

PRIVATE & CONFIDENTIAL

ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

Minutes of the 55th meeting of the Board held at The Engineering Employers' Federation,
Broadway House, Tothill Street, London on Wednesday 19th July 2006.

Chairman

- * Mr Terry Lazenby

Employer Members

- Mr Colin Barnes
- * Mr David Billington
- * Mr Bruce Buchan
- Mrs Louise Ferguson
- * Ms Christine Forbes
- * Mr Richard Leamon
- * Ms Terry McDougall
- Mr Brian Rogan

Client Member

- * Dr Alix Thom
- * Mr Paul Gotts

Trade Union members

- * Mr Keith Hazlewood
- Mr Tom Hardacre

Employer Association Members

- * Mr Mike Hockey
- Mr Stephen Scrimshaw
- * Mr Bill Murray

Non-Executive Directors

- Mr Mike Beaumont
- * Mr Neil Davis

Regional Chairs

- * Mr George Beattie
- Mr John Collings
- * Mr John Hornby
- * Mr Mike Jex
- * Mr Peter Whitaker
- * Mr Simon Smith

Educationalist

Mr Mike Bretherick

Government Observer

- * Ms Joanne Hoey

* present

In Attendance

Mr D Edwards, Chief Executive
Mr P Hill, Director of Finance/Board Secretary
Mr T Featherstone, Director – Customer Services
Mr N Spencer, Director Regional Support

OPENING REMARKS

1. The **Chairman** welcomed members to the 55th meeting and welcomed Mr Simon Smith and Mr Peter Hill to their first meeting.

Minute 15/06 **APOLOGIES FOR ABSENCE**

1. The **Chairman** advised that apologies for absence had been received from Mr John Collings, Mr Colin Barnes, Mr Mike Beaumont, Mrs Louise Ferguson, Mr Tom Hardacre, Mr Ian Williams, Mr Brian Rogan and Mr Stephen Scrimshaw. It was noted that Mr John Hornby had been delayed in transit and would join the meeting as soon as possible.

Minute 16/06 **ITEMS OF OTHER BUSINESS**

1. The **Chairman** asked if there were any additional items of business of that members wished to raise, and it was noted that there were none.

Minute 17/06 **MINUTES OF THE 54TH MEETING HELD ON 4TH APRIL 2006** Agenda Item 1

1. The Minutes were agreed as a reasonable record and the **Chairman** signed them.

Minute 18/06 **ACTION POINTS FROM THE 54TH MEETING** Agenda Item 2 – ECI 430

1. **Mr Edwards** reported that Charity Commission approval to the continuation of payments to non-executive Directors had been obtained.

Action ~ The other items indicated in ECI 430 to be carried forward for review at the next meeting.

Minute 19/06 **MANAGEMENT BOARD REPORT AND MINUTES** Agenda Item 3 – ECI 431

1. The meeting noted the Minutes of the Management Board meeting held on 6th June 2006. There were no issues arising from these Minutes.
2. The **Chairman** reported that a meeting of the Management Board had occurred on 19th July 2007 at 9.30am. He explained that the subjects of ACE, regional governance, the proposed offsite forum and possible changes to the Industrial Training Act had been discussed. It was noted that these items would be discussed later in this meeting.
3. The **Chairman** reported that a meeting between representatives of the ECITB and Cogent had occurred on 7th July 2006 to discuss areas of mutual interest. The following four areas had been identified:-

Apprenticeships and the skills supply chain
Passports and competence
Schools and attraction
Project management control and training

The **Chairman** reported that **Mr Edwards** and **Ms Joanna Woolf** (Cogent) would discuss these subjects in greater detail in order to identify possible areas of joint cooperation.

The **Chairman** explained that the subject of a “Business Toolkit” particularly for SME’s had been considered in the discussions with Cogent.

Mr Edwards felt that it was important to note that Cogent’s footprint linked to approximately 55% of the Engineering Construction Industry workforce, and consequently was highly significant. However, he pointed that the relevance of other SSCs was also important and should also be taken into account.

4. **Mr Hazlewood** referred to Minute 36/06 (2) of the Management Board minutes (6th June 2006 – ECI 431). He informed the meeting of a recent agreement which had been struck between GMB/Amicus and an employer concerning the engagement of foreign scaffolders in the offshore industry. It was noted that under the agreement, all such workers would be remunerated in accordance with OCA rates, and that the scaffolders would be competent to NVQ Level 3 standard. **Mr Murray** pointed out that scaffolding formed an important part of the offshore industry, and consequently the appropriate levels of competence and safety were essential. It was noted that the accreditation conferred by CITB’s CISRS card was largely geared towards land based sites, which were fundamentally different to those offshore.

Action ~ ECITB to ensure that it has close contact with CITB on the matter to ensure the competence of foreign workers working in the scaffolding and other relevant trades.

5. **Mr Hockey** advised the meeting that ECIA had recently commissioned a survey comparing qualifications in the Engineering Construction Industries across 10 European countries.
6. **Mr Jex** asked when the latest Market Report would be available. **Mr Edwards** responded that it would be published during the course of the next two weeks.

Action ~ ECITB to publish 2006 Market Report as soon as possible.

Minute 20/06

APPOINTMENT OF REGIONAL CHAIRS

Agenda Item 4 – ECI 432

1. The meeting noted that the following individuals had been elected as Regional Chairs by the relevant Regional Forums:

Name	Forum
Mr M Jex	Yorkshire & Humberside
Mr G Beattie	Offshore
Mr I Williams	Wales & South West
Mr S Smith	Midlands

The **Chairman** congratulated these individuals on their election as Regional Chairs.

2. The **Chairman** advised the meeting that following a recent change in **Mr Ian Williams’** employment status, enquiries were being made concerning his willingness and eligibility to continue as a Regional Chair.
3. The meeting noted that the election processes for the remainder of the Regional Chairs would be invoked during the course of the next two months.

Action ~ ECITB to invoke election processes for Regional Chairs in the North East, North West, Scotland and South East and East regions

Minute 21/06 **REGIONAL FORUM REPORTS**
Agenda Item 4 – ECI 433

1. **Mr Featherstone** reported concerning the latest Regional Forum Reports referred to in paper ECI 433. **Mr Featherstone** noted that to-date approximately 3,700 applications for NASEC apprenticeships had been received. Furthermore, as a consequence of the high level of employer pledges for TR1 apprentices, ECITB was developing a “Route 3” in order to meet the high demand for apprentices. **Mr Featherstone** explained the key features of the proposed “Route 3 NASEC” apprenticeship scheme.
2. **Mr Jex** said that in his view, the cost of “Route 3 “ NASEC apprentices should be included within a “side budget”.
3. Neil Davis congratulated the ECITB staff on securing a high number of NASEC pledges from employers. It was agreed that the minutes of the Regional Chairs’ meeting held on 7th April 2006 and 11th July 2006 should be circulated with the minutes of this meeting.

Action ~ ECITB to circulate minutes of the Regional Chairs’ meetings held on 19th April and 11th July 2006.

4. The **Chairman** invited the Regional Chairs to add any comments.
5. **Mr Beattie** informed the meeting that the Offshore Regional Forum had grown, and that the interest in TECSkills had been significant in this region. He noted that there had been good cooperation with Cogent/OPITO and consequently, 120 apprentices would be recruited this year in the region.
6. **Mr Whitaker** reported that attendance at the Scottish Regional Forum had been good, and that some clients had attended.
7. **Mr Smith** reported that the Midlands Regional Forum had been well attended. The two main issues which had arisen concerned the need for coaches in the TECSkills programmes, and the use of the regional discretionary fund.
8. **Mr Jex** reported that headway was being made in the Yorkshire and Humberside region in the engagement of employers, despite the absence of an Account Manager for several months. He reported that there had been more pledges from employers in the region than the number of apprentices allocated in the region, and that strong interest in apprentices would exist in 2007. **Mr Jex** reported that at the last Regional Forum meeting positive discussions had occurred which marked a significant improvement on the position of approximately 18 months ago. **Mr Jex** expressed slight concern about the rate of ACE completions in the area. However, **Mr Jex** was following this matter through. **Mr Edwards** reported that he had visited the new CATCH facility. He felt this was an impressive and valuable training resource.
9. **Mr Leamon** reported that the Products and Grants group had worked well and had now completed four training products. He reported that in the South East and East region, careers roadshows were scheduled to occur. The first would be held in September for schools in South East London. Strong interest had been expressed in this event.
10. **Ms McDougall** explained that at the last North West Regional Forum, considerable emphasis had been placed on the requirements of the offsite sector.
11. **Mr Spencer** reported that there had been universal support from all Regional Forums with regard to the updated apprenticeship frameworks.

Minute 21/06 **REGIONAL GOVERNANCE MODEL**
Agenda Item 4 – ECI 434

1. The **Chairman** reported that the Management Board had approved the Regional Governance Model appearing in paper ECI 434.
2. **Mr Davis** reported that at a meeting held on 11th July 2006, the Regional Chairs had agreed to work within the terms of the Model and to review the position in October 2006. The **Chairman** informed the meeting that the Regional Governance Model was totally supported by the Management Board and the Executives of the ECITB.
3. **Mr Hockey** pointed out that in the future it was possible that there may be a greater training requirement in a particular region than that suggested by the current amount of work in that region. In his view, future regional training requirements should be explicit in the preparation of regional budgets.
4. The meeting approved the Regional Governance Model.

Action ~ ECITB to ensure that in the cycle of planning for 2007 and beyond these issues are considered and explained when presenting the budgets and targets.

Minute 22/06 **PROCEDURES FOR THE ELECTION OF REGIONAL CHAIRS**
Agenda Item 4 – ECI 435

1. The meeting approved the procedures for the election of Regional Chairs set out in paper ECI 435.

Minute 23/06 **PROPOSALS FOR OFFSITE FORUM**
Agenda Item 4 – ECI 436

1. **Mr Edwards** presented the proposal for the creation of a new Forum and Chair to represent the E&C “Offsite” activities on a national basis. The **Chairman** advised the meeting that the proposal had the support of the Management Board and the Regional Chairs. The **Chairman** invited comments on the proposal from the meeting. The meeting expressed its agreement in principle to the proposals.
2. **Mr Hockey** informed the meeting the ECIA welcomed the proposal. He drew the meeting’s attention to the overlap between ECIA and BCECA membership. He suggested that when considering the appointment of the Chairman of the proposed Offsite Forum, the ECITB should consult with BCECA, OCA and ECIA. This was agreed by the meeting.

Action ~ ECITB to consult with BCECA, OCA and ECIA concerning the chairmanship of the new Offsite Forum.

3. The **Chairman** reported that it would be necessary for an additional Main Board member to be appointed to represent the Offsite Forum.
4. The meeting approved the proposal described in paper ECI 436.

Action ~ The ECITB to seek DfES approval to the appointment of an additional Board member to represent the Offsite sector of the industry, and if agreed, select a Chair of the new Offsite Forum.

Minute 24/06 **CHIEF EXECUTIVE’S REPORT**
Agenda Item 5 – ECI 437

1. The **Chairman** invited questions concerning the Chief Executive’s Report set out in paper ECI 437.

2. **Mr Jex** asked for details concerning the Arkwright sponsorship. **Mr Spencer** replied that this was a programme sponsored by the ECITB in conjunction with the Arkwright Trust. The project was aimed to attract A Level students to the engineering construction industry, and comprised sponsoring such students chosen from the ECITB regions through their A Level courses. **Ms McDougall** suggested that in future years, vacation experience with EC employers should form part of the programme. This was agreed by the meeting.

Action ~ ECITB to arrange for EC experience to feature in future Arkwright sponsorship programmes.

Minute 25/06

2007 STRATEGY AND OPERATING PLAN DEVELOPMENT

Agenda Item 6 – ECI 438

1. **Mr Edwards** presented the paper ECI 438, and questions and comments were invited from the meeting.
2. **Mr Buchan** asked if any sector resource demand information or surveys were available. **Mr Edwards** replied that this information was being analysed and that Cogent had agreed to share information to build a comprehensive picture.

Action ~ ECITB to publish sector resource demand information.

3. **Mr Murray** noted that there was nothing in the Strategic Plan concerning the influx of overseas labour to the industry and the training demand that this would create. The meeting agreed that this was an area to be considered. The meeting noted that the ECIA and OCA were both involved in lobbying activities and in consultation with their members in an attempt to extend training to the unemployed to meet future industry demand.
4. **Mr Gotts** and **Mr Beattie** advised the meeting of the initiatives taken in the North East and Offshore regions to ensure that the EC workforces were adequate and competent to meet future industry demands.
5. The meeting noted that the TECSkills range of training products would be suitable for developing the workforce, and that the main issues revolved around funding and attracting companies and trainees to take up training.
6. **Mr Hazlewood** asked if the ECITB had considered initiatives for the training of young offenders whilst in custody.

At this point **Mr Hornby** joined the meeting.

7. **Mr Billington** and **Mr Hockey** suggested that ECITB should lobby government to ensure that overseas contractors and employers should be brought into levy scope. **Ms Hoey** acknowledged the point, but had nothing to add from a government perspective at this time. **Ms Hoey** suggested that any proposals on the subject which were made to the government should be made jointly with the CITB.
8. **Mr Hornby** said that in his view, the engagement of overseas labour was inevitable. He asked how Trade Unions dealt with the issue from an international perspective. **Mr Hazlewood** responded that the main problem was that most of the overseas workers working within the UK EC industry were non-union members. Accordingly, it was difficult for international trade union cooperation to have any effect.
9. **Mr Gotts** said that this was a national issue as there was a massive requirement for overseas labour. However, there were regional variations in demand.

10. **Mr Hockey** said that a contributory factor to the increased use of overseas labour was the increased engagement of non-UK companies/employers. Such employers often brought their own workforces to the UK.
11. The **Chairman** concluded the discussion on the subject of overseas workers by stating that the ECITB should formulate and agree a strategy to address such issues. He stated that the discussion had highlighted the strong requirement for greater funding in order to meet the training needs of the overseas workforce. He suggested that a more focused debate on the issue should occur at the next Board meeting, and that a presentation/workshop on the subject should be run by the **Chief Executive**. These points were agreed by the meeting.

Action ~ Mr Edwards to organise and present a seminar/workshop on overseas labour at the next Main Board meeting on 21st November 2006.

12. The meeting approved the 2007 Strategy and Operating Plan Development.

Minute 26/06

2008 LEVY

Agenda Item 7 – ECI 439

1. **Mr Edwards** presented paper ECI 439 containing levy proposals for collection in 2008. The meeting noted that the Management Board and the Regional Chairs had recommended that the levy rates and exemption rates should remain at the current levels. The **Chairman** invited the meeting to comment on the recommendations contained within paper ECI 439.
2. **Mr Jex** opined that the onsite levy rate should be kept at 1.5%, although he questioned whether there should continue to be exemption levels. He felt that the proposed Offsite Forum should discuss the offsite levy rate.
3. **Mr Leamon** opined that at some point in the future the offsite levy rate could increase. However, it was his view that until the range of ECITB training products and programmes available to the offsite industry had improved, the current levy rate should remain the same.
4. **Mr Beattie** said that any changes to the offsite levy rate should be agreed by the Offsite Forum
5. **Mr Hornby** asked if there could be a longer term strategy leading to a uniform levy rate across the entire EC industry.
6. **Mr Jex** said that he was interested to know of the proportion of offsite employees which had come from an onsite background.
7. The **Chairman** invited questions on whether the offsite abatement grant should be available in 2008. **Ms McDougall** and **Mr Leamon** opined that the abatement grant should not be withdrawn until the range of products and services to the offsite industry was deemed to be adequate. **Mr Leamon** explained that progress was being made in the development of products and services for the offsite region.
8. The meeting agreed that at present the offsite abatement grant should remain at the current level, but that the subject could be reviewed in future as the ECITB training products and services to the offsite sector improve.
9. The meeting approved the 2008 levy proposals set out in paper ECI 439.
10. **It was resolved THAT** in relation to engineering construction establishments, i.e. establishments engaged in engineering construction activities as defined in paragraph 1 of Schedule 1 of SI 1991 No 1305:

1. There shall be imposed on employers in the levy period ending on 31st August 2007 a levy in respect of the base period of twelve months commencing on 6th April 2006 for site employees engaged in engineering construction activities at or from the establishment as set out below:

There should be a levy rate of 1.5% of total emoluments.

Establishments with site emoluments of less than £275,000 should be exempt from the levy.

2. There shall be imposed on employers in the levy period ending on 31st August 2007 a levy in respect of the base period of twelve months commencing on 6th April 2006 for off-site employees engaged in engineering construction activities at or from the establishment or at or from part of an establishment as set out below:

There should be a levy rate of 0.18% of total emoluments.

Establishments with off site emoluments of less than £1,000,000 should be exempt from the levy.

3. The levy shall be assessed and paid generally on the lines of the terms and provisions of the levy order when promulgated.

3. A levy exemption scheme shall not apply.

4. Evidence and proposals for the above levy arrangements shall be submitted to the Department for Education and Skills for approval and for the making by the Secretary of State of the necessary Levy Order.

Action ~ ECITB should commence the statutory consultation process with relevant organisations and ask DfES officials to seek parliamentary approval.

Minute 27/06 **REVIEW OF RESERVES POLICY**
Agenda Item 7 – ECI 440

1. **Mr Hill** presented proposals relating to ECITB's Reserves Policy contained in paper ECI 440. It was noted that the Management Board and the Regional Chairs had recommended that the reserves policy should not be changed.
2. The meeting agreed that no changes should be made to the reserves policy adopted in the 2005 Strategic Plan, which maintained liquid reserves as a target level of £9 million throughout the period.

Minute 28/06 **PROPOSED AMENDMENTS TO THE INDUSTRIAL TRAINING ACT 1982**
Agenda Item 8 – ECI 442

1. **Mr Edwards** presented paper ECI 442, which contained a summary of the issues concerning the Industrial Training Act 1982, which were being discussed with the DfES in conjunction with the CITB. In particular, the meeting noted the proposed amendment to the Act which had been submitted by the CITB and the ECITB concerning the method by which an industrial training board established industry agreement for a training levy.
2. **Mr Hockey** expressed concern about the adoption of a complicated mechanism which involved the participation of both relevant industry organisations and Regional Forums.
3. **Mr Jex** felt that the Regional Forums should be consulted concerning levy proposals.
4. **Mr Leamon** agreed with both **Mr Hockey** and **Mr Jex**.

5. The **Chairman** clarified the discussion and explained that the proposed amendment to the legislation would enable an ITB to adopt its own method of establishing industry consensus to a training levy, subject to ministerial approval. In the event that the Act should be amended in this way, further decisions would have to be taken by the Main Board with regard to the relevant method to be adopted by the ECITB. Also, consultation with the interested parties would be undertaken to establish the appropriate method.
6. The meeting agreed that discussions between ECITB and the DfES should continue along the lines proposed in ECI 442 taking into account the Board's comments.
7. Ms Hoey reminded members that this matter was strictly private and confidential and this was acknowledged by the meeting.

Action ~ ECITB to continue discussions with CITB and DfES.

Minute 29/06

NASEC MATTERS

Agenda Item 9 – ECI 443 and ECI 444

1. The meeting noted the report set out in paper ECI 443 concerning the unanimous support for an increase in apprentice intake in 2006 to 270 apprentices.
2. **David Edwards** presented the paper ECI 444 which discussed potential changes to the NASEC "Route 2" arrangements which might be necessary as a consequence of recent changes of LSC policy and the transfer of apprentices to employment following the initial year of training.

Action ~ ECITB to continue the development of necessary modifications to the NASEC Route 2 arrangements, and to report to the Main Board in due course.

Minute 30/06

ACE

Agenda Item 10 – ECI 445

1. **Mr Spencer** presented the paper ECI 445 which provided an update concerning the ACE programme.
2. **Mr Hornby** enquired with regard to **Mr Rowland's** (Chairman, ACE ISG) progress in securing the agreement to the proposed ACE Charter from the relevant stakeholders. **Mr Spencer** responded that it was likely that all stakeholders would agree to the revised Charter.
3. **Mr Leamon** asked if there would be financial implications to the ECITB in the event that the rate of ACE completions fell behind the rate of registrations. **Mr Edwards** responded that this was potentially a risk, but that negotiations were currently ongoing with the LSC, the Welsh Assembly and the Scottish Executive with regard to future funding.

Minute 31/06

ANY OTHER BUSINESS

Agenda Item 11

1. ALI Inspection – **Mr Spencer** reported that the ALI inspection would occur in August 2007 at most ECITB training centres

Minute 32/06 **ARRANGEMENTS FOR THE 56TH MEETING**
Agenda Item 12

1. It was noted that the next meeting would be held on 21st November 2006 at 10.30am at the EEF.
2. The **Chairman** closed the meeting at 1pm.

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Chairman

Engineering Construction Industry Training Board
Blue Court
Church Lane
Kings Langley
Herts WD4 8JP

July 2006

ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

ACTIONS FROM 53RD MEETING HELD ON 29.11.05

Minute	Para	Action	Date	By	Current Status
31/05	11	Conduct review of the way levy is applied.	ASAP	DE	Ongoing

ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

ACTIONS FROM 54TH MEETING HELD ON 04.04.06

Minute	Para	Action	Date	By	Current Status
07/06	4	National Skills Academies to be discussed by Regional Chairs	19.4.06	DE	Carried forward
07/06	21	Set up process to audit the effectiveness of Regional Assistants.	ASAP	TF	Ongoing
07/06		Implement the introduction of Regional Assistants	ASAP	TF	Ongoing
08/06	2	Review procedures for giving notice of forums.	ASAP	TF	Completed
11/06	4	Review possibility of weighting levy payer engagement statistics by levy paid.	ASAP	TF	Ongoing
11/06	5	Finalise Annual Report and obtain Ministerial approval.		TF	Completed
13/06	3	Provide information on content of the TECSkills training courses.		TF	Ongoing

ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

ACTIONS FROM 55TH MEETING HELD ON 19.07.06

Minute	Para	Action	Date	By	Current Status
19/06	4	ECITB to ensure that it has close contact with CITB to ensure the competence of foreign workers working in the scaffolding trades	ASAP	DE	Completed
19/06	6	Publish ECITB Market Report	ASAP	NS	
20/06	3	Invoke election process for Regional Chairs	August 06?	DE/TF/PCH	
21/06	1	Circulate minutes of Regional Chairs Meeting held on 19 th April and 11 th July 2006	ASAP	PCH	
21/06	2	Ensure that in the cycle of planning for 2007 and beyond these issues are considered and explained when presenting the budgets and targets.	Ongoing	PCH	
23/06	1	Consult with BCECA, OCA & ECIA re chairmanship of the new Offsite Forum	ASAP	DE	
23/06	3	Seek DfES approval to new Board member for new Offsite Forum	ASAP	DE/PCH	
24/06	2	Arrange for EC experience to feature in future Arkwright sponsorship programmes	2007	TF	
25/06	2	Publish sector resource demand information	ASAP	NS	Ongoing
25/06	10	Develop Strategy to accommodate overseas workforce issues and training requirements, and run a workshop/seminar on the subject at the next Main Board meeting	21.11.06	DE	
25/06	11	Organise a seminar/workshop on overseas labour	21.11.06	DE	
26/06	9	Commence statutory consultation process with relevant organisations regarding 2008 levy and report outcome to DfES	ASAP	DE/PCH	
28/06	6	Continue discussions with CITB and DfES	Ongoing	DE/PCH	
29/06	2	Develop necessary modifications to NASEC Route 2 arrangements and report to Main Board	21.11.06	DE/TF/PCH	