

PRIVATE & CONFIDENTIAL

ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

Minutes of the 57th meeting of the Board held at the Engineering Employers' Federation,
Broadway House, Tothill Street, London on Tuesday 24th April 2007 at 10:30am

Chairman

- * Mr Terry Lazenby

Employer Members

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

Employer Association Members

- * Mr Mike Hockey
- * Mr Richard Leamon
- * Mr Bill Murray

Regional Chairs

- * Mr George Beattie
- * Mr Tom Jones
- * Mr John Hornby
- * Mr Mike Jex
- * Mr John Jones
- Mr John Mellon
- * Mr Martyn Fletcher

In Attendance

Mr D Edwards, Chief Executive
Mr P Hill, Director of Finance/Board Secretary
Mr T Featherstone, Director – Operations
Mr N Spencer, Director - Development & Quality

Client Member

Mr Paul Gotts

Trade Union Members

Mr Keith Hazlewood
Mr Tom Hardacre

Non-Executive Directors

- * Mr Mike Beaumont
- * Mr Neil Davis

Educationalist

- * Mr Mike Bretherick

Government Observer

- * Ms Freda Green

* present

OPENING REMARKS

1. The Chairman welcomed members to the 57th meeting, and welcomed Mr Martyn Fletcher (Midlands Regional Chair), Mr John Jones (Wales & South West Regional Chair) and Ms Freda Green (DfES) to their first meeting.
2. The Chairman advised the meeting that Mr Steve Scrimshaw and Mr Simon Smith had resigned from the Board as a consequence of their changed employment roles. The Chairman expressed his thanks on behalf of the ECITB to these gentlemen for their valuable contribution to its work.
3. The Chairman advised the meeting that Mr Martyn Fletcher had been appointed as the new Midlands Regional Chair to succeed Mr Smith, and that Mr John Jones had been appointed as the new Wales & South West Regional Chair.

Minute 01/07 **APOLOGIES FOR ABSENCE**

1. The Chairman advised that apologies for absence had been received from Mr Keith Hazlewood, Mr Tom Hardacre, Ms Terry McDougall, Mr John Mellon, Mr Steve Scrimshaw, Mr Colin Barnes and Mr Paul Gotts.

Minute 02/07 **ITEMS OF OTHER BUSINESS**

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

Minute 03/07 **MINUTES OF THE 56TH MEETING HELD ON 21ST NOVEMBER 2006** Agenda Item 1

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

Minute 04/07 **ACTION POINTS FROM THE 56TH MEETING** Agenda Item 2 – ECI 455

1. The Chairman invited Mr Edwards to report on the outstanding action points appearing in paper ECI 455, which were not covered in the agenda for this meeting.
2. Minute 07/06 – Mr Featherstone reported that Regional Assistants had been appointed for all regions except the North West region.
3. It was agreed that Minutes 31/05, 07/06, 11/06 and 24/06 should be omitted from future outstanding reports papers.

Minute 05/07 **MANAGEMENT BOARD MINUTES** Agenda Item 3

1. Management Board - Annual Report (ECI 457)
 - 1.1 The Chairman introduced the report of the Management Board relating to its activities over the past 12 months (paper ECI 457).
 - 1.2 The Chairman and Mr Edwards reported on recent discussions which had occurred separately with Cogent and CITB/Construction Skills. The meeting noted that the ECITB had been involved in discussions with Sector Skills Councils, particularly Cogent and Construction Skills, on areas of common interest and interface within the skills environment. It was noted that where

appropriate, ECITB intended to complete memoranda of understandings with such bodies. This was approved by the meeting.

- 1.3 Mr Spencer reported on the development of TECSkills training materials. The meeting noted that training resource materials were being developed in 12 areas which would provide comprehensive materials for both on and off the job training. Mr Spencer reported that the pipefitting module was now virtually completed and would form the precedent for other modules' training materials. Mr Spencer assured the Board that the remaining 11 modules would be completed by September 2007.

ACTION – Mr Spencer to ensure that the TECSkills training materials in all 12 modules were completed by September 2007.

Mr Featherstone reported that 301 learners were registered on TECSkills programmes at the present date. Mr Jex enquired with regard to the profile of such learners. Mr Featherstone explained that broadly speaking there were 3 categories of learners:

1. Learners completing individual units
2. Learners seeking to up skill to full craft level
3. Learners undertaking the complete TECSkills programme to NVQ Level 3 level.

Mr Fletcher reported that approximately 50 learners from Doosan Babcock fell within the third category.

ACTION – Mr Featherstone to produce an analysis of existing TECSkills learners, which categorised the learners by type and region.

Mr Jex expressed his concern that some employers might perceive and use the scheme as a means of levy recovery instead of the genuine skill enhancement of industry learners to NVQ Level 3.

- 1.4 The Chairman reported that it was the ECITB's aim to work towards making the Awarding Body self financing. The meeting noted the steps taken to increase the cost of Skills Database certificates. It was noted that the ECITB proposed to increase the cost of Safety Passports. This was approved by the meeting.

- 1.5 The Chairman reported with regard to changes to the Industrial Training Act insofar as it affected the ECITB. The legislative changes were in the process of being approved by Parliament. The meeting noted that in future, Levy Orders would cover three year periods, and that the legislation would introduce additional methods to demonstrate industry support for the training levy.

Freda Green explained that the three year levy cycle would save parliamentary time and avoid the necessity for the levy resolution process on an annual basis. The meeting noted that in recent years, no proposals to change levy rates or related arrangement had been made and that accordingly, the three year levy cycle was appropriate. Freda Green advised the meeting that in the event that the ECITB should wish to vary levy arrangements during the three year cycle, this would be possible in certain circumstances. Freda Green anticipated that the royal assent to the legislative changes would be granted by the end of 2007.

- 1.6 Mr Hornby asked about progress in the discussions between ECITB, CSCS and the Major Contractors Group concerning the acceptability of ACE cards on construction sites. Mr Spencer reported that discussions had occurred between the ECIA and the Construction Federation, which indicated a

favourable outcome. The meeting noted that the matter would be discussed later in the meeting.

2. Minutes of Management Board Meetings held on 30th January and 3rd April 2007 (ECI 456)

2.1 Mr Buchan drew the meeting's attention to Minute 32/07 of the minutes of the Management Board meeting held on 3rd April 2007 concerning the recruitment of apprentices in 2007. Mr Buchan raised the question of whether or not the Management Board had the authority to adopt a new model of apprenticeship without the approval of the Main Board. The Chairman invited Mr Edwards to provide background information leading to the Management Board's decision to adopt a new apprenticeship model.

2.2 Mr Edwards referred the meeting's attention to the Chief Executive's Report (ECI 467) which contained an explanation on the matter. The meeting noted the following points:

- A more detailed financial review than had been carried out in the past had shown that no more than approximately 105 apprentices could be recruited in 2007 on the existing "TR1" apprenticeship model without significantly exceeding the budgeted deficit of -£2.02 million. This was because in 2007 the ECITB would incur high costs in respect of pre-2007 apprentice cohorts.
- There was an increasing demand from industry for apprentice entrants, which was considerably higher than the level traditionally recruited (200 – 250 per annum).
- The proposed "Route 3" apprenticeship model would permit the recruitment of up to 600 apprentices in 2007 without exceeding the 2007 budgetary constraints. This was due to lower unit costs to the ECITB and to employers (£10,000 per apprentice) and the timing of expenditure.
- Errors had been made by ECITB's management in the communication of such matters to the Regional Chairs and the Management Board.

Mr Buchan reported that from January 2007 ECITB's Account Managers had advised the industry that the "Route 3" model was the only apprenticeship option available in 2007. This was disputed by Mr Featherstone. Mr Buchan asked why the Main Board had not been involved in discussions and decisions concerning this matter at an earlier time. Mr Jex explained that he and other Regional Chairs had concerns with regard to the "Route 3" apprenticeship model, and had expressed them to the Management Board. However, the Regional Chairs had supported the proposed changes with provisos concerning its introduction. Mr Jex felt that there were a significant number of risks associated with the new model, but that for financial reasons the ECITB had little choice except to adopt it.

Mr Billington expressed considerable concern about the ability of training providers to deliver training to the requisite standards under the new model.

Mr Buchan opined that there should be a detailed paper describing and assessing the risks of the proposed "Route 3" apprenticeship model. The Chairman agreed that such a paper should be prepared.

Ms Ferguson asked if this issue indicated that the correct protocol with regard to decision making had not been followed. The Chairman reported that the matter had been carefully considered by the Management Board and the Regional Chairs, and that detailed papers on the matter had been prepared by the ECITB senior management for consideration. The Chairman reminded the meeting of the powers and

responsibilities delegated to the Management Board. These included the authority and responsibility to agree the products and services to be offered to meet the needs of the industry. Nevertheless it was acknowledged that in future similar events should be brought to the attention of all Main Board members in order to get the widest advice and counsel.

ACTION – Mr Featherstone to prepare a comprehensive action plan and information report (including an analysis of operational risks arising from the new apprenticeship model) for consideration by the Regional Chairs at their meeting to be held on 17th May 2007.

ACTION – The Secretary to ensure that Management Board papers are circulated to Main Board members (electronically and by post).

Mr Fletcher observed that as a higher number of apprentices would be recruited, new training providers would become involved in the delivery of apprenticeships. He was concerned with regard to the ability of such providers to deliver training and assessment services. Mr Featherstone reported that in each region the ECITB was working closely with all training providers with regard to the provision of training and on the job assessment under the new model. It was noted that each Regional Chair was involved in such activities and the implementation of regional action plans.

Mr Hockey emphasised that clear communication with regard to the apprenticeship routes was critical as there had been some confusion in recent months concerning such matters. Mr Hockey advised that ECITB had clarified such matters.

The Chairman stated that it was important to note that in 2007 ECITB proposed to recruit 600 apprentices, including 445 craft apprentices. This was considerably in excess of previous years' levels, and was a direct response to industry demand.

Mr Hornby reported that there were still some apprentices, largely in Aberdeen, still awaiting placement with employers.

The Chairman proposed that the ECITB should proceed with apprenticeship recruitment in 2007 on the basis of the new "Route 3" model, subject to the production by the ECITB's management of an operational plan concerning its implementation. This was seconded by Mr Billington, and agreed by the meeting.

Minute 06/07 **2007 OPERATING PLAN**
Agenda Item 3 – ECI 458

1. The meeting noted that the 2007 Operating Plan had been revised to reflect changes to and amplify elements in the Operating Plan approved by the Board in November 2006. The meeting noted that the revised Operating Plan included apprenticeship recruitment on the basis of the "Route 3" model.
2. The revised Operating Plan was approved by the meeting.

Minute 07/07 **2007 FINANCIAL BUDGET**
Agenda Item 3 – ECI 459

1. The meeting noted that since the 2007 Financial Budget had been approved in November 2006, additional budgetary requirements in the offshore and offsite

regions had been identified. It was noted that the Management Board and the Audit Committee had reviewed the revised 2007 Budget and recommended its approval.

2. Ms Ferguson requested further information concerning the changes to the budget. The Secretary drew the meeting's attention to paper ECI 459 which described the changes. These were noted by the meeting.
3. Ms Ferguson questioned whether or not it was correct to make variations to the original budget. She suggested that anticipated changes should appear as budgetary re-forecasts. Mr Beaumont reported that the Audit Committee had reviewed and approved the revised budget. It was the committee's view that the revisions to the budget accurately reflected the operating plan and associated financial outcomes for the year.

Minute 08/07 **2007-2011 STRATEGIC PLAN**

Agenda Item 3 – ECI 460

1. Mr Edwards reported that modifications had been made to the Strategic Plan 2007-2011 to reflect the current and future industry demands and environment.
2. Mr Buchan opined that the plan needed further enhancement to include a strategy for engaging with clients and other significant stakeholders.
3. The revised Strategic Plan was approved by the meeting.

Minute 09/07 **RESERVES POLICY**

Agenda Item 3 – ECI 461

1. The meeting noted that a detailed financial analysis of the implications for reserves arising from the new policy relating to future apprenticeship and TECSkills programmes had been undertaken. The fund are required to complete such training programmes and the costs of closing the organisation in the event that ECITB should cease operations were estimated at approximately £8 million. The meeting noted that the Audit Committee and the Management Board had reviewed the analysis and had recommended that reserves should be held at approximately £8 million in accordance with the policy described in paper ECI 461.
2. The meeting approved the Reserves Policy set out in paper ECI 461.

Minute 10/07 **REGIONAL MATTERS**

Agenda Item 4 – ECI 462

1. The Chairman invited the Regional Chairs to report with regard to recent activities in their regions and forums.
2. Mr Leamon reported that the Offsite Forum had held two meetings in London and Aberdeen. Both meetings were well attended and enthusiastic.
3. Mr Jex reported that positive work had been undertaken in the Yorkshire & Humberside region, which was now supported by a full compliment of ECITB staff.
4. Mr Hornby reported that the last meeting of the North East regional forum had occurred on 7th March 2007. In his view, it had been the best regional meeting to-date. He reported that the industry was expanding in the Teesside area and that there was a higher demand than before for ECITB services and support. The meeting noted that discussions had occurred between Mr Hornby and the two main training providers in the area with regard to the most cost effective delivery of ECITB training programmes.

5. Mr John Jones reported concerning activities in the Wales & South West region. The meeting noted that significant problems were being experienced in obtaining an adequate supply of training assessors in the region.
6. Mr Tom Jones reported that the last meetings of the North West forum had occurred in March. As a consequence of holding two meetings in different parts of the region more employers were becoming engaged with the ECITB. He reported that a database of industry contacts covering 47 organisations in the region had been completed. He explained that he was in the process of reviewing the risks confronting ECITB's strategic objectives in the region. It was also noted that a fulltime Regional Assistant had yet to be appointed, and currently one of the Account Managers was absent due to long term sickness.
7. Mr Fletcher reported that the last meeting of the Midlands regional forum had been poorly attended due to adverse weather. It was noted that 49 pledges for Route 3 apprentices in 2007 had been received from Midlands employers. It was noted that 4 new training providers and new assessors in the region would be involved in the delivery of ECITB training and assessment during the year.
8. Mr Beattie reported that one of the Account Managers in the Offshore region had recently resigned. It was noted that in 2007, 33 apprentices would be recruited to the UOGITTS scheme. However, problems were being experienced in allocating apprentices in Aberdeen to employers for work placement. This was because there were difficulties in getting employers to make bed space available on oil platforms for apprentices.
9. The Chairman raised the question of whether or not the meeting felt ECITB had struck the correct balance in its offering of training support and services between apprentices and existing industry workers. It appeared to the meeting that there was considerable difficulty in obtaining support from contractors and clients to taking apprentices. The meeting noted that this issue had pervaded the industry over a number of years.

Minute 11/07

BRITISH NUCLEAR GROUP

Agenda Item 4 – ECI 463

1. Mr Edwards reported that British Nuclear Group (Sellafield) Ltd had appealed against the levy assessment in respect of the base year 2005/2006. The meeting noted the contents of paper ECI 463, which explained the reason why British Nuclear Group had come within the scope of the ECITB with effect from 2005. The meeting also noted that discussions had occurred between ECITB and other interested parties, including the National Decommissioning Agency, Cogent, the National Skills Academy Nuclear, the DfES and the DTI. ECITB's objectives in such discussions had been to reach agreement between the parties relating to the delivery of training within the existing levy framework, and without the necessity for an appeal hearing.
2. Freda Green stated that DfES hoped to see a resolution of the issue. To this end, meetings had occurred between officials at the DfES and the DTI. However, she stated that as the legal process leading to an appeal hearing was in train, DfES could not influence the outcome of the process. DfES encouraged discussions between all the relevant parties in order to resolve the issue.

Minute 12/07

REGIONAL CHAIRS' ELECTIONS

Agenda Item 4 – ECI 464

1. The meeting noted that a Regional Chair had still not been found for the South & South East region. ECITB was still seeking to find a suitable candidate for the position. In the meantime, it was noted that Regional Forum meetings were currently organised and led by the ECITB's Director of Operations. However, occasionally industry representatives from the region had chaired forum meetings.

Minute 13/07

AUDIT COMMITTEE

Agenda Item 5 – ECI 465 AND ECI 466

1. Mr Beaumont reported with regard to the meeting of the Audit Committee held on 3rd April 2007. The meeting noted the contents of the minutes of the meeting.
2. Mr Beaumont presented the Annual Report of the Audit Committee for the year to 31st March 2007. Mr Beaumont advised the meeting that the Internal Auditor had concluded that the ECITB had adequate and effective systems over risk, control and governance. The Internal Auditor had concluded that a substantial level of assurance could be given in all the systems audited in 2007. Mr Beaumont explained that during the course of the year, the ECITB's Risk Management procedures had been reviewed in order to improve the management of risk.
3. The meeting noted the contents of the report.

Minute 14/07

CHIEF EXECUTIVE'S REPORT

Agenda Item 6 – ECI 467

1. Mr Edwards presented his report for March 2007 (ECI 467).
2. Mr Edwards drew the meeting's attention to the Management Accounts to 31st March 2007 and the ECITB's Risk Register.
3. Mr Buchan suggested that the risk to ECITB's levy income from the interaction between employers and Sector Skills Councils should be assessed.
4. The Chairman invited the members of the meeting to consider the ECITB's Risk Register and submit details of any changes or additions that were considered necessary.

Minute 15/07

ENGAGEMENT PLAN

Agenda Item 7 – ECI 468

1. Mr Edwards reported on progress made in the implementation of the ECITB's Engagement Plan, which was outlined in paper ECI 468.
2. The meeting noted that stress had been placed on the establishment of relationships and engagement with industry decision makers at both strategic and operational levels.
3. The meeting noted that the ECITB had prepared a brief statement outlining the ECITB's recent achievements and plans. It was noted that the paper would be circulated amongst employers with the 2006 Trustees' Report.

Minute 16/07

2006 TRUSTEES' REPORT AND AUDITED FINANCIAL ACCOUNTS

Agenda Item 8 – ECI 469

1. Mr Beaumont presented the 2006 Trustees' Report and Audited Financial Accounts to the meeting. The meeting noted that the Audit Committee and Management Board had considered and were satisfied that the report and audited accounts represented a true and fair record, that the disclosures were correct, and that they discharged the Board's compliance responsibilities for charities and the Government. It was noted that the Audit Committee and Management Board had recommended that the report and the audited accounts be approved by the Main Board.
2. Mr Beaumont invited questions from the meeting concerning the report and the accounts. None were raised.

3. It was resolved:

THAT the 2006 Trustees' Report and Audited Accounts for Year Ended 31st December 2006 be and are hereby adopted.

Minute 17/07

ACE PROGRESS REPORT (INCLUDING CSCS AFFILIATION)

Agenda Item 9 – ECI 470

1. Mr Edwards reported that currently many issues surrounded the ACE initiative, especially those arising from the withdrawal of funding in England. The meeting noted that it was likely there would be ongoing funding in Scotland and Wales.
2. Mr Jex asked what the ECITB's policy was with regard to the initiative.
3. Mr Beaumont reported that the Management Board's policy was that the ECITB should continue its involvement in the ACE initiative on the same basis as at present in regions which attracted governmental funding. However, when such funding was unavailable, ECITB should only offer ACE (as a competence accreditation service) whenever there was employer demand and at no cost to the ECITB. Mr Beaumont stressed that the ECITB's role in this project was as a service provider for the initiative, and not the owner.
4. Mr Billington stated that the industry would need a competence assessment and accreditation service.
5. Mr Murray stated that the Management Board felt that ECITB should continue to offer ACE as a service to industry as and when it was required, but at no cost to the ECITB. Mr Murray advised the meeting that the ECITB's Executive was in the process of developing a business plan upon this basis. This was approved by the meeting.
6. Mr Spencer advised the meeting that the majority of learners achieving NVQ Level 3 would automatically receive an ACE card.
7. Mr John Jones opined that there would be serious to the ECITB's reputation if it withdrew support from the programme.
8. The meeting agreed that ECITB should continue to support the initiative upon the basis described above. However, the ACE ISG needed to specify the level of support and contribution required of the ECITB to enable ECITB to clarify the extent of ECITB's future participation in the project.
9. The Chairman noted that a majority of the members of the meeting (8) considered that the ACE card should continue to exist.
10. Mr Spencer reported that negotiations had occurred with CSCS in an attempt to achieve the affiliation of the ACE card with CSCS, thereby enabling ACE card bearers access to MCG sites. The meeting noted that in principle, CSCS was agreeable to such affiliation, subject to the agreement of costs and procedures.
11. The meeting agreed that Mr Spencer should continue discussions with CSCS upon this basis.

Minute 18/07

NATIONAL SKILLS ACADEMY

Agenda Item 10 – ECI 471

1. Mr Edwards reported that the ECITB had submitted a second and revised Expression of Interest to establish a National Skills Academy for the engineering construction industry. He reported that the LSC had advised the ECITB that its

Expression of Interest had been successful. The meeting authorised ECITB to undertake further work and to take the submission to the second stage.

Minute 19/07 **SCOTTISH CHARITIES' LEGISLATION**
Agenda Item 11 – ECI 472

1. The Secretary reported that the Office of the Scottish Charities Regulator had questioned ECITB's eligibility to qualify as a charity under the Charities and Trustee Investment (Scotland) Act 2005. OSCR had indicated that it proposed to reject ECITB's application for charitable status in Scotland.
2. The Secretary reported that the DfES was aware of the position and proposed to hold discussions with OSCR, ECITB and CITB on the matter.
3. The meeting noted that the withdrawal of charitable status in Scotland would not prevent the ECITB from operating upon the same basis that it does at present.

Minute 20/07 **ARRANGEMENTS FOR THE 58TH MEETING**

1. It was noted that the next meeting would be held on Tuesday 31st July 2007 at 10.30am at the EEF.

The **Chairman** closed the meeting at 1.45pm.

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T M Lazenby FREng
Chairman

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

April 2007

ENGINEERING CONSTRUCTION INDUSTRY TRAINING BOARD

ACTIONS FROM 57TH MEETING HELD ON 24.04.07

Minute	Para	Action	Date	By	Current Status
05/07	1.1.3	Ensure that the TECSkills training materials in all 12 modules were completed.	September 2007	NS	
05/07	1.1.3	Produce an analysis of existing TECSkills learners, categorised by type and region.		TF	
05/07	2.2.2	Prepare a comprehensive action plan and information report (including an analysis of operational risks arising from the new apprenticeship model) for consideration by the Regional Chairs.	17.05.07	TF	
05/07	2.2.2	Ensure that Management Board papers are circulated to Main Board members (electronically and by post).		PCH	