

ANGUS COUNCIL

ANGUS COUNCIL– 12 FEBRUARY 2015

ANGUS SHARED APPRENTICESHIP PROGRAMME

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RESOURCES, AND VIVIEN SMITH, HEAD OF PLANNING AND PLACE**

ABSTRACT

This report seeks approval from Angus Council to establish the Angus Shared Apprenticeship Programme Limited, a company limited by guarantee which will deliver a programme of shared apprenticeships in partnership with other key stakeholders. The Business Plan is attached at Appendix A.

1. RECOMMENDATIONS

It is recommended that the Council:

- (i) Agree the establishment of the Angus Shared Apprenticeship Programme Limited (ASAP Ltd) and Company Articles of Association at Appendix 1 of the Business Plan, subject to such adjustments as maybe approved by Head of Legal and Democratic Services as the programme is rolled out;
- (ii) Agree to appoint three Council representatives for membership on the ASAP Company Board from existing ASAP Shadow Board members;
- (iii) Note the Business Plan which has been prepared by the Shadow Board and agree the financial framework for the programme at Appendix 4 of the Plan
- (iv) Note that Angus Council's procurement process is being developed to support the programme as part of the councils broader commitment to community benefit;
- (v) Note the financial commitment / contributions of Construction Industry Training Board (CITB), Skills Development Scotland (SDS) and Dundee and Angus College;
- (vi) Note the financial implications as set out in Section 6 and the risks and challenges set out in Section 7 of this report;
- (vii) Agree the one-off funding contribution of £25,000 and the on-going in-kind support from the Council required to help with the day-to-day running of the company;
- (viii) Agree to keep the financial health of the company under review and to bring forward future reports should this be necessary;
- (ix) Note that in the event the company is unsustainable Angus Council and its partners would seek to support any apprentices in the scheme to the conclusion of their apprenticeship; and
- (x) Authorise the Head of Corporate Improvement and Finance and Head of Planning and Place to provide temporary financial support from the Council to the Company for cashflow purposes only up to a maximum of £40,000.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

2.1 This report contributes to the following local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

COMMUNITIES THAT ARE PROSPEROUS AND FAIR

1. We have a sustainable economy with good employment opportunities

COMMUNITIES THAT ARE LEARNING AND SUPPORTIVE

4. Our young people are successful learners, confident individuals, effective contributors and responsible citizens

3. BACKGROUND

3.1 In May 2014 the Scottish Government announced that it was increasing its target for modern apprenticeships from 25,000 per year to 30,000 by 2020.

3.2 In line with local and national outcomes, the Angus Community Planning Partnership identified the need to grow opportunities for young people who are not in education, employment or training.

3.3 As a result, a Rapid Improvement Event was hosted by Angus Council on 1st May 2014. At this event it was agreed that a Shared Apprenticeship Programme targeting construction would be an innovative approach to increasing the opportunities available to young people whilst providing support to local business.

3.4 In June 2014, Committee agreed that a Shadow Board be established to examine the feasibility of such a programme within Angus. At this time three representatives were appointed by Committee as members of the Shadow Board; Councillor Paul Valentine (Chair), Councillor Donald Morrison and Councillor Margaret Thomson.

3.5 Additional members of the Shadow Board include 3 construction related businesses and a Director from Dundee and Angus College.

3.6 Since this time work has continued through the Shadow Board. A Business Plan has been developed by the Shadow Board for the proposed new company which is attached at Appendix 1.

3.7 Articles of Association for the proposed new company Angus Shared Apprenticeship Programme Limited (ASAP Ltd) have been developed and are submitted for council approval (see Appendix 1 of the attached Business Plan).

3.8 Looking ahead, due to the complexities of the programme and to allow for continuity of the programme planning, it is requested that the existing Council Shadow Board members be appointed as board members to ASAP Ltd. when the company is registered.

4. WHAT IS THE SHARED APPRENTICESHIP PROGRAMME

4.1 The Angus Shared Apprenticeship Programme (ASAP) allows construction apprentices to complete a full apprenticeship programme by working with a number of different employers to gain the skill sets they require as they train to become qualified.

4.2 For employers the Programme helps remove the risk of employing an apprentice for 4 years when it is hard to predict order book contracts year on year. To do this ASAP Ltd will employ all apprentices and charge out for the apprentice services to employers as and when they are required by industry.

4.3 In Angus the Programme is closely, but not exclusively, linked to the Council's community benefit clauses in procurement that are currently under development. (A separate report will be brought to

committee regarding this area of work). The proposed Angus Council procurement policy approach to be brought forward for Elected Member approval is that our own contracts should support the ASAP as fully as is possible.

- 4.4 Initial assessment of the HRA Capital and Revenue construction programmes for 2015 to 2018 suggests that approximately £16.8 million of maintenance work may be suitable contracts to consider. A specific requirement to engage trade apprentices including those from ASAP Ltd as a requirement would be subject to procurement regulations, form part of the contract, and the contract would be priced accordingly.
- 4.5 Through the ASAP Business Plan it is proposed that the company recruits 12 apprentices each year (starting in September 2015) and maintains this level of trainees when it reaches 48 in year four. This approach has been approved by industry through Scottish Painters and Decorators Association (SPADAC), Construction industry Training Board (CiTB) and Skills Development Scotland (SDS).

5. **MOVING FORWARD**

- 5.1 It is proposed that ASAP is operated in conjunction with Dundee and Angus College, CiTB and SDS. Angus Council offer in-kind support for all back of house activity and will be involved jointly with Dundee and Angus College in the day-to-day management of the programme. There are some opportunity costs associated with this for Angus Council and these are detailed in the supporting financial information below.
- 5.2 The company will also require some initial start-up funding to help with cashflow and ensure the company can meet its financial obligations in the short term. The Council is therefore asked to approve a one-off grant of £25,000 which can be funded from the Economic Development Revenue Budget in 2014-15. This will be matched by a grant from Dundee and Angus College to provide a total of £50,000 of working capital to ASAP Ltd
- 5.3 As outlined in the Business Plan ASAP Ltd will be reviewed after year 1 of operation. It should be noted, that as with any business venture, the programme is not without risk and that it may never be self-sustaining due to the inherent funding challenges. However, as the fundamental objective of the programme are to invest in the future of our young people and to avoid an imminent skills shortage in the construction sector it is recommended that the Council endorse the establishment of ASAP Ltd and commit to invest in the Programme. This approach will no doubt have knock on benefits for Angus families and communities.
- 5.4 Risks to the running of the programme have been assessed in the Business Plan and members are asked to refer to that document for further detail.

6. **FINANCIAL IMPLICATIONS**

- 6.1 The Business Plan includes financial projections covering the initial four years of the company's trading. These are presented as a statement of estimated expenditure and income over the four year period and provide details year on year of the estimated expenditure of the company along with income projections giving the overall projected net (surplus) or deficit for each year. Although Council finance officers have provided input and comments on the business plan, the Plans proposals and assumptions reflect the views of the Shadow Board.
- 6.2 The financial projections are underpinned by a number of assumptions related to uptake, level of support from partners organisations e.g. Angus Council, Dundee & Angus College, etc. Overall the financial projections as detailed in the Business Plan show a net surplus of £7,672 over the initial four year period, as summarised in table 1 below.

Table 1 - Summary of Estimated Net (Surplus) / Deficit per ASAP Ltd Business Plan

| | <u>Year 1*</u> £ | <u>Year 2</u> £ | <u>Year 3</u> £ | <u>Year 4</u> £ | <u>Total</u> £ |
|------------------------|---------------------|--------------------|--------------------|--------------------|-------------------|
| Net (Surplus)/ Deficit | (40,387) | 14,146 | 9,005 | 9,564 | (7,672) |

* - Year 1 is September 2015 to August 2016

6.3 The above figures represent the best case position and are based on the following key assumptions:-

- The company will employ 12 apprentices in each year (48 in total by year 4) with no drop out anticipated.
- A co-ordinator to assist with the management and administration of recruiting and placing apprentices with employers will be available from Construction Industry Training Board (CITB) with additional support being provided by officers from Angus Council & Dundee & Angus College.
- Contributions from employers for apprentices employed onsite are based on the actual weekly wage of each apprentice plus a 20% mark-up to cover ASAP Ltd's running costs. The projected income is based on the total number of available weeks onsite for each year of the apprenticeship assuming a 90% take up by companies taking on an apprentice for a period of time.
- All support services, including Finance, HR, Payroll services and administrative support are to be provided in-kind by Angus Council.
- Inflation of 1% per annum has been assumed on some items of expenditure.
- No pay inflation has been assumed at this stage as the increased rates are currently unknown and this will be recovered in part via increased charges to employers in future years and/or increased funding from CITB.
- Start-up funding of £50,000 is provided by the partner organisations to assist with cashflow (paragraph 5.2 refers).

After adjusting for the proposed £50,000 start-up funding a projected deficit over the 4 years of £42,328 is evident from the operations of the Company as shown in Table 2 below.

Table 2 – Summary of Estimated Net (Surplus)/Deficit per ASAP Ltd Business Plan

| | Year 1 £ | Year 2 £ | Year 3 £ | Year 4 £ | Total £ |
|-------------------------------|-------------|-------------|-------------|-------------|------------|
| Net (Surplus)/Deficit | (40,387) | 14,146 | 9,005 | 9,564 | (7,672) |
| Less: Start-up funding | 50,000 | | | | 50,000 |
| Operational (Surplus)/Deficit | 9,613 | 14,146 | 9005 | 9564 | 42,328 |

- 6.4 The above figures also assume a level of in-kind support from Angus Council but in order to assess the long term financial viability of the company it is important to recognise the financial value of this support. Table 2 below summarises the estimated value of in-kind costs. The actual cost of providing this support will not be known until the company has been operating for a period.

Table 3 – Estimated Value of In Kind Support

| | <u>Year 1</u> £ | <u>Year 2</u> £ | <u>Year 3</u> £ | <u>Year 4</u> £ | <u>Total</u> £ |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|
| Admin Support | 11,503 | 11,503 | 11,503 | 11,503 | 46,012 |
| Supplies & Services | 600 | 605 | 610 | 615 | 2,430 |
| Legal Services | 1,077 | 1,087 | 1,098 | 1,109 | 4,371 |
| Financial Services | 4,307 | 4,350 | 4,393 | 4,436 | 17,486 |
| HR Support | 1,436 | 1,450 | 1,464 | 1,479 | 5,829 |
| Payroll Services | 778 | 1,459 | 2,154 | 2,862 | 7,253 |
| Estimated Value of in-kind Services | 19,701 | 20,454 | 21,222 | 22,004 | 83,381 |

- 6.5 The estimated value of in kind support is £83,381 over the initial four year period thus after adjusting for this cost the estimated deficit (excluding start-up funding) over the four year period increases to £125,709. At a time of diminishing resources and reductions in support service staffing it is important to highlight that staff time spent supporting ASAP Ltd will not be available for other Council duties.

Table 4 – Adjusted Summary of Estimated Net (Surplus) / Deficit

| | <u>Year 1</u> £ | <u>Year 2</u> £ | <u>Year 3</u> £ | <u>Year 4</u> £ | <u>Total</u> £ |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Net (Surplus)/ Deficit | 9,613 | 14,146 | 9,005 | 9,564 | 42,328 |
| Value of In-kind support | 19,701 | 20,454, | 21,222 | 22,004 | 83,381 |
| Revised (Surplus) / Deficit | 29,314 | 34,600 | 30,227 | 31,568 | 125,709 |

- 6.6 This revised position is still based on the same level of uptake from employers, which assumes that apprentices can be placed in suitable work for 90% of the available time. There is however a degree risk around the assumed level of uptake thus some sensitivity analysis has been undertaken to assess the impact on the financial position of a 10% reduction in uptake.
- 6.7 Assuming uptake of 80% the deficit increases to £162,466 over the four year period before allowing for the cost of in kind support. After allowing for in kind costs the deficit rises to £245,847.

Table 5 – Summary of Estimated Net (Surplus) / Deficit based on 80% Uptake

| | <u>Year 1</u> £ | <u>Year 2</u> £ | <u>Year 3</u> £ | <u>Year 4</u> £ | <u>Total</u> £ |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Net (Surplus)/ Deficit | 14,952 | 29,638 | 45,226 | 72,650 | 162,466 |
| In-kind Costs | 19,701 | 20,454, | 21,222 | 22,004 | 83,381 |
| Revised (Surplus) / Deficit | 34,653 | 50,092 | 66,448 | 94,654 | 245,847 |

- 6.8 It is evident from the sensitivity testing that a reduction of 10% in uptake will have a potentially significant negative financial impact on the company as the projected deficit increases by £120,138.
- 6.9 As indicated in Section 7 of this report one of the key challenges for the new Company will be managing its cashflow because it will have to pay out apprentice wages ahead of receiving payment from contractors who have used the apprentices. The provision of working capital from the Council and Dundee and Angus College should allow this cashflow risk to be managed but for operational expediency and in recognition that this is a new and untested project it is recommended that members authorise officers to provide temporary financial assistance to the

Company for cashflow purposes only up to a maximum of £40,000. Officers will assess the Company's financial position and will only provide such cashflow support if they are satisfied that it is required and that there is minimal risk to that temporary support being repaid in full.

6.10 Summary

In summary, the Business Plan prepared by the Shadow Board currently shows a small projected surplus of £7,672 over the initial four year period after allowing for start-up funding of £50,000. Excluding the start-up funding a projected deficit of £42,328 over the initial four year period is evident from the company's assumed operating costs and incomes. This equates to an annual recurring cost of circa £10,000 over four years and is a modest level of investment considering the potential benefits and positive outcomes which the programme could generate. If the uptake reduces by 10% to 80% the deficit rises to £162,466 over four years. These figures assume that in kind support estimated to be in the region of £83,000 will be provided by Angus Council to help support the ASAP Ltd business in the short term. No specific budget is available to fund any costs arising from ASAP Ltd rather the in kind support would need to be absorbed within existing resources thus impacting on the level of resources available to support other council services and priorities.

It is however anticipated that the benefits in terms of outcomes for young people and for business will potentially save other costs to the public sector in Angus. Specifically, ASAP has the potential to achieve early intervention and prevention outcomes for young people that could reduce longer-term demands on public services. In addition, the Programme will contribute to tackling a skills gap in the local construction industry with the resulting benefits to the Angus local economy.

It will be essential to monitor the cashflow and budget for the programme to ensure the assumptions are borne out. If the business does not progress as planned and additional support is required, this will be the subject of a separate report for committee's consideration. However, it is also proposed that any young person in the programme will be supported by the ASAP partners to the end of their apprenticeship should the project prove to be unviable and it has not been possible to find them a permanent placement with another employer.

7. **RISKS AND CHALLENGES**

There are a number of risks and challenges for this Shared Apprenticeship Programme as it is a new development that has never been tested in Scotland. All of the risks to the company are set out in the business plan (risk register) but the key risks and challenges are covered below for ease of reference.

Securing & Managing Placements

The Company's main activity will be paying the apprentices, placing them with employers, managing those placements and invoicing employers for apprentices who have worked for them. The Company's activities will therefore be administratively intensive and will require good arrangements to be in place. Some placements may be for relatively short periods which will bring additional administration and receiving payments from contractors for placements made carries a risk of some bad debts arising.

The Business Plan assumes a 90% uptake of apprentice availability and uptake is the key risk as this will determine how much income the Company can recoup to cover apprentice wages and other costs. The Company will have to pay the apprentices their wages regardless of whether they have been placed with an employer or not so a high uptake is essential to ensure the Company's income levels are reasonable. Even if uptake is good there will still be cashflow challenges for the Company to manage because income will come in after costs (mainly apprentice wages) have already been paid out.

Variability in Financial Assumptions

Whilst the Shadow Board has worked extensively on the financial projections for the proposed Company in preparing the Business Plan and is using what it considers to be the best estimates possible there is a wide range of potential financial outcomes which could arise from the proposed

apprenticeship scheme. The Business Plan projections are considered by Angus Council finance officers to represent a best case scenario and although a sensitivity test using an 80% uptake has been run to show the impact this has on the Company's financial projections this is by no means a worst case assessment. The risks around take up in particular, especially early on, mean there is a wide range of potential financial outcomes for the Company which could see sizeable losses being made. There is also a possibility that the Company may never become self-sustaining (even beyond the initial 4 year business plan period) and may require further cash injections from the partners.

The risks and challenges highlighted in the 2 sections above will be mitigated as far as possible through the involvement and support of experienced Council and College staff to support the Company in these key aspects of its business. Take up risk will be mitigated by work to be done between now and the taking on of apprentices later this year to get employers on board and through the use of the apprentices on Council contracts (as far as legally permissible under procurement law). As such officers are hopeful that the shared apprenticeship scheme can be resilient enough in its early days to allow it to grow and flourish in the medium to longer term.

Sustainability

There is a risk of young people being employed by a company that proves to be unsustainable over the short, medium or longer term because of the financial risks and challenges it faces leading to the early termination of their apprenticeships. It is proposed that the risk of this happening will be mitigated by Angus Council and its partners committing from the outset to ensure that every young person is supported through their four year apprenticeship even if that has to be achieved without ASAP Ltd continuing to operate. There is however a need for the partners in the project to formally agree how such a fall back arrangement would work in practice and how much each partner would contribute financially to ensure the apprentices could complete their training.

In Kind Support

The Company will require a sizeable amount of in-kind support and there is a risk that the in kind support required by the company exceeds the level of support currently anticipated and this further impacts on the ability of services to support council services and priorities.

Reputational Risk

There is a risk to the council if the company fails and there are outstanding debts. The company's liability will be limited to £1 as set out in the Articles of Association but there may be reputational damage to the Council and Dundee and Angus College if they failed to settle any outstanding debts.

Procurement Risks

There is a risk that the Council's proposed procurement policy approach that our own contracts should support the ASAP as fully as is possible infringes procurement law and is challengeable as indirectly discriminating against non-local suppliers. The integration of the ASAP support approach with the Council's emerging procurement community benefits policy and its rigorous scrutiny by procurement and legal officers will ensure that any such challenge risk is mitigated to insignificant levels.

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8. CONSULTATION

Consultation has taken place with business locally through the Angus Construction Forum and more fully with a wide range of stakeholders at the Rapid Improvement Event.

9 CONCLUSION

This report sets out arrangements for Angus Council to support the development of a new apprenticeship programme, the first in Scotland. Negotiations at a Scottish and British level have been required to enable a new shared apprenticeship model to be agreed. This new model will open up opportunities for 48 young people from Angus over the initial four years of the programme as well as support the construction industry locally to have the skilled workforce necessary for their business both now and into the future. The Angus Shared Apprenticeship Programme is designed to provide additionality to the traditional apprenticeship model in a market where many small businesses cannot commit to supporting an apprentice over a four year period, but can over the lifetime of a known contract.

This proposal is the kind of preventative approach that the Christie report recommends and the focus is on improving outcomes for Young People. It is also consistent with the more recent work undertaken by Sir Iain Wood. However, the programme is not without risks and challenges which will require to be managed closely by the new company. The company will be made up of representatives from Angus Council, business representatives and Dundee and Angus College who have, through a shadow board arrangement, worked hard to both identify and mitigate risks and challenges and will continue to monitor and review the sustainability of the programme.

Angus Council currently procures construction activity on behalf of the Council's own housing service. It is intended to utilise these contractual arrangements to secure appropriate placements for the young people in the programme as well as work with employers to make use of the shared apprenticeship scheme. In the event that the programme proves to be unsustainable, it is recommended that the young people involved will continue to be supported through to the conclusion of their apprenticeship.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices:

Appendix I Business Plan containing Articles of Association; Risk register and Financial information

Appendix A

BUSINESS PLAN

A shared apprenticeship company

'To offer apprenticeship opportunities to develop the skills and abilities of our young people and invest in the future of our businesses'



CONTENTS

| | |
|---|----|
| Executive Summary | 13 |
| Introduction | 15 |
| Supporting national policy | 15 |
| Supporting local policy | 17 |
| The shared apprenticeship programme | 18 |
| Apprenticeship supply and demand | 18 |
| Vision | 19 |
| Partners | 19 |
| Operational Partners | 20 |
| Business benefits..... | 21 |
| Legal requirements..... | 21 |
| The Proposal | 21 |
| Angus Shared Apprenticeship Programme Ltd | 22 |
| ANGUS COUNCIL Procurement | 22 |
| SWOT..... | 23 |
| Apprentices | 24 |
| Trades | 24 |
| Operational management | 24 |
| Equality and diversity | 25 |
| Marketing | 25 |
| Market research..... | 26 |
| Managing operational risks | 26 |
| Finance | 26 |

| | |
|--|----|
| Next steps | 27 |
| Timeline | 27 |
| Monitoring and evaluation | 28 |
| Appendices | 29 |
| APPENDIX 1 - Articles of Association | 29 |
| Constitution of the Company | 30 |
| Defined terms | 30 |
| Objects..... | 31 |
| Powers | 31 |
| Restrictions on use of the Company's assets..... | 33 |
| Liability of members..... | 34 |
| Members' reserve power | 34 |
| Qualifications for membership..... | 34 |
| Membership subscription..... | 34 |
| Register of members | 34 |
| Transfer | 34 |
| General meetings (meetings of members)..... | 34 |
| Notice of general meetings | 35 |
| Special resolutions and ordinary resolutions | 35 |
| Procedure at general meetings | 36 |
| Maximum number of directors | 37 |
| Termination of office | 38 |
| Register of directors..... | 39 |
| Office bearers | 39 |
| Powers of directors | 39 |
| Directors' interests..... | 39 |
| Procedure at directors' meetings | 41 |
| Conduct of directors..... | 42 |

| | |
|---|-----------|
| Delegation to sub-committees..... | 42 |
| Operation of bank account | 43 |
| Secretary..... | 43 |
| Records of Decisions to be Kept | 43 |
| Accounting records and annual accounts..... | 43 |
| Notices | 44 |
| Winding-up | 44 |
| Indemnity | 44 |
| APPENDIX 2 – Frequently asked questions | 47 |
| Apprentice recruitment | 47 |
| Role of the employer..... | 47 |
| Role of the Angus shared apprenticeship company | 48 |
| Administration and additional information..... | 48 |
| APPENDIX 3 – Risk Register | 51 |
| APPENDIX 4 – Financial information | 54 |
| Contact details..... | 58 |

Executive Summary

The Shared Apprenticeship Programme allows apprentices to complete a full apprenticeship programme by working with a number of different employers to gain the skill sets they require to become qualified.

It has been set up to help employers who want to support the development of skills while working on local contracts, but are not in a position to offer a full term apprenticeship, and who wish to support training the future workforce.

The Angus Shared Apprenticeship Programme (ASAP) will be one of the first in Scotland.

In summary the ASAP will follow the underpinning principles below:

- The Business Plan is presented to outline how ASAP will be formed and allows for a one year initial phase in order to evaluate its success and suitability to be replicated or expanded into other areas in and around the Angus area. We will actively engage with Dundee City and Perth and Kinross Councils within the first year to look at our expansion prospects.
- ASAP is a company limited by guarantee and has a Board of Directors appointed to govern its activity.
- The Board of Directors has a wide range of representation including construction organisations, local government, and the local college. The skills mix provides a powerful Board with a grasp of the key industry challenges.
- Angus Council is to be introducing community benefit clauses into its procurement process which will support shared apprenticeships.
- This programme is targeted at companies under 25 staff; however this is not exclusive as it is likely that larger companies will win local public sector contracts, and pass the apprenticeship responsibility on to their sub-contractors. These sub-contractors will be SMEs.
- Having consulted with other models from England, the Board has listened to their advice regarding realistic numbers to commence on the programme. These have been recommended as 8-12. ASAP will aim for 12 in year 1 and continue to add 12 to this each year. (By year 4 this will mean that there will be 48 apprentices on the programme).
- Apprentices will, in the main, be 16 – 19 years old and will follow a traditional apprenticeship route.
- Within the promotion of the programme ASAP will actively seek applications from those under-represented groups e.g. females. The promotion of the programme will start within the schools and be undertaken in partnership with CITB.
- We have assessed a number of risks looking at specific issues and potential control factors. As the scheme moves towards operational we will develop a comprehensive risk management framework.

- We will report monthly to Scottish Government; Skills Development Scotland and other project partners monthly and carry out a full evaluation after the first year of operating.
- An apprentice survey will be carried out at the end of each apprenticeship to assess the 'training and employment' experience.

Skills Development Scotland and CITB underlying principles:

- Both SDS and CITB will be project partners and will be part of the operations group.
- Financially CITB will support the ASAP through the monthly draw down which equates to the equivalent of an industry payment i.e. recently cited as £10,350 and the ongoing funding of a coordinator. For the purpose of the business plan the rate of £10,250 is used.
- CITB will be the training agent for the MA whilst they are undertaking the apprenticeship. The training is funded by SDS.
- The coordinator is responsible for the day to day management of the project. Additional staff and support is required.
- A memorandum of understanding will be drawn up between project partners to ensure that roles and responsibilities are clearly defined.

Day-to-day management

CITB will provide a co-ordinator to work day to day on the project. This will ensure the successful day-to-day management of the Programme through the successful recruitment of apprentices into work placements with host employers. This will involve the recruitment, organisation and monitoring of the Training and Development of apprentices into the Shared Apprenticeship company to organise the number of successfully completed apprenticeship frameworks.

The Coordinator will be supported by an operational group.

Benefits to Business

- The following are thought to be benefits that those accessing the programme will experience:
Shared cost to Employers; shared risk; ability to source the apprentice when required; reduce downtime of the apprentice; provide a wider range in skills; could increase business opportunities to secure new contracts; injection of talented young people; reduces risk of selecting 'wrong' person; ability to grow your own Staff; and to future proof the industry.

Introduction

About Angus

With a population of 116,000 Angus is located on the East coast of Scotland. The majority of the population lives in the burghs of Arbroath, Montrose, Kirriemuir, Forfar, Brechin, Carnoustie and Monifieth. Arbroath is the largest conurbation in the area with a population of circa 23,000; Kirriemuir with circa 6,000 is the smallest.

The area is a mix of rural and urban areas and has a number of geographical challenges that the project needs to be mindful of in terms of the day to day management of the programme.

Key sectors within Angus include Tourism; Food and Drink and Engineering with an over dependency on the public sector as an employer. Energies are an up and coming sector within the area.



Supporting national policy

Industry supported

Building for the Future is the Scottish Construction Industry's Strategy (2013-2016). This strategy sets out the ambition and priorities for the industry over the next few years. The Strategy demonstrates that industry recognises the need for change, and that it is committed to achieving growth, making its full contribution to the Scottish Government's Economic and Low Carbon Economic strategies.

The Strategy has four key priorities and contained within one of these is the industry's commitment to "develop a safer, successful and forward looking construction Industry".

As part of this intent, it recognises that apprenticeships have always been at the heart of the industry, but the age profile of the industry, and the requirement for new skills, remain important issues. In addition, the current economic environment has made it challenging for companies to maintain their investment in training and apprenticeships at the levels seen previously.

The ASAP acknowledges this view and has developed its shared apprenticeship programme to meet the needs of local employers and the local labour market, to help secure future skills requirements of industry.

Since the introduction of the Strategy further work has been produced in the form of a Skills Investment Plan. This plan engaged a wide range of representatives from industry, colleges, training providers and other stakeholders, gathering and analysing primary and secondary research.

Headline statistics below highlight the hard economic challenges that the industry faces and the significant contribution that it makes to the Scottish economy. As well as these

figures it should be noted that the further development of the Shared Apprenticeship model in Scotland was also cited as a potential intervention for the industry to adopt in its pending action plan.

Headline Statistics¹

| | | |
|----------------|--|----------------------------|
| 164,200 | Employment in the construction industry in 2012 | Down 23% Since 2008 |
| 45,900 | Self-Employed in construction 2013 | Down 14% Since 2008 |
| 25,005 | Businesses in the construction industry in 2012 | Down 2% Since 2009 |
| £9.7bn | Total construction GVA in 2012 | Down 24% Since 2009 |
| £5.6bn | Total construction wages in 2012 | Down 14% Since 2009 |
| £10.7bn | Total construction output 2013 | Down 8% Since 2008 |

Source Construction Sector Skills Investment Plan

Scottish Government initiated

The transition from education to employment is a key journey in a young person's life. Giving young people the opportunity to channel their talent, enthusiasm and energy into sustainable and rewarding employment is critical to Scotland's future economic success. It is crucial for building the sort of society that reflects the values and hopes of the people of Scotland. This is conveyed in Scotland Youth Employment Strategy, and since its introduction in 2012 Scottish Government has increased its commitment to Modern Apprentices, by announcing its intention to increase the numbers from 25,000 to 30,000 by 2020.

Skills Development Scotland, as the Scottish Government's skills agency has been tasked with achieving this on behalf of government.

The Wood Review

The Commission for Developing Scotland's Young Workforce was established by the Scottish Government in January 2013. Chaired by Sir Ian Wood, the Commission is independent of Government and has been tasked with bringing forward a range of recommendations designed to improve young people's transition into employment.

The Commission is made up of people from the worlds of employment and education and has been set a wide ranging challenge. The overarching ambition is to enable Scotland's young people to move into sustainable employment. To do this, young people need to

¹ Note: While we have used the same definition as the SE Benchmarking Study, we have mitigated the data to reflect a particular anomaly. Employment for 'Other engineering activities' was removed from the analysis for Aberdeen/Shire because employment in this area was significantly higher than in other areas (more than Edinburgh and Glasgow combined) and it was thought that this may mostly capture employment in the Oil and Gas industry rather than construction and thereby overestimate the scale of the sector. For information, the employment was around 4,000.

make the best transition from a broad general education into a comprehensive range of opportunities which improve their employment prospects. The education side of this is critically important. Just as important is the employment side and the Commission will be focussing on measures to strengthen the engagement of employers in the youth employment and education agendas.

Findings from the Commission stated that “employers have lost the habit of employing young people. Only 29% of employers recruit young people from education and 13% of employers take on apprentices”

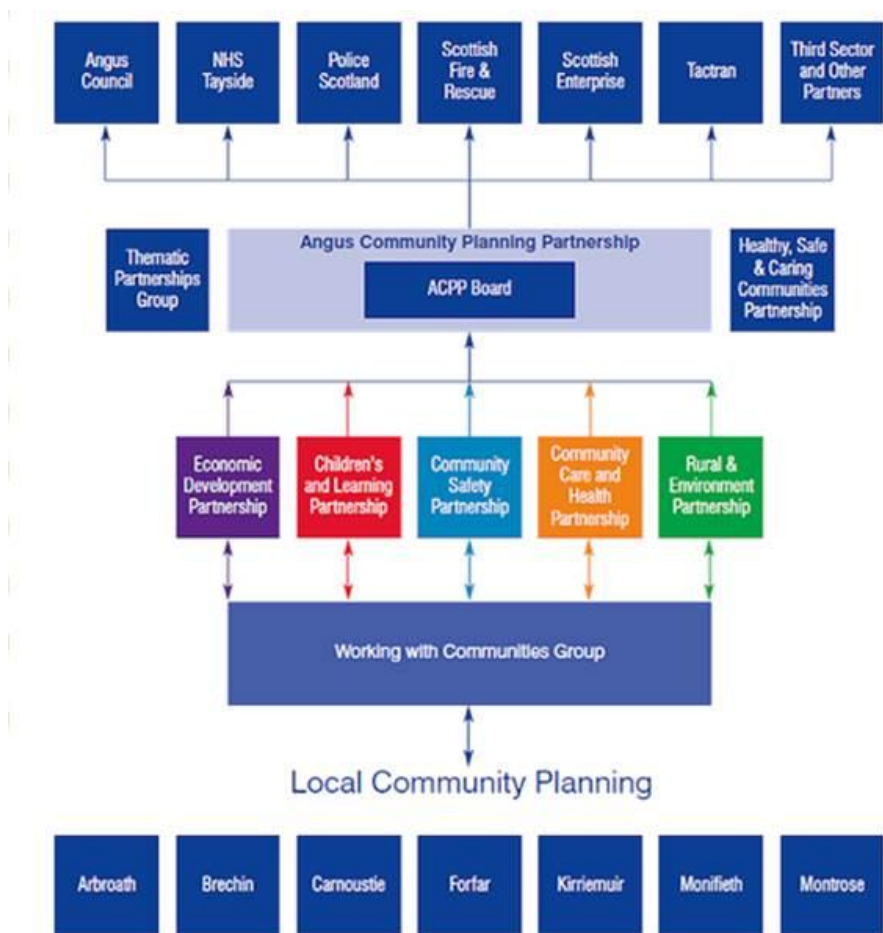
In response to this the ASAP will target those companies employing under 25 staff. It is however also important that in order to achieve this that they work with those larger companies that may secure public and private sector contracts that would allow them to sub contract to those employing less than 25.

Supporting local policy

The Angus Community Planning Partnership (CPP) is a process which helps public agencies to work together with the community to plan and deliver better services which make a real difference to people's lives.

All partners work across agencies to ensure that “Angus is a place where a first class quality of life can be enjoyed by all”. Diagram 1 outlines its structures.

Diagram 1.



Matching local people with employment opportunities and investing in their future is important to ensure that we have a skilled workforce that is well equipped for employment.

In 2013 the Economic Development Partnership was given the specific remit to look at youth employment by the CPP with one of its targeted areas being apprenticeships. This can be seen through the priorities contained within the Angus Economic Strategy 2013-2020.

Supporting Skills

- Supporting the needs of local business with a skilled and motivated workforce
- Supporting local people to take up employment opportunities
- Developing opportunities for young people entering employment, education, training and volunteering

The shared apprenticeship programme

The Programme allows employers to enjoy all the benefits of **a traditional apprenticeship qualification**, without any long-term risk or long-term cost to their business.

An apprentice who completes the full four year apprenticeship will pick up an SVQ Level 3 in their chosen trade.

Of those that have already commenced in the UK currently, around 90% of apprentices who complete their apprenticeship have secured full time employment in their chosen trade¹.

1. Source CITB <http://www.citb.co.uk/citb-apprenticeships/shared-apprenticeship-scheme>

Apprenticeship supply and demand

Supply

Community Planning partners have worked together to offer robust and well-trying progression routes from the Schools Skills for Work courses through to the National Progression Award in Construction. This offers a clear progression into the level 3 SVQ craft apprenticeships.

Those that progress on to the SVQ level 3 apprenticeship courses have demonstrated a high percentage of achievement and attainment. As seen below:

| Year | College enrolment | Completers | Achievement |
|-------------|--------------------------|-------------------|--------------------|
| 2009/10 | 89 | 86 | 97% |
| 2010/11 | 80 | 78 | 98% |
| 2011/12 | 77 | 73 | 95% |
| 2012/13 | 83 | 73 | 88% |
| | | | Average 94.5% |

Source Dundee and Angus College

Demand

By working in partnership with the local authority, regional college and employer this project offers a truly joined up approach to develop the local skills while supporting economic growth.

The Dundee and Angus local association of the Scottish Building Federation – a body of local construction employers surveyed its members.

Key findings:

- Of those surveyed 42.8% employed less than 25 staff; 14.29% employed 25-50%; 28.57% employed 51-100; and 14.29% employed 101-200 staff.
- 86% surveyed supported a shared apprenticeship model.
- 100% had employed an apprentice at some point in time. Of these:
 - 11.1% hadn't employed an apprentice for more than 5 years.
 - 33.33% hadn't employed an apprentice within the past 3 years.

The vision is:

'To offer apprenticeship opportunities to develop the skills and abilities of our young people and invest in the future of our businesses'

The objects for which the Company is established are:-

- To recruit and employ apprentices in the construction industry;
- To encourage and promote the use and training of apprentices in construction;
- Arrange apprenticeship placements for individuals;
- Work towards the provision of sustainable employment outcomes from apprenticeships;
- Advance training, construction experience, environmental understanding and improvement;
- Promote the construction and other sectors as rewarding employment opportunities;
- Address skills shortages in the future by creating trained and qualified workforces;
- Assist companies who may not be in a position to recruit apprentices;
- Meet the terms of conditions set by Apprenticeship registration and awarding bodies.

Partners

The apprentices will be employed by the Angus Shared Apprenticeship Programme company (a company limited by guarantee and not having a share capital).

The company will be governed and directed by a Board made up of the following organisations:

Membership of the Board

- Angus Council – Cllr Valentine (chair)



- Angus Council – Cllr Morrison
- Angus Council – Cllr Thomson
- Employers - Craig Bruce, Pert Bruce Construction
- Employers – David Shepherd, Andrew Shepherd Construction Ltd
- Employers – Gemma Nicoll, Robertson Group Ltd
- Dundee and Angus College – Kevin Murphy

Operational Partners

Advisory roles – Angus Council; CITB, SDS and SBF

- Finance
- Legal
- Economic Development
- Contracts and procurement
- Human Resources
- Training

Any potential costs incurred by the Board Advisors are reflected in the cash flow.

In addition to the advisory roles above Angus Council will provide all back office functions including payroll and a direct link to the procurement process.

The Board will be responsible for the strategic direction of the ASAP while an operational team will be formed to manage the day to day running of the programme. This will consist of a representative from the Board, Project Co-Ordinator, CITB Training Advisors, College staff and administrative support.

This operational team will manage all day to day activities with the Co-Ordinator leading on areas such as:

- Establish an employer engagement programme
- Co-ordinate recruitment of apprentices
- Co-ordinate the day to day operations of MA placements
- Promote the ASAP through attending career events, engagement with external agencies and provide up to date information on MAs.
- To support the MA in achievement of their apprenticeship framework
- Ensure pre-placement H&S checks are carried out with each host employer to determine suitability of apprenticeship delivery.
- Be the main point of contact for each apprentice and employer
- Meet with the CITB and College representatives to ensure the MA is on track with their training/ achievement
- Provide quarterly reports to Board and other key stakeholders
- Overall responsibility for budgets and arrange for invoices to be sent to employers.

- Arrange for contracts to be in place with each MA and employer prior to commencement on site.

Business benefits

- Shared cost to Employers
- Shared risk
- Buy the apprentice when required
- Reduce downtime of the apprentice
- Provide a wider range in skills
- Could increase business opportunities to secure new contracts
- Injection of talented young people
- Reduces risk of selecting 'wrong ' person
- Grow your own Staff
- Future proof the industry



Legal requirements

These are laid out in the Articles of Association in appendix 1.

The Proposal

The information below outlines how the programme would operate in Angus. In addition to the financial information that follows.

Market conditions across the various construction segments in Angus are unpredictable. Currently the Council is probably the largest single procurer of construction services in the area. Contractors are very nervous of committing to employing apprenticeships in the current fragile state of the construction market and can make no long term commitment towards the duration of a 4 year apprenticeship.

Although unemployment across the area is relatively low there are large on flow and off flows to the unemployment register. This points to a labour market that offers temporary or seasonal employment opportunities – something that the programme helps eliminate for the apprentice.

This Programme brings contractors together to create a range of flexible placements, allowing the apprentice to work for more than one contractor, enabling the young person to receive current training and experience over the length of their apprenticeship. The risk element of continuously employing the apprentice is taken away from the contractor.

Getting involved in the ASAP allows employers the flexibility to meet the labour demands of their business at times when they need it most. Frequently asked questions can be found in Appendix 2 of this document.

Once the apprentice has finished working with an employer they are found another placement, and upon framework completion, they will be assisted in sourcing permanent employment within their chosen trade.

For ASAP micro enterprises and small, medium enterprises (SMEs) will be targeted, however not exclusively due to the number of construction contracts that are let to large employers that sub contract to SMEs. Some larger companies employing above 25 employees will also act as a back up to this project by offering work placement opportunities if a company employing less than 25 is unable to take on an apprentice at the last minute.

The ASAP through its procurement routes will ensure that modern apprenticeships provide 'additionality' to the investment in our young workforce and that existing numbers of MAs are not displaced. Over the past 4 years the apprenticeship numbers in construction craft trades in Angus has averaged around 80 in total. We will use this baseline figure to demonstrate additionality to the apprenticeship numbers throughout the pilot phase.

Angus Shared Apprenticeship Programme Ltd

The proposal is to set up a new company: Angus Shared Apprentice Programme Ltd (ASAP) to act as host agency (or employer) for a pool of apprentices. The apprentices will work for multiple contractors, learning from a range of skilled craftsmen/women, while completing their apprenticeships. With the support of industry the ASAP is supported by CITB Construction Skills who have a strong track record of delivery in this field and is hoped to be endorsed by Skills Development Scotland and Scottish Government.

ANGUS COUNCIL Procurement

It is proposed that appropriate Council construction contracts will include a community benefit clause, which subject to procurement legislation will reference apprentices. This Programme will be promoted as a way in which they can fulfil this contractual obligation without the added risk.

The Council has a significant portfolio of construction / maintenance related projects and the information below is provided to give an illustration of potential spend. It is however recognised that not all of these contracts may generate apprentice opportunities.

| Contract | Timescale | Contract Value £ |
|----------------------|------------------|-----------------------------|
| Housing | 2015 -2018 | 47.8 million |
| Schools | 2015 -2018 | 42.9 million |
| General | 2015 -2018 | 3.72 million |
| Housing Maintenance | 2015 -2018 | 10.2 million |
| Property Maintenance | 2015 -2018 | 6.5 million |
| | Total | 111.12 million* |

*NB. these figures are indicative at this time and projected spend and work placement contribution figures are subject to review to address the following issues which will be developed in this Plan and/or related Council policy and process guidance on delivering community benefits through its procurement activity:

- Some of this spend is planned to be delivered through collaborative arrangements and central purchasing bodies – those bodies procurement / contracting routes will be used and linkage with ASAP will require to be by negotiation / agreement.
- Some Angus construction procurement spend (Roads) is not shown and needs to be addressed. At the same time some Roads construction spend is delivered through Tayside Contracts and agreement needs to be pursued on how our direct service organisation can and will support ASAP.
- Work will be undertaken to quantify the number of weeks work placement expected to be generated from the ASAP (profiled over each of the initial 4 years). This profile can then be set against the annually profiled Angus Council planned construction works programme and the number of weeks placement potentially available (as a benchmark) from each planned works project. This will produce a robust assessment of the contribution to ASAP from Angus Council's own construction works programme.
- Consultation will be undertaken with the local contracting community, specifically the local branch of the Scottish Building Federation to validate the expected deliverability of the integration approach and placement benchmarks.

It needs to be recognised however that whilst Angus Council will fulfil its community leadership role here, the wider Angus contracting community will also require to play its part in directly supporting ASAP if the programme is to succeed.

SWOT

The information below is based on a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis as identified by a number of previously operated Shared Apprenticeship Programmes.

| STRENGTHS | WEAKNESS |
|--|--|
| <ul style="list-style-type: none"> • Local Authority support • Support from construction businesses • Links to partners able to influence procurement and trainee outcomes • Pre-apprentice course can be utilised for recruitment purposes • Flexibility and experience brought by the managing organisation • Experience and track record • Local knowledge and good relationships with contractors • Dedicated co-ordinator | <ul style="list-style-type: none"> • Fragmentation between training provision and needs of sector • Contractor uncertainty • Constricting economy – less opportunity for new apprentices |
| OPPORTUNITY | THREATS |
| <ul style="list-style-type: none"> • Ensure industry skills needs are established and met. • Co-ordinated approach to Construction Training • Public procurement • Raise academic aspiration and opportunity • Development of “down time” | <ul style="list-style-type: none"> • Cash flow issues for SAS • Resistance to change • Not achieving contractor placements • Not achieving numbers of trainees • Contractors won't pay increased fees • Potential for high drop-out rates • Funding removed |

| | |
|---|--|
| <p>activities</p> <ul style="list-style-type: none"> • community benefit • Improves long term employment opportunities • Bring together key agencies for local benefit • Stimulate the economy through up skilling <p>Partnering to impress</p> | <ul style="list-style-type: none"> • Inability to take more than 1 intake of "traditional" apprentices • Inclement weather |
|---|--|

Apprentices

Dundee and Angus College has had a vast amount of experience of working with local communities and employers throughout the area. Apprentices will attend the college for a total of 33 weeks over the duration of their apprenticeship. This will enable all trades to gain their level 3 SVQ in their specific vocational area.

All will attend via block release, with the attendance following 19 weeks in year 1; 12 weeks in year 2; 1 week in year 3 and 1 week in year 4.

28 days holidays will be allocated to each apprentice as directed by the Scottish Business Building Federation.

Trades

The initial target for this project is 12 apprentices per annum building up to a maximum of 48 in year 4.

Recruitment will be done over a number of vocational areas e.g.:

- Brickwork
- Joinery
- Plastering
- Painting and Decorating
- GCO (2 year apprenticeship)
- Slating and Tiling

Apprentices will be identified through a number of different CPP routes but it is anticipated that most will come through Dundee and Angus Colleges' Introduction to Construction Course. (The College currently has 60 students attending the course).

As the pilot moves forward these will be reviewed to ensure that the correct trades are being targeted. It is anticipated that additional trade areas could include: General Construction Operative and Roofing. These will be looked at in consultation with industry as required.

Operational management

The day-to-day management will be undertaken by a project co-ordinator in conjunction with a project team. The team will also have membership from Angus Council and Dundee and Angus College. They will be responsible for the recruitment of apprentices;

business liaison; college liaison; workforce planning of apprenticeship placements (as mentioned previously).

The team will also be supported by an admin officer who will process the apprentice wages and company invoicing.

The co-ordinator will be employed by CITB and based at premises within the College.

Equality and diversity

All partners share a commitment to good practice in relation to equality and diversity. The aim is to encourage individuals who are underrepresented in construction trades, including females, BME groups and those with a disability, to join our ASAP where and whenever it is possible.

All recruitment will be underpinned by a minimum standard and will be based on the 'best person for the job'. However, in order to ensure a fair representation across those underrepresented in the sector, the company will target these individuals through its marketing of the programme and contact with the local schools and colleges.

More specifically we will endeavour to:

- Promote the construction sector across all the schools in the Angus area with a view of improving the image of the construction industry
- We will work with CITB on special projects and careers activities
- We will work with key industry stakeholders to promote construction as a career path for females
- We will investigate the introduction of a health screening programme within our operating programme in consultation with SBATC.
- Dundee and Angus College have systems in place where work experience, site visits, guest speakers; community projects allow a range of students the opportunity to undertake a wider vocational experience. The ASAP will work with the college allowing school pupils the opportunity to experience the construction industry. The college currently has an initiative running where S5 pupils are studying Higher English and Maths and other National 5 qualifications 2 days per week at school, they then attend college for 2 days per week studying the National Progression Award, and 1 day work experience with an employer. The ASAP would be keen to adopt such practices to allow young people to sample the industry, improve gender imbalances and improve the number of young people entering construction as a career.
- The college has taster days allowing S3 pupils from all over Angus (1800 pupils) an opportunity to attend college or outreach centres to experience a variety of vocational options (construction included). ASAP will work with the college in participating in these events.
- Work experience will be utilised imbedded into council community benefit clauses where appropriate in council contracts. This will help promote the image of the sector to young adults as a career path; and promote the benefits of investing in the industry for employers

The marketing and day-to-day management of the Programme will fall to the project coordinator under the direction of the Shadow Board.

Market research

Other Shared Apprenticeship Programmes

In order to assess the feasibility of the Shared Apprenticeship Programme a number of initial discussions took place with some of the other models that are up and running. Although these were initial discussions, the meetings were felt to be a good indication as to the success of the programme in other parts of the UK.

Dialogue with Industry and partners

A workshop was held on 1 May 2014 to discuss the possibilities of setting up a Shared Apprentices Programme in Angus on a partnership basis. The event was introduced by Cllr Iain Gaul, Leader of Angus Council and facilitated by Janine Wilson (Angus Council) and Phil Atkinson (Learning Strategies Ltd) and was attended by a wide range of interested parties from Dundee & Angus College, Angus Council, Local Construction Employers, The CITB, Scottish Building Federation and SDS. A report from the event was approached and a way forward identified.

Managing operational risks

Much of the day-to-day management has been dealt with in previous sections. Potential risks to the business and how they will be dealt with have been noted in appendix 2 of this Plan.

Finance

Financial projections covering the initial four years of the company's trading have been developed. These are presented as a statement of estimated expenditure and income over the four year period (Appendix 4 refers).

The projections provide details year on year of the estimated expenditure of the company along with income projections giving the overall projected net (surplus) or deficit for each year.



The financial projections at this stage are **draft** as there are some areas of operation and funding that still require clarification and approval e.g. level of in-kind support from Dundee and Angus College and Angus Council.

The projections are therefore based on assumptions for some areas, as set out in detail in appendix 4. Once these issues are clarified the financial projections will be updated and detailed cash flow forecasts for the four year period will then be prepared.

Appendix 4 details summarises the estimated expenditure and income over the four year period and sets out in detail the main assumptions underpinning the current financial estimated. Set below is a summary of the projected net (surplus) / deficit for each year of the first four years of trading.

Summary of Estimated Net (Surplus) / Deficit

| | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>Total</u> |
|------------------------|---------------|---------------|---------------|---------------|--------------|
| | <u>£</u> | <u>£</u> | <u>£</u> | <u>£</u> | <u>£</u> |
| Net (Surplus)/ Deficit | (40,387) | 14,146 | 9,005 | 9,564 | (7,672) |

The main assumptions to highlight at this stage are:-

- The company will employ 12 apprentices in each year with no drop-out rate.
- The co-ordinator will be employed by CITB.
- Employer contributions for apprentices are based on the actual weekly wage of each apprentice plus a mark-up to cover on costs. The projected income is based on the total number of available weeks onsite for each year of the apprenticeship assuming a 90% take up by companies.
- Costs for support services have been met in-kind by Angus Council and Dundee and Angus College.
- Start-up funding of £50,000 to help set up the company and provide an initial source of cashflow has been secured, subject to approval from Angus Council and Dundee and Angus College

The financial projections will be refined as the outstanding issues are clarified as work progresses to set up the company.

As mentioned previously specialist legal and accountancy advice is available to consider:

- Potential for hidden employee liabilities
- Due diligence on host companies
- HMRC, VAT & PAYE registrations
- Company structure in relation to taxation

Next steps

We have an ambitious target of having the ASAP pilot project up and running by September 2014 for the start of the Academic year to allow the apprentices' the opportunity to follow the construction SVQ level 3 course at the college.

Timeline

The information below outlines the ASAP programme timeline:

| | Action | Time | Responsible |
|----|--|----------|-------------|
| 1 | Approval from CITB and SDS on the proposed ASAP pilot programme. | Feb 15 | SB |
| 2 | Grant funding agreed from CITB for each MA. | Feb 15 | SB |
| 3 | Funding for a co-ordinator or someone assigned from CITB. | Feb 15 | SB |
| 4 | Set up Company and register with relevant agencies Apply for Employer Identification Number (EIN) | March 15 | SB |
| 5 | Submit Articles of Association | March 15 | SB |
| 6 | Organisational Policies and Procedures for ASAP | March 15 | SB |
| 7 | Open Bank Account | March 15 | SB |
| 8 | Secure start-up funding | Feb 15 | SB |
| 9 | Appoint co-ordinator | April 15 | SB |
| 10 | Recruit Modern Apprentices | May 15 | SB |
| 11 | Work with employers to employ MAs Plan work schedules and placement for MAs with employers | May 15 | CO |
| 12 | Procurement event aimed at employers to inform them about opportunities and changes relating | May 15 | CO/SB |

| | | | |
|--|------------------------------------|--|--|
| | to Angus Council contracts. | | |
| | SB = Shadow Board CO= co-ordinator | | |

Monitoring and evaluation

As the ASAP pilot is the first of its kind in Scotland the Board is keen to ensure that the programme is monitored effectively and evaluated on an ongoing basis.

For this reason a monthly report will be prepared and information produced to share best practice across other areas of Scotland.

A series of case studies will be produced and shared with partners at national level as requested and promotion through national forums e.g. SLAED Employability Group; the Scottish Governments National Delivery Group for employability and the relevant industry groups will be undertaken.

Use of the Angus Employability Partnership management information system (part of Angus Community Planning) has also been made available to ASAP to help track apprentices. Notably the system can record equalities information and leaver destination statistics.

Monthly reports will be offered to monitor the apprentices' progress and will report on

1. Activities/Tasks/ Training undertaken during the period of review
2. Progress towards achievement of VQ/training outcomes/ core skills/ further education during period of review units/elements achieved
3. Identify barriers to progress (e.g. attendance times, suitability of training materials, physical barriers, experiences on site)
4. Solutions proposed to address identified barriers
5. Agreed actions for next review
6. Any other issues (e.g. Health and safety)
7. Apprentice comments
8. Employer comments on progression and achievement and wider Essential Skills gained.
9. Reviewer comments

These reviews will be signed by the apprentice, reviewer and employer.

At the end of the year the Co-Ordinator will provide an overall evaluation and summary report to the Board and other key stakeholders on

1. Progress to date
2. Overall key performance indicators (MA retention, achievement, attainment, progression)
3. Employer Engagement and feedback
4. Questionnaire evaluation from Employers
5. Strengths and weakness including Action Plan for areas for improvement
6. Apprentice Evaluation
7. Financial Update
8. Action Plan for the following year

Appendices

APPENDIX 1 - Articles of Association

ARTICLES OF ASSOCIATION

THE COMPANIES ACT 2006

COMPANY LIMITED BY
GUARANTEE AND NOT
HAVING A SHARE CAPITAL

ANGUS SHARED APPRENTICE PROGRAMME LIMITED

THE COMPANIES ACT 2006
COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL
ARTICLES OF ASSOCIATION
of
ANGUS SHARED APPRENTICE PROGRAMME LIMITED

Constitution of the Company

- 1 The model articles of association as prescribed in Schedule 2 to The Companies (Model Articles) Regulations 2008 are excluded in respect of this Company.

Defined terms

- 2 In these articles of association, unless the context requires otherwise:-

“Act” means the Companies Act 2006;

“Dundee and Angus College” means Dundee and Angus College, an incorporated regional college constituted under the terms of the Further and Higher Education Act (Scotland) 1992 (as amended) and having its principle offices at Kingsway Campus, Old Glamis Road, Dundee, DD3 8LE;

“Angus Council” means Angus Council, a local authority constituted under the Local Government etc. (Scotland) Act 1994 and having its principal offices at Angus House, Orchardbank Business Park, Forfar;

“Angus Council Directors” and “Angus Council Director” have the meanings given in article 42;

“Chairman” means the Chairman of the Board of Directors appointed pursuant to article 51;

“chairman of the meeting” means such person as is appointed chairman of a general meeting in accordance with the provisions of articles 30 or 31;

“Constituent Company Directors” and “Constituent Company Director” have the meanings given in article 41;

“Constituent Companies” means Pert-Bruce, Robertson's and Shepherds;

"electronic form" has the meaning given in section 1168 of the Act;

"Pert-Bruce" means Pert-Bruce Construction Limited, a company registered under the Companies Acts Company No. SC284392 and having its registered office at Munros House, Broomfield Industrial Estate, Broomfield Road, Montrose;

"property" means any property, heritable or moveable, real or personal, wherever situated;

"Robertson's" means Robertson Construction Group Limited a company registered under the Companies Acts, Company No. SC347921 and having its registered office at 10 PERIMETER ROAD, Elgin, Moray, IV30 6AE;

"Shepherds" means Andrew Shepherd Construction Ltd, a company registered under the Companies Acts Company No. SC099911 and having its registered office at Restenneth House, Old Brechin Road, Forfar; and

"subsidiary" has the meaning given in section 1159 of the Act.

- 3 Any reference to a provision of any legislation (including any statutory instrument) shall include any statutory modification or re-enactment of that provision in force from time to time.

Objects

4. The objects for which the Company is established are:-
- 4.1 To recruit and employ apprentices to the construction industry;
 - 4.2 To encourage and promote the use and training of apprentices in the construction industry;
 - 4.3 Arrange apprenticeship placements for individuals;
 - 4.4 Work towards the provision of sustainable employment outcomes from apprenticeships;
 - 4.5 Advance training, construction experience, environmental understanding and improvement;
 - 4.6 Promote the construction sector as rewarding employment opportunities;
 - 4.7 Address skills shortages in the future by creating trained and qualified workforces;
 - 4.8 Assist companies who may not be in a position to recruit apprentices;
 - 4.9 Meet the terms of conditions set by Apprenticeship registration and awarding bodies.
5. The Company's objects are restricted to those set out in article 4 (but subject to article 6).
6. The Company may add to, remove or alter the statement of the Company's objects in article 4; on any occasion when it does so, it must give notice to the Registrar of Companies and the amendment will not be effective until that notice is registered on the Register of Companies.

Powers

7. In pursuance of the objects listed in article 4 (but not otherwise), the Company shall have the following powers:-

- (a) to prepare annually a budget of the estimated expenditure required in the following year for the administration, of the modern day apprentice scheme and to impose charges for the following year to meet this expenditure and any deficit that may be incurred during the current or previous year;
- (b) to employ such staff and apprentices as are considered appropriate for the proper conduct of the Company's activities, and to make where appropriate or required, reasonable provision for the payment of pension and/or other benefits for members of staff, ex-members of staff and their dependants;
- (c) to borrow money, and to give security in support of any such borrowings by the Company, in support of any obligations undertaken by the Company or in support of any guarantee issued by the Company;
- (d) to purchase, rent, construct, acquire, maintain, improve, take in exchange or on lease or hire, and use for any purpose of the Company, any lands and buildings, machinery, plant, stock in trade, apparatus, concessions and other property, rights, privileges, servitudes, easements and interests, goodwill and other rights of whatever kind, heritable and moveable, real and personal, which may be deemed necessary or convenient for such purposes, or any of them, and to hold, manage, exercise, develop, improve and promote the uses in whole or part of the same;
- (e) to sell, let, hire out, license, or otherwise dispose of, all or any part of the property and rights of the Company;
- (f) to build, construct, carry out, lay down, maintain, improve, manage, work, control and superintend, pull down, move or replace, any offices, houses or buildings, roads and other works and services, which may seem, directly or indirectly conducive to any of the Company's objects and to contribute to, subsidise, or otherwise assist or take part in such operation;
- (g) to apply for or join in applying for or otherwise acquire any patent, patent rights or inventions, licenses of any kind, concessions, secret processes, registered designs, unregistered designs, trade marks, or the like, which may appear to be useful to the Company, and to register, protect, prolong, renew, exercise, develop, grant licenses under, use, manufacture under, or turn to account the same by merchandising or otherwise, and also to acquire, use and register trademarks and trade names in relation to any business for the time being carried on by the Company or which the Company is authorised to carry on or engage in;
- (h) to promote companies whose activities may further one or more of the above objects, or may generate income to support the activities of the Company, acquire and hold shares in such companies and carry out, in relation to any such company which is a subsidiary of the Company, all such functions as may be associated with a holding company;
- (i) to acquire and take over the whole or any part of the undertaking and liabilities of any body holding property or rights which are suitable for the Company's activities;
- (j) to indemnify and secure any company or person against debt or liability incurred or undertaken for the benefit of the Company or against any

costs, losses or expenses in connection with the business or the affairs of the Company;

- (k) to effect insurance of all kinds (which may include officers' liability insurance);
- (l) to invest any funds which are not immediately required for the Company's activities in such investments as may be considered appropriate (and to dispose of, and vary, such investments);
- (m) to liaise with other voluntary sector bodies, local authorities, UK or Scottish government departments and agencies, and other bodies, all with a view to furthering the Company's objects;
- (n) to establish and/or support any other charity, and to make donations for any charitable purpose falling within the Company's objects;
- (o) to take such steps as may be deemed appropriate for the purpose of raising funds for the Company's activities;
- (p) to accept grants, donations and legacies of all kinds (and to accept any reasonable conditions attaching to them);
- (q) to oppose, or object to, any application or proceedings which may prejudice the Company's interests;
- (r) to enter into any arrangement with any organisation, government or authority which may be advantageous for the purposes of the activities of the Company, and to enter into any arrangement for co-operation or mutual assistance with any charity;
- (s) to give credit (with or without security) and to grant guarantees and issue indemnities;
- (t) To engage such consultants and advisers as are considered appropriate from time to time;
- (u) To pay interest at standard commercial rates on any monies lent to the Company by any Director or Member;
- (v) To pay rent at standard commercial rates for any premises rented to the Company in furtherance of these objects; and
- (w) To do anything which may further or be incidental or conducive to the furtherance of any of the Company's objects.

Restrictions on use of the Company's assets

8. (a) Subject To article 95, the income and property of the Company shall be applied solely towards promoting the Company's objects.
- (b) No part of the income or property of the Company shall be paid or transferred (directly or indirectly) to the members of the Company, whether by way of dividend, bonus or otherwise.

- (c) No director of the Company shall be appointed as a paid employee of the Company; no director shall hold any office under the Company for which a salary or fee is payable.
- (d) No benefit (whether in money or in kind) shall be given by the Company to any director except (i) repayment of out-of-pocket expenses or (ii) reasonable payment in return for particular services (not being of a management nature) actually rendered to the Company.

Liability of members

- 9 Each member undertakes that if the Company is wound up while he/she is a member (or within one year after he/she ceases to be a member), he/she will contribute - up to a maximum of £1 - to the assets of the Company, to be applied towards:
- (a) payment of the Company's debts and liabilities contracted before he/she ceases to be a member;
 - (b) payment of the costs, charges and expenses of winding up; and
 - (c) adjustment of the rights of the contributories among themselves.

Members' reserve power

- 10.1 The members may, by special resolution, direct the directors to take, or refrain from taking, specified action.
- 10.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

Qualifications for membership

- 11 The members of the Company shall be each of the Constituent Companies, Angus Council and Dundee and Angus College.

Membership subscription

- 12 No membership subscription shall be payable.

Register of members

- 13 The directors shall maintain a register of members, setting out the full name and address of each member, the date on which he/she was admitted to membership, and the date on which any person ceased to be a member.

Transfer

- 14 A member may not transfer his/her membership to any other person or entity.

General meetings (meetings of members)

- 15 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 16 A person is able to exercise the right to vote at a general meeting when:-

- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
 - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 17 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 18 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other. Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.
- 19 The directors must convene an extraordinary general meeting if there is a valid requisition by members (under section 303 of the Act) or a requisition by a resigning auditor (under section 518 of the Act).

Notice of general meetings

- 20 At least 14 clear days' notice must be given of an annual general meeting or extraordinary general meeting.
- 21 The reference to "clear days" in article 20 shall be taken to mean that, in calculating the period of notice, the day after the notice is posted, (or, in the case of a notice sent by electronic means, the day after it was sent) and also the day of the meeting, should be excluded.
- 22 A notice calling a meeting shall specify the time and place of the meeting; it shall
- (a) indicate the general nature of the business to be dealt with at the meeting and
 - (b) if a special resolution (see article 27) (or a resolution requiring special notice under the Act) is to be proposed, shall also state that fact, giving the exact terms of the resolution.
- 23 A notice convening an annual general meeting shall specify that the meeting is to be an annual general meeting; any other general meeting shall be called an extraordinary general meeting.
- 24 Notice of every general meeting shall be given
- (a) in hard copy form
 - (b) in writing or, (where the individual to whom notice is given has notified the Company of an address to be used for the purpose of electronic communication) in electronic form; or
 - (c) (subject to the Company notifying members of the presence of the notice on the website, and complying with the other requirements of section 309 of the Act) by means of a website.

Special resolutions and ordinary resolutions

- 25 For the purposes of these articles, a "special resolution" means a resolution passed by 75% or more of the votes cast on the resolution at an annual general meeting or

extraordinary general meeting, providing proper notice of the meeting and of the intention to propose the resolution has been given in accordance with articles 20 to 26; for the avoidance of doubt, the reference to a 75% majority relates only to the number of votes cast in favour of the resolution as compared with the number of votes cast against the resolution, and accordingly no account shall be taken of abstentions or members absent from the meeting.

- 26 In addition to the matters expressly referred to elsewhere in these articles, the provisions of the Act allow the Company, by special resolution,
- (a) to alter its name
 - (b) to alter any provision of these articles or adopt new articles of association.
- 27 For the purposes of these articles, an "ordinary resolution" means a resolution passed by majority vote (taking account only of those votes cast in favour as compared with those votes against), at an annual general meeting or extraordinary general meeting, providing proper notice of the meeting has been given in accordance with articles 20 to 26.

Procedure at general meetings

- 28 No business shall be dealt with at any general meeting unless a quorum is present; one half of the persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum.
- 29 If a quorum is not present within 15 minutes after the time at which a general meeting was due to commence - or if, during a meeting, a quorum ceases to be present - the meeting shall stand adjourned to such time and place as may be fixed by the chairperson of the meeting.
- 30 If the directors have appointed a Chairman pursuant to article 51, the Chairman shall chair general meetings if present and willing to do so. If the Chairman is not present and willing to chair the meeting pursuant to this article, and the directors have appointed a Vice-Chairman pursuant to article 51, the Vice-Chairman shall chair the meeting, if present and willing to do so.
- 31 If the directors have not appointed a Chairman or a Vice-Chairman pursuant to article 51, or if neither the Chairman nor the Vice-Chairman is willing to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start the directors present must appoint a director or member to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.
- The person chairing a meeting in accordance with article 30 or this article 31 is referred to as "the chairman of the meeting".
- 32 The chairman of the meeting may, with the consent of the meeting, adjourn the meeting to such time and place as the chairman of the meeting may determine.
- 33 Every member (other than Angus Council) shall have one vote, which (whether on a show of hands or on a secret ballot) may be given either personally or by proxy. Angus Council shall be entitled to one vote for each of the Angus Council Directors

attending a general meeting such that the maximum number of votes that Angus Council can exercise at a general meeting shall be three. Each of the Angus Council Directors attending a general meeting of the Company shall therefore be entitled to exercise one Angus Council vote.

34 Any member who wishes to appoint a proxy to vote on his/her behalf at any meeting (or adjourned meeting):

(a) shall lodge with the Company, at the Company's registered office, a written instrument of proxy (in such form as the directors require), signed by him/her; or

(b) shall send by electronic means to the Company, at such electronic address as may have been notified to the members by the Company for that purpose, an instrument of proxy (in such form as the directors require)

providing (in either case), the instrument of proxy is received by the Company at the relevant address not less than 48 hours before the time for holding the meeting (or, as the case may be, adjourned meeting).

35 An instrument of proxy which does not conform with the provisions of article 34, or which is not lodged or sent in accordance with such provisions, shall be invalid.

36 A member shall not be entitled to appoint more than one proxy to attend on the same occasion.

37 A proxy appointed to attend and vote at any meeting instead of a member shall have the same right as the member who appointed him/her to speak at the meeting and need not be a member of the Company.

38 A vote given, or ballot demanded, by proxy shall be valid notwithstanding that the authority of the person voting or demanding a ballot had terminated prior to the giving of such vote or demanding of such ballot, unless notice of such termination was received by the Company at the Company's registered office (or, where sent by electronic means, was received by the Company at the address notified by the Company to the members for the purpose of electronic communications) before the commencement of the meeting or adjourned meeting at which the vote was given or the ballot demanded.

39 If there are an equal number of votes for and against any resolution, the chairperson of the meeting shall not be entitled to a casting vote.

40 Directors may attend and speak at general meetings, whether or not they are members. The chairman of the meeting may permit other persons who are not members of the Company to attend and speak at a general meeting.

Maximum number of directors

41 Each of the Constituent Companies shall be entitled to appoint one person to be directors of the Company (together the "Constituent Company Directors" and individually a "Constituent Company Director").

42 Angus Council shall be entitled to appoint three persons to be directors of the Company (together the "Angus Council Directors" and individually an "Angus Council Director").

- 43 Dundee and Angus College shall be entitled to appoint one person to be director of the Company (the "Dundee and Angus College Director").
- 44 If any Constituent Company Director shall die or be removed from or vacate office for any cause, the Constituent Company that appointed him to office shall appoint in his place another person to be a director of the Company and if any Angus Council Director or the Dundee and Angus College Director shall die or be removed from or vacate office for any cause, Angus Council or Dundee and Angus College, as the case may be, shall appoint in his place another person to be a director of the Company.
- 45 Any Constituent Company Director may at any time be removed from office by the Constituent Company that appointed him to office and any Angus Council Director or the Dundee and Angus College Director may at any time be removed from office by Angus Council or Dundee and Angus College respectively.
- 46 The directors shall have power to co-opt as directors of the Company, individuals or representatives of any other organisation or authority by a majority decision of the board of directors but the number of directors so co-opted shall not at any time exceed two in number and the said co-opted directors shall serve for such period not exceeding 12 months as is determined by the board of directors. On expiry of any period in respect of which a co-opted director was appointed the directors shall be entitled to co-opt that person for such further period as the directors determine pursuant to this article 46.
- 47 Any appointment or removal of a director pursuant to articles 41-46 shall be in writing and signed by or on behalf of the nominating party. Such notice shall be served on the Company at its registered office, marked for the attention of the Company Secretary (or delivered to a duly constituted meeting of the directors of the Company). Any such appointment or removal shall take effect when received by the Company or at such later time as shall be specified in such notice.
- 48 No director shall be appointed or removed otherwise than pursuant to these articles, save as provided by law.

Termination of office

- 49 A director shall automatically vacate office if:-
- (a) he/she ceases to be a director through the operation of any provision of the Act or becomes prohibited by law from being a director;
 - (b) a bankruptcy order is made against that person;
 - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
 - (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
 - (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;

- (f) he is removed from office or his office is otherwise terminated in accordance with articles 44 or 45;
- (g) in the case of an Angus Council Director immediately on Angus Council ceasing to be a member of the Company;
- (h) in the case of the Dundee and Angus College Director immediately on Dundee and Angus College ceasing to be a member of the Company;
- (i) in the case of a Constituent Company Director immediately on that Constituent Company which he/she represents ceasing to be a member of the Company;
- (j) he/she becomes an employee of the Company;
- (k) he/she resigns office by notice to the Company; or
- (l) he/she is absent (without permission of the directors) from more than three consecutive meetings of the directors, and the directors resolve to remove him/her from office.

Register of directors

50 The directors shall maintain a register of directors, setting out full details of each director, including the date on which he/she became a director, and also specifying the date on which any person ceased to hold office as a director.

Office bearers

51 At the first meeting of the board of directors to be held in [September] of each year, the directors shall elect from among their members a Chairman, a Vice-Chairman, and such other officials as from time to time may be necessary ("the Officials"). The directors may terminate the Chairman's or the Vice-Chairman's appointment at any time.

52 The Officials shall hold office for the period of one year but shall be eligible for re-election. In the event that any such posts become vacant, the directors shall elect an official from among their number at the next meeting of the board of directors and such official shall hold office until the first meeting of the board of directors to be held in January next following but shall be eligible for re-election.

53 A person elected to any office shall cease to hold that office if he/she ceases to be a director, or if he/she resigns from that office by written notice to that effect.

Powers of directors

54 Subject to the provisions of the Act, and these articles, and subject to any directions given by special resolution, the Company and its assets and undertaking shall be managed by the directors, who may exercise all the powers of the Company.

55 A meeting of the directors at which a quorum is present may exercise all powers exercisable by the directors.

Directors' interests

56 Notwithstanding the fact that a proposed decision of the directors concerns or relates to any matter in which a director has, or may have, directly or indirectly, any

kind of interest whatsoever, that director may participate in the decision making process for both quorum and voting purposes.

57 If the directors propose to exercise their power under Section 175 (4)(b) of the Companies Act 2006 to authorise a director's conflict of interest, the director facing the conflict is not to be counted as participating in the decision to authorise the conflict or quorum for voting purposes.

58 Subject to the provisions of the Companies Act 2006, and provided that (if required to do so by that Act) he has declared to the directors the nature and extent of any direct or indirect interest of his, a director, notwithstanding his office:-

- (a) may be a party to or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may be a director or other officer or an employee of, or a party to any transaction or arrangement with, or otherwise interested in, any subsidiary of the Company or body corporate in which the Company is interested; and
- (c) is not accountable to the Company for any remuneration or other benefits which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no transaction or arrangement is liable to be avoided on the ground of any such remuneration, benefit or interest.

59 For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

60 Subject to article 61, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chairman whose ruling in relation to any director other than the Chairman is to be final and conclusive.

61 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the Chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

62 No director may serve as an employee (full time or part time) of the Company, and no director may be given any remuneration by the Company for carrying out his/her duties as a director.

63 Where a director provides services to the Company or might benefit from any remuneration paid to a connected party for such services, then:-

- (a) the maximum amount of the remuneration must be specified in a written agreement and must be reasonable
- (b) the directors must be satisfied that it would be in the interests of the Company to enter into the arrangement (taking account of that maximum amount); and

(c) less than half of the directors must be receiving remuneration from the Company (or benefit from remuneration of that nature).

64 The directors may be paid all travelling and other expenses reasonably incurred by them in connection with their attendance at meetings of the directors, general meetings, or meetings of committees, or otherwise in connection with the carrying-out of their duties.

Procedure at directors' meetings

65 Any director may call a meeting of the directors or request the secretary to call a meeting of the directors by giving at least seven days' notice of the meeting to the other directors or by authorising the Company secretary (if any) to give such notice. Notice of any directors' meeting must indicate:-

(a) Its proposed date and time;

(b) Where it is to take place;

(c) If it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting; and

(d) The business to be considered.

66 Questions arising at a meeting of the directors shall be decided by a majority of votes; if an equality of votes arises, the Chairman shall have a casting vote. In the event that the Chairman is not to be counted as participating in the decision making process for quorum or voting purposes, for any reason, neither the Chairman nor any other director shall be entitled to a casting vote.

67 Notice of a directors' meeting must be given to each director, but need not be in writing.

68 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

69 No business shall be dealt with at a meeting of the directors unless a quorum is present. The quorum for directors' meetings may be fixed from time to time by a decision of the directors, and at the date of adoption of these articles is three.

70 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision to notify the Constituent Clubs and/or Angus Council of a requirement to appoint Constituent Club Directors and/or Angus Council Directors pursuant to articles 43 and 44.

71 Unless he/she is unwilling to do so, the Chairman shall preside as chairperson at every directors' meeting at which he/she is present; if the Chairman is unwilling to act as chairperson or is not present within 15 minutes after the time when the meeting was due to commence, the Vice-Chairman shall take the chair and if neither the Chairman, nor the Vice-Chairman is participating in a director's

meeting within ten minutes of the time at which it was to start the participating directors must appoint one of themselves to chair it.

- 72 The directors may, at their discretion, allow any person who they reasonably consider appropriate, to attend and speak at any meeting of the directors; for the avoidance of doubt, any such person who is invited to attend a directors' meeting shall not be entitled to vote.
- 73 A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he/she is not entitled to vote.

Conduct of directors

- 74 Each of the directors shall, in exercising his/her functions as a director of the Company, act in the interests of the Company; and, in particular, must:-
- (a) seek, in good faith, to ensure that the Company acts in a manner which is in accordance with its objects.
 - (b) act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person
 - (c) in circumstances giving rise to the possibility of a conflict of interest between the Company and any other party:-
 - (i) put the interests of the Company before that of the other party, in taking decisions as a director
 - (ii) where any other duty prevents him/her from doing so, disclose the conflicting interest to the Company and refrain from participating in any discussions or decisions involving the other directors with regard to the matter in question
 - (d) ensure that the Company complies with any direction, requirement, notice or duty imposed on it by the Charities and Trustee Investment (Scotland) Act 2005.

Delegation to sub-committees

- 75 Subject to these articles, the directors may delegate any of the powers which are conferred on them under the articles—
- (a) to such director or committee of directors;
 - (b) by such means;
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions; as they think fit.
- 76 The directors may revoke any delegation in whole or part, or alter its terms and conditions.
- 77 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

- 78 The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.
- 79 The Chairman and Vice-Chairman appointed in terms of article 52 hereof shall be ex officio members of all committees. No director other than the Chairman and Vice-Chairman shall be a member of more than two permanent committees. The committees shall have no powers other than those expressly delegated to them by the directors.
- 80 At a committee meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 81 The quorum for committee meetings may be fixed from time to time by a decision of the directors, and at the date of adoption of these articles is one half of the membership of the relevant committee, including *ex officio* members.

Operation of bank account

- 82 The signatures of two out of the signatories appointed by the directors shall be required in relation to all operations (other than lodgement of funds) on the bank and building society accounts held by the Company; at least one out of the two signatures must be the signature of a director.

Secretary

- 83 The directors shall (notwithstanding the provisions of the Act) appoint a Company secretary, and on the basis that the term of the appointment, the remuneration (if any) payable to the Company secretary, and such conditions of appointment shall be as determined by the directors; the Company secretary may be removed by them at any time.

Records of Decisions to be Kept

- 84 The directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.
- 85 The minutes of all meeting of the board of directors of the Company shall be sent to each of the Constituent Companies, Angus Council and Dundee and Angus College.
- 86 The directors shall ensure that minutes are made of all proceedings at general meetings, directors' meetings and meetings of committees; a minute of any meeting shall include the names of those present, and (as far as possible) shall be signed by the chairperson of the meeting.

Accounting records and annual accounts

- 87 The directors shall ensure that proper accounting records are maintained in accordance with all applicable statutory requirements which shall include without

limitation the recording of all day to day sums of income and expenditure received and expended by the Company and the recording of all assets and liabilities of the Company.

- 88 The directors shall ensure that annual accounts are prepared which comply with all relevant statutory requirements ; if an audit is required under any statutory provisions or if they otherwise think fit, they shall ensure that an audit of such accounts is carried out by a qualified auditor; copies of the annual accounts and any audit reports shall be circulated to directors as soon as reasonably practicable on completion
- 89 No member shall (unless he/she is a director) have any right of inspecting any accounting or other records, or any document of the Company, except as conferred by statute or as authorised by the directors or as authorised by ordinary resolution of the Company; save that Angus Council or its auditors shall have the right to inspect the Company accounts, other records or documents on request.

Notices

- 90 Any notice which requires to be given to a member under these articles shall be given either in writing or by electronic means; such a notice may be given personally to the member or be sent by post in a pre-paid envelope addressed to the member at the address last intimated by him/her to the Company or (in the case of a member who has notified the Company of an address to be used for the purpose of electronic communications) may be given to the member by electronic means.
- 91 Any notice, if sent by post, shall be deemed to have been given at the expiry of 24 hours after posting; for the purpose of proving that any notice was given, it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.
- 92 Any notice sent by electronic means shall be deemed to have been given at the expiry of 24 hours after it is sent; for the purpose of proving that any notice sent by electronic means was indeed sent, it shall be sufficient to provide any of the evidence referred to in the relevant guidance issued from time to time by the Chartered Institute of Secretaries and Administrators.

Winding-up

- 93 If upon the winding-up or dissolution of the Company there remains, after the satisfaction of all its debts and liabilities, any assets whatsoever, shall be distributed in proportion to the level of investment (including financial and/or in-kind support) contributed by the Members.

Indemnity

- 94 Every director or other officer or auditor of the Company shall be indemnified (to the extent permitted by sections 232, 234, 235, 532 and 533 of the Act) out of the assets of the Company against any loss or liability which he/she may sustain or incur in connection with the execution of the duties of his/her office; that may include, without prejudice to that generality, (but only to the extent permitted by those

sections of the Act), any liability incurred by him/her in defending any proceedings (whether civil or criminal) in which judgement is given in his/her favour or in which he/she is acquitted **or** any liability in connection with an application in which relief is granted to him/her by the court from liability for negligence, default or breach of trust in relation to the affairs of the Company.

- 95 The Company shall be entitled to purchase and maintain for any director insurance against any loss or liability which any director or other officer of the Company may sustain or incur in connection with the execution of the duties of his/her office, and such insurance may extend to liabilities of the nature referred to in section 232(2) of the Act (negligence etc. of a director).

END.

APPENDIX 2 – Frequently asked questions

The frequently asked questions below are intended to give the reader a better understanding of how the Angus Shared Apprenticeship will run operationally.

APPRENTICE RECRUITMENT

- Q.** Who will recruit the apprentices and do employers play a part in the recruitment?
- A.** The recruitment process is managed wholly by the Angus Shared Apprenticeship Programme (ASAP) Company. ASAP is responsible for placing the apprentices with the most appropriate participating employer.
- Q.** Who would be the employer of the apprentices?
- A.** The ASAP Company would be the employer for the duration of the apprentices training.
- Q.** What happens to the apprentice at the end of their apprenticeship?
- A.** If any of the participating employers is keen to employ the apprentice at the end of their four year apprenticeship, the employer is encouraged to approach the apprentice.
- Q.** Who insures the apprentice in case of e.g. an accident on site?
- A.** The ASAP Company would provide the insurance for each apprentice.

ROLE OF THE EMPLOYER

- Q.** How many weeks would an apprentice be on our site for?
- A.** As with traditional apprenticeships the length of time an apprentice will be on site (as opposed to college) varies throughout the four year apprenticeship. Each participating employer will discuss this with their ASAP contact. There is a requirement ideally, for employers to commit for a minimum 3 months.
- Q.** What if an apprentice does not show up on site for a day's work. What should I do?
- A.** In this situation, the participating employer should report the absence immediately to the ASAP named contact to follow up.



of

- Q.** What if an apprentice is off-sick or unable to attend due to bad weather and I lose my time when he/she's meant to be on-site?
- A.** Unfortunately it is difficult to predict and plan for this type of absence. The risk of lost time is no different from a traditional apprenticeship and the participating employer is required to pay the cost as normal.

ROLE OF THE ANGUS SHARED APPRENTICESHIP COMPANY

- Q.** Who is responsible for any disciplinary action if/when required?
- A.** The ASAP Company would be responsible for disciplinary against the procedure set by the Shared Apprenticeship Programme Company board.
- Q.** Would we receive the same apprentice throughout his/her four year term?
- A.** Yes, the Shared Apprenticeship programme would be structured to ensure consistency in where the apprentice is placed throughout the four year apprenticeship where possible.
- Q.** What terms & conditions will the apprenticeship work to i.e. we have our own health & safety policy, how can we ensure compliance by the apprentice?
- A.** The Shared Apprenticeship Company Board will agree a standard set of terms & conditions for all shared apprentices. The standard set of terms & conditions will be informed by the terms & conditions of the participating employers. Whilst on site the apprentice will comply with the participating employers Health & Safety procedure.
- Q.** How is apprenticeship performance managed?
- A.** Participating employers will work with the ASAP named contact who will regularly visit the apprentice and the employer to monitor progress. Should there be any concerns relating to poor performance in between these visits then the participating employer is asked to contact the ASAP.
- Q.** Who provides the apprentice with Personal Protective Equipment?
- A.** The Shared Apprenticeship Company will allocate each apprentice with appropriate Personal Protective Equipment.
- Q.** Will the apprentice come equipped with the appropriate tools?
- A.** The Shared Apprenticeship Company will ensure the apprentice is equipped with tools where appropriate. A tool allowance has been incorporated into the charge out rate.

ADMINISTRATION AND ADDITIONAL INFORMATION

Q. When as the participating employer will I have to pay my contribution towards the Shared Apprentice?

A. Participating employers will be invoiced by the ASAP Company monthly in arrears for the agreed cost of the apprentice.

Q. Will I receive Construction Skills grant for my part in training the Apprentices?

A. No, any grant will be received directly by the Shared Apprenticeship Company and will off-set the cost of employing apprentices.

Q. Will community benefit clauses be met by participation in the Shared Apprenticeship Programme?

A. Yes, the intention is for the programme to be recognised as a legitimate and sustainable way of increasing training to meet community benefit clauses.

APPENDIX 3 – Risk Register

| RISK | DEGREE OF RISK | CONTROL | RESPONSIBILITY | ACTION REQUIRED | RISK MONITORING | RESIDUAL RISK | |
|-------------------|---|--------------------------------------|---|-----------------|---|--|---------------------------------|
| EMPLOYERS | | | | | | | |
| 1 | Failure to engage enough employers to take on MAs | Impact – High Likelihood – High | Monitor database of employers | SB/CO | Target <25 employer group Co-ordinator to liaise with employers/CITB/ | Monthly report to SB. Up to date database of employers. Target successful tenders for AC contracts | Kept under review. |
| 2 | Employers not willing to pay for training. | Impact – High Likelihood – High | Monitoring of recruitment trends v payments | SB | Contract with employers. Agree payment methods Identify alternative sources of funding. | Monthly report to SB | Kept under review. |
| APPRENTICE | | | | | | | |
| 3 | Apprentice fails to achieve | Impact – High Likelihood – Medium | Monitoring from College staff | SB | Monitoring and evaluation of reports from College. | Continuous action planning. Quarterly Progress reports to SB. | Fully accepted with monitoring. |
| 4 | Inability to ensure MA is fully utilised with employer | Impact – High Likelihood – High | Planning of work placements | CO | Work plan schedule for each MA to be developed and back up plans with >25 companies | On-going review planning of workplace | Fully accepted with monitoring |
| 5 | MA leaves Trust before completion of apprenticeship | Impact – High Likelihood – High | Support mechanism in place | SB/CO | CO to meet with MA on a weekly basis MA aware of support available | Monthly report to SB | Fully accepted with monitoring |
| 6 | MA fall below standard required by Trust | Impact – High Likelihood – Medium | Close monitoring of onsite and college progress | SB/CO | Monitor progress and behaviours. | As set out in contract Disciplinary policy And other related policy related | Fully accepted with monitoring |
| 7 | MA is unwanted by employers | Impact – High Likelihood – Medium | Close monitoring of onsite and college progress | SB/CO | Monitor, review progress and feedback | Feedback and progress reports | Fully accepted with monitoring |
| FINANCE | | | | | | | |
| 8 | Salary pressures outstrip ability to pay. | Impact – High Likelihood – High | Governed by SBATC rates. | SB | Realistic negotiations which recognise financial parameters. | Monthly finance report | Fully accepted with monitoring. |

| RISK | | DEGREE OF RISK | CONTROL | RESPONSIBILITY | ACTION REQUIRED | RISK MONITORING | RESIDUAL RISK |
|----------|--|--------------------------------------|---|----------------|--|---|---------------------------------|
| 9 | Failure to secure CITB grants | Impact – High Likelihood – Medium | Contracts to be exchanged. | SB | Submit Business Case to CITB and seek funding | Regular review monthly reports | Kept under review. |
| 10 | Failure to draw down CITB grants | Impact – High Likelihood – High | Budget Monitoring Reports. | SB | Progress of MA's milestone claims against actual | Regular review monthly reports | Kept under review. |
| 11 | Growth cannot be managed within available resources. | Impact – High Likelihood – High | Growth managed recourses identified and costings undertaken before growth approved. | SB | Procedures for approval of new programmes, activities, etc. in place. | Regular review of portfolio and business activities. | Fully accepted with monitoring. |
| 12 | Over-reliance on CITB Grants | Impact – High Likelihood - High | Budget Monitoring Reports. | SB | Strategy for reducing dependency on CITB grants and pursue other sources of funding. | Review of targets and progress year-on-year. | Fully accepted with monitoring. |
| 13 | Inability to secure external funding to deliver key project. | Impact – High Likelihood - High | Planning of projects. Accessing funding source. | SB | Prioritise projects and funding requirements. Pursue funding streams. | Identification of funding prior to delivery of project. | Fully accepted with monitoring. |
| STAFFING | | | | | | | |
| 14 | Loss of reputation resulting in negative perceptions – loss of business. | Impact – High Likelihood – High | SB monitoring – good management practice. | SB | Positive PR and renewed management focus. | Extensive and positive PR focus. | Fully accepted with monitoring. |
| OTHER | | | | | | | |
| 15 | Unproductive collaboration partnerships. | Impact – High Likelihood - Medium | Clarify review of outcomes, benefits, etc. | SB | Monitor outcomes. | Partnerships/ collaborative projects outcomes discussed and reviewed. Continuous review of project at all stages. | Kept under review. |
| 16 | Failure to effectively meet Equality and Diversity issues. | Impact – High Likelihood - Medium | Adherence to legislative requirements and procedures. | SB | Continuous monitoring of practice. | Review of policy and practice and continuous awareness-raising | Fully accepted with monitoring. |
| 17 | Difficulty in recruiting appropriate Co-ordinator. | Impact – High Likelihood – Medium | Analysis of recruitment trends. | SB | Advertise, Recruit suitably qualified and dynamic co-ordinator . | Marketing and recruitment plan | Fully accepted with monitoring. |
| 18 | Legal actions. | Impact – High Likelihood – Medium | Adherence to legislative requirements. | SB | MA monitoring progress. Health & Safety Committee monitoring reports and good management practice. | Continuous staff development and monitoring/review of Health & Safety. | Fully accepted with monitoring. |

Angus Shared Apprentices Partnership Limited.

Statement of Projected Income & Expenditure

No Drop Out & all AC & DAC Costs provided in-kind

| Budget Projections | | (Sept - Aug) Year 1 £ | (Sept - Aug) Year 2 £ | (Sept - Aug) Year 3 £ | (Sept - Aug) Year 4 £ | TOTAL £ |
|-----------------------------|-------------|---|---|---|---|--------------------------|
| | Note | | | | | |
| STAFF COSTS | | | | | | |
| Apprentice Wages | 1 | 88,340 | 202,232 | 383,049 | 617,404 | 1,291,025 |
| National Insurance | | 0 | 15,717 | 40,670 | 73,011 | 129,398 |
| Superannuation (18%) | | 0 | 0 | 0 | 0 | 0 |
| Co-ordinator Salary | 2 | 0 | 0 | 0 | 0 | 0 |
| National Insurance | | 0 | 0 | 0 | 0 | 0 |
| Superannuation (18%) | | 0 | 0 | 0 | 0 | 0 |
| Admin Officer Salary | 3 | 0 | 0 | 0 | 0 | 0 |
| National Insurance | | 0 | 0 | 0 | 0 | 0 |
| Superannuation (18%) | | 0 | 0 | 0 | 0 | 0 |
| College Fees | 4 | | | | | 0 |
| Travel - co-ordinator | | | | | | 0 |
| Travel - apprentices | 5 | 2,280 | 3,600 | 3,720 | 3,840 | 13,440 |
| TOTAL STAFF COSTS | | 90,620 | 221,549 | 427,439 | 694,255 | 1,433,863 |
| PROPERTY COSTS | | | | | | |
| Rent | 6 | 0 | 0 | 0 | 0 | 0 |
| Rates | 6 | 0 | 0 | 0 | 0 | 0 |
| Cleaning | 6 | 0 | 0 | 0 | 0 | 0 |
| Repairs & Maintenance | 6 | 0 | 0 | 0 | 0 | 0 |
| Energy | 6 | 0 | 0 | 0 | 0 | 0 |
| TOTAL PROPERTY COSTS | | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|--|-----------|------------------|------------------|------------------|------------------|--------------------|
| SUPPLIES & SERVICES | | | | | | |
| Office Supplies (Telephone, stationery etc) | 7 | 0 | 0 | 0 | 0 | 0 |
| IT Maintenance | 7 | 0 | 0 | 0 | 0 | 0 |
| Advertising Costs | 8 | 0 | 0 | 0 | 0 | 0 |
| Personal Protective Equipment | 9 | 720 | 967 | 1,219 | 1,476 | 4,382 |
| Tools | 10 | 600 | 846 | 1,097 | 1,352 | 3,895 |
| SBATC | 11 | 900 | 900 | 900 | 900 | 3,600 |
| Insurance | 12 | 1,500 | 2,000 | 2,500 | 3,000 | 9,000 |
| Bank Charges | 13 | 25 | 25 | 25 | 25 | 100 |
| Miscellaneous | | 500 | 500 | 500 | 500 | 2,000 |
| TOTAL SUPPLIES & SERVICES | | 4,245 | 5,238 | 6,241 | 7,253 | 22,977 |
| PROFESSIONAL SERVICES | | | | | | |
| Legal Services | 14 | 0 | 0 | 0 | 0 | 0 |
| Financial Services | 15 | 0 | 0 | 0 | 0 | 0 |
| HR Support | 16 | 0 | 0 | 0 | 0 | 0 |
| Payroll Services | 17 | 0 | 0 | 0 | 0 | 0 |
| Audit Fee | 18 | 1,200 | 1,200 | 1,200 | 1,200 | 4,800 |
| TOTAL PROFESSIONAL SERVICES | | 1,200 | 1,200 | 1,200 | 1,200 | 4,800 |
| Bad Debts (3% of Employer Contributions) | 19 | 1,486 | 4,313 | 10,082 | 17,560 | 33,441 |
| TOTAL EXPENDITURE | | 97,551 | 232,300 | 444,962 | 720,268 | 1,495,081 |
| INCOME | | | | | | |
| CITB Grant Apprentices | 20 | (36,000) | (72,000) | (97,488) | (122,976) | (328,464) |
| CITB Grant Co-ordinator (100%) | 2 | | | | | |
| Start Up Funding | 21 | (50,000) | 0 | 0 | 0 | (50,000) |
| Employer contributions (20% on-cost / 90% uptake) | 22 | (49,538) | (143,754) | (336,069) | (585,328) | (1,114,689) |
| Towards Employment Team Grant | 23 | (2,400) | (2,400) | (2,400) | (2,400) | (9,600) |
| Other income | | | | | | |
| TOTAL INCOME | | (137,938) | (218,154) | (435,957) | (710,704) | (1,502,753) |
| OPERATING (SURPLUS) / DEFICIT | | (40,387) | 14,146 | 9,005 | 9,564 | (7,672) |

NOTES / ASSUMPTIONS

- 1 Based on apprentice rates as supplied. Assumes company starts with 12 1st year apprentices in year 1 and then moves from there. NO DROP OUT ASSUMED Assumes apprentices are paid for 52 weeks a year and that National Insurance will be paid by the company. Superannuation need to establish a nest for ASAP Ltd. Limited uptake expected hence no cost included.
No pay increase has been assumed.
- 2 Assumes the Co-ordinator will be provided by CITB. All costs including NI & Superannuation will be paid by CITB - most likely part-time.
- 3 Assumes the Admin Officer (part -time) (all costs including NI & Superannuation) **PROVIDED IN KIND BY ANGUS COUNCIL WITH SOME SUPPORT FROM DUNDEE & ANGUS COLLEGE**
No pay increase has been assumed.
- 4 Assume college fees paid direct to the college by SDS via their contract with CITB if the project is supported.
- 5 Apprentice travel costs - based on £10 per college week per CITB information
- 6 The co-ordinator will be based at Dundee & Angus College and property costs & Telephone will be provided as in-kind support.
- 7 Nominal costs assumed for general office expenses and IT maintenance. - **PROVIDED IN KIND BY ANGUS COUNCIL & DUNDEE & ANGUS COLLEGE**
- 8 Advertising costs to be subsumed by Dundee & Angus College
- 9 PPE will be supplied by the company based on £60 per apprentice in year 1 increasing annually by inflation. This will be paid for each 1st year apprentice with a smaller refresh (£20) per year for all other apprentices.
- 10 Tools will be supplied by the company based on £50 per apprentice in year 1 increasing annually by inflation. This will be paid for each 1st year apprentice with a smaller refresh (£20) per year for all other apprentices.
- 11 SBATC will be paid by the company based on £75 per apprentice paid for each 1st year apprentice (now includes CSCS Cards).
- 12 Based on Employers Liability & Public Liability insurance.
- 13 Based on charges for a similar size organisation.
- 14 Based on time charged - LG12 @ 3 days increasing annually by inflation - **PROVIDED IN KIND BY ANGUS COUNCIL**
- 15 Based on time charged - LG12 @ 12 days increasing annually by inflation - **PROVIDED IN KIND BY ANGUS COUNCIL**
- 16 Based on time charged - LG12 @ 4 days increasing annually by inflation - **PROVIDED IN KIND BY ANGUS COUNCIL**

- 17 Based on number of transactions per annum at a rate of £4.63 per transaction in year 1 increasing annually by inflation. **-PROVIDED IN KIND BY ANGUS COUNCIL**
- 18 Based on existing rate for similar size organisation.
- 19 Bad debts based on 3% of earned income from employer contributions
- 20 Based on CITB grant of £10,250 per apprentice over the 4 year period of the apprenticeship.
- 21 Assumes start up funding of £50,000 to assist with cashflow
- 22 **Employer contributions for apprentices based on actual wage of apprentice per week. The income is based on the total number of available weeks onsite @ 90% take up and a mark-up of 20%.**
- 23 Assume £200 per apprentice grant for 1st year apprentices to fund kit.
- 24 **Inflation @ 1% per annum has been allowed for some items of expenditure.**

Contact details

This Business Plan has been compiled by the Angus Shared Apprenticeship Programme partners and consulted with through the Board. For further information contact:

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