

PRIVATE & CONFIDENTIAL

ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

Minutes of the 54th meeting of the Board held at The Engineering Employers' Federation,
Broadway House, Tothill Street, London on Tuesday 4th April 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 Lee
- 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 Neil Winkley

Educationalist

- * Mr Mike Bretherick

Government Observer

- * Ms Joanne Hoey

* present

In Attendance

Mr D Edwards, Chief Executive
Mr P Johnston, 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 54th meeting and advised them that since the last meeting Mr Phil Hobden had tendered his resignation. He welcomed Mr David Billington to his first meeting and also Miss Joanne Hoey, who had replaced Sue Vernon as the DfES representative. He asked members to introduce themselves.

He also advised the Board that this would be Mr Johnston's last meeting as he had decided to retire and he expressed thanks to Mr Johnston for his efforts over the years. This was heartily endorsed by the whole Board.

Minute 01/06 **APOLOGIES FOR ABSENCE**

1. The **Secretary** advised that apologies had been received from Mr John Collings, Mrs Louise Ferguson, Mr Tom Hardacre, Mr Keith Hazlewood, Mr Brian Rogan and Mr Bill Murray.

Minute 02/06 **ITEMS OF OTHER BUSINESS**

1. The **Chairman** asked if there were any items that members wished to raise and it was agreed to have an update on TECSkills at an appropriate point of the agenda and **Mr Hornby** asked for some information on National Skills Academies.

Minute 03/06 **MINUTES OF THE 53RD MEETING HELD ON 29TH NOVEMBER 2005** Agenda Item 2

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

Minute 04/06 **ACTION POINTS FROM THE 53RD MEETING** Agenda Item 3 – ECI 420

1. **Mr Leamon** noted that the actions against Minute 27/05 paragraph 6 and 32/05 paragraph 13 were marked as complete and he did not believe that they were. Other Regional Chairs advised that they had received a copy of the ACE background information and **Mr Spencer** undertook to forward a further copy to Mr Leamon. **Mr Featherstone** reported on the situation with off-site courses and it was agreed that further work was needed, so this action should be carried forward.

Action ~Forward details to Mr Leamon

A number of other actions were in-hand or on going and it was agreed that these should be carried forward for review at the next meeting where relevant.

Minute 05/06 **RE-APPOINTMENT OF NON-EXECUTIVE DIRECTORS** Agenda Item 3 – ECI 419A

1. The **Chairman** advised that he did not believe it was necessary for Mr Beaumont and Mr Davis to leave the meeting as the paper had been supported previously by all members and no discussion was expected. The Board agreed that the non-executive directors performed a useful function and should be reappointed for a further term.

Action ~ The Charity Commission's authority to continue payment of the NED's should be requested.

Minute 06/06 **ELECTION OF REGIONAL CHAIRS**

Agenda Item 4 – ECI 421

1. The **Chairman** reported on progress of the elections. From three of the regions there had been only one candidate nominated, all of whom were suitable for appointment. Therefore, no election would be required in these regions and the Secretary of State would be requested to appoint them.
2. In the Midlands regions three candidates had been nominated and he was currently reviewing their suitability. The election would be progressed thereafter.

Action ~ The report was noted. Mr Edwards to progress appointment following the election in the Midlands.

Minute 07/06 **MANAGEMENT BOARD REPORT AND MINUTES**

Agenda Item 5 – ECI 422

1. The **Chairman** summarised the report and reviewed the key items of the meeting.
2. **Mr Edwards** explained the background to the Market Report, which will be on the website when complete.
3. He also reported on a meeting he had had with the SSDA CEO. He hoped that the door for ECITB to become a Sector Skills Council in its own right was not finally closed, but other options are being actively pursued.
4. He also explained the position on National Skills Academies. **Mr Jex** expressed the view that it is necessary to have a proactive approach in linking with these before systems become too embedded, when it may become more difficult. It was agreed that this should be discussed at the Regional Chairs' meeting.

Action ~ National Skills Academies to be discussed by Regional Chairs.

5. The **Chairman** reported on a lengthy discussion at the Management Board on ACE. The Management Board had agreed that the ECITB should continue support for ACE until the ISG had robust plans in place and agreed. The Management Board will review this again at its next meeting.
6. **Mr Lee** confirmed that the ECIA Council had agreed that support for ACE is a worthwhile use of levy funds.

Mr P Gotts joined the meeting at this point.

7. **Mr Leamon** asked for clarification on how long it was intended that ECITB support should continue. **Mr Edwards** explained that although the full year cost is in the budget at £275K, the Management Board had only authorised spend initially to the end of March. **Mr Beaumont** explained that the Management Board had hoped to receive more detail from the ISG at its last meeting, but because of timing of meeting dates, this had not been possible. The Management Board had agreed that it would be wrong to cease support at that stage, so it had planned a special meeting for 2nd May to finalise arrangements after the ISG had had an opportunity to complete its plans. He reminded members that the ECITB is a service provider to ACE and the ownership is with the ISG. For him the issue is whether it is ACE is a "nice to have" or an essential, particularly in the light of the increasing use of continental contractors. It is necessary to have an answer from the clients on this question, but he suspects that no clear answer will come forward. In this case, it is necessary for the UK employers to decide whether it is essential in the absence of a rigorous demand from clients. Right now it is clear that the objective should be to keep ACE going, but this will not work unless there is commitment from the employers.

8. **Mr Leamon** explained that his region is uneasy about money being spent on ACE and would be discussing it again at its next meeting on 11th May. He would welcome feedback from the 2nd May Management Board meeting in time for this. He suggested that support from all the Forums should be requested.

Action ~ Give feedback to forums, and request support for ACE from all forums.

9. **Mr Barnes** noted the memo from Jim Rowland and asked whether the extra funding, which had been made available helped the scheme fly. **Mr Beaumont** advised that it is welcome that there is now funding in all the regions of Great Britain, but the issue is the cost to the ECITB.
10. The **Chairman** explained that it is also an important issue to ensure that the funds from the LSC are spent within the financial year for which they are allocated. If this does not happen they will be lost and not recovered. **Mr Jex** confirmed that the LSC is not wealthy and if money is not spent it will undoubtedly be used elsewhere in the system. He personally supported ACE, but has a number of concerns, not least the fact that the major civil contractors do not accept ACE, only CSCS. He believed that this would be a significant roadblock.
11. **Mr Beaumont** explained that the issue for him is getting registrations. The attitude in the industry seems to show apathy amongst the clients, which is unlike the civil clients, who are supporting CSCS. Therefore, the issue is with employers in the ECI.
12. **Mr Jex** agreed that with the diverse range of clients in the ECI it is unlikely that agreement would be reached amongst all of them. **Mr Gotts** generally agreed with the comments made and expressed the view that one issue may be that the Level 3 VQ is too high for many jobs within the industry. He saw it as a significant deterrent that the bulk of the funding is not available until completed the NVQ3. This does not make it easy to sell to contractors.
13. **Mr Billington** said that he was in no doubt that if there was a clear requirement to have an ACE card, the system would work, but not otherwise.
14. **Mr Davis** asked members not to lose focus from the important function of the Board, which is supporting training. **Mr Leamon** stated that it is an important function of the Board to ensure that levy money is well spent. The **Chairman** said it was important to note that the ECITB's strategy contains a "Recognition" strand, and ACE supports this.
15. **Mr Gotts** also reminded members that it is important not to lose sight of the reputation issues and the damage that could be done to ECITB if it was not handled carefully.

Action ~The Chairman asked Mr Edwards to feed the comments made by Board members to the ISG.

16. **Mr Jex** asked when the decision would be made and the **Chairman** expressed the view that it must be at the very least soon, after 2nd May. **Mr Beaumont** expressed the view that if the plan from the ISG is not clear and robust it will be necessary to have a consultation with employers generally on whether levy money should be used to support ACE. **Mr Jex** asked whether this would be via the employer associations, or direct to companies. **Mr Beaumont** said that this was not resolved and the **Chairman** suggested that all available mechanisms, including the Forums, should be used.

Organisation Changes

17. The **Chairman** drew attention to the paper attached to the minutes. This resulted in a request from the Regional Chairs to release the time of Account Managers from administrative tasks. The proposal to appoint Administrative Assistants in each region would cost £30,400 in capital/start up costs and £152,000 annual staff costs.
18. **Mr Billington** asked whether the work was really necessary. He could not believe that there were no savings to be made at Blue Court if these people were appointed. **Mr Edwards** confirmed that there was no duplication with work at Blue Court as this was administrative work currently being done by the Account Managers. It would be necessary to monitor progress and ensure that there were no inefficiencies.
19. **Mr Jex** explained the reasoning behind the request from the Regional Chairs. However, he believed that the costs in the paper were excessive as they did not reflect the savings achieved from the loss of the Regional Account Managers.
20. **Mr Gotts** requested that if the changes were agreed, there should be an audit process to confirm the success or otherwise.

Action ~ Set up process to audit the effectiveness of Regional Assistants.

21. **Mr Hornby** believed that it was not necessary to have full-time administrative support. He believed that part-time would be more effective and readily available with people who had children at school for example, and would be cheaper.
22. The **Chairman** requested that a careful review was made of the need in each region and that every effort to identify savings in Blue Court should be made. The £152K staff costs per annum should be the maximum.
23. **Mr Beattie** advised that another issue raised by the Regional Chairs looking at the longer term, was that these assistants would be necessary to manage the regional budgets when these were more fully devolved.

Action ~ The Board agreed the appointment of Administrative Assistants as set out in the paper.

Minute 08/06

REGIONAL FORUM REPORTS

Agenda Item 6 – ECI 423

1. **Mr Featherstone** introduced the paper and summarised progress for the Regional Forums.
2. **Ms McDougall** noted that there was an issue in the North West at the lack of notice given for the Forum, which she believed was some reason for the poor attendance. **Mr Featherstone** advised that dates were publicised well in advance for the year, but **Ms McDougall** said she had enquired at three separate companies and none of them knew of the forthcoming dates.

Action ~ Review procedures for giving notice of forums.

3. **Mr Featherstone** referred to the issues on the Apprenticeship Scheme and controlling the cost of it. He explained the progress on obtaining pledges to take people on a TR1 basis when they came from the training centre and reported that 255 pledges had been received for the 2006 intake. Of these only 19 were conditional on understanding more about the rates to be paid to the apprentices. **Mr Hornby** asked whether there was any way that these pledges could be enforced when it came to it and it was generally recognised that this was not possible.
4. **Mr Jex** warned that there would be transitional issues with the existing NASEC learners from previous intakes, who would only be being paid a training allowance while being further advanced in the scheme than the new TR1 people.

5. **Mr Buchan** sought clarification on the pledges. Are they for one year's intake only? It was confirmed that they are and that further pledges will be needed for each subsequent year.
6. **Mr Featherstone** confirmed that 100 pledges had been received for the 2005 intake.
7. **Mr Billington** asked whether there was a weighting in some regions compared to others and **Mr Featherstone** confirmed that there is. It would therefore be necessary to involve the Regional Chairs in a final decision over allocations. **Mr Jex** congratulated staff on obtaining the pledges, but he would want to review the position to ensure as far as possible that there was a fair regional balance. **Mr Billington** supported this.
8. **Mr Buchan** asked whether employers would have the opportunity to be involved in interviews. **Mr Edwards** stated that this would be possible and that it is important to engage the Forums in supporting progress of the apprentices through the VQ process.
9. **Mr Featherstone** advised that from the pledges there was a significant weighting towards electro technical apprentices. He noted that the advertisements were closing this week and it will be necessary to start interviewing very soon. Therefore, it is important to have a decision in the near future as to numbers, trades and locations. **Mr Jex** asked that staff should ensure that the weighting towards electro technical apprentices was not just people trying to save money compared to the JIB Scheme.
10. **Mr Barnes** expressed concern that there did not seem to be a clear timetable for action and he thought this was necessary to ensure that it moved forward. **Mr Jex** stated that the Regional Chairs would resolve this and make sure that progress happens. **Mr Featherstone** described the plan that has been operating since November 2005.
11. **Mr Whitaker** noted the concerns over level of wages to be paid and asked how this was to be resolved. **Mr Edwards** stated that he was clear that the ECITB should not get directly involved in level of wages, which is an issue between the employers and their employees, but it may be helpful for the ECITB to provide some guidance. **Mr Beattie** supported the need for guidance, as did **Mr Billington** who stated that it would be helpful if there was a reasonable commonality because it is likely that there will be transfers of apprentices between companies before completion of training, and this would be more difficult if wages are significantly different.
12. **Mr Hockey** noted that there was no Trade Union representative present and he thought they would have had some views on this. They would certainly expect some guidelines. He wondered whether the employers who had pledged to take these apprentices on had fully thought through the implications of wages. He certainly thought that some degree of coordination amongst employers would be necessary. **Mr Barnes** was certain that it was not the ECITB's job to set wages and **Mr Jex** agreed to this. Any TR1 apprentices he took on would clearly come under his own wage scheme. The **Chairman** summarised the discussion to the effect that it was agreed that it was not the ECITB's job to set wages, but it would be helpful to have some coordination.
13. Continuing with the report, **Mr Featherstone** noted the evidence that there are many existing foundation apprentices in colleges. He believed that it would be sensible to fish in this pool rather than spend a lot of effort pushing the ECITB foundation apprenticeship. **Mr Jex** stated that he believed it would be good to push the ECITB apprenticeship where possible, but agreed the principle of taking advantage of existing schemes.
14. **Mr Bretherick** advised that he was sure that further education colleges will run a scheme where there is LSC funding, but only if they have the knowledge that there is a programme to feed them into when they have finished the college training.

Action ~ The report was noted.

Minute 09/06 **AUDIT COMMITTEE REPORT AND MINUTES**
Agenda Item 7 – ECI 424

1. **Mr Beaumont** drew attention to the key issues and particularly the decision to defer the re-tendering of the internal audit contract. The other items discussed were for later on this agenda.

Action ~ The report was noted.

Minute 10/06 **AUDIT COMMITTEE ANNUAL REPORT**
Agenda Item 8 – ECI 425

1. **Mr Beaumont** summarised the report, noting that both external and internal auditors attend all meetings of the committee. He personally had attended a meeting organised by the DfES for internal audit chairs and noted that all other organisations present were very much larger. He suspected that this may be why the governance rules applied to ECITB seemed heavy for the size of body.
2. He noted that the auditors are generally satisfied with their findings on ECITB and asked for any questions.
3. The **Chairman** asked all members whether they were assured that the financial matters of the ECITB are under effective control and received support for this.

Action ~ The report was noted.

Minute 11/06 **REVIEW OF 2005**
Agenda Item 9

(a) Chief Executive's Annual Report - ECI 426

1. **Mr Edwards** summarised his Annual Report and the Management Accounts attached to it and asked for questions.
2. **Mr Leamon** asked for clarification of the KPI on number of levy payers engaged and **Mr Edwards** explained that all employer levy payers who were using a product or service from the ECITB were counted as engaged.
3. **Mr Billington** asked why the total short course training days had dipped. **Mr Edwards** explained that there appeared to be a number of situations where there were fewer attendees than expected on courses because of difficulty employer's had in releasing them. **Mr Johnston** noted that early indications were that there would be pressure to exceed the budget for these courses for 2006 and so it might be expected that these numbers would increase. **Mr Jex** suggested that as the regions become more involved and the process is more demand led, then this would also be a factor driving up numbers.
4. **Mr Hornby** asked whether the figures on levy payer engagement could be rated by the amount of levy paid. **Mr Edwards** undertook to review this.

Action ~ The Annual Chief Executive's Report was noted. Mr Edwards to review KPI on engagement.

(b) Annual Report - ECI 427

5. **Mr Edwards** introduced the report, which is in a similar format to that used in previous years. He explained that it is a report to Parliament and all stakeholders and sought approval for the report as drafted.

Action ~ Members approved the report, giving authority to the Chairman and Chief Executive to make minor changes in order to finalise it before seeking approval from the Minister.

(c) Annual Accounts - ECI 428

6. **Mr Edwards** introduced them and **Mr Johnston** expanded by drawing attention to the three sections of the report. Firstly, the accounts as audited. Secondly, the letter of representation to be signed and given to the auditors and finally, the report from the auditors, which was there so that members could satisfy themselves on the work done and that the accounts were in order.
7. **Mr Beaumont** drew attention to the summary figures on page three, which showed net liquid assets of £11 million, down from £12.8 million the previous year. They are therefore moving towards the target set by the Board, which is reserves of £9 million.
8. He also drew attention on page four to the section on investment management. He noted that the investment management had been changed to Schroder and Company 18 months ago and it was good to see that they had comfortably exceeded the benchmark set for them.
9. It was noted that management of expenditure as reserves fell towards £9 million would need to be closely monitored.
10. **Mr Buchan** asked about pension liabilities under FRS17. He was advised that currently the pension fund was in a satisfactory condition, but it was recognised that this needed careful monitoring going forward.

Action ~ The Board approved the accounts and authorised the Chairman and Chief Executive to sign them.

Minute 12/06

CHIEF EXECUTIVE'S REPORT FOR FEBRUARY

Agenda Item 10 – ECI 429

1. **Mr Edwards** introduced the report and asked for any questions.
2. **Mr Lee** referred to the statistic on ACE, which seemed to suggest that 49 additional companies had signed up to ACE in the month and this seemed unlikely. **Mr Edwards** undertook to check this.

Note: For the period 6 additional companies had become engaged in ACE, giving a total of 49.

3. The **Chairman** asked for confirmation of the agreement to recruit 250 apprentices this year and member supported this.

Action ~ The report was noted.

Minute 13/06 **ANY OTHER BUSINESS**
Agenda Item 11

1. **Mr Featherstone** circulated a flyer, which had been issued regarding the launch of TECSkills on 1 April. He noted that all apprentices starting in September will use TECSkills rather than the old NSDS format. He would be making a presentation on TECSkills at each Regional Forum.
2. **Mr Hornby** asked about the training of coaches. **Mr Spencer** reported on progress with this and undertook to report the numbers trained to-date in the minutes.

Note: 55 people have been trained on 6 courses for 20 different companies or training providers.

3. **Mr Gotts** asked whether the content of the training courses was available for review and **Mr Featherstone** undertook to provide some information on this if required.

Action ~ Provide information on content of the TECSkills training courses.

4. The **Chairman** advised that he had found that he needed more time to do the job effectively and the Minister had agreed to increase his time to 1 1/2 days per week

Minute 14/06 **ARRANGEMENTS FOR THE 55TH MEETING**
Agenda Item 12

1. It was noted that the next meeting would be held on Wednesday 19th July 2006 at 10.30am at the EEF. The **Chairman** reminded members that this was a change in date from that originally announced

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Chairman

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

April 2006

ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

ACTIONS FROM 53RD MEETING HELD ON 29.11.05

Minute	Para	Action	Date	By	Current Status
29/05	16	Arrange elections in three Regions.	ASAP	DE	Complete
31/05	11	Conduct review of the way levy is applied.	ASAP	DE	Ongoing
32/05	13	Inform Regional Chairs of progress on off-site course.	ASAP	TF	Complete

ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

ACTIONS FROM 54TH MEETING HELD ON 04.04.06

Minute	Para	Action	Date	By	Current Status
05/06	1	Seek Charity Commission authority to continue payment of the NEDs.	ASAP	DE	Awaiting response
07/06	4	National Skills Academies to be discussed by Regional Chairs	19.4.06	DE	Carried forward
07/06	8	Request support from Forums for ACE.	ASAP	TF	Complete
07/06	8	Provide feedback to Chairs after 2 nd May meeting.	3.5.06	TF	Complete
07/06	16	Report views of the Board to the ACE ISG.	25.4.06	DE	Complete
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	Ongoing
08/06	10	Regional Chairs to agree distribution of NASEC recruits.	28.4.06	TF	Complete
08/06	12	Provide guidance on wages to be paid to TR1 apprentices.	28.4.06	TF	Complete
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	Ongoing
12/06	3	Recruit 250 apprentices in 2006	28.4.06	TF	Complete
13/06	3	Provide information on content of the TECSkills training courses.		TF	Ongoing