEMENT OF BOARD MEMBERS' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under the Industrial Training (Northern Ireland) Order 1984 CITB-ConstructionSkills NI is required to prepare financial statements in the form and on the basis determined by the Department for Employment and Learning (DEL) and the Department of Finance and Personnel (DFP). The financial statements are prepared on an accruals basis and must give a true and fair view of the state of affairs of the organisation at the year-end and of its income and expenditure, changes in reserves and cash flows for the financial year.

In preparing the financial statements, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Department, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that CITB-ConstructionSkills NI will continue in operation.

The Accounting Officer of DEL has designated the Chief Executive as the Accounting Officer for the CITB-ConstructionSkills NI. The Chief Executive's relevant responsibilities as Accounting Officer include responsibility for the propriety and regularity of the public finances, the keeping of proper records and for safeguarding the organisation's assets and are set out in the non-departmental public bodies Accounting Officer's Memorandum, issued by the Department of Finance and Personnel (DFP).

CITB-ConstructionSkills NI
17 Dundrod Road
Crumlin
Co Antrim
BT29 4SR



Mr W M Johnston – Chairman

Date: 15/01/2015



Mr B Neilson – Accounting Officer

Date: 15/01/2015

GOVERNANCE STATEMENT

This Governance Statement for CITB-ConstructionSkills NI reflects the organisations governance, risk and internal control arrangements as they have operated during the 2013-2014 year.

As well as being an Industrial Training Board, CITB-ConstructionSkills NI is an Executive NDPB. An Executive NDPB has the following characteristics:

- Operates under statutory provisions and is legally incorporated
- The Chief Executive is accountable to the Board
- The body is responsible for its own budget
- Appointments to the Board are made by the Minister

CITB-ConstructionSkills NI sponsoring Department is the Department for Employment and Learning (DEL) and the DEL Minister appoints the Board of CITB-ConstructionSkills NI through the Public Appointments Unit. CITB-ConstructionSkills NI and DEL have in place a Management Statement and Financial Memorandum, which outlines the relationship between the two organisations.

Governance Framework

The governance framework of CITB-ConstructionSkills NI, which is in keeping with the corporate Governance Code, is made up of:

- CITB-ConstructionSkills NI Board
- CITB-ConstructionSkills NI Audit and Risk Assurance Committee
- CITB-ConstructionSkills Review Panel
- Executive Management Team
- Quarterly Accountability meetings with CITB-ConstructionSkills NI sponsoring Department, The Department for Employment and Learning (DEL)

The Board

The Board of CITB-ConstructionSkills NI meets at least six times during the year. Meetings of the Board are scheduled to be held following meetings of the Audit and Risk Assurance Committee. A report of each meeting of the Audit and Risk Assurance Committee is presented to the Board by the Chairman of the Audit and Risk Assurance Committee and matters of significance are recorded on the Board minutes.

Changes in Board membership took place within the year and new Board members were provided with On Board training in June 2014. Board members also took part in the Annual Board Workshop in November 2013 incorporating discussions around setting the strategic direction of the organisation.

The Board has appointed a Finance and General Purposes Committee, which reviews in detail financial matters and human resources issues and makes recommendations to the Board.

During the 2013/2014 year, issues considered by the Board included:

- Strategic direction
- Annual budget
- Management Accounting
- Performance targets
- Annual review of Risk Management
- Approval of annual levy rate following industry consultation

A register of Board members interests is established and is updated regularly. Declaration of Interests is included on the agenda of Board and Committee meetings.

Board member attendance is outlined in Appendix 2

The Audit and Risk Assurance Committee

CITB-ConstructionSkills NI's Audit and Risk Assurance Committee meets four times a year. The Audit and Risk Assurance Committee comprises a Chairman and three members appointed by the Board. A change of Chairman was approved by the Board in March 2014 as the Chairman of the Audit and Risk Assurance Committee reached the end of his term of office on 31 July 2014. Representatives from the organisation's internal auditors, the Northern Ireland Audit Office and DEL are normally present.

The Audit and Risk Assurance Committee reviews on a regular basis, CITB-ConstructionSkills NI's internal control procedures, outstanding audit recommendations, policies and procedures and corporate governance. Risk Register, Dear Accounting Officer and Dear Finance Director letters are also reviewed at each meeting.

In line with best practice the Committee also arranges to meet with both internal and external auditors during the year without CITB-ConstructionSkills NI staff members being present.

The Audit and Risk Assurance Committee provides an annual report to the Board, which summarises the Committee's work for the year including details of agenda items of meetings, internal audit, external audit, risk management and policies and procedures.

The Audit Committee undertook a review of effectiveness in June 2013 and some areas for development were identified and implemented during 2013/2014. The Audit and Risk Assurance Committee also attended Public Accountability and Governance for Audit Committees in March 2014. The Board approved the change of name to Audit and Risk Assurance Committee in March 2014.

Internal Audit

CITB-ConstructionSkills NI's internal audit function is currently provided by KPMG who were appointed for another three year term following a tender undertaken by Central Procurement Directorate. The programme of internal audits is regularly reviewed by the Audit and Risk Assurance Committee and management to ensure that the audit areas identified continue to be appropriate and of benefit to the organisation.

During the year ended 31 August 2014 KPMG completed the agreed programme of audits.

All audits carried out resulted in a rating of substantial or satisfactory assurance.

The overall audit opinion for CITB-ConstructionSkills NI for the year was substantial.

Board Review Panel

The Board Review Panel comprises a Chairman and three members appointed by the Board. The Board Review Panel considers the Board's policies in respect of assessment and collection of levy, reviews existing and new grants and makes recommendations to the Board. The Board Review Panel also considers challenges to the scope position and grant appeals by employers.

Executive Management Team

The Executive Management Team (EMT) meets on monthly basis and is Chaired by the Chief Executive and includes the Directors of Strategic Services, Industry Training and Support and the Board Accountant. The EMT reviews risk management, current financial position, balanced scorecard and ongoing operational issues at each meeting.

Quarterly Accountability Meeting with DEL

Accountability meetings with DEL are held on a quarterly basis. The agendas for these meetings include standing items, such as performance monitoring, budgetary and financial matters, risk management and corporate governance. A report of each meeting is provided for the Audit and Risk Assurance Committee. The DEL Permanent Secretary also meets annually with the Board Chairman.

There were no Ministerial directions given, subject to a public interest test.

Quality of Data

The Board, its Committees and staff rely on data from various sources including:

- Research carried out by CITB-ConstructionSkills NI
- Meetings with Industry Employer Bodies
- Meetings with industry and stakeholders
- Consultations with industry
- Interrogation of research undertaken by other bodies
- Two annual stakeholder meetings
- 24 annual events with employers in the industry

This information is consolidated with data from services provided by CITB-ConstructionSkills NI to provide the Board with high quality data to rely on in the decision making process.

Scope of Responsibility

The Chief Executive of CITB-ConstructionSkills NI is the Accounting Officer and has responsibility for maintaining a sound system of internal control that supports the achievement of CITB-ConstructionSkills NI's mission, vision and aims whilst safeguarding the public funds and Board assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned in Managing Public Money Northern Ireland.

The view of the overall system of internal control is informed by the following:

- Internal audit reports;
- Regular review of the Strategic and Operational risk registers;
- Quarterly Accountability meetings with officials from DEL to consider both operational and strategic issues and matters relating to the system of internal control;
- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Executive Management Team and the Board;
- Regular reviews by the Board of periodic and annual financial reports which indicate financial performance against the forecasts;
- Setting targets to assess financial and operational performance

Review of Effectiveness

The Accounting Officer has the responsibility for reviewing the effectiveness of the system of internal control.

The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within CITB-ConstructionSkills NI who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

The implications of the result of the review of the effectiveness of the system of internal control is provided by the Board, the Audit and Risk Assurance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In addition over the 2013/2014 year, internal groups have reviewed our processes and performance in the areas of Internal Communications, External Communications, Qualification development and Securing Non Levy Income to support activities. A fifth project has focused on mapping our processes to ensure they are competent and effective.

The Purpose 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 the risks to the achievement of CITB-ConstructionSkills NI's policies, aims and objectives, 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 in CITB-ConstructionSkills NI for the year ended 31 August 2014 and up to the date of approval of the annual report and accounts, and is in accordance with Treasury guidance.

Capacity to Handle Risk

CITB-ConstructionSkills NI's risk management system has been formalised through:

- the development and communication of a risk management strategy;
- the maintenance and continuous review of the strategic and operational risk registers;
- the development of the Business Continuity Plan
- review of risks at Executive Team meetings and Audit and Risk Assurance Committee meetings; and
- review of risks at Staff team meetings

Staff are made aware of risk management through publication of the Risk Management strategy on the shared drive, through dissemination of information produced from the Executive Management Team and participation in internal Divisional meetings. During 2013-14 the risk management strategy, strategic and operational risk registers were reviewed and updated in line with best practice.

The majority of risks are identified by the Executive Management Team and staff. However over the 2013/2014 year a number of risks were identified by Audit and Risk Assurance Committee and Board members and incorporated into the Risk Registers.

The Risk and Control Framework

Risk management procedures have been in place throughout the year ended 31 August 2014 in addition to the existing regular review and reporting of internal control systems. The Executive Management Team reviewed on a regular basis the risk register and the principal risks were identified, classified and the management of those risks considered in detail on a monthly basis.

The management of risks was reported quarterly to the Audit and Risk Assurance Committee and an annual report on risk management was provided to the Board in January 2014.

Risk Registers

The risk registers and assignment of risk ownership are available to all staff.

The risk registers are updated on a regular basis to:

- Add new risks and remove out of date risks;
- Review risk ratings and rankings; and
- Report the top risks to ensure effective mitigation measures are implemented

Risks to information are managed and controlled within this process and CITB-ConstructionSkills NI has in place Freedom of Information and Data Protection Policies, which include the handling of information.

Procedures are in place to ensure the adequate protection of data held on computers and laptops. Formal authorisation is required in advance of being given access to IT systems via either the network or WIFI.

In addition, two separate backup routines, which copy data on both a daily and weekly basis to two separate storage areas, are executed in order to safeguard corporate data in the event of server failure or corruption.

Staff are aware of the importance of securely storing paper records and dedicated archive stores are provided.

Reporting

Risk management is reported and reviewed at the Executive Team meetings on a monthly basis and formal reports were issued to the Audit and Risk Assurance Committee at each of its meetings throughout the year.

Significant Internal Control Issues

There were no significant internal control issues reported during the year ended 31 August 2014.



Barry Neilson
Accounting Officer
CITB-ConstructionSkills NI

Date: 15 January 2015

CITB-ConstructionSkills NI

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of CITB-ConstructionSkills NI for the year ended 31st August 2014 under the Industrial Training (Northern Ireland) Order 1984. These comprise the Statement of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity 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 Chief Executive and auditor

As explained more fully in the Statement of Board Members and Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report the financial statements in accordance with the Industrial Training (NI) Order 1984. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the CITB-ConstructionSkill's NI circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the CITB-ConstructionSkills NI; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of CITB-ConstructionSkills NI's affairs as at 31st August 2014 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Industrial Training (NI) Order 1984 and the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in Management Commentary and Strategic Report and Directors report for the financial year for which the financial statements are prepared is consistent with the financial statements.

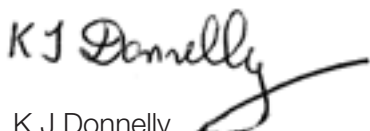
Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



K J Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

27 January 2015

CITB-CONSTRUCTIONSKILLS NI**STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 AUGUST 2014**

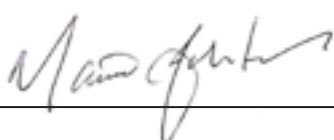
		2013-14	2012-13
	Note	£	£
Expenditure			
Staff Costs	2	1,051,505	985,108
Depreciation	4,5	88,198	66,665
Impairment Loss		-	32,243
Other Expenditures	3	2,170,136	2,107,249
		3,309,839	3,191,265
Income			
Levy Income		2,140,218	2,184,101
Project Income		472,152	315,754
Direct Training Course Income		52,691	52,259
Other Income		116,745	98,811
Sector Skills Council Income		-	7,568
		2,781,806	2,658,493
Net Expenditure		528,033	532,772
Interest Receivable		(14,353)	(41,343)
Pension Financing Charges	10	13,000	(40,624)
Net Expenditure after Interest and financing charges		526,680	450,805
Other Comprehensive Expenditure			
		2013-14	2012-13
	Note	£	£
Net gain/(loss) on revaluation movement on property, plant & equipment	4	(55,334)	340,689
Net gain/(loss) on revaluation movement on intangible assets	5	(398)	(749)
Pension actuarial gains & (losses)	10	1,070,000	(405,864)
Total Comprehensive (Expenditure) / Income for the year ended 31 August 2014		1,540,948	384,881

The notes on pages 48-64 form part of these accounts

CITB-CONSTRUCTIONSKILLS NI
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2014

	Note	2014 £	2013 £
Non-Current Assets:			
Property, Plant and Equipment	4	2,012,418	2,017,899
Intangible Assets	5	18,843	14,610
<i>Total Non-Current Assets</i>		2,031,261	2,032,509
Current Assets:			
Trade and Other Receivables	7	222,914	139,822
Cash and Cash Equivalents	8	1,629,930	2,324,951
Total Current Assets		1,852,844	2,464,773
Total Assets		3,884,105	4,497,282
Current Liabilities			
Trade and Other Payables	9	(576,978)	(763,207)
Total Current Liabilities		(576,978)	(763,207)
Non Current Assets Plus Net Current Assets		3,307,127	3,734,075
Non current liabilities			
Pension Liabilities	10	(1,469,401)	(355,401)
Total Non Current Liabilities		(1,469,401)	(355,401)
Assets less Liabilities		1,837,726	3,378,674
Reserves			
SoCNE Reserve		1,766,268	3,362,948
Revaluation Reserve		71,458	15,726
		1,837,726	3,378,674

The financial statements on pages 43-64 were approved by the Board on 15/01/15 and were signed on its behalf by:

Signed :  (Chairman)

Signed:  (Chief Executive)

Date: 15/01/2015

The notes on pages 48-64 form part of these accounts

CITB-CONSTRUCTIONSKILLS NI
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2014

		2013-14	2012-13
	Note	£	£
Cash Flows from Operating Activities			
Net Expenditure after interest & financing charges		(526,680)	(450,805)
Depreciation & Amortisation	4, 5	88,198	66,665
(Increase)/Decrease in trade and other receivables	7	(83,092)	36,494
Increase/(Decrease) in trade payables	9	(186,229)	(23,910)
IAS 19 pension costs*	10	44,000	(49,832)
Unrealised loss on revaluation		-	32,242
Loss on disposal of asset		1,058	-
Net Cash Inflow/ (Outflow) from Operating Activities		(662,746)	(389,146)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	4	(16,886)	(465,323)
Purchase of intangible assets	5	(15,390)	-
Net Cash Outflow from Investing Activities		(32,276)	(465,323)
Net Financing			
Net increase/(decrease) in cash and cash equivalents in the period	8	(695,022)	(854,469)
Cash and cash equivalents at the beginning of the period	8	2,324,951	3,179,420
Cash and Cash Equivalents at the end of the period	8	1,629,929	2,324,951

* This balance includes movements in the pension provision in addition to pension costs.

The notes on pages 48-64 form part of these accounts.

CITB-CONSTRUCTIONSKILLS NI**STATEMENT OF CHANGES IN TAXPAYER'S' EQUITY
FOR THE YEAR ENDED 31 AUGUST 2014**

	Note	SoCNE Reserve £	Revaluation Reserve £	Total Reserves £
Balance at 31 August 2012		3,407,888	355,668	3,763,556
Changes in Taxpayers' Equity 2012-2013				
Comprehensive Expenditure for the year		(44,940)	(339,942)	(384,882)
Balance at 31 August 2013		3,362,948	15,726	3,378,674
Changes in Taxpayers' Equity 2013-2014				
Comprehensive Expenditure for the year		(1,596,680)	55,732	(1,540,948)
Balance at 31 August 2014		1,766,268	71,458	1,837,726

The notes on pages 48-64 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR END 31 AUGUST 2014

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of CITB-ConstructionSkills NI for the purpose of giving a true and fair view has been selected. The particular policies adopted by CITB-ConstructionSkills NI for the year ended 31 August 2014 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets.

1.2 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of CITB-ConstructionSkills NI's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from those estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

1.2.1 Critical Judgements in Applying Accounting Policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying CITB-ConstructionSkills NI's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1.3 Income

The main source of income for CITB-ConstructionSkills NI is a statutory levy. Levy is receivable from assessments based on the employment details returned by construction establishments. This may also include an estimate for construction establishments from which employment details have not been received. Other income is recognised in the period to which it relates.

Interest income is accrued on a time basis, by reference to the principal outstanding and interest rate applicable. Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

1.4 Employee Benefits including Benefits

Under IAS 19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave at the year end. The cost of untaken leave has been calculated on the basis of records held by the Human Resources Department and individual staff members.

1.5 Pensions

CITB-ConstructionSkills NI participates in the Northern Ireland Local Government Officer's Superannuation Committee Scheme (The NILGOSC Scheme) for the majority of its employees. The Scheme is funded by employers participating in the NILGOSC Scheme who pay contributions at rates determined by an independent professionally qualified actuary on the basis of regular valuations using the projected unit method. CITB-ConstructionSkills NI considers the impact of IAS19R to be immaterial to the Annual Report and Accounts and disclosures are in accordance with the Standard.

1.5.1 NILGOSC Pension Scheme

For the NILGOSC defined benefit scheme, CITB-ConstructionSkills NI has recognised its share of the pension fund assets and liabilities in its Statement of Financial Position as either a pension liability/pension asset, as well as recognising the full cost of providing for future retirement benefits in the Statement of Comprehensive Net Expenditure.

1.5.2 Measurement of the Scheme Assets

The pension fund asset is accounted for at fair value

1.5.3 Measurement of the Scheme Liabilities

Pension liabilities are measured on an actuarial basis using the projected unit method. The scheme liabilities at the valuation date relate to:

- (i) the benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases, and
- (ii) the accrued benefits for members in service on the valuation date.

1.5.4 Recognition of Net Pension Liability

CITB-ConstructionSkills NI has recognised a liability in its Statement of Financial Position for the shortfall in value of its share of the pension fund assets and liabilities. This shortfall is recoverable wholly from increases in future contributions made by CITB-ConstructionSkills Northern Ireland to the pension fund.

1.6 Expenses

Other operating expenses for goods or services are recognised when, and to the extent that, they have been received. They are measured at the fair value of the consideration payable.

1.7 Property, Plant and Equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to CITB-ConstructionSkills NI;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land and buildings used for CITB-ConstructionSkills NI's service or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use

For all other non-property assets (useful life less than five years) and low value assets (less than £10,000) depreciated historic cost is considered to be a satisfactory reflection of fair value.

An increase arising on revaluation is credited to the revaluation reserve except when it reverses impairment for the same asset previously recognised in expenditure, in which case it is credited to the Statement of Comprehensive Net Expenditure.

Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.8 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the CITB-ConstructionSkills NI's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to or service potential be provided to CITB-ConstructionSkills NI and where the cost of the asset can be measured reliably.

- Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset.

Measurement

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost, indexed for relevant price increases using the Retail Price Index, as a proxy for fair value.

1.9 Depreciation, Amortisation and Impairments

Depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which CITB-ConstructionSkills NI expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

The bases by which depreciation and amortisation is calculated is as follows:

Property, Plant & Equipment

Premises – Buildings	20	years
Information Technology & Audio Visual	3 & 5	years
Plant & Machinery	4-5	years
Furniture & Fittings	5	years

Intangible Assets

Information Technology Software	3-9	years
Website	2	years
Software Licences	3-7	years

At each reporting period end, CITB-ConstructionSkills NI checks whether there is any indication that any of its property, plant and equipment or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

1.10 Leases

Operating lease payments are recognised as an expense in the Net Expenditure Account on a straight line basis over the lease term.

1.11 Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.12 Impending application of newly issued accounting standards not yet effective

CITB-ConstructionSkills NI has not yet applied a new accounting standard and known or reasonably estimable information relevant to assessing the possible impact that initial application of the new standard will have on CITB-ConstructionSkills NI's financial statements.

1.13 Financial Instruments

Financial assets are recognised when CITB-ConstructionSkills NI becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired of the asset has been transferred.

Financial liabilities are recognised on the statement of financial position when CITB-ConstructionSkills NI becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received.

(i) Trade Receivables

Trade receivables are recognised and carried at the lower of their original invoiced value or recoverable amount. Balances are written off when the probability of recovery is assessed as being remote.

(ii) Trade Payables

Trade payables are not interest bearing and are stated at their nominal value.

1.14 Taxation

No provision for taxation arises as the CITB-ConstructionSkills NI has charitable status approved by HM Revenue & Customs.

1.15 Operating Segments

CITB-ConstructionSkills NI's principle aim is to ensure the adequate training of those employed or intending to be employed in the Northern Ireland Construction Industry. CITB-ConstructionSkills NI provides a range of services however all of the services provided fulfill the principle aim of the organisation and as such is considered to have only one operating segment. All decisions are made by the Executive Management Team and the Board.

2. STAFF NUMBERS AND RELATED COSTS

	Permanently employed staff	Others	2013-14	2012-13
	£	£	£	£
Wages and Salaries	812,059	16,716	828,775	797,664
Social Security Costs	55,599	1,131	56,730	56,900
Other Pension Costs	166,000	0	166,000	130,544
Total	1,033,658	17,847	1,051,505	985,108

Staff Pension Scheme

CITB-ConstructionSkills NI participates in the Northern Ireland Local Government Officer's Superannuation Committee Scheme (The NILGOSC Scheme) for the majority of its employees. The NILGOSC Scheme is a defined benefit scheme, which provides members with the benefits related to pay and services at rates that are defined under statutory regulations. To finance these benefits, assets are accumulated in the scheme and are held separately from the assets of the employers. The Scheme is funded by employers participating in the NILGOSC Scheme who pay contributions at rates determined by an independent professionally qualified actuary on the basis of regular valuations using the projected unit method.

Average Number of Persons Employed

The average number of whole time equivalent persons employed during the year was as follows:

	Permanently employed staff	Others	2013-14	2012-13
Directly employed	30	1.1	31.1	29.9

Exit Packages

There were no exit package costs incurred by CITB-ConstructionSkills NI during the year.

3. OTHER EXPENDITURES

	2013-14	2012-13
	£	£
Grants to Employers	1,130,033	1,177,590
Training Services	580,533	483,795
Running Costs	313,081	325,494
Direct Training Provision	69,093	73,118
Legal Fees	44,398	16,881
Expenses of Boards & Committees	13,295	11,642
Audit Fee	8,590	8,260
Professional fees	6,001	5,440
Rentals under operating leases	5,112	5,029
	2,170,136	2,107,249

4. PROPERTY PLANT AND EQUIPMENT

	Land £	Buildings £	Information Technology £	Plant & Machinery £ Restated	Furniture & Fittings £	Total £
Cost or valuation						
At 01 Sept 2013	1,270,000	660,000	204,576	269,536	196,694	2,600,806
Additions	-	-	8,592	-	30,484	39,076
Disposals	-	-	(15,633)	(2,993)	(34,998)	(53,624)
Revaluations	-	(22,188)	-	-	-	(22,188)
	-	22,188	-	-	-	22,188
At 31 August 2014	1,270,000	660,000	197,535	266,543	192,181	2,586,258
Depreciation						
At 01 Sept 2013	-	-	142,505	259,255	181,147	582,907
Charged in year	-	33,146	31,756	3,725	8,017	76,644
Disposals	-	-	(14,574)	(2,993)	(34,998)	(52,565)
Revaluations	-	(33,146)	-	-	-	(33,146)
Adjustments	-	-	-	-	-	-
At 31 August 2014	-	-	159,687	259,987	154,166	573,840
Carrying amount at 31 August 2014	1,270,000	660,000	37,848	6,556	38,015	2,012,418
Carrying amount at 31 August 2013	1,270,000	660,000	62,071	10,281	15,547	2,017,899
	Land £	Buildings £	Information Technology £	Plant & Machinery £ Restated	Furniture & Fittings £	Total £ Restated
Cost or valuation						
At 01 Sept 2012	1,750,000	150,000	161,775	265,534	202,667	2,529,976
Additions	-	417,932	42,801	4,590	-	465,323
Disposals	-	-	-	(588)	(5,973)	(6,561)
Adjustments	(480,000)	92,068	-	-	-	(387,932)
At 31 August 2013	1,270,000	660,000	204,576	269,536	196,694	2,600,806
Depreciation						
At 01 Sept 2012	-	-	120,804	256,540	175,069	552,413
Charged in year	-	15,000	21,701	3,303	12,051	52,055
Disposals	-	-	-	(588)	(5,973)	(6,561)
Revaluations	-	(15,000)	-	-	-	(15,000)
At 31 August 2013	-	-	142,505	259,255	181,147	582,907
Carrying amount at 31 August 2013	1,270,000	660,000	62,071	10,281	15,547	2,017,899
Carrying amount at 31 August 2012	1,750,000	150,000	40,971	8,994	27,598	1,977,563

Note: Land and buildings have been included on the basis of professional valuations performed by Land & Property Services who have provided an updated valuation of the land and buildings as at 31 August 2014.

The valuation was carried out by a qualified member of the Royal Institution of Chartered Surveyors. Land & Buildings Adjustment - The adjustment of £22,188 to cost is a combination of the reversal of a prior year estimated accrual and new additions in year.

5. INTANGIBLE ASSETS

	IT Software	Website	Software Licences	Total
	£	£	£	£
Cost or valuation				
At 01 Sept 2013	264,086	58,934	14,379	337,399
Additions	-	13,230	-	13,230
Disposals	2,160	-	-	2,160
Revaluations	4,660	1,136	-	5,796
At 31 August 2014	270,906	73,300	14,379	358,585
Amortisation				
At 01 Sept 2013	255,549	52,861	14,379	322,789
Charged in year	5,555	5,999	-	11,554
Disposals	-	-	-	-
Revaluations	4,470	929	-	5,399
At 31 August 2014	265,574	59,789	14,379	339,742
Carrying amount at 31 August 2014	5,332	13,511	-	18,843
Carrying amount at 31 August 2013	8,535	6,075	-	14,610

	IT Software	Website	Software Licences	Total
	£	£	£	£
Cost or valuation				
At 01 Sept 2012	257,320	57,424	14,379	329,123
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluations	6,766	1,510	-	8,276
At 31 August 2013	264,086	58,934	14,379	337,399
Amortisation				
At 01 Sept 2012	240,249	46,024	14,379	300,652
Charged in year	8,759	5,851	-	14,610
Disposals	-	-	-	-
Revaluations	6,541	986	-	7,527
At 31 August 2013	255,549	52,861	14,379	322,789
Carrying amount at 31 August 2013	8,535	6,075	0	14,610
Carrying amount at 31 August 2012	17,071	11,400	0	28,471

6. FINANCIAL INSTRUMENTS

IFRS 7, *Financial Instruments: Disclosures*, requires disclosure that enables evaluation of the significance of financial instruments for CITB-ConstructionSkills NI's financial position and the nature and extent of risks arising from financial instruments to which the organisation is exposed during the period and at the reporting date, and how the organisation manages those risks.

Because of the largely non-trading nature of its activities, CITB-ConstructionSkills NI is not exposed to the degree of financial risk faced by other business entities.

The majority of financial instruments relate to contracts to buy non-financial items in line with CITB-ConstructionSkills NI purchase and usage requirements. CITB-ConstructionSkills NI is therefore exposed to little credit, liquidity or market risk.

CITB-ConstructionSkills NI has not identified any financial instruments which are complex or play a significant medium to long term role in its financial risk profile.

7. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2014 £	2013 £
Amounts falling due within one year:		
Levy receivables	85,455	37,998
Trade receivables	37,405	12,560
Prepayments and accrued income	100,054	89,264
Total	222,914	139,822

7.1 INTRA-GOVERNMENT BALANCES

	2014 £	2013 £
Amounts falling due within one year:		
Balances with :-		
Other central government bodies	14,583	23,942
Local authorities	-	-
NHS bodies	-	-
Public corporations and trading funds	-	-
Bodies external to government	208,331	115,880
Total	222,914	139,822

8. CASH AND CASH EQUIVALENTS

	Total £	
Balance at 01 September 2013	2,324,951	
Net change in cash and cash equivalents	(695,021)	
Balance at 31 August 2014	1,629,930	
	2014 £	2013 £
The following balances at 31 August were held at:		
Commercial banks and cash in hand	1,629,930	2,324,951
Total	1,629,930	2,324,951

9. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	2013-14 £	2012-13 £
Amounts falling due within one year:		
Accrued grants to employers	402,860	520,393
Accruals and deferred income	172,348	241,044
Other payables	1,770	1,770
Total	576,978	763,207

9.1 INTRA-GOVERNMENT BALANCES

	2013-14 £	2012-13 £
Amounts falling due within one year:		
Balances with :-		
Other central government bodies	1,110	1,880
Local authorities	-	-
NHS bodies	-	-
Public corporations and trading funds	-	-
Bodies external to government	575,868	761,327
Total	576,978	763,207

10. PENSION LIABILITY

A revised version of IAS19 came into effect for accounting periods commencing on or after 1 January 2013. The disclosures provided in this section have been calculated under the revised version including the restated previous year's results where applicable.

10.1 Northern Ireland Local Government Officers' Superannuation Committee Scheme

CITB-ConstructionSkills NI participates in the Northern Ireland Local Government Officers' Superannuation Committee Scheme (the NILGOSC scheme) for 28 of its employees. The NILGOSC scheme is a "multi-employer", defined benefit scheme, which provides members of participating employers with the benefits related to pay and services at rates which are defined under statutory regulations. To finance these benefits, assets are accumulated in the scheme and are held separately from the assets of the employers. The scheme is funded by employers participating in the NILGOSC scheme who pay contributions at a rate determined by an independent, professionally qualified actuary on the basis of regular valuations

10. PENSION LIABILITY (Continued)

In April 2009, NILGOSC introduced a banding scheme for employee contribution rates, based on pensionable pay. These rates for 2013/14 are as follows:

Band	FTE Range (£)	Contribution Rate
1	0 - 13,700	5.5%
2	13,701 - 16,100	5.8%
3	16,101 - 20,800	5.9%
4	20,801 – 34,700	6.5%
5	34,701 – 46,500	6.8%
6	46,501 – 87,100	7.2%
7	more than 87,100	7.5%

In 2013/14 the employer's contribution rate was 20%. (19% in 2012/13)

10.2 ECONOMIC ASSUMPTIONS

The latest actuarial valuation of CITB-ConstructionSkills NI's liabilities took place as as 31 March 2013. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS19 purposes at 31 August 2014 were:

	2014 £	2013 £
Discount Rate	3.70%	4.60%
RPI Inflation	3.10%	3.40%
CPI Inflation	2.10%	2.60%
Rate of increase to pensions in payment	2.10%	2.60%
Rate of increase to deferred pensions	2.10%	2.60%
Rate of general increase to salaries	3.60%	3.75%

10. PENSION LIABILITY (Continued)**10.2 MORTALITY ASSUMPTIONS**

These assumptions have been based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

Post retirement mortality 31 August 2014

Males	
Year of Birth base table	Standard SAPS Normal Health All Amounts (S1NMA)
Rating to above base table (years)	0
Scaling to above base table rates	110%
Improvements to base table rates	CMI 2012 with a long term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (aged 65 at accounting date)	22.1
Future lifetime from age 65 (aged 45 at accounting date)	24.3
Females	
Year of Birth base table	Standard SAPS Normal Health All Amounts (S1NMA)
Rating to above base table (years)	0
Scaling to above base table rates	110%
Improvements to base table rates	CMI 2012 with a long term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (aged 65 at accounting date)	24.6
Future lifetime from age 65 (aged 45 at accounting date)	26.9
Commutation of Pension	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2009 service) is 75% of the permitted maximum,

10.3 Reconciliation of funded status to Statement of Financial Position

	2014 £000's	2013 £000's
Fair value of assets	9,779	9,134
Present value of funded defined benefit obligation	11,248	9,489
Funded Status	(1,469)	(355)
Closing defined benefit obligation	(1,469)	(355)

10. PENSION LIABILITY (Continued)**10.4 Changes to the present value of defined benefit obligation are as follows:**

	2014	2013
	£000's	£000's
Opening defined benefit obligation	9,489	8,733
Current Service Cost	166	136
Interest Expense	430	334
Contributions by members	48	47
Actuarial Losses – Financial Assumptions	912	498
Actuarial gains – Demographic Assumptions	(267)	0
Actuarial Losses due to liability experience	776	0
Net benefits paid out	(319)	(259)
Past service cost (inc, curtailments)	13	0
Closing defined benefit obligation	11,248	9,489

10.5 Changes to the fair value of assets are as follows:

	2014	2013
	£000's	£000's
Opening fair value of assets	9,134	7,922
Interest income on assets	417	309
Remeasurement gains/(losses) on assets	351	975
Contributions by the employer	148	140
Contributions by employees	48	47
Net benefits paid out	(319)	(259)
Closing fair value of assets	9,779	9,134

10.6 The actual return on assets is as follows:

	2014	2013
	£000's	£000's
Interest income on assets	417	309
Remeasurement gain on assets	351	975
Actual return on assets	768	1,284

10.7 Asset Allocation

The approximate split of assets for the Fund as a whole is shown in the table below. The Fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if a large payment is required to be paid.

	2014	2014	2014	2013
	Quoted	Unquoted	Total	Total
Equities	73.9%	0.0%	73.9%	86.0%
Property	0.0%	12.3%	12.3%	6.0%
Government Bonds	5.6%	0.0%	5.6%	7.0%
Corporate Bonds	6.3%	0.0%	6.3%	0.0%
Cash	1.7%	0.0%	1.7%	1.0%
Other	0.2%	0.0%	0.2%	0.0%
Total	87.7%	12.3%	100.0%	100.0%

10. PENSION LIABILITY (Continued)

10.8 Sensitivity Analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 August 2014 and the projected service cost for the year ending 31 August 2015 is set out below. We have not included sensitivity of unfunded benefits on materiality grounds.

Funded LGPS benefits		
Discount rate assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£000's)	11,047	11,452
% change in present value of total obligation	-1.8%	1.8%
Projected service cost (£000's)	202	216
Approximate % change in projected service cost	-3.3%	3.3%
Rate of general increase in salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£000's)	11,290	11,206
% change in present value of total obligation	0.4%	-0.4%
Projected service cost (£000's)	211	207
Approximate % change in projected service cost	0.9%	-0.9%
Rate of increases to pensions in payment and deferred pension assumptions		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£000's)	11,449	11,053
% change in present value of total obligation	1.8%	-1.7%
Projected service cost (£000's)	213	205
Approximate % change in projected service cost	1.8%	-1.8%
Post retirement mortality assumption		
Adjustment to mortality age rating assumption*	-1 year	+1year
Present value of total obligation (£000's)	11,497	10,997
% change in present value of total obligation	2.2%	-2.2%
Projected service cost (£000's)	215	203
Approximate % change in projected service cost	2.9%	-2.9%

*A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

10. PENSION LIABILITY (Continued)**10.9 The net cost recognised in the statement of comprehensive net expenditure:**

	2014 £000's	2013 £000's
Operating Cost		
Current service cost	166	136
Past service cost (incl. curtailments)	13	0
Financing Cost		
Interest on net defined benefit liability/(asset)	13	25
Pension expense recognised in profit and loss	192	161
Remeasurements in Other Comprehensive Income		
Return on plan assets (in excess of)/below that recognised in net interest	(351)	(975)
Actuarial (gains) / losses due to change in financial assumptions	912	498
Actuarial (gains) / losses due to changes in demographic assumptions	(267)	0
Actuarial (gains) / losses due to liability experience	776	0
Total amount recognised in OCI	1,070	(477)
Total amount recognised in OCI	1,262	(316)

11. COMMITMENTS UNDER LEASES**OPERATING LEASES**

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2013-14 £	2012-13 £
Other (Vehicles) -		
Not later than one year	3,958	1,698
Later than one year and not later than 5 years	9,895	-
Later than 5 years	-	-
Total	13,853	1,698

12. LOSSES AND SPECIAL PAYMENTS**12. (a) Losses Statement**

	2013-14 £	2012-13 £
Bad Debts Written Off (2013-14: Number of cases: 45)	50,530	48,411

13. RELATED PARTY TRANSACTIONS

CITB-ConstructionSkills NI is a Non-Departmental Public Body (NDPB) sponsored by the Department for Employment and Learning (DEL). DEL is regarded as a related party with which CITB-ConstructionSkills NI has had various material transactions during the year.

In addition a number of Board Members are associated with organisations who have undertaken material transactions with CITB-ConstructionSkills NI during the year.

CITB-ConstructionSkills NI received the following funding from DEL.

	2013-14	2012-13
	£	£
Project Income	98,911	148,479
	98,911	148,479

CITB-ConstructionSkills NI received levy from the following levy payers associated with board members.

	2013-14	2012-13
	£	£
H&J Martin Ltd	36,867	n/a
Henry Brothers (Magherafelt) Ltd	29,506	n/a
Gilbert- Ash Limited	15,793	20,014
Deane Public Works Limited	3,758	5,441
McCormack Site Services (Ire) Ltd	1,954	n/a
Vaughan Developments Limited	983	983
Lawell Asphalt Co Ltd	602	-
	89,463	26,438

Amounts owed at 31 August 2014 from the above parties amounted to £NIL (2013: £NIL).

CITB-ConstructionSkills NI received Skillbuild Sponsorship income from the following levy payers associated with board members.

	2013-14	2012-13
	£	£
Gilbert-Ash Limited	1,000	1,000
	1,000	1,000

Amounts owed at 31 August 2014 from the above parties amounted to £NIL (2013: £NIL).

13. RELATED PARTY TRANSACTIONS (continued)

CITB-ConstructionSkills NI paid & accrued grants to the following levy payers & organisations associated with board members.

	2013-14	2012-13
	£	£
Construction Employers Federation	51,187	102,850
Federation of Master Builders	50,611	17,668
H & J Martin Ltd	45,516	n/a
Henry Brothers(Magherafelt) Ltd	14,236	n/a
Gilbert-Ash Limited	10,010	5,865
McCormack Site Services (Ire) Ltd	2,043	n/a
Deane Public Works Limited	615	615
	174,218	127,475

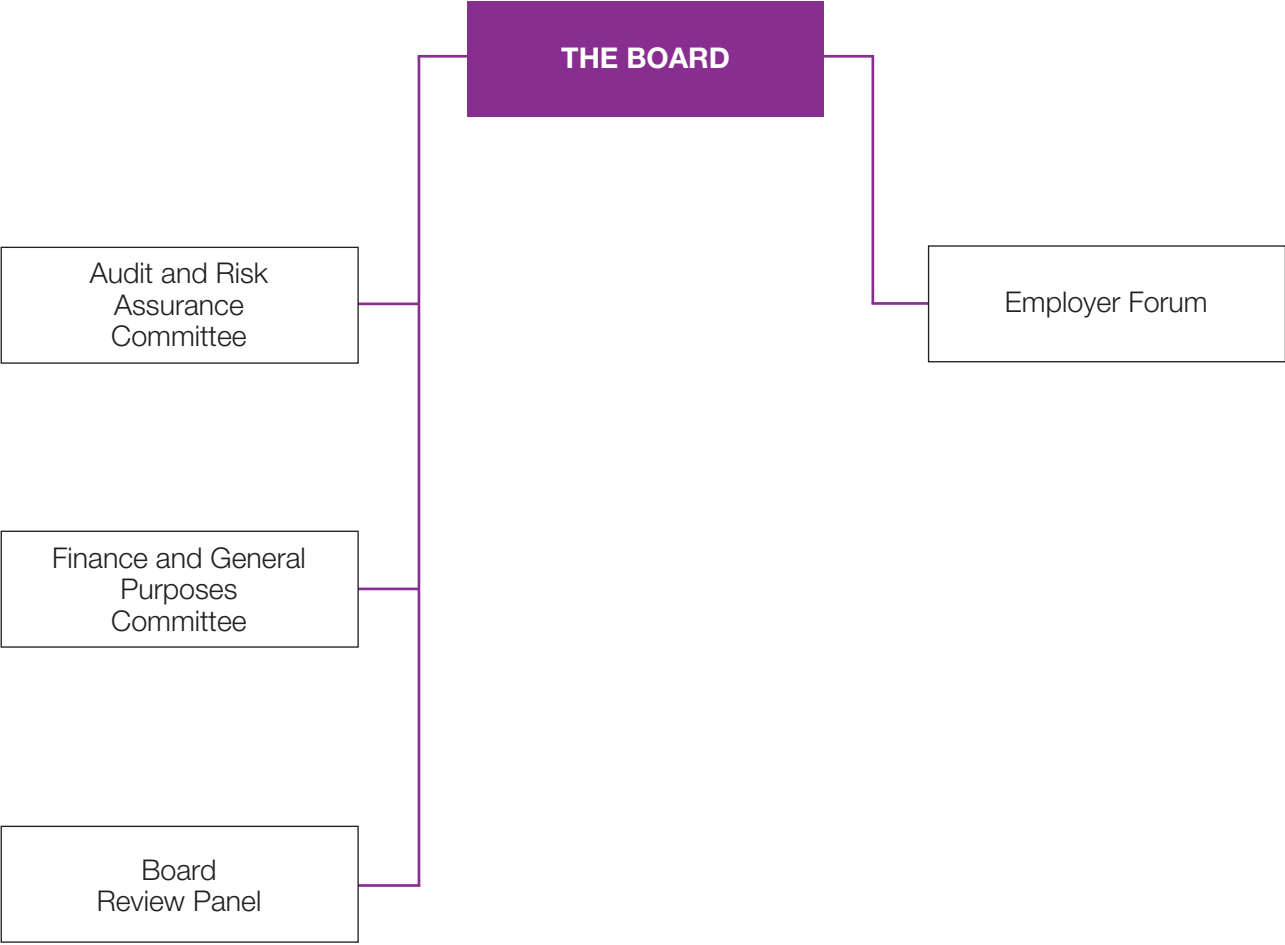
14. EVENTS AFTER THE REPORTING PERIOD

There were no events between the end of the reporting period and the date the financial statements were authorised for issue which would impact on these accounts.

Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 15 January 2015.

Appendix 1 Committee Structure



Appendix 2

BOARD MEMBERSHIP AND ATTENDANCE AT MEETINGS

September 2013 - August 2014

Membership of the Board is determined by the Department for Employment and Learning and through formal appointment by the Minister.

Board Chairman:

W A Doran OBE (retired 31 July 2014)	6 out of 6
M Johnston (appointed 1 August 2014)	1 out of 1

Employer Representatives:

J Armstrong, Construction Employers Federation (retired 31 July 2014)	6 out of 6
C Boyle, Lawell Roofing	6 out of 7
B Vaughan, Vaughan Developments Ltd	5 out of 7
D Martin, H & J Martin (appointed 1 April 2014)	3 out of 3
D Henry, Henry Brothers (Magherafelt) Ltd (Appointed 1 April 2014)	3 out of 3
M Nawaz, Federation Master Builders	5 out of 7

Employee Representatives:

S Hassard, McCormack Site Services (Appointed 1 April 2014)	2 out of 2
T Collins, Unite the Union (retired 31 July 2014)	4 out of 6
M Bradley, Gilbert-Ash NI	7 out of 7
M O’Kane, Deane Public Works Ltd	7 out of 7
C Brolly, UCATT	7 out of 7
J Pollock, Unite the Union (Appointed 1 April 2014)	1 out of 2

Education Representatives:

R Whiteford	6 out of 6
A Murray, UUU	2 out of 6
C McKeown, UUU2	5 out of 7
C Corken, Belfast Metropolitan College	2 out of 2

Assessor:

DEL Representative	7 out of 7
Education & Training Inspectorate	1 out of 7

Appendix 3

RELEVANT EMPLOYER BODIES

Construction Employers Federation

Painting and Decorating Association

Federation of Master Builders

National Federation of Roofing Contractors

NI Demolition Association

Quarry Products Association

National Insulation Association

Hire Association Europe

Road Safety Markings Association

National Association of Shopfitters

Association of Landscape Contractors of Ireland – Northern Region

Appendix 4

CITB-CS NI Balanced Scorecard 2013/2014 - Sept 13 - Aug 14						Performance
CSF No.	Reported by	Strategy Link	Critical Success Factors	Performance Indicators	12 mth target	12 mths
Stakeholders and Customers						
1	KP	1,5	Compliance with Government requirements for NDPB's	Internal and external audit compliance awarded satisfactory assurance	Satisfactory Assurance	Satisfactory Assurance
2	KH	1,2,4,6	Contribution to DEL skills strategy	Contribute to five themes (Demand, Quality & Relevance, Productivity, Barriers & Engagement)	5	5
3	KH	1,2,3,5	Increased awareness of services	Employer Tracking Survey - Awareness of services	85%	
4	KH	1,2,3,4,6	Stakeholders see our services adding value by improving their performance	Employer Tracking Survey - Importance of CITB-ConstructionSkills NI services. Mean score out of 5 (Very important)	> or = 3.5 out of 5	
Financial						
5	LL	2	Collection of levy payments due	95% of invoiced levy income collected	95%	97%
6	AMcL	1,3	Maximise non-levy income	Non levy income	£635,075	£651,336
7	AMcL	1,3	Minimise organisational overhead costs	1% Reduction in previous years overhead costs	£2,231	£24,360
8	AMcL	1,2,3,5,6	Maximise grant return	55% of budgeted levy income (£2,000,000) returned as grant (Tier 1,2 & 3)	£1,155,000	£1,179,356
9	LL	2	Number of investigations into pre-registration companies	Number of investigations completed	133	128
Processes						
10	AMcL	1,2,3,5,6	Electronic payments received (DD & BACS)	Percentage of invoices that are received electronically	50%	59%
11	AMcL	1,2,3,5,6	Electronic payments made to suppliers (DD & BACS)	Percentage (by value) of supplier payments made electronically	95%	95%
12	AMcL	1,2,3,5,6	Electronic grant payments made (DD & BACS)	Percentage (by value) of grant payments made electronically	80%	84%
13	KC	1,2,3,4,5,6	Identify and address training needs of the industry	Completion of training needs research projects	6	7
14	IS	1,2,3,4,6	Setting occupational training standards	Progress the strands relevant to NI, in the Construction Skills Strategy (CSS)	10	10
15	IS	1,2,3,6	Increase achievement rates to industry standard	Number of achievements at NVQ L2.3.4 & 5 Reported by OfQual	1600	
16	IM/DC	1,2,3,5	Small employers use services available to them	Percentage of employers who have less than 10 employees and who have benefited from Tier 1 grant or Tier 2/3 training interventions	15%	12%
17	IM	3,5	Increased use of web site to claim grants online	Percentage of grants being claimed online	50%	58%
People/Competence (Learning and Growth)						
18	ED	1,2,3,4,5,6	Team knowledge and competence	Team competence matrix	70%	74%
19	KP	1,4	Board member participation	Board member attendance at 7 Board and 13 Comm meetings. 80% of total possible attendance (146)	117	140

Strategic Plan Aims

1	Communication is clear and direct;
2	CITB-CSNI is the voice for skills and informs Government policy;
3	CITB-CSNI is customer focused, flexible, responsive and supportive;
4	CITB-CSNI is respected and valued by industry, stakeholders and staff;
5	Qualifications and occupational competencies meet the needs of the industry;
6	The industry invests in skills and qualifications to improve safety and profitability;

Traffic light reporting
 Target will not be achieved
 Target on schedule to be achieved
 Target achieved

Supplementary Schedules Analysis of Expenditure

UNAUDITED INFORMATION**3. Other Operating Costs (Note 3 of Financial Statements)**

3.1 Grants to Employers	2013-14	2012-13
	£	£
Approved Courses / Short Duration Training	420,605	377,698
NVQ Achievement	200,509	202,394
Health & Safety Training	162,846	200,093
Further/Higher Education	78,570	79,307
Plant Operator Training	55,104	58,424
Improving Business Performance – Working in Partnership (Tier 2)	43,056	87,976
Undergraduate Grant	40,573	39,350
Existing Workforce – (Tier 2)	35,785	56,532
Apprentice Achievement	33,504	45,227
Training & Assessment Qualifications	225	545
Tier 3 Grants	31,549	-
3rd Party Certification Management Systems	13,875	15,288
Scaffolding Training	10,890	12,620
Industry Registration Schemes	1,692	2,256
Investors in People	1,500	-
Skills Development Programme	(250)	(120)
	1,130,033	1,177,590
	£	£
	2013-14	2012-13
	£	£
Heritage Lottery Project	139,891	117,047
Qualifying Existing Workforce	119,590	109,024
Skillbuild (NI)	85,442	93,378
Marketing & Advertising	73,898	59,765
Leonardo Project	59,583	29,206
Historic Scotland	51,942	-
Strategic Services (Stakeholder engagement & LMI)	42,230	60,213
Research & Development	7,957	10,080
Sustainable Construction	-	4,977
Advisory costs	-	105
	580,533	483,795

UNAUDITED INFORMATION**3. OTHER OPERATING COSTS****3.3 Direct Training Provision**

	2013-14	2012-13
	£	£
Training Travel Costs	4,068	2,386
Training Insurance	242	158
Industrial Clothing	-	43
Direct Course Costs:		
Mobile Training Unit (exc depreciation)- Tier 3	33,712	31,764
Undergraduate Development Programme- Tier 3	14,569	21,035
Scaffolding Course	16,202	17,332
CIOB Courses	300	400
	69,093	73,118

3.4 Running Costs

	2013-14	2012-13
	£	£
IT Maintenance & Repair	81,508	82,141
Site Maintenance	56,522	61,026
Insurance	29,258	29,912
Electricity	24,808	27,034
Printing/Stationery	22,599	22,976
Heating	18,895	24,063
Support Staff Travel	16,875	16,036
Staff Training	10,927	5,487
Internal Audit	9,356	8,118
Telephone	9,352	17,055
Postage	8,992	9,551
Facilities Consumables	3,771	6,148
Subscriptions	3,720	4,155
Admin Motor Vehicle Costs	3,711	3,133
Photocopier Expenses	3,416	4,778
Bank Charges	3,261	2,468
Levy Project Costs	2,160	-
Recruitment Costs	1,885	1,071
Disposal of asset	1,058	-
Water charges	1,007	342
	313,081	325,494

CITB NI
Nutts Corner Training Centre
17 Dundrod Road
Crumlin BT29 4SR

Tel: 028 9082 5466
Fax: 028 9082 5693
Email: info@citbni.org.uk
www.citbni.org.uk



CITB (GB), CIC and CITB NI are working as
ConstructionSkills, the Sector Skills Council for Construction



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