



CITB

CONSTRUCTION INDUSTRY
TRAINING BOARD NI



**ANNUAL
REPORT**
2017-18

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Annual Report 2017-18

CITB NI Annual Report and Accounts for the year ended 31 August 2018

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

12 February 2019

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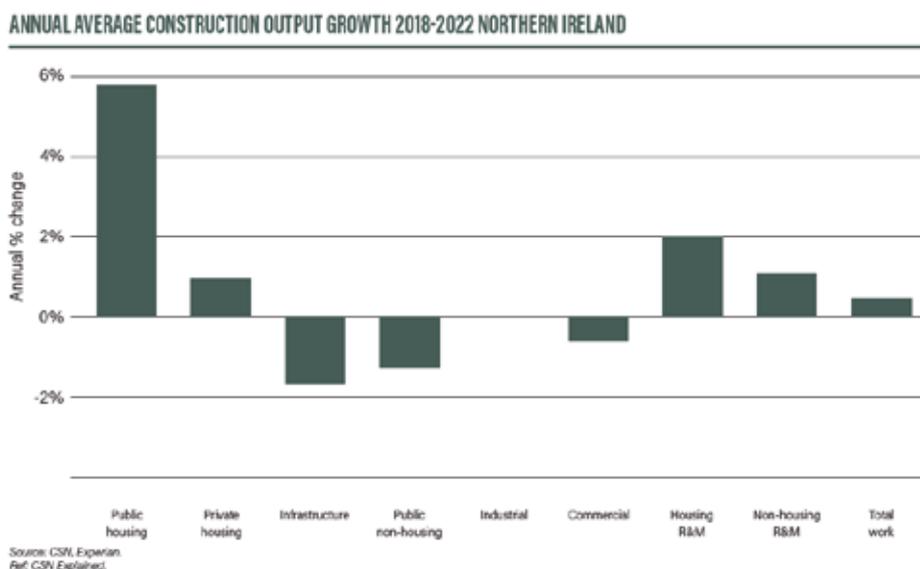
PERFORMANCE REPORT

Chief Executive’s Foreword

CITB NI’s five year process to improve performance with respect to registration of construction employers and the requirement to submit the Annual Statutory Levy Return reached a significant point with the conclusion of the Levy Registration project and the processes developed becoming embedded into normal working practices. This has led to an increase in the number of employers registered with CITB NI, removing many of those who are no longer active and working with industry to make sure employers are paying the correct levy. This has been a long and sometimes difficult task, however it has been a successful process which is now resulting in better performance.

This, combined with a year of growth for the construction sector (11% over the 2017-18 year), particularly in the House-building sector, has led to a significant increase in both Registered Employers and Levy income.

However, forecasts over the coming five years are more modest with an estimated annual average growth of 0.5% per year (*CITB Industry Insights 2018 – 2022*).



As can be seen from the illustration above, public housing and housing R&M are the main factors in the positive growth figures. Less optimistic is the projection for infrastructure and public non-housing output. These figures may not account for any delay in the NI Assembly returning to full operation and the potential for subsequent slowdown in the approval process for public infrastructure work.

As CITB NI is financed by industry activity (Levy on industry emoluments), and not direct Grant in Aid from the Government, our budgeting and level of activity is very much dependent on the “health” of the NI construction sector. This makes budgeting more like commercial enterprises than a Non-Departmental Public Body (NDPB). We have dedicated resources to improving the registration and assessment of construction employers over the past five years. CITB NI has always had a high success rate in its cash recovery (of Levy invoiced). In recent years focus has been on improving the registration and audit processes to register employers who are in-scope to CITB NI and ensure all pay the appropriate level of Levy. This has led to

widening the base of employers who pay the levy, allowing us to consider reducing the levy rate in the future.

We are very aware of the fluctuations that CITB NI is subject to and the “swings” in income that can result from changing levels of construction activity within NI. It is for these reasons that, year on year, we may have a surplus that allows us to continue to provide a consistent level of service to developing training within the industry while activity, and income, dips below the level to finance our activities. This was no more evident than during the financial crash where CITB NI was able to temporarily reduce the levy (and thus reduce overheads on an already struggling industry), and continue to provide a consistent level of support.

CITB NI’s Board and Staff have continued to pursue Aims and Objectives set in 2015 to develop a strategy to deliver a combination of financial return of Levy direct to NI employers, mixed with directly facilitated training that is available at low or no cost to the industry.

This year CITB NI delivered more direct training in partnership with industry bodies and the provider network than previous years. In total, 2,986 of training hours have been delivered in areas as diverse as Social Media training and workshops to improve small business performance.

This last year saw the development of some headline initiatives in the area of training support.

CITB NI continues it’s collaborative working with the National Federation of Roofing Contractors (NFRC) and People 1st (training provider) to deliver the only Roofing Apprenticeship programme to be delivered in NI. This is vital part of the skills network required for our sector which is not covered by the FE network. This programme will continue over the coming years.



A partnership with the industry-led initiative Mates in Mind, in collaboration with BuildHealth, IOSH and other industry bodies, has led to CITB NI funding training in mental health awareness for the industry linked to practical training backed up by specialist support organisations such as Inspire, Samaritans and Mind.

We continue our development of training for those progressing to supervisor level within the industry to promote competence and quality in the delivery of construction services.

This year also saw the development of an entry level training programme aimed at those wishing to enter the industry from a base of low or no qualifications. It is hoped that, working with partners, this will be a key element in providing people with a pathway to employment and qualifications in the construction sector.

Our core support to the industry is through the Grant system. This year we reviewed how we support Apprentices in the industry, an area that employers have identified as a key area. We launched our Apprenticeship 100 scheme to encourage the industry to employ 100 Apprentices. It worked. We have reviewed this strategy again and enhanced it for the coming year to continue to focus on the next generation of skills.

I will now repeat a comment I made in last year’s report, because it continues to be relevant. The coming years will be significantly influenced by the UK leaving the EU. Consideration of the availability of a skilled and competent workforce will be an issue that is high with many

construction employers. CITB NI will work with the industry to continue to support skills development within the existing workforce.

We will continue to focus on attracting the next generation. CITB NI will also be working with the industry over the coming year to promote the industry and developing the skills needed for the future.

A handwritten signature in black ink that reads "Barry Neilson". The script is cursive and fluid.

Barry Neilson

Chief Executive

Overview

CITB NI presents its annual report for the year ended 31 August 2018. The financial statements have been prepared under the Industrial Training (Northern Ireland) Order 1984 in a form directed by the Department for the Economy (DfE) with the approval of the Department of Finance (DoF).

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 sponsoring department.

CITB NI combines the roles of an ITB and Sector Skills Council (in partnership with CITB GB) and is working with the Department for the Economy in reviewing and energising the Northern Ireland Qualifications Framework.

Working with industry to develop appropriate training interventions and supporting the development of its workforce at all levels, remains a key focus. In particular, CITB NI has been working to develop strategies to attract and train new entrants to the sector as the age profile of the existing workforce increases. In particular, the highly successful Apprenticeship 100 initiative aimed to recruit 100 apprentices to the sector (and succeeded). In addition, much work is being done to develop entry-level programmes for those who are not yet ready for formal apprenticeships.

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 NI.

The Board approved CITB NI aims as being;

- *CITB NI is respected and valued by industry, stakeholders and staff.*
- *The industry invests in skills and qualifications to improve safety and profitability.*
- *CITB NI is customer focused, flexible, responsive and supportive.*
- *CITB 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.*

Key Issues and Risks

While research carried out by CITB NI indicates a modest but steady rise in construction activity within NI, activity in other areas of the UK continues to increase at a higher rate. Consequently, the NI construction industry continues the trend to operate outside the boundary of the NI Economy.

The current absence of a functioning Assembly in NI is a factor in a potential slowdown of public infrastructure works. If this transpires over the coming months and years, the potential for even greater loss of experienced workforce to a more stable, and lucrative market in GB only increases on the need to focus on recruiting and training the next generation of skills now.

With many of NI's construction companies extending their operations to GB, CITB NI's previous discussions relating to a review and potential legislation changes remain an issue. Discussions with the Sponsoring Department, which commenced over four years ago, focused on two main areas:

- Allowing CITB NI to support and collect levy from NI employers for their operations outside NI.
- Reviewing the Levy threshold for employer's emoluments.

As yet no progress has been made in these areas. However, due to price and wage inflation the need to review the threshold has become less of an issue.

Out of the 4,070 registered employers in NI, 1,337 (33%) contributed to the levy. This proportion has increased significantly from 26% in the previous year. Between 2016 and 2018 CITB NI continued a long-term process of tightening up on audits and the implementation of the legislation. The impact was to obtain more accurate information on the industry allowing the levy to be implemented fairly across all employers. The process has allowed CITB NI to improve performance in identifying employers who should be registered, and the accuracy of the information we hold about those employers.

At the end of the 2017-18 year, the number of registered employers has increased to 4,070 with 1,337 (33%) contributing to the levy.

Year End	No of Levy Payers	No of Non Levy Payers	Total Registered	% Levy Payers
2010	1,134	2,092	3,226	35%
2011	914	2,344	3,258	28%
2012	834	2,429	3,263	26%
2013	759	2,454	3,213	24%
2014	737	2,393	3,130	24%
2015	800	2,777	3,577	22%
2016	957	2,548	3,505	27%
2017	1,007	2,775	3,782	26%
2018	1,337	2,733	4,070	33%

A risk to CITB NI over the year, in common with other organisations, was the introduction of the new GDPR legislation. While much of the practices and behaviours GDPR sought to embed were already being practiced, the increase in administration has added to an already stretched workload.

This, combined with reductions in staff resources through voluntary reductions in staff hours and some staff leaving the business under the Governments Voluntary Exit Scheme, has led to pressures. This was exemplified through a report completed by our Internal Auditors which identified the organisational risk in terms of business continuity and succession planning due to a “lean” workforce. This issue is being addressed with the Sponsoring Department.

CITB NI aims to focus on the delivery of benefits to the sector that meets its long-term strategic aims and needs. The main mechanism continues to be financial grant support for employers to support training they source and procure themselves to support their activities within NI. This combined with training interventions facilitated by CITB NI directly, provides a flexible system that can reach the needs of the industry.

Position at Year End

CITB NI's Statement of Financial Position is sufficiently liquid to meet its current financial obligations. During the year ended 31 August 2018, net current assets have increased from £1.44 million to £2.46 million. Cash at bank and in hand has increased from £1.8 million to £2.9 million at the year end and was invested in term deposit accounts during the year. The main reason for the large increase in the surplus of £806k generated is more accurate levy information and an increase in the economic activity of construction employers in Northern Ireland. A significant amount of this cash will be utilised early in 2018-19 for CITB NI's capital

investment programme. This includes the purchase of a new Mobile Training Unit to deliver a range of on-site training to the industry.

Reserves

The Statement of Comprehensive Net Expenditure (SoCNE) reserve at the year-end has increased from £1.6 million to £3.8 million.

Once again this year there has been a further significant movement in the NILGOSC pension liability resulting in an adjustment of £1.4 million in respect of actuarial gains which have been credited to the SoCNE reserve.

The annual pension report, which is provided by an independent actuary, has showed a movement from an International Accounting Standard (IAS) 19 calculated deficit of £1.8 million to a deficit of £584k. The actuary explained that this movement is due to changes in financial assumptions used to value the assets and liabilities.

There is considerable volatility in the IAS 19 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 will be at the end of next year.

Financial Strategy

CITB 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 by making best use of reserves, whilst ensuring it maintains financial stability.

In August 2015, a medium-term financial strategy was developed and subsequently approved by the Board. The three main aims of the financial strategy which have been met were as follows.

1. To be a financially sustainable organisation, well placed to meet the challenges of the construction sector in Northern Ireland and meet the needs of our stakeholders.
2. To secure sufficient financial independence to allow CITB NI to deliver its strategy 2015-18 and beyond.
3. To deliver excellent financial management.

The key purpose of the Financial Strategy is to ensure that the core work of CITB NI is sustained and maintained and that effective use is made of all financial support received.

In 2017-18, the Board has increased the level of net current assets to £2.46 million as a result of a surplus being generated in 2017-18. Whilst this value is in excess of what was projected in the Financial Strategy it is due to the significant increase in Levy income to fairly spread the costs and benefits across the whole industry. The Board will be undertaking a review of the Financial Strategy in 2018-19 to ensure that reserves are utilised strategically to support training within the construction industry in Northern Ireland.

Going Concern

The Statement of Financial Position shows CITB NI to have a healthy net asset position and the Board do not consider there is a risk of CITB NI not being a going concern. However it is recognised that the NILGOSC pension liability is affected by financial assumptions and therefore can change year to year. The pension liability will continue to be closely monitored by the Board.

CITB NI has sufficient working capital at 31 August 2018 to meet its current obligations. On this basis the Board considers CITB NI's financial position at the year-end to be satisfactory.

Performance Analysis

Measuring Performance

A Balanced Scorecard (BSC) was introduced in September 2007 as a management performance tool to manage, monitor and evaluate Key Performance Indicators (KPI).

The results of the Balanced Scorecard are then used to inform future strategies and improve performance. KPI targets within the Balanced Scorecard are reviewed annually.

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

The CITB NI Risk Registers (both operational and “Top Risks – reported to the Audit & Risk Committee) record all risks identified and the category they relate to within the Balanced Scorecard. Through this a clear link is made between the risks and uncertainties faced by the organisation and which “Risk Category” they relate to within the Balanced Scorecard. The “Top Risks are discussed at each meeting of the Audit & Risk Committee and organisational risks are reviewed at regular staff meetings.

A copy of the Balanced Scorecard is provided in Appendix 1 and shows overall performance against the Critical Success Factors for 2017-18.

CITB NI processes and procedures are developed to provide measures to deter and detect any fraudulent or improper activity in relation to our activities. In addition, a report on the potential for fraudulent activity is also made to the Audit & Risk Committee at each meeting. CITB NI receives regular guidance from Government (via DAO Letters and other material) regarding their responsibilities in countering the risk of bribery and corruption as they undertake their public duties. We embed the principles of this good practice within the organisation. This includes our gifts and hospitality guidance which is a key control in place to mitigate against corruption and bribery. This guidance outlines the types of instances in which it is, and is not, appropriate for staff to accept or offer gifts and hospitality as part of their official duties.

Activities Directed Towards Industry Benefit

Levy

The levy rate for 2017-18 remained at 0.65% of employers’ emoluments. For the purposes of calculating levy, the definition of emoluments are gross wages paid in the relevant tax year to Pay as you Earn (PAYE) employees and subcontractors working in Northern Ireland. The levy rate was determined in accordance with the Board’s Financial Strategy.

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. A total of 1091 audits (2016-17: 916) were attempted during the year, an increase of 175 on the number for the previous year. Of the 1,091 attempted, 935 (2016-17: 742) were completed (86%) with the remainder carried forward to be completed in 2018-19.

There are occasions when employers either do not provide the appropriate information at the time of the audit or cancel the scheduled appointment to be rescheduled at a later date. This results in the audit not being able to be completed within the financial year. However such cases are scheduled into the levy assessor’s work to follow up until completion of the audit is achieved.

The above has resulted in additional levy of £187,522 (2016-17: £71,890) being invoiced which has contributed significantly to the additional levy generated in 2017-18. In addition,

refunds to the value of £159,016 were issued in 2017-18 (2016-17: £78,751). Overall this is an excellent result and demonstrates CITB NI's commitment to ensure that all levy payers are accurately reporting the details regarding their payroll and labour-only sub-contractor costs.

Approximately 96% of the invoiced levy was recovered during the year which compares favourably with previous years. The remainder will continue to be actively pursued. Levy income for the year was £3,406,455 which was an increase of 28% on the previous year figure.

An employer is deemed to be in-scope (and should subsequently be registered) to CITB NI if their business activities fall within the definition of Schedule 1 of "The Industrial Training (Construction Board) Order (Northern Ireland) 1964".

There were 16 levy scope challenges heard by the Internal Scope Panel during the year which resulted in six employers remaining in scope and ten taken out of scope. There are two scope queries on-going with the intention that a decision will be made in 2018-19.

There was one Industrial Tribunal appeal lodged in 2017-18. The hearing was scheduled to take place on 30 April 2018, but was postponed by the Industrial Tribunal panel. The case has now been heard (October 2018), but a decision has not yet been determined.

Grant

Each year CITB NI invests a significant proportion of its income to provide a grants scheme to employers. The grant scheme has three separate tiers that facilitate a high degree of flexibility for employers to undertake training relevant to their organisational requirements. The benefit to the industry in terms of direct grants support for 2017-18 was £1.06 million and split as follows:

• Tier 1 (Grants paid to employers)	£901,310
• Tier 2 (Partnership)	£46,169
• Tier 3 (Direct Training)	£112,194
Total Direct Grant	£1,059,673

The figures above include grants paid and accrued in addition to adjustments in respect of prior-period accruals. CITB NI has paid and accrued £112k more in grants to the industry than in the previous year (2016-17: £947k), which represents an 12% increase in the grant support to employers. This has been made possible due to the additional levy income generated from audits, new registrations and an increase in employer's base salaries. CITB NI is hopeful that the support for training will continue to rise in 2018-19.

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

During 2017-18, 511 employers claimed a grant (2016-17: 457), with a total of 5,283 grant applications.

Over the year, 396 levy paying employers claimed grant and 115 employers who are below the levy threshold and do not pay levy claimed grant. 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 continuing review of the Grants Scheme will take place during 2018-19. The purpose of the review is to assess how CITB NI levy and other sources of funding are used to encourage training within the construction industry. There will be direct input by the industry through its federated bodies and by direct contact with employers.

Employers are actively encouraged to provide suggestions on changes to the Grant Scheme and areas for support through Tiers 2 & 3 of the Grant Scheme.

Training Interventions

CITB 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 Northern Ireland. It is important to help the industry remain competitive and provide a good service to its clients.

This year's programme of Training Interventions has resulted in positive feedback from the industry, particularly the initiative to highlight mental health issues within the industry which has complemented other training and strategic approaches to meeting employer needs.

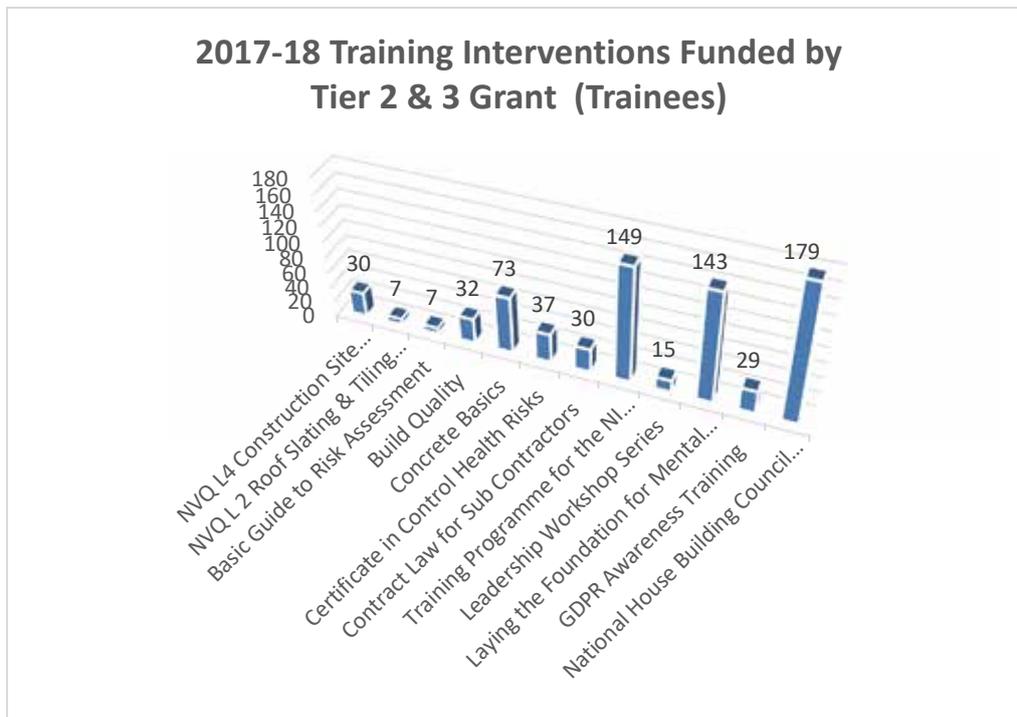
CITB NI supports training that the industry has identified as important to development, innovation and productivity. These interventions continue to target areas identified by the industry representative bodies as critical to employers in dealing with the current economic climate and for the future wellbeing of the industry.

Training Interventions provided directly by CITB NI were aimed at 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 806 training days were delivered to the industry via these three training and competence measures.

Other interventions, that were either organised and delivered in partnership with external bodies or procured and facilitated by CITB NI directly, included;

- NVQ Level 4 programmes in Construction Site Supervision
- NVQ Level 2 Roof Slating and Tiling Apprenticeship Scheme
- Basic Guide to Risk Assessment
- Build Quality & Site Inspection
- Concrete Basics Course
- Certificate in Controlling Health Risks
- Contract Law for Sub-Contractors
- Training Programme for the Northern Ireland Demolition Contractors
- Leadership Workshop Series
- Laying the Foundation for Mental Health in the NI Construction Industry
- GDPR Awareness Training
- National House Building Council Programme (1) & (2)

2017-18 Training Interventions Funded by Tier 2 & 3 Grant (Trainees)



The above training, some of which is part of programmes that will continue beyond the period of this report, has delivered training and awareness rising to almost 800 individuals from various levels across the industry.

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 2,050 individuals attended training by means of the MTU or via an on-site venue.

To ensure the content of the training delivered is as current and up to date as possible CITB NI under took a review and updating of the five most popular health & safety courses delivered on the MTU. These presentations are; General Health & Safety, Working at Height, Manual Handling, Abrasive Wheels and Asbestos Awareness.

Further to a review of the MTU's suitability as an on-site training facility the CITB NI Board agreed to purchase a replacement unit that is smaller and more flexible so it can deliver a wider range of training and awareness raising events.

The replacement unit is scheduled to be operational in the spring of 2019.

Scaffolding Training

The scaffolding programme provided training and assessment for 152 individuals through the Construction Industry Scaffolders Record Scheme (CISRS) COTS, Part 1, Part 2 and Advanced Scaffolding. Eleven operatives achieved either NVQ Level 2 or NVQ Level 3 through the scheme, allowing them to acquire their industry-recognised scaffolder card. CITB NI remains the only facility in Northern Ireland able to provide the Construction Industry Scaffolders Record Scheme (CISRS).

Undergraduate Development Programme (UDP)

As it has been a number of years since the introduction of the Undergraduate Development Programme a major evaluation was undertaken, which included the formation of a steering group made up of employers, educationalists and CITB NI representatives. Research undertaken by CITB NI with employers, students and education representatives concluded that the content of the programme was acceptable, but that it needed a different approach to encourage participation and to better reflect current employer needs and construction practices. The review is ongoing with a more holistic approach being taken to emphasise the interrelation of trades and supporting activities involved. It is also considering the issue of timing as many NI Undergraduates are now working in GB during their year out.

42 undergraduates across 84 training days participated in the programme and attained a Construction Skills Register (CSR) Registration Card.

VET 360 (Virtual Environment Training 360) – an innovative approach to learning

The VET360 System allows participants to experience complex and hazardous sites or work locations in a safe environment. The viewer becomes immersed within a 360-degree real life environment allowing greater understanding, which helps to improve design, planning, induction, briefings and training. Simulated or CAD environments can also be created.



To date, the facility has been used to enhance the learning experience of participants on our NVQ Level 4 in Construction Site Supervision courses. We have also developed a suite of training activities involving VET360 including the Basic Guide to Risk Assessment and Environmental Management in Construction.

Various other uses of VET360 include working with employers to develop their own training packages to be delivered within VET360 suite, allowing students to

experience site visits at sites locally, cross water or overseas without the associated risks and expense of actually doing so and also BIM presentations by employers to their clients.

NVQ Level 4 Diploma in Construction Site Supervision

The NVQ Level 4 in Construction Site Supervision was introduced in response to industry feedback on the need to improve the quality and competency of individuals who undertook the role of a site supervisor or site manager.

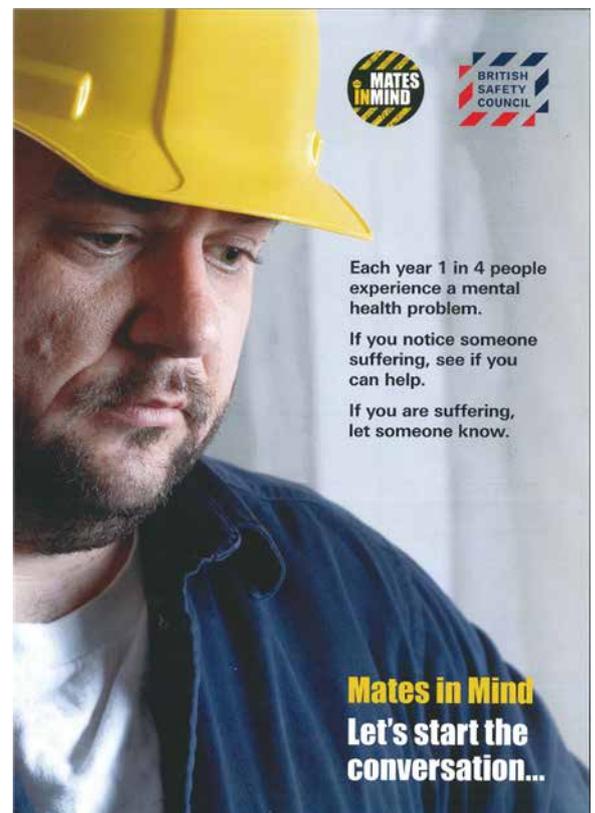
The concept is to combine a formal qualification (NVQ Level 4) with an interactive approach to common supervisory activities that would be innovative and unique in its approach to competence and knowledge improvement.

The use of CITB NI's Virtual Environment Training Facility (VET360) to enhance and improve the learners understanding and collective approach to problem solving has been a major development in the attainment of the qualification with very positive feedback from both the course participants and the training provider.

The third Construction Site Supervisor Programme commenced during this training year with 13 candidates participating. It is expected that all participants will successfully complete the NVQ Level 4 Qualification in December 2018.

Laying the Foundation for Mental Health in the NI Construction Industry

Within the year, CITB NI has worked with BuildHealth, HSE, IOSH and the NI Mental Health Leadership Group to forge a relationship with the UK-wide industry initiative Mates in Mind. The partnership aims to develop and embed a culture of better mental health within the construction sector over the coming years and this, initial, intervention is intended to raise awareness and develop knowledge within the industry. The programme commenced in July, has already been delivered to 143 individuals within this financial year.



Basic Guide to Risk Assessment

CITB NI, in partnership with South Eastern Regional College (SERC), developed an introduction to risk assessment course that is non-sector specific and gives participants a good understanding of why and how risk assessments are undertaken. The course uses a blended learning method which combines traditional presentation, practical observation and the use of the VET360 to display scenes and scenarios containing hazardous actions. The course was held once during the training year.

SkillBuild NI

SkillBuild NI is the annual construction craft competition which is managed and organised by CITB NI on behalf of the industry. The competition, conceived in the late 1970's has grown over the years to include twelve trade areas and an average of 90 -100 apprentice competitors.

The apprentices selected to compete at SkillBuild NI have all competed at Inter Campus Competitions held in the college they attend. Over 300 young people compete to be among the top apprentices from across the Province in their chosen trade area.

Competitors who score in the top percentile across the UK can be invited to compete at the UK National Finals held as part of the World Skills UK Skills Show.

One of the aims of SkillBuild NI is to promote the skills within the NI construction sector by developing competitors with the skills and ability to represent the UK at the biannual World Skills event, the largest and most prestigious vocational competition on the planet.

CITB NI supported the 18 construction apprentices who competed at the UK National Finals held in the NEC during November. Our competitors returned with two Silver Medals, one Bronze Medal and a further three competitors were Highly Commended.

Stakeholder & Employer Engagement

Nine employer engagement events were held during the year. Each included a business-improvement workshop or session on topical areas such as Cyber Security, Recruiting Apprentices, Credit Control, Digital and Social Marketing, Tendering and Training Needs Analysis. CITB NI worked in partnership with InterTradeIreland to deliver the Tendering workshops, which were aimed at employers tendering in the public sector construction market. The Training Needs Analysis workshops were delivered in partnership with InvestNI. A total of 114 employers attended the employer-engagement events, which were held across Northern Ireland during the training year.

CITB NI participated in 'Meet the Buyer' events in Belfast and Armagh, engaging with a wide range of employers providing information on training, grants and industry forecasts.

Engagement continued with the Further Education College Monitoring Officers to facilitate engagement with employers and promotion of the benefits of being registered with CITB NI.

An Industry Engagement Strategy, aimed at specialist sub-sectors, was developed and commenced with visits to flooring-sector employers with the aim of identifying their training needs and providing information on CITB NI's products and services. Nine employers participated and a report on the findings was circulated to the industry and support was sought to form a working group to address the issues identified.

CITB NI supported the Heritage Angels Awards and participated in the steering group and judging panel. The awards recognise people who champion their local heritage and share and practice forgotten craft skills. They also celebrate young people, recognising their efforts to learn about heritage.

Women in Construction Network

CITB NI continued to support women in the construction industry by maintaining the Women in Construction Network website which included events and news articles of interest. Three site visits were held: the Marriott Hotel facilitated by Gilbert-Ash Ltd, the Milewater Service Centre facilitated by Translink, and the Energy from Waste project facilitated by Turner & Townsend. A joint event with the WOMENS' TEC was held to promote construction careers to schoolgirls and the event was facilitated by the members of the WICN who ran workshops and gave talks. The event was attended by around 60 pupils.

Recruitment & Careers

Working with our group of industry ambassadors, CITB NI attended 18 careers events and engaged with around 14,000 students, teachers and career changers to promote construction as a career choice. CITB NI also attended two Careers Teachers events and engaged with 400 careers teachers to advise them of the career opportunities within the construction sector. At one of these events, CITB NI Construction Ambassadors participated in an Apprenticeship Workshop.

A section of the CITB NI website is dedicated to careers and this was updated with the latest apprenticeship information and links to other career organisations. CITB NI also partnered with CITB in GB to share their Go Construct careers portal and promotional material.

CITB NI hosted a 'Get Skilled' stand at the Skills NI event in Belfast in October 2017, attended by over 6,000 school children, teachers and career changers. The CITB NI stand provided an opportunity for visitors to build a mini-roofing structure and mini-staircase, participate in online construction themed activities and access a range of CITB NI careers information. A number of Construction Ambassadors attended to share with visitors their experiences of working in the construction industry.

An updated 'Careers in the Northern Ireland Construction Industry Factsheet' was developed from the latest Industry Insights CSN Forecast and produced for distribution at careers events.

Separate guides on apprenticeships were developed for construction employers, parents/guardians and students. These highlight the different apprenticeships, funding available and provide links to other information. The guides provide a good source of information for employers wishing to employ apprentices, for parents/guardians whose child wants to pursue a career in construction and for students to provide guidance about getting onto an apprenticeship.

Skills shortages, an ageing workforce, poor perception of the industry by career influencers and low numbers of apprentices joining the industry are putting the construction industry at risk. Consequently, the industry needs to do more to successfully promote itself to young people and careers influencers and meet the future demand for additional people. CITB NI has been working collaboratively with industry representatives to identify how best to present an image that is accurate and attractive to the next generation. Based on feedback gained from meetings with industry focus groups and CITB NI staff and executive management team, a draft three-year strategy was developed.

CITB NI and Radius Housing began working in partnership to provide a £500 award to a construction craft apprentice who, in the period September 2016-August 2018, overcame a significant adversity to allow them to successfully complete their training programme and achieve a construction qualification at NVQ Level 2 or Level 3.

Marketing & Communications

2017-18 was the first year of an updated Marketing Strategy which led to a detailed external audit in April 2018 of CITB NI Marketing activity to help enhance the current strategy. Key actions identified focused on further campaign activity, additional PR and scheduled media content.

CITB NI continued to produce informative publications including the Annual Skills Statement, Annual Report Summary, Women in Construction booklets and the Top Ten things for the NI Construction Industry. A series of digital documents were produced for use on email and social media and these included short-course flyers, Business Improvement events and research flyers. CITB NI also continued to publish its online quarterly magazine which covers key topics, grants, training initiatives and research.

A number of press releases were developed and sent to local and trade press, which generated 134 press clippings with a total PR value of £78,872 and contributed to employer and industry awareness of our services.

A minimal amount of advertising was placed with trade press, however editorial was placed in Specify, Modern Builder, Plant and Civil Engineer and Northern Builder during the year and all publications supported CITB NI by publishing press releases throughout the year which helped promote coverage of on-going training initiatives.

Sponsorship support was provided to the CIOB Annual Lecture, the GCSE in Construction students and the Construction Excellence Awards.

The CITB NI website was regularly updated and along with email and social media was used to connect with registered employers, industry, stakeholders and others.

Over recent years CITB NI has been more proactive on social media channels which support on-going communication activity and promotion. At the end of the training year there were 828 Facebook followers, 974 Twitter followers and 764 LinkedIn followers. There was also regular communication to registered employers through e-mail and text messages promoting employer events, short-courses, training grants, levy returns and signposting to the CITB NI website for further information.

As part of on-going staff development, CITB NI staff undertook training on video production to help in developing short videos for promotional use on the website and social media.

Standards and Qualifications

The CITB NI Construction Standards and Qualifications Strategy (CSQS) supports the development of industry training and qualifications in Northern Ireland through the implementation and operation of ten action strands which were all progressed during the year. The ten strands are: Consultations, New Entrants, Supporting Specialist Sectors, Mutual Recognition, New Technologies, Development of Employer Information Guidance, Develop Qualifications and Standards, Maintain Standards, Training & Competence, and Funding.

CITB NI contributed to the development of a new Consolidated Assessment Strategy for Plant & Lifting Equipment. This strategy dictates the standard required to deliver NVQ qualifications for construction plant operations.

CITB NI is leading the development of new Northern Ireland Apprenticeship and Traineeship Frameworks through the Built Environment Sector Partnership. This is in alignment with the implementation of the Department for the Economy Apprenticeship and Youth Training strategies. Individual surveys were carried out to determine the demand for ten different occupational areas and to identify employers to participate in the apprenticeship reviews.

CITB NI developed 20 plant operator achievement tests, and supporting documentation for the CSR scheme and has agreed to implement a quality control programme to support and maintain the standard of plant operator test delivery.

CITB NI continued to deliver a quality-control programme in Northern Ireland on behalf of CITB GB for the Construction Plant Competence Scheme (CPCS). The programme required the monitoring of plant operator achievement test delivery and provider audits to support and maintain the standard of plant-operator test delivery.

CITB NI is supporting the review of national occupational standards (NOS) in conjunction with CITB GB for a number of occupations. The reviews are employer led to ensure that the NOS is current and fit for purpose.

GCSE Construction

CITB NI continued to support the GCSE in Construction & the Built Environment. The original textbook and supplement have been merged to form a new updated textbook. CITB NI will

provide every school that delivers the qualification with 25 new textbooks each year for the next four years and will also supply 100 copies to LibrariesNI for distribution to their branches across Northern Ireland. An award was made to the top three schools with the top three students in the GCSE in Construction. Currently 39 schools deliver the qualification across Northern Ireland and a total of 7,696 students have undertaken the qualification in the last 14 years.

Research

Throughout the year CITB 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.

The CITB NI Annual Skills Statement, which provides an overview of current and future skills needs as identified in CITB NI and other stakeholder research, was published in September 2017.

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 an electronic consultation with members and a meeting of the CSN Observatory to obtain input to draft forecasts from key industry stakeholders. The 2018-22 LMI Report for the NI construction industry was published and distributed to stakeholders.

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 NI.

The bi-annual Stakeholder Survey which outlines how stakeholders feel CITB NI meets its objectives was issued to stakeholders in August 2018. The results of the survey have now been received and are being analysed. It is anticipated that a report on the survey will be published early in 2019.

CITB NI obtained funding from the Department for Communities Historic Environment Division to refresh the 2009 research into skills in the Heritage Sector for Northern Ireland. This work was completed with 17 face-to-face interviews and 55 online responses being obtained. The results were presented to the Traditional Building Skills Working Group in June 2018.

Research into the training needs of several specialist sectors was carried out using an online survey tool. The sectors included flooring, damp proofing and steel fixing. In addition, surveys into the demand for General Construction Operatives and demand for the Mobile Training Unit were carried out.

Other ad-hoc research including fieldwork for the Skills and Training Survey and the Workforce Mobility Survey (both led by CITB GB) was carried out in 2018 with results currently being analysed and summarised. It is CITB NI's intention to publish the survey results on the CITB NI website in February 2019.

Enabling Activities

Facilities

The facilities at CITB NI continue to be utilised with regular hire of Meeting / Training rooms and the practical training areas (both internal and external) to support and drive industry training.

Over the year, a number of industry bodies and external organisations used the premises to hold committee and ad-hoc meetings due to its central location and plentiful car parking. A total of 106 industry meetings (an average of over 2 / week) and training events were held at the Centre during this period.

The use of CITB NI as a base to hold the monthly committee and information/guidance seminars by the pan-industry Northern Ireland Safety Group (NISG) has continued. The NISG meetings and Annual Conference attract between 70-120 attendees to each event.

Tenants

South Eastern Regional College (SERC) added to their lease of the Professional Skills Centre, which delivers mechanical & electrical technical courses, apprenticeship schemes and health & safety qualifications, with a large internal space to deliver Engineering Apprenticeships.

Cosaint Training and Consultancy Ltd continued their lease of training rooms and an office to enable their delivery of a wide range of health & safety, supervisor and management training.

Truly Scrumptious Catering commenced a six-month lease trial providing in-house catering and services to course participants, CITB NI and room-hiring organisations. It is expected that a mid-term lease will be agreed to enable the continuation of this provision.

Emergency Fire & Safety Limited (EFS) also became a tenant during the year. The organisation has leased a number of external buildings with the intention of delivering theoretical and practical training across a wide range of sectors, which will include fire, rescue, confined spaces plus physical & mental agility.

Response to Consultations

During the year CITB NI responded to the following consultations:

DfE - Consultation on the Apprenticeship Levy – The consultation sought views on the main issues for NI employers, factors the Department should take into account and the potential impact upon recruitment of apprenticeships; and

DfE - Consultation on UK Government Green Paper – “Building our Industrial Strategy” – DfE sought responses from CITB NI to include in their response to this UK consultation.

External Funding

CITB NI actively investigates potential additional sources of income to support its work. Investigations were carried out into various funding and partner searches.

Funding applications were submitted to the British Council and to CITB GB's Structured Fund and are awaiting decisions.

Funding from the Department for Communities Historic Environment Division was secured to carry out research into the skills needs of the heritage sector.

An application was submitted to the Heritage Lottery Fund to contribute towards providing a Built Heritage Upskilling Programme for 28 people to be upskilled and achieve an NVQ Level 3 in Heritage Skills (Construction), delivering a Heritage Ambassador/Mentor programme and providing a series of other short heritage-based courses. Unfortunately HLF could not support the bid and the training did not occur.

CITB NI began delivery of a project for Construction First Limited to develop 20 construction plant category achievement tests and supporting documentation for the Construction Skills Register card scheme.

CITB NI delivered a project in Northern Ireland for CITB GB. The project required the monitoring of plant operator achievement test delivery and provider audits for the Construction Plant Competence Scheme (CPCS).

IT Systems

CITB NI continued to deliver the IT strategy for the 2014 to 2017 period and an updated strategy was prepared for 2018 to 2021. 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 year. These included: upgrading the Levy and Grant IT systems and website, replacing personal computers throughout the organisation to improve system operation and information available to employers. There were also projects to increase data and hardware protection against virus attacks, which are becoming much more common throughout business.

Corporate Social Responsibility

Much of CITB NI's core functions are aimed at developing people to improve their circumstances through development of personal skills and competencies. Within the 2017-18 year, a programme was developed aimed at the unemployed and those with low or no qualifications targeting the construction industry for future employment. Fifteen individuals commenced the programme. CITB NI has also financed the introduction of a construction-focused mental health charity "Mates in Mind" aimed at raising awareness of mental health issues within the sector.

The rights of individuals, staff and those we interact with are taken into account in all of our activities. Our services and support is aimed and accessible to all, irrespective of their origin or perspective.

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 the previous year, this included recycling (general) and recycling (paper).

On the down side there was an increase usage of A4 paper, electricity and heating oil. Even though there was an increased usage of electricity and heating oil, the budgeted figure for each of these items was close to that predicted with electricity consumption being 15% over spent and oil being 3% under.

CITB NI desire to encourage sustainability and improve efficiency means the organisation is moving away from producing printed publications and using electronic documents that are emailed to employers and stakeholders and can also be easily accessed on our website.

Sustainability Report

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

A policy of control over energy and utility services, plus improved management, has resulted in significant reduction 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. These include general waste, recycling, paper, electricity and heating oil.

In the base year 2008-09, 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 2017-18 year of 151.64 tonnes CO₂e represents a 17% increase over the 2016-17 figures. This calculation represents a 44% reduction on the organisation's emissions since the base year in 2008-09. This is the first year since the base line figures were established that the organisations CO₂e emissions have raised on the previous year's figure. The additional consumption of electricity and heating oil stemming from having an increased number of tenants is the major contributing factor to the overall carbon footprint.

Efficiency Measures

The refurbishment of sections of the office and training facilities has improved energy efficiency measures, this coupled with improved thermal insulation installed during the refurbishment has improved the working environment for staff and visitors.

The installation of replacement UPVC windows to the rear of the building has improved the thermal insulation and aesthetics of the building, this coupled with the installation of a new entrance canopy has enhanced the working environment and sustainability of the premises.

The installation of LED lighting when replacing defective units is on-going with the expectation that considerable savings can be made over a number of years.

The replacement of the flat roof during the 2018-19 year, which covers a large section of the administration section of the building, is also expected to improve energy consumption and improve the working/teaching environment.

Complaints Handling

CITB NI has in place a complaints procedure and the Board Administrator is the designated Complaints Officer. All written complaints are acknowledged and a full investigation and resolution sought within 20 working days. Written responses to formal complaints are under the signature of the Chief Executive, who is kept informed at all stages of the procedure and the action being taken. Records of all complaints received are maintained for monitoring purposes. There was one complaint received in 2017-18 that was successfully resolved through the CITB NI complaints procedure.

Long-Term Expenditure trends

CITB NI is a non-departmental public body which has the statutory powers to raise a levy from construction employers in Northern Ireland. The levy is CITB NI's main source of income representing over 90% of the total income in 2017-18. There is no doubt that the economic downturn over a prolonged period has had a significant impact on construction employers in Northern Ireland who have turned to competing for work outside Northern Ireland to keep their business operating. The overall context of reductions to budgets across the public sector as a whole has impacted CITB NI as construction employers have had fewer opportunities to compete for public-sector contracts in Northern Ireland.

However, CITB NI has seen a significant increase in Levy income in 2017-18 and subsequently the budget available to support employers' training. The budget for 2018-19 has been set in the context as a similar level of activity as 2017-18 adjusted for a reduction in the levy rate with £3.05 million available in levy income.

The surplus generated in 2017-18 and transferred to reserves will be used by CITB NI to reduce the levy rate in 2018-19 from 0.65% to 0.60%. The additional reserves will also be utilised to continue to support apprentices by enhancing the Tier 1 grant rates for apprentices by 30%.

The majority of CITB NI's expenditure is on staff costs and the grants scheme. It is not envisaged that these two main costs will change significantly over the next few years.

It is therefore our consideration that future income/expenditure budgets will be maintained at a similar level to 2017-18.



Mr W M Johnston – Chairman

Date: 17/01/2019



Mr B Neilson – Accounting Officer

Date: 17/01/2019

ACCOUNTABILITY REPORT

Corporate Governance Report

The purpose of the Corporate Governance Report is to explain the composition and organisation of CITB NI's governance structures and how they support the achievement of its objectives.

The purpose of this statement is to confirm the continuing effectiveness of the governance arrangements of CITB NI that support the achievement of CITB NI's policies, aims and objectives.

Directors' Report

Position of Chief Executive

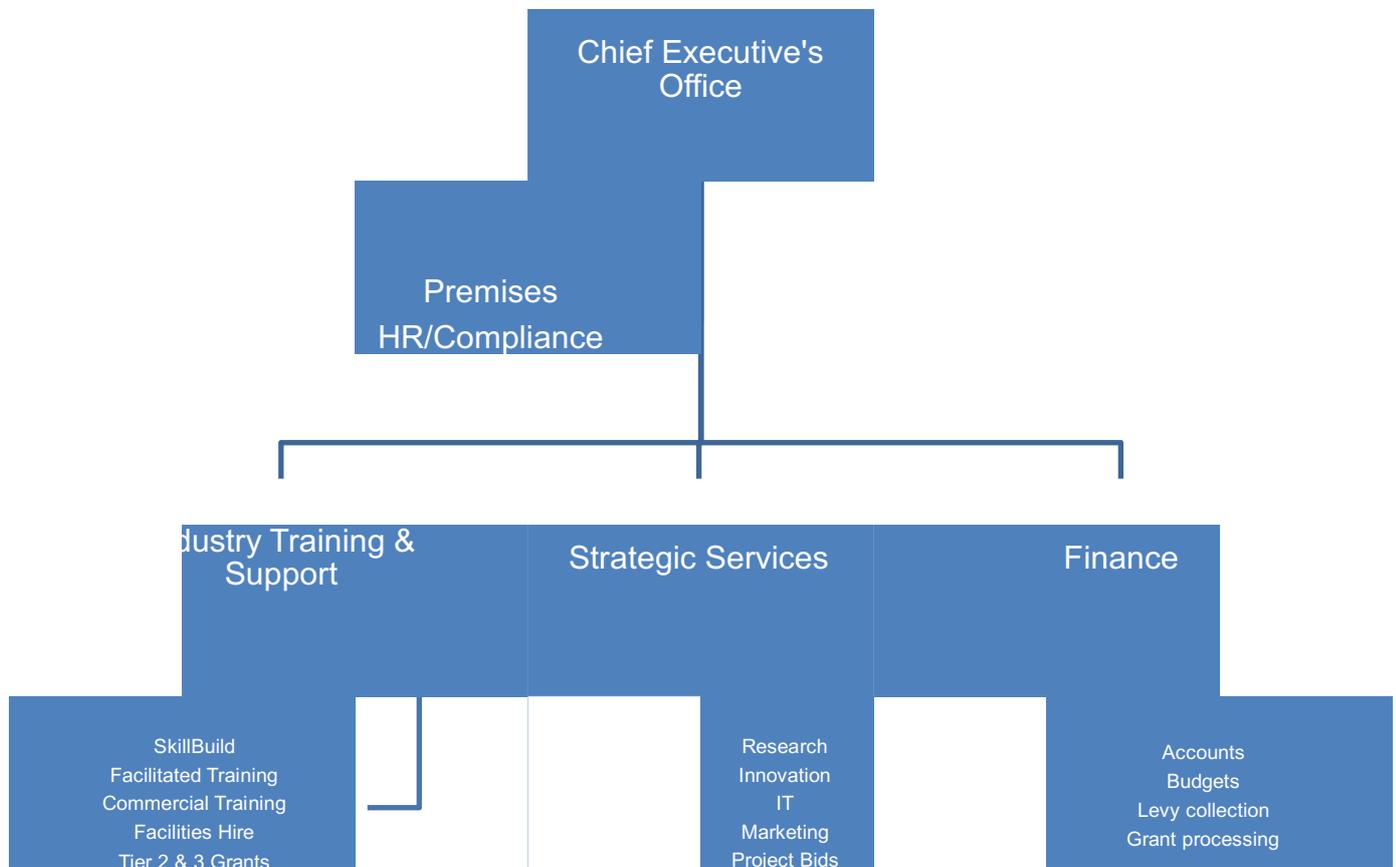
Mr Barry Neilson was Chief Executive and Accounting Officer from 1 September 2017 to 31 August 2018.

Board Members

The Board of CITB NI comprised ten members and the Chairman. Membership of the Board is determined by the Department for the Economy and through formal appointment by the Minister. Appointments to the Board follow the Office of the Commissioner for Public Appointments guidelines. The Department for the Economy extended the membership of five Board members for five months from 1 August 2018. The Chairman was also extended in post for five months from 1 August 2018.

A list of those who served as Board members during the year and their attendance is outlined in Appendix 2.

ORGANISATIONAL STRUCTURE 2017-18



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

Personal Data Related Incidents

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

Charitable Donations

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

Payment to Suppliers

CITB 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 2018, 99.8% (2016-17: 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 2017-18 we met this standard for approximately 99.8% of invoices received (2016-17: 99.8%).

Pensions

CITB NI participates in a defined-benefit scheme the assets of which are held in a separate trustee-administered fund operated by NILGOSC. CITB 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 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 NI.

The audit of the financial statements for 2017-18 resulted in an audit fee of £9,500 which is included in other operating expenditure 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) did not undertake any non-audit work during the financial year ended 31 August 2018 (2016-17: £1,261).

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 2018.

STATEMENT OF BOARD MEMBERS' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under the Industrial Training (Northern Ireland) Order 1984, the Department for the Economy has directed CITB NI to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of CITB NI and of its net resource outturn, application of resources, changes in taxpayers' equity 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;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that CITB NI will continue in operation; and
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he or she takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Department for the Economy has appointed the Chief Executive as Accounting Officer of CITB NI. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding CITB NI's assets, are set out in *Managing Public Money Northern Ireland* published by the Department of Finance.

As Accounting Officer, I can confirm that there is no relevant audit information of which the auditors are unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are informed of it.

Governance Statement

This Governance Statement for CITB NI reflects the organisation's governance, risk and internal control arrangements as they have operated during the 2017-18 year.

As well as being an Industrial Training Board, CITB 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 NI's sponsoring department is the Department for the Economy (DfE).

The DfE Minister appoints the Board of CITB NI through the Public Appointments Unit.

Governance Framework

CITB NI is committed to the principles of good practice in corporate governance through the governance framework as evidenced by:

- CITB NI Board
- CITB NI Finance and General Purposes Committee
- CITB NI Audit and Risk Assurance Committee
- CITB NI Review Committee
- Executive Management Team
- Quarterly Accountability meetings with CITB NI sponsoring department, The Department for the Economy (DfE)

The Board

The Board of CITB 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.

Board members took part in the Annual Board Workshop in December 2017 incorporating discussions around setting the strategic direction of the organisation and update of risk management.

The chairmanship of the Board's Committee's was reviewed with the Chair of Audit and Risk Assurance Committee changing in June 2018. This change was also updated in the Board's Standing Orders.

The Board's appointed Finance and General Purposes Committee reviews in detail financial matters and human resources issues and makes recommendations to the Board. The

Committee is Chaired by a Board member appointed by the Chairman. The Chair of the Committee was also changed in June 2018. The Chairman attends as a member of the Committee.

During the 2017-18 year, issues considered by the Board included:

- Strategic direction;
- Annual budget;
- Management accounting;
- Performance targets;
- Annual review of risk management; and
- 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.

The Audit and Risk Assurance Committee

CITB NI's Audit and Risk Assurance Committee meets four times a year. The Audit and Risk Assurance Committee comprises a Chairman, and two members appointed by the Board. Representatives from the organisation's internal auditors, the Northern Ireland Audit Office and DfE are normally present.

The Audit and Risk Assurance Committee reviews on a regular basis, CITB 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. Fraud is also included on the agenda for each meeting.

In line with best practice, the Committee also arranges to meet with both internal and external auditors during the year without CITB 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.

Internal Audit

CITB NI's internal audit function is currently provided by Grant Thornton who completed the second year of a three-year term contract. 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 2018, Grant Thornton completed the agreed programme of audits.

The table below provides a summary of assurance ratings received.

Audit Topic	Assurance Rating
Levy Collection	Satisfactory
Grant Payment	Satisfactory
Business Continuity and Disaster Recovery	Limited
Budget Management	Satisfactory

One Internal Audit report with limited assurance was received in relation to Business Continuity and Disaster Recovery. Some weaknesses were identified due to the Business Continuity Plan being subject to update, which was not complete at the time of the audit. These issues are being addressed by finalisation of the Business Continuity Plan due to be completed by 31 December 2018.

The overall audit opinion for CITB NI for the year was satisfactory.

Board Review Committee

The Board Review Committee comprises a chairman and two members appointed by the Board. The Board Review Committee 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 Committee also considers challenges to the scope position and grant appeals by employers, and reviews both existing and new programmes or projects being undertaken by CITB NI in accordance with the Rules of Delegation and make appropriate recommendations to the Board.

The Chair of the Committee was also changed in June 2018.

The Committee also reviews CITB NI policies following recommendations from the Audit and Risk Assurance Committee.

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 DfE

Accountability meetings with DfE 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 DfE Permanent Secretary also meets annually with the Board Chairman.

Quality of Data

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

- Research carried out by CITB NI;
- Meetings with industry employer bodies;
- Meetings with industry and stakeholders;
- Consultations with industry;
- Interrogation of research undertaken by other bodies;
- annual stakeholder meetings; and
- Nine annual events with employers in the industry.

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

Scope of Responsibility

The Chief Executive of CITB NI is the Accounting Officer and has responsibility for maintaining a sound system of internal control that supports the achievement of CITB 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 DfE 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 quarterly by the Board;
- Regular reviews by the Board of periodic and annual financial reports which indicate financial performance against the forecasts; and
- 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 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.

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 NI's policies, aims and objectives. It is also there 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 NI for the year ended 31 August 2018 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to Handle Risk

CITB 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;
- the review of risks at Executive Management Team meetings and Audit and Risk Assurance Committee meetings; and
- the 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 2017-18 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 2017-18 year a number of risks were also 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 2018 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 2018.

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 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. Formal authorisation is required in advance of being given access to IT systems via either the network or WiFi. Individual applications have authorisation signing on procedures for users.

Staff are aware of the importance of securely storing paper records, dedicated archive stores are provided and all staff are provided with IT security training. This has been undertaken in compliance with the General Data Protection Regulations introduced in May 2018. There have been no data losses during the 2017-18 year.

Reporting

Risk management is reported and reviewed at the Executive Management 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 2018.

Assessment of compliance with Corporate Governance Code

The Board is content that during 2017-18 it has complied with the Corporate Governance Code as outlined in Managing Public Money Northern Ireland (MPMNI).

REMUNERATION AND STAFF REPORT

The Remuneration and Staff Report sets out CITB NI's remuneration policy for Board members and the Chief Executive. It reports on how that policy has been implemented and sets out the amounts awarded to Board members and the Chief Executive.

Remuneration Policy

As an NDPB, members of staff within CITB NI are not civil servants. The CITB NI Board appoints members of the Board to the Finance and General Purposes Committee. The role of the Committee is to advise the Board on all financial matters, 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; and
- Such other issues as may be referred to it by the Board.

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

All proposed pay remits are submitted to DfE/DoF 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 the Economy 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 DoF, Treasury and the Cabinet Office.

Service Contracts

All appointments for services made by CITB 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 three years. The Department for the Economy, which is required to strictly adhere to the public appointments procedures, appoints CITB NI 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 NI's Employee Handbook. The Chief Executive is on an open-ended contract.

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 NI.

The position of Chief Executive from 01 September 2017 to 31 August 2018 was held by Barry Neilson a direct employee of CITB NI.

The remuneration payable to the Chief Executive was as follows:

Name	2017-18			Total £'000	2016-17			Total £'000
	Salary £'000	Benefits in kind (nearest £100)	Pension Benefits* (to nearest £1,000)		Salary £'000	Benefits in kind (nearest £100)	Pension Benefits* (to nearest £1,000)	
B Neilson	60-65	0	19	80-85	60-65	0	22	85-90

Fair Pay Disclosures (Audited)

	2017-18 £'000	2016-17 £'000
Band of Highest Paid Director's Total Remuneration	60-65	60-65
Median Total Remuneration	£24,440	£24,195
Ratio	2.65	2.65

**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 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	2017-18		2016-17	
	Salary £'000	Benefits in kind (nearest £100)	Salary £'000	Benefits in kind (nearest £100)
M W Johnston (Chairman)* Appointed 01/08/14	15-20	£100	15-20	-
M Nawaz Resigned May 2017	-	-	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 01/04/14	0-5	-	0-5	-

D Henry Board Member from 01/04/14	0-5	-	0-5	-
M Bradley * Board member from 01/06/13	0-5	-	0-5	-
M O'Kane Resigned May 2017	-	-	0-5	-
C Brolly Board member from 01/01/13	0-5	-	0-5	-
S Hassard Board member from 01/04/14	0-5	-	0-5	-
J Pollock* Board member from 01/04/14	0-5	-	0-5	-
C Mahon* Board member from 01/06/13	0-5	-	0-5	-
C Corken Board member from 01/04/14	0-5	-	0-5	

* *Member of Finance & General Purposes Committee*

The Department for the Economy extended the term of office of the Chairman (M Johnston) and the following Board members to 31st December 2018:

- D Martin;
- D Henry;
- S Hassard;
- J Pollock; and
- C Corken.

Salary

'Salary' includes gross salary and Board member attendance allowance to the extent that it is subject to UK taxation. CITB NI makes no other payments to Board members or staff other than expenses, travel and subsistence.

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. There were no benefits in kind paid to any member of staff or to members of the Board of CITB NI.

Bonuses

CITB NI does not operate a performance-related pay system. Therefore, no bonuses were paid to staff during the 2017-18 year. (2016-17: 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 NI in the financial year 2017-18 was £60k to £65k (2016-17: £60k - £65k). This was 2.65 times (2016-17: 2.65 times) the median remuneration of the workforce, which was £24,440 (2016-17: £24,195).

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

Pensions of Senior Officials (Audited) -

Board Members

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

Officials	Accrued pension at pension age as at 31/08/2018 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/08/18	CETV at 31/08/17	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
B Neilson Chief Executive	5-10 Plus lump sum of 0-5	0-2.5 Plus lump sum of 0-5	135	113	13

The above information was provided by NILGOSC and comprises benefits accrued as at 31 August 2018.

Pension benefits are provided through the NILGOSC Scheme, which is described in the accounting policies note to the financial statements.

Cash Equivalent Transfer Value

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 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.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. The real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer. This reflects the increase in CETV effectively funded by the employer.

STAFF REPORT

Staff Numbers and Related Costs (Audited)

	Permanently employed staff	Others	2017-18	2016-17
	£	£	£	£
Wages and Salaries	783,136	23,232	806,368	736,988
Social Security Costs	72,179	2,065	74,244	70,220
Other Pension Costs	285,249	751	286,000	308,000
Total	1,140,564	26,048	1,166,612	1,115,208

Average Number of Persons Employed (the following section is subject to audit)

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

	2017-18	2016-17
Directly employed	27	26
Agency Staff	1	-

Staff Composition

CITB NI had 28 members of staff at 31 August 2018.

	Male	Female	Total
Directors	3	1	4
Employees	5	19	24

Staff Pension Scheme

CITB NI participates in the Local Government Pension Scheme for Northern Ireland which is administered by the Northern Ireland Local Government Officer's Superannuation Committee (NILGOSC) 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.

Employees currently pay contributions between 5.5% and 8.5% of their pensionable earnings. The contribution rate payable is dependent on the rate of pay for their job. As an employer, CITB NI contributes 18% of pensionable pay for each employee who is a member of the NILGOSC scheme.

The total amount of employer contributions paid to NILGOSC during 2017-18 amounted to £140,436.

Sick Absence

Staff absence due to illness was on average ten days per employee for the year ended 31 August 2018 (2016-17: 7.4 days) The figure for the wider Northern Ireland Civil Service is an average of 13 days in 2017-18.

Staff Policies

In line with the statutory duties of Section 75 of the NI Act 1998, CITB 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 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 NI will endeavour 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.

Equality and Diversity

CITB NI's current workforce is reflective of the catchment areas in which it is based. Annual Monitoring reports are submitted to the Equality Commission each January. An Article 55 review was completed in early 2017 with no equality issues identified.

An Equality Scheme under Section 75 of the Northern Ireland Act has been developed with Annual Progress Reports submitted. A Disability Action Plan has also been developed.

Equality and Diversity issues are regularly monitored by reviewing the outcome of Employee Attitude Surveys and Exit Interviews.

Equality issues are reviewed by the Board via the Finance and General Purposes Committee and we are also proud that out of eleven current Board members, four are female.

Employee Consultation and Participation

Staff are involved in all matters which affect their work. Performance Reviews are required, and an Employee Attitude Survey is undertaken every two years to gauge staff engagement, opinions and attitudes.

Health, Safety and Wellbeing

A Health and Safety at Work Policy has been developed which is reviewed annually. Risk Assessments have been undertaken and are reviewed when required. Health and safety responsibilities have been allocated and an internal Health and Safety Team meets on a quarterly basis to keep under review all aspects of Health, Safety and Wellbeing. Additionally, quarterly Health and Safety Audits are undertaken by a member of the

Executive Team to identify any further issues. Staff with particular responsibilities, have received specific training.

Trade Union Relationships

CITB NI recognises NIPSA trade union. Quarterly Joint Union Management Meetings take place to discuss and progress areas of mutual benefit or concern and internal workplace and Health and Safety representatives are regularly engaged regarding such matters.

Learning and Development

CITB NI identifies learning and development requirements jointly with staff to ensure that the correct skills, knowledge and behaviours exist to achieve the Strategic Plan. These interventions also equip staff for future career development, introduction of new technologies or legislative developments.

Expenditure on Consultancy

There was no expenditure on consultancy during 2017-18. (2016-17: NIL)

Off-Payroll Engagements (greater than £58,200)

There were no off-payroll engagements during 2017-18. (2016-17: NIL)

Ill-Health Retirement

There was one member of staff retired due to ill-health on the 31st August 2018. There was no cost to CITB NI in relation to this ill-health retirement.

Reporting of Civil Service and other compensation schemes- exit packages

(This section is subject to audit)

CITB NI did not participate in the Northern Ireland Voluntary Exit Scheme during 2017-18 or 2016-17.

Assembly Accountability and Audit Report

The Assembly Accountability and Audit Report brings together the key Assembly accountability documents with the annual report and accounts.

Regularity of Expenditure

(This section is subject to audit)

There was no irregular expenditure in 2017-18.

Losses and Special Payments

(This section is subject to audit)

Losses Statement	2017-18	2016-17
Total Number of Losses	32	19
Total Value of Losses	£29,432	£90,479

There were no special payments made in 2017-18.

Fees and charges

(This section is subject to audit)

CITB NI charges fees for a number of training courses provided. The financial objective for the provision of scaffolding courses is full-cost recovery. The results for 2017-18 were as follows:

	2017-18	2016-17
	£	£
Scaffolding Income	67,970	50,950
Staff costs	(51,103)	(34,747)
Direct Expenses	(11,359)	(11,152)
Total	5,508	5,051

The Scaffolding courses have met the full-cost recovery objective as the net £5,508 generated above is used to absorb the associated overhead costs.

Scaffolding is the only CITB NI course which has the financial objective of full-cost recovery. The reason for this is that all other courses provided by CITB NI are either delivered at no cost to the employer or a small booking fee only applies. All other courses are funded directly from the grants budget. The main reason for charging is for a candidate to secure a place on a training course. There is no specific financial objective for these courses as the majority of the expenditure is funded by CITB NI grant. The nominal fees range from £25 and are recorded as other income within the Statement of Comprehensive Net Expenditure.

Remote Contingent Liabilities

(This section is subject to audit)

In addition to contingent liabilities reported within the meaning of IAS37, CITB NI also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. There were no such remote contingent liabilities to report for the 2017-18 year, (none for 2016-17).

Mr Barry Neilson



Chief Executive
17 January 2019

CONSTRUCTION INDUSTRY TRAINING BOARD NI

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

Opinion on financial statements

I certify that have audited the financial statements of the Construction Industry Training Board NI for the year ended 31 August 2018 under the Industrial Training (NI) Order 1984. The financial statements comprise: the Statements 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 and Staff Report and the Assembly Accountability and Audit Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Construction Industry Training Board NI's affairs as at 31 August 2018 and of its net income for the year then ended; and
- have been properly prepared in accordance with the Industrial Training (NI) Order 1984 and the Department for the Economy directions issued thereunder.

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.

Basis of opinions

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

Other Information

The Board and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Remuneration and Staff Report and the Assembly Accountability and Audit Report described in that report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Assembly Accountability and Audit Report to be audited have been properly prepared in accordance with the Department for the Economy directions made under the Industrial Training (NI) Order 1984; and
- the information given in the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Board and Accounting Officer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Industrial Training (NI) Order 1984.

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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 parts of the Remuneration and Staff Report and the Assembly Accountability and Audit 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 the Department of Finance's guidance.

Report

I have no observations to make on these financial statements.

A handwritten signature in black ink that reads "K J Donnelly". The signature is written in a cursive style with a long horizontal stroke at the end.

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

29th January 2019

CITB NI

Financial Statements for the year ended 31 August 2018

CITB NI

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 AUGUST 2018**

		2017-18	2016-17
	Note	£	£
Income from sale of goods and services	2	125,362	96,039
Other operating Income	2	3,546,133	2,860,173
Total operating income		3,671,495	2,956,212
Staff Costs	3	(1,166,612)	(1,115,208)
Purchase of goods and services	3	(521,817)	(523,924)
Depreciation and impairment charges	4,5	(98,311)	(91,658)
Other operating expenditure	3	(1,042,561)	(928,884)
Total operating expenditure		(2,829,301)	(2,659,674)
Net operating income		842,194	296,538
Finance income		6,086	2,643
Finance expense		(42,000)	(98,000)
Net income for the year		806,280	201,181
Other Comprehensive Net Income			
	Note	2017-18	2016-17
		£	£
Items which will not be reclassified to net operating costs			
Net gain on revaluation of property, plant & equipment	4	43,149	33,772
Net gain on revaluation of intangible assets	5	498	345
Actuarial gains on pension scheme liabilities	10	1,362,000	3,473,000
Comprehensive net income for the year		2,211,927	3,708,298

The notes on pages 50-66 form part of these accounts.

**CITB NI
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2018**

		2017-18	2016-17
	Note	£	£
Non-Current Assets:			
Property, Plant and Equipment	4	2,032,046	2,019,434
Intangible Assets	5	19,654	23,745
<i>Total Non-Current Assets</i>		<u>2,051,700</u>	<u>2,043,179</u>
Current Assets:			
Trade and Other Receivables	7	144,889	81,048
Cash and Cash Equivalents	8	2,871,608	1,780,014
Total Current Assets		<u>3,016,497</u>	<u>1,861,062</u>
Total Assets		<u>5,068,197</u>	<u>3,904,241</u>
Current Liabilities			
Trade and Other Payables	9	(560,973)	(416,944)
Total Current Liabilities		<u>(560,973)</u>	<u>(416,944)</u>
Total assets less current liabilities		<u>4,507,224</u>	<u>3,487,297</u>
Non-current liabilities			
Pension Liabilities	10.5	(584,401)	(1,776,401)
Total non-current liabilities		<u>(584,401)</u>	<u>(1,776,401)</u>
Total assets less total liabilities		<u>3,922,823</u>	<u>1,710,896</u>
Taxpayers' equity and other reserves			
SoCNE Reserve		3,757,207	1,588,927
Revaluation Reserve		165,616	121,969
		<u>3,922,823</u>	<u>1,710,896</u>

The financial statements on pages 46-49 were approved by the Board on 17 January 2019 and were signed on its behalf by:

Signed :  (Chairman)

Signed:  (Chief Executive)

Date: 17 January 2019

CITB NI

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

		2017-18	2016-17
		£	£
Cash Flows from Operating Activities	Note		
Net operating income		806,280	201,181
Adjustments for non-cash transactions			
Depreciation & Amortisation	4, 5	98,311	91,658
(Increase)/Decrease in trade and other receivables	7	(63,841)	147,297
Increase/(Decrease) in trade payables	9	144,029	(107,863)
IAS 19 pension costs*	10	170,000	253,000
Gain on disposal of asset		(1,218)	-
Net Cash Inflow/ (Outflow) from Operating Activities		<u>1,153,561</u>	<u>585,273</u>
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	4	(55,901)	(29,017)
Purchase of intangible assets	5	(7,308)	(6,794)
Proceeds of disposal of property, plant & equipment		1,242	-
Net Cash Outflow from Investing Activities		<u>(61,967)</u>	<u>(35,811)</u>
Net Financing			
Net increase/(decrease) in cash and cash equivalents in the period	8	1,091,594	549,462
Cash and cash equivalents at the beginning of the period	8	<u>1,780,014</u>	<u>1,230,552</u>
Cash and Cash Equivalents at the end of the period	8	<u>2,871,608</u>	<u>1,780,014</u>

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

The notes on pages 50-66 form part of these accounts.

CITB NI**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 AUGUST 2018**

	SoCNE Reserve £	Revaluation Reserve £	Total Reserves £
	<hr/>	<hr/>	<hr/>
Balance at 31 August 2016	(2,085,254)	87,852	(1,997,402)
Changes in Taxpayers' Equity 2016-2017			
Net income for the year	210,681	-	210,681
Auditors Remuneration	(9,500)	-	(9,500)
Revaluation gains	-	34,117	34,117
Actuarial gains on NILGOSC pension scheme	3,473,000	-	3,473,000
	<hr/>	<hr/>	<hr/>
Balance at 31 August 2017	1,588,927	121,969	1,710,896
Changes in Taxpayers' Equity 2017-2018			
Net income for the year	815,780	-	815,780
Auditor's remuneration	(9,500)	-	(9,500)
Revaluation gains	-	43,647	43,647
Actuarial gains on NILGOSC pension scheme	1,362,000	-	1,362,000
	<hr/>	<hr/>	<hr/>
Balance at 31 August 2018	3,757,207	165,616	3,922,823

The notes on pages 50-66 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR END 31 AUGUST 2018

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2017-18 Government Financial Reporting Manual (FReM) issued by the Department of Finance. 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 NI for the purpose of giving a true and fair view has been selected. The particular policies adopted by CITB NI for the year ended 31 August 2018 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 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 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 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.

Other income, including the reimbursement of legal fees associated with pursuing unpaid levy income, is recognised in the period it is received.

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 NI participates in the Local Government Pension Scheme for Northern Ireland which is administered by the Northern Ireland Local Government Officer's Superannuation Committee (NILGOSC) 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.

1.5.1 NILGOSC Pension Scheme

For the NILGOSC defined benefit scheme, CITB 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 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 NI 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.

Tier 1 Grant expenditure is recognised when a grant application form is received from an employer in so far that it complies with certain terms and conditions of grant. Expenditure in relation to Tiers 2 and 3 training interventions is recognised when the training activity has taken place.

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 NI;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably.

The level of capitalisation as an individual item of property, plant and equipment has been applied for the current year at £500. If multiple items of the same equipment are purchased together they can be grouped for the purposes of capitalisation.

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 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 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 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.

The level of capitalisation as an individual intangible asset has been applied for the current year at £500.

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 Consumer 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 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 basis 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 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 Statement of Net Expenditure 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 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 NI's financial statements.

1.13 Financial Instruments

Financial assets are recognised when CITB 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 or the asset has been transferred.

Financial liabilities are recognised on the Statement of Financial Position when CITB 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 NI has charitable status approved by HM Revenue & Customs.

1.15 Operating Segments

CITB 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 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.

1.16 Provisions

Provisions are recognised in accordance with IAS37 and are valued using the best estimate of the expenditure required to settle the obligation.

2. Income

The other operating income included within the Statement of Comprehensive Net Expenditure is detailed below:

	2017-18	2016-17
	£	£
<i>Sale of goods and services</i>		
Direct Training Course Income	76,931	71,734
Room hire/rental income	48,431	24,305
<i>Other Operating income</i>		
Statutory Levy Income	3,406,455	2,670,594
Activities funded by the Department for the Economy	42,708	148,290
Income from bodies external to NI Government	96,970	41,289
Total income	3,671,495	2,956,212

3. Expenditure

	2017-18 £	2016-17 £
<i>Staff Costs¹</i>		
Wages and Salaries	806,368	736,988
Social Security Costs	74,244	70,220
Other Pension Costs	286,000	308,000
Total	1,166,612	1,115,208
<i>Purchase of Goods and Services</i>		
Running Costs	320,989	248,376
Other Training Services	89,557	168,379
Direct Training Provision	67,338	61,247
Legal Fees	31,328	40,087
Professional Fees	12,605	5,835
Total	521,817	523,924
Depreciation	98,311	91,658
<i>Other Operating Expenditure</i>		
Grants to Employers	1,014,096	901,985
Research and Development	7,799	8,393
Auditor's Remuneration and Expenses	9,500	9,500
Rentals under Operating Leases	2,838	4,643
Expenses of Boards & Committees	8,328	4,363
Total	1,042,561	928,884
Total Operating Expenditure	2,829,301	2,659,674

CITB NI did not purchase any non-audit services from its auditor, the Northern Ireland Audit Office during 2017-18 (2016-17: £1,261).

¹ A breakdown of the staff costs into permanent and temporary staff can be found in the Staff Report within the Accountability Report.

4. PROPERTY, PLANT AND EQUIPMENT

	Land £	Buildings £	Information Technology £	Plant & Machinery £	Furniture & Fittings £	Total £
Cost or valuation						
At 01 Sept 2017	1,070,000	860,000	271,475	269,081	194,034	2,664,590
Additions	-	2,853	36,843	9,960	6,245	55,901
Disposals	-	-	(20,361)	(26,988)	(44,816)	(92,165)
Adjustments	-	-	-	-	(2)	(2)
Revaluations	-	(2,853)	-	-	-	(2,853)
At 31 August 2018	1,070,000	860,000	287,957	252,053	155,461	2,625,471
Depreciation						
At 01 Sept 2017	-	-	200,402	265,756	178,998	645,156
Charged in year	-	46,002	28,644	4,311	7,456	86,413
Disposals	-	-	(20,361)	(26,988)	(44,816)	(92,165)
Revaluations	-	(46,002)	-	-	-	(46,002)
Adjustments	-	-	23	-	-	23
At 31 August 2018	-	-	208,708	243,079	141,638	593,425
Carrying amount at 31 August 2018	1,070,000	860,000	79,249	8,974	13,823	2,032,046
Carrying amount at 31 August 2017	1,070,000	860,000	71,073	3,325	15,036	2,019,434
	Land £	Buildings £	Information Technology £	Plant & Machinery £	Furniture & Fittings £	Total £
Cost or valuation						
At 01 Sept 2016	1,070,000	860,000	285,849	266,158	189,036	2,671,043
Additions	-	9,465	11,631	2,923	4,998	29,017
Disposals	-	-	(26,005)	-	-	(26,005)
Adjustments	-	-	-	-	-	-
Revaluations	-	(9,465)	-	-	-	(9,465)
At 31 August 2017	1,070,000	860,000	271,475	269,081	194,034	2,664,590
Depreciation						
At 01 Sept 2016	-	-	200,462	264,527	168,790	633,779
Charged in year	-	43,237	25,799	1,411	10,171	80,618
Disposals	-	-	(26,005)	-	-	(26,005)
Revaluations	-	(43,237)	-	-	-	(43,237)
Adjustments	-	-	146	(182)	37	1
At 31 August 2017	-	-	200,402	265,756	178,998	645,156
Carrying amount at 31 August 2017	1,070,000	860,000	71,073	3,325	15,036	2,019,434
Carrying amount at 31 August 2016	1,070,000	860,000	85,387	1,631	20,246	2,037,264

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 2018. The valuation was carried out by a qualified member of the Royal Institution of Chartered Surveyors.

5. INTANGIBLE ASSETS

	IT Software	Website	Software Licences	Total
	£	£	£	£
Cost or valuation				
At 01 September 2017	315,440	84,608	14,379	414,427
Additions	-	-	7,308	7,308
Revaluations	7,511	2,033	-	9,544
At 31 August 2018	322,951	86,641	21,687	431,279
Amortisation				
At 1 September 2017	296,018	80,285	14,379	390,682
Charged in year	9,074	2,214	609	11,897
Disposals	-	-	-	-
Revaluations	7,116	1,930	-	9,046
Adjustments	-	-	-	-
At 31 August 2018	312,208	84,429	14,988	411,625
Carrying amount at 31 August 2018	10,743	2,212	6,699	19,654
Carrying amount at 31 August 2017	19,422	4,323	-	23,745
	IT Software	Website	Software Licences	Total
	£	£	£	£
Cost or valuation				
At 01 September 2016	301,495	81,579	14,379	397,453
Additions	5,876	918	-	6,794
Revaluations	8,069	2,111	-	10,180
At 31 August 2017	315,440	84,608	14,379	414,427
Amortisation				
At 1 September 2016	280,832	74,597	14,379	369,808
Charged in year	8,319	2,721	-	11,040
Disposals	-	-	-	-
Revaluations	7,746	2,088	-	9,834
Adjustments	(879)	879	-	-
At 31 August 2017	296,018	80,285	14,379	390,682
Carrying amount at 31 August 2017	19,422	4,323	-	23,745
Carrying amount at 31 August 2016	20,663	6,982	-	27,645

6. FINANCIAL INSTRUMENTS

IFRS 7, *Financial Instruments: Disclosures*, requires disclosure that enables evaluation of the significance of financial instruments for CITB 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 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 NI purchase and usage requirements. CITB NI is therefore exposed to little credit, liquidity or market risk.

CITB 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 AND OTHER RECEIVABLES

	2017-18 £	2016-17 £
Amounts falling due within one year:		
Levy receivables	88,670	25,394
Trade receivables	4,154	8,016
Prepayments and accrued income	52,065	47,638
Total	144,889	81,048

8. CASH AND CASH EQUIVALENTS

	Total £	
Balance at 01 September 2017	1,780,014	
Net change in cash and cash equivalents	1,091,594	
Balance at 31 August 2018	2,871,608	
	2017-18 £	2016-17 £
The following balances at 31 August were held at:		
Commercial banks and cash in hand	2,871,608	1,780,014
Total	2,871,608	1,780,014

9. TRADE AND OTHER PAYABLES

	2017-18 £	2016-17 £
Amounts falling due within one year:		
Accrued grants to employers	414,812	349,712
Accruals and deferred income	144,391	65,462
Other payables	1,770	1,770
Total	560,973	416,944

10. PENSION LIABILITY

10.1 Northern Ireland Local Government Officers' Superannuation Committee Scheme

CITB NI participates in the Local Government Pension Scheme for Northern Ireland which is administered by the Northern Ireland Local Government Officer's Superannuation Committee (NILGOSC) for the majority 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.

In April 2009, NILGOSC introduced a banding scheme for employee contribution rates, based on pensionable pay. These rates for 2017-18 are as follows:

Band	FTE Range (£)	Contribution Rate
1	0 – 14,100	5.5%
2	14,101 - 21,500	5.8%
3	21,501 - 35,900	6.5%
4	35,901 – 43,400	6.8%
5	43,401 – 85,800	8.5%
6	more than 85,800	10.5%

In 2017-18 the employer's contribution rate was 18%. (20% in 2016-17).

Contribution rates are due to remain similar in 2018-19 with only slight increases to the banding limits.

10.2 ECONOMIC ASSUMPTIONS

The latest actuarial valuation of CITB NI's liabilities took place as at 31 March 2016. 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 2018 were:

	2018	2017
Discount Rate	2.8%	2.5%
RPI Inflation	3.2%	3.2%
CPI Inflation	2.1%	2.1%
Pension Increases	2.1%	2.1%
Pension accounts revaluation rate	2.1%	2.1%
Salary Increases	3.6%	3.6%

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.

Assumed life expectancy	31 August 2018	31 August 2017
Males		
Member aged 65 at accounting date	23.3	23.2
Member aged 45 at accounting date	25.5	25.4
Females		
Member aged 65 at accounting date	25.9	25.8
Member aged 45 at accounting date	28.2	28.1

10.3 Reconciliation of Funded Status to Statement of Financial Position

	2018 £000's	2017 £000's
Fair value of assets	13,946	13,140
Present value of funded defined benefit obligation	14,369	14,748
Funded Status	(423)	(1,608)
Closing funded defined benefit obligation	(423)	(1,608)

10.4 Reconciliation of Unfunded Status to Statement of Financial Position

	2018 £000's	2017 £000's
Present value of unfunded defined benefit obligation	161	168
Closing unfunded defined benefit obligation	(161)	(168)

10.5 Reconciliation of Total Status to Statement of Financial Position

	2018 £000's	2017 £000's
Fair value of assets	13,946	13,140
Present value of funded defined benefit obligation	14,530	14,916
Funded & Unfunded Status	(584)	(1,776)
Closing total defined benefit obligation	(584)	(1,776)

10.6 Changes to the Present Value of Defined Benefit Obligation are as Follows:

	2018 £000's	2017 £000's
Opening defined benefit obligation	14,916	16,322
Current Service Cost	295	321
Interest Expense	369	323
Contributions by members	51	50
Actuarial (gains)/ losses – Financial Assumptions	(799)	(1,249)
Actuarial (gains)/losses – Demographic Assumptions	0	14
Actuarial (gains)/losses due to liability experience	78	(497)
Net benefits paid out	(380)	(373)
Past service cost (inc, curtailments)	0	5
Closing defined benefit obligation	14,530	14,916

10.7 Changes to the Fair Value of Assets are as Follows:

	2018 £000's	2017 £000's
Opening fair value of assets	13,140	11,326
Interest income on assets	327	225
Remeasurement gains/(losses) on assets	641	1,741
Contributions by the employer	167	171
Contributions by employees	51	50
Net benefits paid out	(380)	(373)
Closing fair value of assets	13,946	13,140

10.8 The Actual Return on Assets is as Follows:

	2018 £000's	2017 £000's
Interest income on assets	327	225
Remeasurement gain on assets	641	1,741
Actual return on assets	968	1,966

10.9 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.

	2018 Quoted	2018 Unquoted	2018 Total	2017 Total
Equities	61.0%	0.1%	61.1%	74.2%
Property	0.0%	10.2%	10.2%	9.9%
Government Bonds	16.0%	0.0%	16.0%	5.2%
Corporate Bonds	6.9%	0.0%	6.9%	5.9%
Cash	4.0%	0.0%	4.0%	3.8%
Other	0.0%	1.8%	1.8%	1.0%
Total	87.9%	12.1%	100%	100%

10.10 Sensitivity Analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 August 2018 and the projected service cost for the year ending 31 August 2019 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.	Base figure	-0.1% p.a.
Present value of total obligation (£000's)	14,102	14,369	14,642
% change in present value of total obligation	-1.9%	-	1.9%
Projected service cost (£000's)	273	281	290
Approximate % change in projected service cost	-3.0%	-	3.1%
Rate of general increase in salaries			
Adjustment to salary increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£000's)	14,424	14,369	14,314
% change in present value of total obligation	0.4%	-	-0.4%
Projected service cost (£000's)	281	281	281
Approximate % change in projected service cost	0%	-	0%
Rate of increases to pensions in payment and deferred pension assumptions			
Adjustment to pension increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£000's)	14,586	14,369	14,156
% change in present value of total obligation	1.5%	-	-1.5%
Projected service cost (£000's)	290	281	273
Approximate % change in projected service cost	3.1%	-	-3.0%
Post retirement mortality assumption			
Adjustment to mortality age rating assumption*	-1 year	Base figure	+1 year
Present value of total obligation (£000's)	14,783	14,369	13,958
% change in present value of total obligation	2.9%	-	-2.9%
Projected service cost (£000's)	291	281	271
Approximate % change in projected service cost	3.4%	-	-3.4%

*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.

At 31 August 2018 CITB NI had contracted with tenants for the following future minimum lease payments.

	2017-18	2016-17
	£	£
Not later than one year	40,152	3,224
Later than one year and not later than 5 years	31,950	0
Later than 5 years	0	0
Total	72,102	3,224

12. RELATED PARTY TRANSACTIONS

CITB NI is a Non-Departmental Public Body (NDPB) sponsored by the Department for the Economy (DfE). DfE is regarded as a related party with which CITB 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 NI during the year.

CITB NI received the following funding from DfE.

	2017-18	2016-17
	£	£
Project Income	42,708	148,290
	42,708	148,290

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

	2017-18	2016-17
	£	£
H&J Martin Ltd	0	46,899
Henry Brothers Ltd	8,095	28,347
Gilbert- Ash Limited	26,640	20,683
Deane Public Works Limited	0	3,881
McCormack Site Services (Ire) Ltd	3,013	2,758
Vaughan Developments Limited	2,528	2,046
Lawell Asphalt Co Ltd	0	0
	40,276	104,614

Amounts owed at 31 August 2018 from the above parties amounted to £NIL (2017: £NIL).

The Board members associated with the levy received from the organisations above are as follows:

Henry Brothers Ltd – D Henry
 Gilbert- Ash Limited – M Bradley
 McCormack Site Services (Ire) Ltd – S Hassard
 Vaughan Developments Limited – B Vaughan

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

	2017-18 £	2016-17 £
Gilbert-Ash Limited	1,000	1,000
	1,000	1,000

Amounts owed at 31 August 2018 from the above parties amounted to £NIL (2017: £NIL).

Supplier payments for services were made to the following organisations associated with Board members:

	2017-18 £	2016-17 £
University of Ulster	0	600
	0	600

Funding received relating to European funding partnerships:

	2017-18 £	2016-17 £
Horizon 20/20 (C.Corken – Belfast Metropolitan College)	33,293	0
	33,293	0

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

	2017-18 £	2016-17 £
Construction Employers Federation	7,848	0
Federation of Master Builders	0	0
H & J Martin Ltd	0	6,725
Henry Brothers Ltd	8,095	17,412
Gilbert-Ash Limited	7,110	8,090
McCormack Site Services (Ire) Ltd	1,524	2,180
Vaughan Developments Limited	0	500
Deane Public Works Limited	0	300
	24,577	35,207

The Board members associated with grants paid and accrued to the organisations above are as follows:

Construction Employers Federation– D Henry & B Vaughan
 Henry Brothers Ltd – D Henry
 Gilbert- Ash Limited –M Bradley
 McCormack Site Services (Ire) Ltd – S Hassard
 Vaughan Developments Limited – B Vaughan

To ensure that grant payments are not influenced unduly by Board members, CITB NI has the following arrangements in place:

1. Register of Board members Interests updated regularly.
2. Declaration of Interests stated at every Board Meeting.
3. Clear Terms and Conditions of Tier 1 Grant Payment and segregation of duties in place.
4. Grant payments audited annually by Internal Audit.
5. Board member will be excluded from specific agenda items at Board meetings if a decision on grant payments is required, that affects the related organisation.
6. Grant decisions on Tiers 2 & 3 grants, within delegated limits are made by the Executive Management Team excluding Board members.

13. 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 29 January 2019.

APPENDIX 1

CITB NI Balanced Scorecard (Sept 17 - Aug 18)					Performance (Cumulative)				Performance		
CSF No.	Reported by	Strategy Link	Critical Success Factors	Performance Indicators	12 mth target	3 mth Sept - Nov	6 mth Dec - Feb	9 mth Mar - May	12 mth June - Aug	YTD	
Stakeholders and Customers											Comment @ 12 months
1	KP	1,5	Compliance with Government requirements for NDPB's	Internal and external audit compliance awarded satisfactory assurance	Satisfactory Assurance				Satisfactory Assurance	Satisfactory Assurance	
2	KH	1,2,4,6	Contribution to DfE skills strategy	Contribute to five themes (Demand, Quality & Relevance, Productivity, Barriers & Engagement)	5		5				
3	KH	1,2,3,5	Increased employer awareness of services	Employer Tracking Survey - Awareness of services	68%		68%				
4	KH	1,2,3,4,6	Employers see our services adding value by improving their performance	Employer Tracking Survey - Importance of CITB NI services. Mean score out of 5 (Very important)	> or = 3.5 out of 5		2.7				
5	Wm	All	Delivery of organisational objectives	1. Training Hub, 2. Commercial Activity, 3. Partnerships, 4. Standards	4	4	4	4	4	4	CE Objectives - Number of actions progressing () 1. Training Hub (9/14), 2. Commercial Activity (7/7), 3. Partnerships (6/6), 4. Standards (4/4)
Financial											
6	LL	2	Collection of levy payments due	95% of all invoiced levy income collected	95%		60%	93%	96%	96%	Recoverable £3,488,472 Collected to date £3,359,021
7	AMcL	1,3	Delivery of budget income targets	Budget none levy income target report	£208,842	£49,682	£93,387	£196,129	£267,437	£267,437	
8	AMcL	1,2,3,5,6	Maximise levy income returned in benefits to industry	80% of budgeted levy income (£2,681,250) is returned in benefits	£2,145,000	£409,263	£769,863	£1,164,408	£1,464,178	£1,464,178	Retun based on budgeted figures however as actual income significantly higher only 43% returned as reported in management accounts
9	AMcL	1,2,3,5,6	Maintaining grant spend within budget	Management accounts	£1,340,625	£329,162	£605,603	£902,696	£1,130,342	£1,130,342	Appears to be on target. 3 month rule means this result may change
10	AMcL	1,2,3,6	Progress towards balanced budget	Management accounts - Maximum deficit	-£111,000	£149,306	£176,993	£517,837	£716,831	£716,831	
Processes											
11	KH	All	Identify training needs of the industry	Completion of training needs research projects	3		2				
12	IS	1,2,3,4,6	Setting occupational training standards	Progress the strands relevant to NI, in the Construction Skills Strategy (CSS)	10	10	10	10	10	10	
13	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%	4.3%	5.8%	7.6%	10.0%	10.0%	T1 = 267, T2 = 29, T3 = 70 Total = 366
People/Competence (Learning and Growth)											
14	ED	1,3,4,5,6	Leadership knowledge and competence	Leadership competence matrix	70%	70%	77%	77%	77%	77%	
15	KP	1,4	Board member participation	Maximum score of 3 (adequate) in each of the six areas in Board member appraisal (Leadership, Teamwork, Communications, Constructive Challenge, Strategic Thinking, Analytical & Effective decision making) (Max Score 3 X 6 X 10 Board members)	120 / 180			72	162	162	New measurement system introduced by DfE. New target maximum score of 150. All but one Board member achieved their target of adequate.

APPENDIX 2

BOARD MEMBERSHIP AND ATTENDANCE AT MEETINGS

September 2017 - August 2018

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

Board Chairman:

M Johnston	7 out of 7
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Employer Representatives:

C Boyle, Synergy Innovations	5 out of 7
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B Vaughan, Vaughan Developments Ltd	6 out of 7
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D Martin, H&J Martin Ltd	6 out of 7
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D Henry, Henry Brothers Ltd	7 out of 7
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Employee Representatives:

S Hassard, McCormack Site Services	6 out of 7
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M Bradley, Gilbert-Ash NI	7 out of 7
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C Brolly, Unite the Union	7 out of 7
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J Pollock, Unite the Union	0 out of 7
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Education Representatives:

C Mahon, UUJ	5 out of 7
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C Corken, Belfast Metropolitan College	3 out of 7
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Observer:

DfE Representative	7 out of 7
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Department of Education	1 out of 7
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