

OPENING UP TO THE DIGITAL AGE

**THE INSTITUTE UNDERWENT SOME PHENOMENAL CHANGES
LAST YEAR, BUT OUR PROUDEST MOMENT WAS SECURING
CHARTERED STATUS FOR CONSTRUCTION MANAGERS**

PRESIDENT'S FOREWORD



Peter Jacobs FCIQB, president of CIOB

"2013 was the year it all came together: we gained a new home, a louder voice in government, higher visibility and international recognition for members"

2013 was a landmark year for CIOB. We took giant steps: transforming the look and feel of the organisation; opening ourselves up to an exciting future. It was the year that our profession came of age: the Privy Council granted chartered status to the role of construction manager in November.

Attaining Chartered Construction Manager is a significant milestone. It establishes construction management as an internationally recognised discipline that can be benchmarked against other professions. It reflects the growing influence of construction managers within project teams. Many members find it a more accurate alternative to Chartered Builder.

This tremendous achievement is built on years of work, kick-started by former presidents Li Shirong and John Bale. This wider definition of construction management, published in 2011, demonstrated that construction managers make a significant contribution at any point in a project's life cycle.

Attaining Chartered Credit must also be given to members, who by their deeds have helped us convince the authorities that construction management is a professional career in its own right. More than 6,000 of you have already registered interest in the new title.

Chartership will raise the status of construction managers globally. It will enhance the sector's professional image for the next generation of school leavers and graduates.

There has never been more urgency in attracting bright newcomers to the sector. In our 2013 skills audit 82% of respondents were either experiencing or predicting a shortage of adequately qualified staff. In part this is due to the poor completion rate for apprenticeships – a reflection of a training regime that is flawed.

Tackling the skills crisis was a major theme of our Talk Construction conference in November. This two-day event saw politicians, civil servants and clients debating with construction leaders how best to improve productivity, attract investment and foster innovation for long-term growth.

Attended by 500 delegates, the conference was closely

followed on social media. Comments on Twitter reached up to three million followers.

Construction has a valuable role to play in leading the UK out of recession. Talk Construction provided a platform for open discussion and the chance to shape future policy. It brought us closer to government and our discussions with Whitehall are continuing.

Another major milestone in 2013 was moving office: we had outgrown our traditional Ascot home which was costly to maintain and expensive to heat. The building itself had become a barrier in our daily work.

Selling the estate, we moved to a modern office in Bracknell before Christmas. As well as being environmentally friendly – our new home has a RICS Ska gold sustainability rating – we went from a 19th Century base to a 21st Century base overnight.

Our new open-plan office is a better environment for collaboration and cross fertilisation of ideas. Crucially we now have the bandwidth to support our fast expanding digital operation, as well as wi-fi and video conferencing facilities. The technology helps us connect better with members, wherever they are in the world.

We have also opened a representative office in Westminster, close to the heart of government, which will become the focal point for many meetings.

Free of the old estate, CIOB has become more agile and able to divert resources into more useful activities.

The trend extends overseas where we are shifting from bricks and mortar to virtual offices. Dublin, Johannesburg, New Zealand, Singapore and Sydney came on line as virtual offices last year.

2013 was the year when it all came together: we gained a new home, a louder voice in government, higher visibility and international recognition for members.

The built environment sector is changing rapidly and we are keeping pace and ready to meet the challenges of the new age.



Ready for

Construction managers have a vital role to play in this digital revolution

Technology is disrupting almost every element of modern life. Members typically have two mobile phones and a tablet as well as a laptop. They're working collaboratively online and they download information fast.

Last year we embarked on our largest ever web development programme with the launch of six new websites and a complete reinvention of our main site, CIOB.org.

The new website is more intuitive, easier to navigate and brings together all our digital content. Crucially, it is more mobile friendly where traffic from mobile devices to the website has increased by nearly 50% in the past year.

We now have a better understanding of what users want from their online experience with us and are tailoring our content accordingly. Since its relaunch, traffic to CIOB.org has increased and visitors are staying longer and reading more content. We're also attracting a lot of traffic from social media. The CIOB now has 14,000 Twitter followers, and is growing daily. Our community in LinkedIn has become our largest single network of members with more than 20,000 users in the main CIOB group alone.

Last year we opened up our online careers development portal to paying members. Our application process is now online.

Our paper-based international magazine, *ICON*, has also migrated online. Updated weekly, the *Global Construction Review* tracks international business and economic trends, highlighting innovation around the world.

Although people are more active online, our 2013 skills survey highlighted a worrying gap in digital expertise. Out of 1,346 respondents,

78% felt that building information modelling (BIM) training was urgently needed.

Time is running out for BIM-shy companies. By the time the new EU Public Procurement Directive comes into force in 2016, electronic tools such as BIM will become standard requirements on public contracts across all 28 member states of the European Union. As the interface between different disciplines, construction managers have a vital role to play in this digital revolution, ensuring that electronic tools are used to their best advantage, driving efficiencies and reducing costs.

We have started to develop a suite of flexible training packages for BIM. Our information portal, launching this year, is tailored for members who are at different parts of the journey. We aim to demystify the BIM process, providing comprehensive, relevant and practical advice.

Although digital construction creates new opportunities for collaboration and innovation, most contracts remain stuck in the past, focusing heavily on failure and financial penalty. With many contracts effectively inhibiting the competent management of time, it is little wonder that 60% of projects are completed four months late.

In April we launched the world's first Time Management Contract for Complex Projects. This ground-breaking contract not only empowers project leaders to take a proactive approach in managing time and cost escalation, it also encourages the uptake of BIM and related skills. The contract can be used anywhere in the world.

We will be publishing a new version this year of our Code of Practice for Project Management. The fifth edition tackles risk management on projects of all sizes. Translations into Spanish, Arabic and Chinese will be published soon.

Inspiring the next generation

Despite signs of economic recovery, prospects for young people remain bleak around the world. Although declining, there are still nearly three quarters of a million unemployed 16-24-year-olds in the UK. In parts of southern Europe the unemployment rate in this group exceeds 50%.

This is a social challenge, but it also presents recruitment opportunities for companies. According to the CITB the UK built environment sector needs an extra 182,000 workers over the next five years to keep projects on track.

We took the debate to government by co-



CIOB

THE CHARTERED INSTITUTE OF BUILDING

the future

sponsoring a Parliamentary inquiry, jointly chaired by Lord Richard Best and former construction minister Nick Raynsford MP.

The inquiry found that only 7,280 apprentices completed training in 2013, half the figure for 2008. But it also found excellent examples of training innovation and practice. We will continue to engage with government and wider industry to find the best path forward.

Training is not enough to nurture the leaders of tomorrow. Employers also need to develop mentoring schemes.

We're offering long-term career mentoring to the winners of this year's Global Student Challenge. This brand new competition sees teams of students run a virtual construction company, tackling a series of tasks that test their strategic thinking and collaborative skills. There was enthusiastic uptake with 26 teams entering from around the world. The top six teams to reach the finals in Hong Kong this summer came from Glasgow Caledonian, RMIT University (Australia), University of Greenwich, Loughborough University and two teams from the University of Hong Kong.

Our relaunched Innovation and Research Awards received a record number of entries last year, as more than 200 students, academics and industry professionals from 24 countries battled for cash prizes and glory.

Innovation will be essential if we are to meet the government's productivity targets for 2025 and create more sustainable built environment. But policy must be supported by consistent legislation.

Last year we submitted evidence to the All Party Parliamentary Group (APPG) for Excellence in the Built Environment's inquiry into sustainable construction. Our response helped shape the APPG's *Re-energising the Green Agenda* report. We also supported the Zero Carbon Hub's recommendations on carbon offsetting for zero carbon homes. Contributing to the Department for Communities and Local Government (DCLG) consultation on housing standards, we lobbied for a clear timescale for integrating the standards into building regulations.

Signing up

A total of 2,500 members joined us last year, keeping membership roughly stable at 45,500. Overseas membership grew by 2.6%, with North America and the Middle East gaining ground fast.

Hong Kong remains our largest international branch with 2,159 members.

Last year we undertook a record number of professional reviews: around 800 members upgraded to chartered membership. This surge in demand is partly the result of external validation that we received from UK's National Recognition Information Centre (NARIC) in the summer. NARIC now compares MCIOB to a bachelors degree plus and FCIOB to postgraduate awards.

There are many routes to corporate membership. Since last summer, those who have a Level 7 NVQ Diploma in Construction Senior Management no longer need to undergo an additional peer review to achieve MCIOB. Likewise finalists in the Construction Manager of the Year Awards are also exempt from the additional peer reviews as both processes already contain a validated peer review.

Our training partnerships continue to thrive and we are engaging with a diverse range of organisations with local authorities, civil engineering companies and consultancies seeking our advice on staff development. By close of 2013 we had 273 training partnerships in place.

Last year we continued consulting with industry to ensure that our services were relevant and fit for purpose. Following feedback we will be strengthening the criteria for Chartered Building Company assessment.

Fighting corruption

High ethical standards are at the heart of the CIOB's values. One major piece of work in 2013 was our second industry corruption survey, which drew a response from 700 members and non-members.

Depressingly, not much progress has been made since the last survey of 2006. Nearly half of construction professionals that participated believed that corruption was commonplace in the UK industry. Worryingly, 54% were unable to estimate the annual cost of fraud to their organisation.

The survey received international coverage, including in *The Wall Street Journal*. We are now working with the National Crime Agency to map out corruption risk within the supply chain. Through the Anti Corruption Forum, part of Transparency International, we are also raising the issue abroad.

Corruption is a sensitive subject to tackle. We are leading the discussion on behalf of our members both at home and overseas.

OUR GOALS FOR 2014

- **Employers** Increase our value to employers, through relevant professional development that supports business development
- **Individuals** Ensure CIOB is at the heart of a career in construction management
- **Leadership** Raise the awareness of the global construction management discipline through government and public affairs engagement
- **Innovation** Put the web at the centre of the business, develop e-learning and e-assessment
- **Organisational development** Develop our organisation's people and processes to be fit for purpose

ENVIRONMENTAL REPORTING

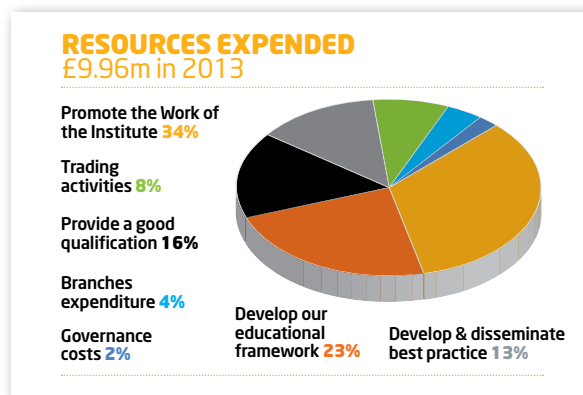
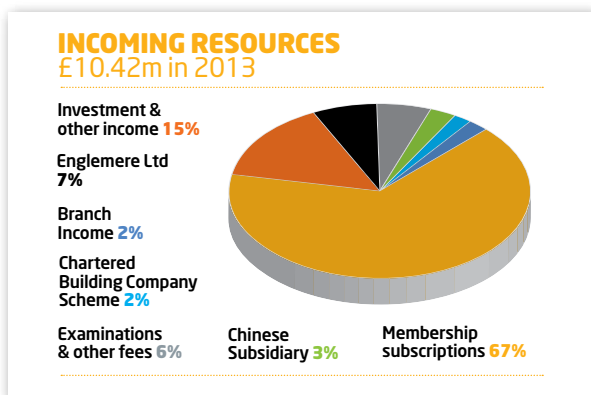
At HQ we continue to measure our waste and energy output under the Global Reporting Initiative. The move to a more energy efficient office should have a dramatic effect on our reporting figures and environmental impact: our January 2014 energy consumption was just one tenth of the same period in 2013. But last year's figures are based on our old offices. Here direct energy consumption was:

- 2,519 Gigajoules, a slight rise on 2012.
- Carbon emissions were broadly the same as 2012 at 100.8 kg CO₂/m² a year.
- Our water usage also remained similar to 2012, at 1,792m³.
- In 2013 we recycled 17.4 tonnes of waste, a fall of 8.5 tonnes on 2012, and employed an average of 138 staff, 92 full-time and 46 part-time, across five continents.

2013 ANNUAL REVIEW

SUMMARY OF ACCOUNTS

The Chartered Institute of Building Summarised Financial Statements as at 31 December 2013



Statement by the Board of Trustees to the members of the Chartered Institute of Building

The summarised financial statements have been prepared from the full financial statements of the Institute, on which the auditors expressed an unqualified opinion, and which were approved by the Trustees on 30 April 2014. The full annual report and financial statements will be filed with the Charity Commission in due course.

Peter Jacobs, President
Chris Chivers, Trustee

On behalf of the Trustees 30 April 2014

Independent Auditors' statement to the Trustees of The Chartered Institute of Building. We have examined the adjacent summarised financial statements for the year ended 31 December 2013.

Respective responsibilities of trustees and auditor

You are responsible as trustees for preparing the summarised financial statements in accordance with applicable United Kingdom law and the recommendations of the Charity SORP.

Our responsibility is to report to you our opinion on the consistency of the summarised financial statements within the annual review with the full annual financial statements and the Trustees' Report.

We conducted our work in accordance with Bulletin 2008/3 "The Auditors' Statement on the Summary Financial Statement in the United Kingdom" issued by the Auditing Practices Board. Our report on the charity's full annual financial statements describes the basis of our audit opinion on those financial statements.

Opinion

In our opinion the summarised financial statements are consistent with the full annual financial statements and the Trustees' Report of The Chartered Institute of Building for the year ended 31 December 2013.

Grant Thornton UK
Statutory Auditor, Chartered Accountants
London
Gatwick, West Sussex
United Kingdom
Date: 30 April 2014

Find out more about our Board of Trustees
by searching for 'Trustees' on www.ciob.org



The CIOB is dedicated to reducing carbon emissions from its business operations.
See our action plan at www.carbonaction2050.com.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £,000	2012 £,000
INCOMING RESOURCES		
<i>Incoming Resources from Charitable Activities</i>		
Membership subscriptions	6,968	6,875
Examinations and other fees	577	506
Chartered Building Company Scheme	142	290
Charitable Income from Chinese Subsidiary 344	344	336
<i>Incoming Resources from generating funds</i>		
Trading Turnover: Englemere Ltd.	775	1,217
Branch income from external sources	247	264
Investment & Other income	1,362	352
Total Incoming Resources	10,415	9,840
RESOURCES EXPENDED		
<i>Charitable Activities</i>		
Develop and disseminate best practice	(1,335)	(1,261)
Develop our educational framework, accredited Qualifications & CPD	(2,283)	(2,021)
Provide a good Qualification for the Industry	(1,625)	(1,654)
Promote the work of the Institute to an ever widening audience	(3,397)	(1,952)
<i>Cost of generating funds</i>		
Trading activities	(765)	(1,199)
Branch expenditure	(409)	(415)
Governance costs	(142)	(112)
Total Resources Expended	(9,956)	(8,614)
Taxation on profit of trading subsidiary		
Net incoming resources for the year	459	1,226
<i>Other recognised gains and losses</i>		
Unrealised gain on investment assets	176	84
Loss on revaluation of asset		(476)
Net movement in funds	635	834
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013		
	2013	2012
	£,000	£,000
Fixed Assets		
Tangible fixed assets	1,074	5,388
Other investments	7,162	1,205
	8,236	6,593
Current Assets		
Stocks		72
Debtors	695	593
Cash at bank and in hand	2,760	3,041
	3,455	3,706
Current Liabilities		
Creditors: amounts falling due within one year	2,927	2,170
Net Current Assets	528	1,536
Net Assets	8,764	8,129
Funds		
General fund	8,089	2,744
Designated funds	394	654
Revaluation Reserve		4,457
Restricted fund	281	274
	8,764	8,129