

The Highland Council

Finance, Housing and Resources Committee – 5 June 2013

Agenda Item	
Report No	

Shared Apprentices Scheme

Report by the Depute Chief Executive/Director of Housing and Property

Summary

This report presents a proposal for The Highland Council's involvement in the Highland Shared Apprentice Scheme to create a pool of construction apprentices in the Highlands, who will work with multiple contractors over the duration of the apprenticeships. The report also seeks a one-off financial contribution of £30,000 to set up this scheme, which is targeted to create 20 new apprenticeships per annum.

1. Background

- 1.1 The Highland Council is committed to tackling youth unemployment and creating jobs for the young people of the Highlands. The Council's Programme, 'Working Together For The Highlands', specifically targets access to modern apprenticeships as a priority for the Council.
- 1.2 The six month youth trainee scheme introduced by the Highland Council has been a huge success with 66 trainee placements of whom 18 are already in long term employment. Through the Employability Board officers have been exploring ways in which the Council can increase the numbers of modern apprentices in the Highlands.
- 1.3 The construction industry in the Highlands has been one of the worst hit sectors in the recession. Some well-known building contractors and sub-contractors are no longer in business and those that continue operate with far less staff and with few apprentices.
- 1.4 The Highland Council employs 24 apprentices through its direct labour organisation. However, there has been a decline in the private sector in the recruitment of apprentices from 2007. In the period between 2008 – 2012, 192 apprentices were displaced and made redundant in the Highlands. Thankfully, many were placed with Highland construction firms and in particular, The Highland Council, and have gone on to continue their apprenticeships. Excluding plumbing and electrical apprenticeships, the number of apprentices fell from 201 in 2006 to 81 in 2011.
- 1.5 The Highland Council has been in discussions with CITB Construction Skills, the Scottish Building Federation and some major local contractors to discuss ways of reversing the decline of apprenticeships in Highland.

2. The Shared Apprenticeship Proposal

- 2.1 Market conditions across the various construction segments in the Highlands 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.
- 2.2 This proposal 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.
- 2.3 The proposal is to set up a new company: Highland Shared Apprenticeship Scheme Ltd (HSAS) to act as host agency (or employer) for a pool of apprenticeships. The apprentices will work for multiple contractors, learning from a range of skilled craftsmen/women, while completing their modern apprenticeships. The new company will be supported by CITB Construction Skills who have a strong track record of delivery in this field. There are various successful shared apprenticeship schemes operating in England and Wales but none currently in Scotland.
- 2.4 It is proposed that all Highland Council construction contracts over £100,000 will have a contractual obligation for contractors to agree to use this project. Discussions with the Council's procurement staff indicate that, subject to the clauses being correctly written, this is not in breach of any procurement legislation. It is also proposed to roll this scheme out to other public and third sector bodies to maximise the amount of construction clients involved in the project.
- 2.5 The initial target for this project is 20 apprentices per annum. However, if HSAS can get commitment from other public and private sector clients, there is no reason why this number cannot be increased, based on the current level of construction activity in the Highlands. CITB have funding available for up to 50 apprentices per annum.

3. HSAS Business Plan

- 3.1 CITB Construction Skills have produced a draft business plan for the proposed new company (**Appendix 1**) which details the vision, objectives, market information, operation plan and risk management. CITB Construction Skills have had positive discussions with the Scottish Government and other agencies in relation to the proposed business plan.
- 3.2 It is proposed that HSAS will be established this financial year. If agreement can be reached quickly with construction industry representatives, the aim is to set up by August 2013. HSAS will establish a board of directors, comprising officers from CITB, and representatives from The Highland Council, the building industry and colleges.

- 3.3 HSAS will directly employ apprentices and identify placement opportunities through a network of 'host' contractors and liaise with colleges to support apprentices to enable them to achieve their modern apprenticeships.
- 3.4 HSAS will develop links with Barnardo's pre-employment programme which operates in the Highlands. Barnardo's look to support individuals from disadvantaged backgrounds into apprenticeships and employment. This will include seeking placements from the Highland Council's Family Firm initiative for young people leaving care.

4 The Highland Council's Input

- 4.1 The Highland Council's involvement in the projects has been identified as essential to the success of this scheme. The Council's participation is required in the following areas:
1. Agreement to incorporate a contractual clause on all relevant construction contracts valued over £100,000 for contractors to participate in the project in order to create a programme of construction contracts large enough to deliver the outputs.
 2. Agreement to The Highland Council's representation on the board of directors of HSAS.
 3. A one-off financial contribution of £30,000 to assist in the setting up of HSAS. It is proposed that 50% of this is funded through Planning and Development's employability budget and 50% from Housing and Property's Landbank fund.
 4. A commitment to provide back office function of payroll and back office services for the 20 proposed apprentices. This would be free of charge in the first year with a review after year one.
- 4.2 The risk to the Council would be that if the project was unsuccessful, the financial contribution would have to be written off and any displaced apprentices would have to find alternative employment. There would also be a workload pressure on the back office services. This is considered to be manageable but would have to be monitored.

5. Implications Arising from this Report

- 5.1 **Financial:** As part of the proposed business plan, CITB Construction Skills have requested that The Highland Council make a financial contribution of £30,000 towards the set up costs of the new organisation. Once set up, it is proposed that the staffing costs will be funded by contributions from participating contractors. CITB Construction Skills have also requested that The Highland Council provides payroll and other back office support to the new organisation.
- 5.2 There are no significant legal, risk, climate change or equalities implications arising from this report.

6. Conclusion

- 6.1 This proposal supports the objectives of the Council's Programme; 'Working Together For The Highlands', in that it prioritises and supports the creation of new jobs in the Highlands, specifically targeting modern apprenticeships for 16-19 year olds. It would be the first shared apprenticeship scheme in Scotland and it will also assist in the long term, as when the construction industry workloads increase, it will help tackle the inevitable skills shortage that will follow. The proposal requires more detailed work on the memorandum and articles and structure of the proposed company and a further report will be presented to Members once this work has been finalised.

7. Recommendations

7.1 Members are asked to approve:

1. The Highland Council's participation in principle in the Highland Shared Apprentice Scheme (HSAS Ltd) including membership of the board of directors
2. A financial payment of £30,000 towards the setting up costs of the new shared apprenticeship company
3. Provision of payroll and other back office support for the new company free of charge in the first year with a review after year one.

7.2 This agreement is subject to a further report being presented to Members once the constitution of the proposed new company has been finalised and details of its business plan agreed.

Signature:

Designation: Depute Chief Executive/Director of Housing and Property

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Highland Shared Apprenticeship Scheme Ltd:

A shared apprenticeship company

Business Plan

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1.0 Executive summary

- The plan is presented to outline how Highland Shared Apprenticeship Scheme Ltd (HSAS) will start from the initial pilot phase then progress onto a secondary phase concerned with mainstreaming the project and creating a position of sustainability.
- HSAS will be a company limited by guarantee and will have a Board of Directors appointed to govern its activity.
- The Board of Directors will have a wide range of representation including construction organisations, procurement bodies, local government, and training providers. The skills mix will provide a powerful Board with a grasp of the key issues.
- The skills of the Board will be complimented by the skills of the management team provided by CITB-Construction Skills.
- HSAS will have a number of key strengths. In particular, this includes the support that will be received from partners and the industry, and the links to key procurement activities.
- Market analysis has collated the intelligence gathered, to define the training requirements for which apprenticeship trades will be required. The information provided highlights a requirement for traditional trades to be supported.
- Linking in with the Highland Council, and procurement, will help address industry's skill needs for the future and to support young people of the Highlands & Islands
- CITB-Construction Skills will be the managing agent, organising College provision and setting up the apprenticeships and registrations for the apprentices recruited. HSAS will continue to work with local colleges; however this will also be facilitated by CITB-Construction Skills.
- The apprentices will be predominantly 16 – 19 years old and will follow a traditional apprenticeship route. The plan will also make provision for a number of displaced apprenticeships to be supported.
- The plan has 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.

2.0 Introduction and purpose of the plan

HSAS will be established in August 2013 with the intention of providing selected contractors that meet the criteria an opportunity to benefit from a talented pool of apprentices learning their craft. The apprentices can be called upon for a specific project for a confirmed duration. The apprentices will work for multiple contractors learning from a range of skilled craft tradesmen/women while completing their modern apprenticeship.

Beyond 2013 HSAS limited will face a new set of challenges. The organisation will move beyond the original purpose of delivering the pilot into a second phase concerned with mainstreaming the concept of HSAS, and creating a position of sustainability.

This initial business plan outlines the response to the challenge of mainstreaming and sustainability. CITB-Construction Skills will be a key partner. Their knowledge, skills and experience will be critical to the success. CITB-Construction Skills will support throughout the pilot phase both as funders and delivery partners.

Performance will be measured and monitored by a robust Board of Directors on a quarterly basis. Information relating to our management arrangements and key people can be found in section 8.

The organisation will be supported by CITB-Construction Skills who have a strong track record of delivery. HSAS will have active partnerships with the Highland Council, construction companies, local colleges of further education and numerous referral partners across the area. The infrastructure has been carefully established to support performance and ensure that project aims are able to be delivered.

In addition to the delivery partners there will also be strategic partners that are important to the creation of apprenticeship placements. These include CITB-Construction Skills, Highland Council and local colleges.

On the Board, the intention is to have non-executive directors providing access to local authority procurement. HSAS will also look to establish access and commitment from the procurement officers within the local authority (Highland Council) and have a commitment to support apprentice placements through their investment activities. Working with the Highland Council will be a key continuing activity over the life of this project.

The strategic and delivery partnership's gives confidence that the HSAS model provides sustainable end to end provision for a shared apprenticeship market. HSAS positioning will be unique, and the track record with the partners involved is strong.

3.0 Vision and objectives

Many contracts only last for a limited period of time. The aim is to bring contractors together to create a range of flexible work placements enabling the apprentice to work for more than one contractor at a time while being employed by HSAS. This will give young people a greater number of opportunities to complete an apprenticeship and will help alleviate future skills shortages and provide sustainability for Highland construction skills for the future.

The vision is also to educate, inspire, and support people to develop careers in the construction sector through the shared apprenticeships model. This will be supported by local industry, making a significant contribution to training activity and SVQ Modern Apprenticeship achievement.

The objectives are to;

- Provide additional apprenticeship placements, up to 20 per year, for the Highlands & Islands.
- Ensure sustainable employment outcomes from apprenticeships are delivered.
- Carry out, or procure works to advance training, construction experience, or environmental understanding and/or improvement.
- Promotion of construction trades as employment opportunities.
- Look to address skills shortages in the future by creating a trained and qualified workforce.
- Achieve minimum apprenticeship achievement of 75%.
- Assist companies through the current financial market conditions who may not currently be in a position to recruit apprentices.
- Ensure apprenticeships are a high quality experience for young people recruited.
- Fully meet the terms of conditions set by Modern Apprenticeship registration and awarding bodies.

4.0 SWOT Analysis

STRENGTHS	WEAKNESS
<ul style="list-style-type: none"> • Local Authority support in principle and room for improved relationships • Support from construction businesses • Links to partners able to influence procurement and apprentice outcomes • Relevant college courses are provided • Flexibility and experience of the managing organisation Construction Skills • Experience and track record • Good relationship and funding from Construction Skills • Construction Skills to provide dedicated member of staff to co-ordinate • Local knowledge and good relationships with contractors 	<ul style="list-style-type: none"> • Contractor uncertainty • Trainees dependent on public transport • Not enough exertion of influence on contractors – Section procurement being delivered • Processes will require streamlining • Constricting economy – less opportunity for new apprentices
OPPORTUNITY	THREATS
<ul style="list-style-type: none"> • Harness the collective power of local industry to explore opportunities. Jointly develop the skills and placements. • Addresses the recession, and benefit will be when there is an upturn in industry, this project will no longer be needed • Co-ordinated structured approach to shared apprenticeship training • Public procurement • Raise academic aspiration and opportunity • Develop the right skills for the future to meet potential shortfalls in the Highlands & Islands • Improves long term employment opportunities • Bring together key agencies for local benefit • Stimulate the economy through up skilling • Membership fees to generate income • Partnering to impress • Other funding sources • Apprentices can build up working relationships with a variety of contractors who may have the potential to offer them employment • Redundant apprentices displaced in the Highlands could be added to the pool 	<ul style="list-style-type: none"> • Cash flow issues for HSAS • Resistance to change • Not achieving contractor placements • Not achieving numbers of trainees • Contractors may be reluctant to pay increased fees • High drop-out rates • Funding removed • Inability to take more than 1 intake of “traditional” apprentices’

5.0 Market information

5.1 Apprenticeship recruitment in the Highlands

Recruitment peaked in apprenticeship recruitment between 2005 – 2007 in the Highlands & Islands. There has been an annual decline in apprentice recruitment from 2008 -2012 to follow this. Added to that, between this period there were 192 apprentices displaced and made redundant in our area. Many have been placed with Highland construction companies and have gone on to continue their apprenticeships.

In addition to this, the construction sector is seeing an ageing work force that needs succession.

Summary of Highland area apprentice recruitment (between 2005-2011) in main construction trades.

Trades	2005	2006	2007	2008	2009	2010	2011
Bricklayers	37	38	29	26	9	11	11
Carpenter & Joiner	110	112	116	87	43	52	44
Civil Engineering Technicians	6	7	0	8	4	2	4
General Building Operatives	1	6	4	5	2	0	0
Painter & Decorator	22	26	25	9	10	10	9
Plant Mechanic	6	6	3	3	1	2	3
Roof Slater & Tiler	6	6	5	2	7	7	10

Other trades are required but at a lower level. The information is provided by CITB-Construction Skills. The data is an accurate reflection of apprentice recruitment within the Highlands over the last 6 years.

5.2 Impact and role of HSAS Ltd

The market conditions across the various construction segments in the Highlands are unpredictable at present. Given the current fragility of the market the construction industry is very supportive of the 'shared apprenticeship' model proposed by CITB-Construction Skills.

The model removes the requirement for employment risk for the contractor when work flows into organisations are short term, particularly when linked to public sector procurement to address industry skills needs.

Public sector procurement will undoubtedly play its part in placing contractual requirements on the delivery of key construction projects. This may be packaged as added value or corporate social responsibility, in whichever guise project expenditure will need to deliver apprenticeship and employment outcomes.

HSAS will provide an attractive proposition to the construction market, both now and into the future, as it will assist contractors to deliver the added value targets that their clients require. The model also allows the sector to mitigate the risks associated with recruitment of apprenticeships when procurement activity creates a relatively short term horizon against which to plan.

There are sizeable amounts of work across the construction sector spectrum from which we will draw our apprenticeship placement opportunities. The key to accessing and developing these placements is the delivery of our operational plan outlined in section 7.

6.0 Strategy

The project will deliver 20 apprentices in year 1, 20 in year 2, and 20 in all subsequent years subject to industry demand.* In order to do this effectively it is identified that there will be a requirement to have a strategy and marketing plan that delivers a response to both recruitment of apprentices and harnesses support from suitable host contractors. In order to deliver the apprentice targets HSAS will work within the industry to achieve this and to continually look to increase the contractor pool. An example of this being Companies who are successful in gaining Highland Council contracts.

Apprentices leaving HSAS to take up their apprenticeship with another company will be considered a positive.

***At the end of year 2 a review of the project will need to take place to assess industry market conditions and potential exit strategies. A new intake of apprentices in year 3 will commit to another 4 years whereby a review after year 2 (and going forward annually) will be 3 years. An exit strategy will signify that HSAS will no longer be required and that the project has been a success.**

6.1 Targeting apprentices

Targeting and recruiting suitable apprentices requires a multi-faceted approach; our intention in relation to recruitment and retention is to;

- Develop effective relationships with Colleges throughout the Highlands who provide entry level construction skills training courses. CITB-Construction Skills have established good working relationships with the colleges throughout the area. In Phase 2, continue to build upon these relationships
- Build on the existing working relationship between CITB-Construction Skills and Barnardos
- Use existing links through CITB-Construction Skills with secondary schools and communities within the Highlands & Islands.
- Work closely with the CITB-Construction Skills Project Coordinator and CITB-Construction Skills to capture any relevant apprenticeship enquiries made directly to CITB-Construction Skills via website and other methods.
- Work closely with the CITB-Construction Skills Construction Careers Adviser who has links in all areas in the Highlands & Islands

- Develop a HSAS website as a more effective portal to access and register for the services we offer.
- Other marketing initiatives may include creating “flyers”, press publications, promotional events

6.2 Apprentice registration (SBATC & SPADAC)

The Apprentice registering bodies will be fully engaged in the HSAS model to gain their input, support and advice on the HSAS model.

The **Scottish Building Apprenticeship & Training Council (SBATC)** consists of representatives from Industry, Trade Federations and Trades Unions. The main purpose of the organisation is to regulate and monitor the working conditions, wages, recruitment and training of apprenticeships within the Building Industry throughout Scotland.

The **Scottish Painting and Decorating Apprenticeship Council** is an organisation serviced by the Scottish Decorators Federation. The purpose is to provide a quality registration system for industry and to partner bodies who have a direct or indirect influence on apprenticeships. They undertake to provide quality information, documentation and advice to all involved.

6.3 Targeting suitable host contractors

The nature of the market and experience highlights that most apprenticeship opportunities arise in SME's, much of their workload is short term sub contracts from large organisations. The shared apprenticeship model works well within this arena, and as such will focus a good deal of activity on these organisations. There will also be a focus on larger companies who may not currently be in a position to recruit apprentices due to market conditions.

Retaining a contractor pool at the level required to deliver the modern apprentices will require a constant dialogue with the contractor sector. In order to gain suitable host contractors will require;

- Contractually require contractors working on certain investment works to use HSAS. We will also seek similar arrangements with the Highland Council and other public sector supply chain and procurement management teams.
- Develop relationships with local contractors to gain insight into their order books and promote apprenticeships through the HSAS when they are not in a position to currently recruit apprentices.
- Develop relationships with other clients such as Historic Scotland and Comhairle Nan Eilean Siar (Western Isles Council) to expand further
- Encourage “word-of-mouth” amongst existing contractors to generate interest (subject to them making the selection criteria). Host significant launch events to highlight HSAS and to make information available to contractors.
- Reference back to Building Skills project from 2004. A partnership with Highland Council, Communities Scotland, local Housing Associations, CITB-Construction Skills and local companies
- Provide a report to public procurement agencies highlighting progress and showcasing construction organisations that are playing an active role in our programme.
- Other marketing activity such as direct mailing, press releases and local events

- CITB-Construction Skills project co-ordinator to establish host employer engagement in order to promote and identify placement opportunities, and develop these relationships to the benefit of the HSAS and CITB-ConstructionSkills

6.4 General Marketing

In addition to the targeted marketing, recognise the need for a general marketing plan to develop the brand/reputation. Also recognise a role for HSAS to act as an ambassador for construction led shared apprentices. Look and seek opportunities to market the service generally in the following ways;

- Production of a quarterly newsletter targeted at construction organisations, and key partners to inform on progress.
- Seek opportunities to speak at relevant forums highlighting the critical role that HSAS plays in local apprenticeship markets.
- Seek opportunities to report information in relevant trade press.
- Provide briefings for Apprentice registering bodies, Skills Development Scotland and other relevant government agencies and staff updating them on progress and the vital role of HSAS.

7.0 Operational plan

7.1 Delivery

HSAS will directly employ apprentices. In order to deliver an effective service ensuring the highest number of successful outcomes our delivery will include:

- A robust selection and recruitment process to ensure that apprentices employed by HSAS are committed to achieve their SVQ's and apprenticeships. Our process for identifying suitable apprentices is identified in our marketing strategy in section 7.
- Identifying placement opportunities through the network of 'host' contractors to support existing and new trainees.
- Ensuring that the placements are suitable for the apprentices to build their skill to achieve their frameworks. CITB-Construction Skills will monitor and take action against this.
- Co-ordinator to put together an apprentice booking/matrix availability system (that can be viewed by contractors) to encourage commitment to placements around contracts.
- Companies to be invoiced for the apprentice wages (at a cost of 115% of weekly rate to cover administration)
- Liaising with Colleges to support apprentices achieve their SVQ's and maximise the numbers of apprentices achieving their Level 2 & 3 modern apprenticeships.
- Working with Colleges to provide a flexible training programme to maximise the number of apprentices supported to ensure industry can respond to changing demand.
- Providing all back office functions around; payroll, producing trainee documentation, drawing down Construction Skills funding, financial statements and forecasts.
- Arranging Board meetings and produce relevant reports.
- Ensuring that HSAS complies with company regulations and produces statutory accounts etc.
- Carrying out market research to respond quickly to changes in market demand.
- Monitoring performance and produce monthly update reports for the board and partner organisations.
- Producing regular PR and marketing data to promote the services of the HSAS.

- Ensuring the continued financial viability of the company by responding quickly to changes within the economy and the sector.
- HSAS will develop it's links with the Barnardo's pre-employment programme operating in the Highlands. Barnardos look to support individuals from disadvantaged backgrounds into apprenticeships and employment

7.2 Apprentices

HSAS will support 'traditional' apprentices. Traditional apprentices will require an average of two years block release at College with an average total of 32 weeks in College. The project will be looking to support these apprentices through to complete their SVQ level 2 & 3 qualifications and Modern Apprenticeships. By year 3 (with an average intake of 20) the HSAS would be supporting approximately 40 apprentices.

The core age of the apprentices will in the main be between the ages of 16 to 19. Apprentices aged 19+ are more likely to be those that have been displaced and made redundant and have been added to the pool.

As previously identified, this model will work with a range of individuals identified through partners, including: schools, Colleges, Barnardos, CITB-Construction skills and through the marketing of HSAS.

All apprentices recruited will be employed under the terms and conditions set by SBATC/SPADAC (subject to discussion) governing wages, working hours and employment law.

7.3 Trades

CITB-Construction Skills have identified from section 5 that recruitment could cover the traditional construction trades including:

- | | |
|---------------------------|-----------------------|
| • Joinery | • General Operatives |
| • Painting and Decorating | • Technicians |
| • Brick work | • Roofing/Stonemasons |

Through the market intelligence outlined in section 5, there is a continued requirement locally for these trades. Looking at future needs within the construction industry with local procurement partners, has confirmed deliverability. Specific numbers will be identified within each of the trade areas. The trades outlined above will remain the core activity of the organisation.

There are also significant amounts of new modern apprentice level 2 specialist apprenticeships that are about to be introduced that may also be worth looking at going forward.

7.4 Geographical coverage

It is proposed that HSAS would provide services to the Highlands & Islands (Highland Council) area and will also look to identify areas within the Highlands where apprentice recruitment is particularly low.

7.5 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 HSAS. The project will be able to identify and support 'hard to reach' individuals through our pre-apprenticeship programme with partners and will become involved with registered providers of affordable housing. This approach ensures that HSAS can support individuals who are ready to move directly into apprenticeships and those requiring an initial programme of support.

8.0 Management team

To be confirmed

8.1 The Board of Directors

To be confirmed

8.2 Operational Team

CITB-Construction Skills will provide a co-ordinator to work day to day on the project. To ensure the successful delivery of the Shared Apprenticeship Scheme on a daily basis 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 Scheme to maximise the number of successfully completed apprenticeship frameworks and employment outcomes as identified in the HSAS Delivery Plan.

CITB-Construction Skills will provide employer support in terms of funding, college fees, apprenticeship monitoring

Highland Council will provide all back office functions including payroll and a direct link to the procurement process and will play a significant role in the project

Barnardo's – pre apprenticeship program

Steering group/board to be set up

9.0 Risk analysis and management plan

Risks	Specific Issues	Control Factor	Prob	Impact
Cash flow	<ul style="list-style-type: none"> • Unable to meet expenditure 	Profile / timing of C-Skills payments <ul style="list-style-type: none"> • Realistic business plan assumptions 	L	H
charge out rate to high	<ul style="list-style-type: none"> • Financial risks • Less host contractors • Unable to meet business plan assumptions 	<ul style="list-style-type: none"> • Effective marketing • Sell the benefits • Develop new relationships as well as existing • Attempt to reduce through other public funding and management of expenditure 	M	H
Corporation Tax & VAT	<ul style="list-style-type: none"> • Does the shared apprenticeships company require to pay tax & VAT 	<ul style="list-style-type: none"> • HMRC guidance 	H	H
National Insurance Contributions	<ul style="list-style-type: none"> • Who will be responsible for employer contributions 	<ul style="list-style-type: none"> • Highland Council assumes full control or invoices member companies 100% of total contribution cost 	L	M
Apprentice wages	<ul style="list-style-type: none"> • Financial deficit 	<ul style="list-style-type: none"> • Apprentice wage rate re-charge(15%-20%) 	H	H
Poor quality trainees	<ul style="list-style-type: none"> • Credibility • Financial risk through drop-out • “Carrying” apprentices we cannot place • Won’t travel 	<ul style="list-style-type: none"> • Larger pool of traditional apprentices • More choice • Clear, upfront trainee terms • Support apprentices to succeed 	L	H
Contractor placements not available	<ul style="list-style-type: none"> • Not enough placements • Financial risk • Economic issues 	<ul style="list-style-type: none"> • Effective marketing plan • Highland Council maintenance Department • Build on reputation • Develop wider relationships • Identify opportunities in advance • Construction Skills co-ordinator 	L	M

10.0 Financial information

10.1 Overview of financial performance

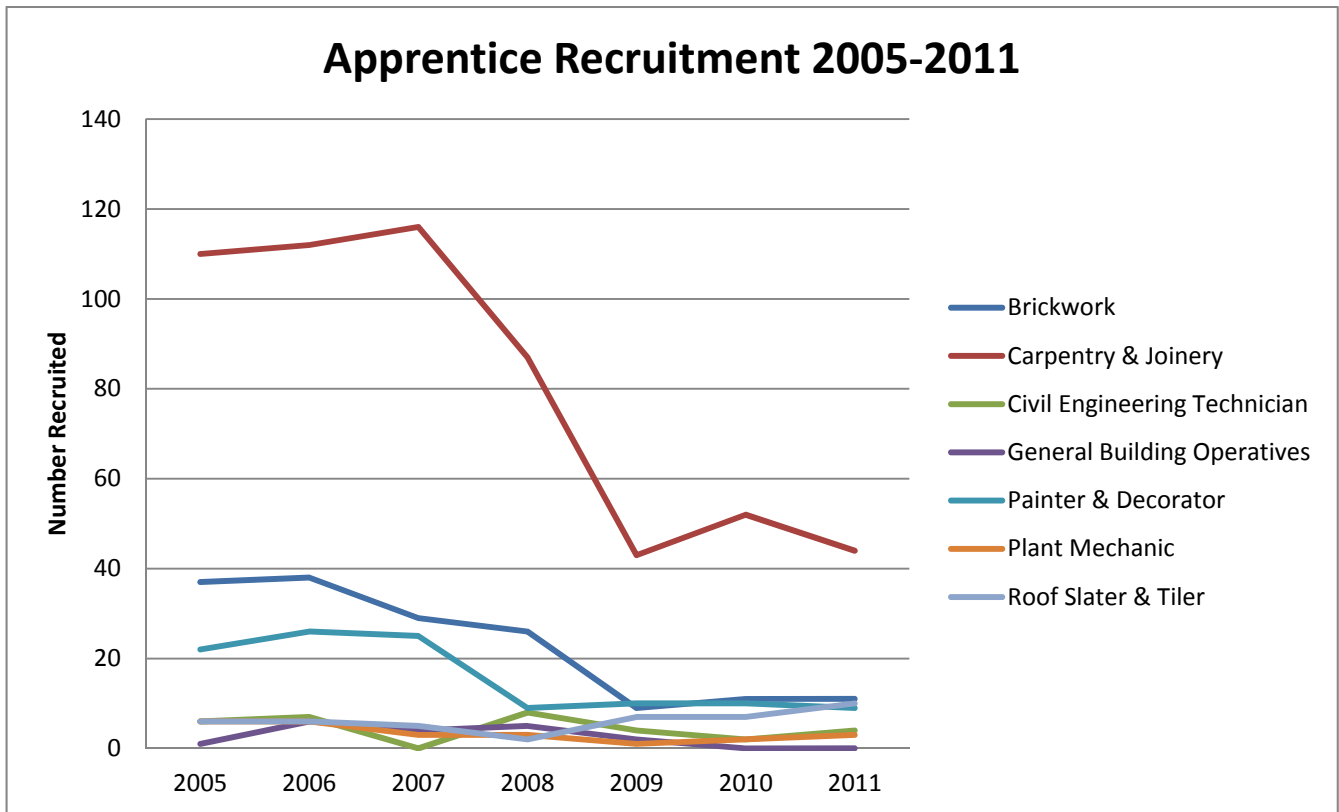
See Appendix D

10.2 Comments on assumptions

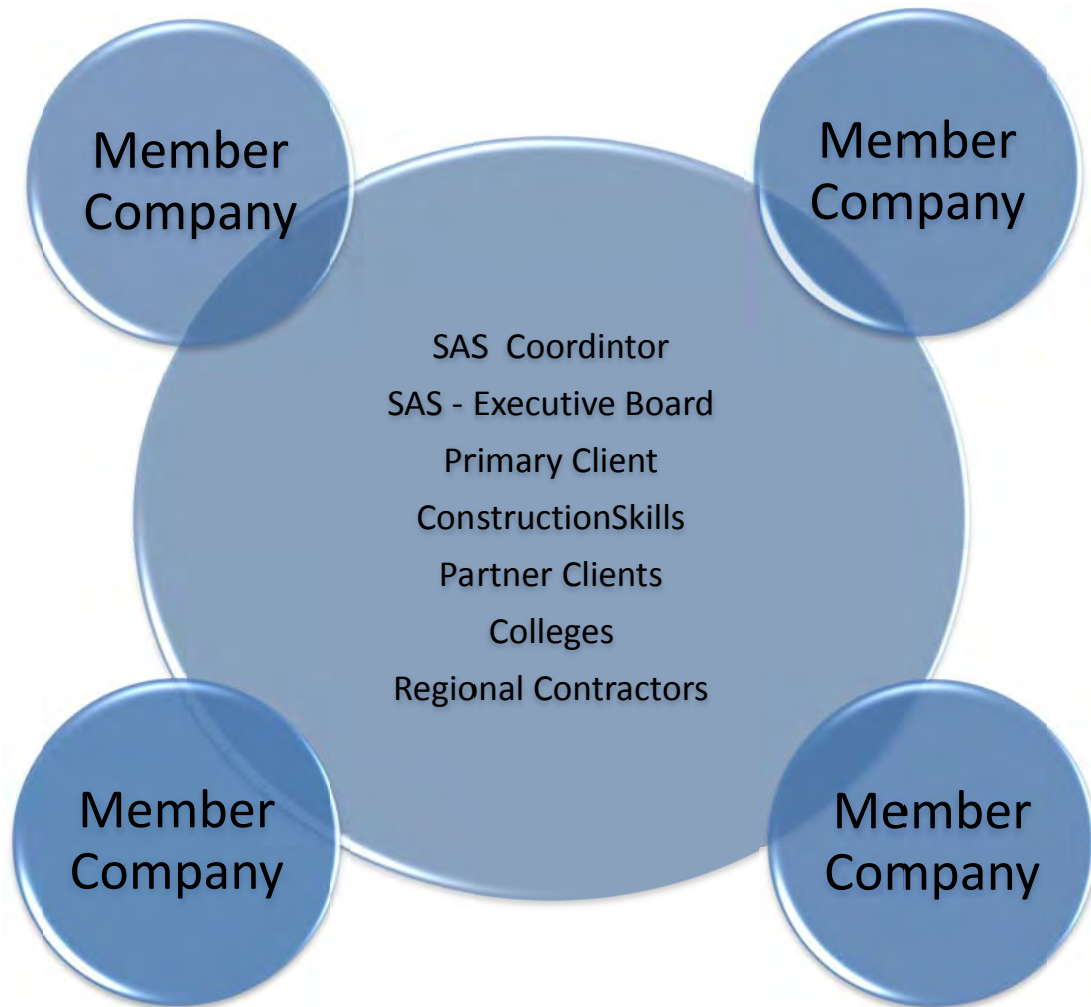
The remaining expenditure is broken down based on the following assumptions:

- Apprentice salaries – All apprentice salaries are based on working 39 hour weeks. 1st year apprentices will be paid £134.55 per week and the average 2nd year apprentice would be £173.94, 3rd year apprentices £275.34, 4th year apprentices £356.85.
- Apprentices are assumed to spend 29 productive weeks with contractors in year 1, 35 productive weeks in year 2, 48 productive weeks in year 3 and 48 productive weeks in year 4.
- Apprentice numbers are based on delivering 20 in Year 1, with year on year sustained growth.
- Traditionally there is a drop-out rate of apprentices who leave their apprenticeship for their own reasons so it may not be as many as 40 apprentices at the end of year 2.
- HSAS will provide apprentices with PPE, average value to be confirmed.
- Travel allowance will be paid to apprentices attending college (where applicable and criteria is met) and this can be claimed back through CITB-Construction Skills.
- Costs for CSCS cards are included for all trainees at a cost of £30.
- Insurance.
- Going forward in 2012/13 there will be a new College program for modern apprentices that will involve the apprentices spending a week in College in year's 3 and 4.

Appendix A



How it Works – Shared Apprenticeships Scheme (SAS)



Appendix C

Pre- Apprenticeship Training Programme for Construction 'Shared Apprenticeship Scheme'

Recruitment Strategy

This approach to recruitment can be developed to provide a young person with a programme of training that will prepare them initially for a 'work placement'. This may lead to an apprenticeship if appropriate.

1. Young people would be assessed to ensure that they are 'ready' to participate on the Training Programme. This would be conducted by interview and the Skills Learning Exercise.
2. Following the assessment the young person would be enrolled with a 'Learning Provider' in conjunction with CITB-ConstructionSkills (i.e. Barnardos) where they will undertake underpinning knowledge and skills development in preparation for a work placement. This period will be approximately 2 weeks depending on the agreed model. This would cover:
 - Employee and employer responsibilities.
 - Acceptable workplace behaviour.
 - What an employer would do when behaviour is unacceptable and draw conclusions of potential consequences of behaviour.
 - How to interact with others at work.
 - Developing skills to cope with work situations (eg conflict) and discussing task allocation.
 - Evaluating their own skills, including strengths, weaknesses and identifying targets.
 - Creating a plan for their work placement.
 - Apprenticeship Induction (if appropriate).
3. The supervisor will judge the suitability of the young person using a scorecard approach (work coach to interview the employer and complete the scorecard) – scorecard to include:
 - Communication skills
 - Numeracy
 - Attendance
 - Time keeping
 - Following safe practices
 - Attitude
 - Working with colleagues
 - Ability to follow instructions
4. Only those young people who meet the criteria laid out during the programme will be put forward for an apprenticeship i.e.-
 - Adequate participation in knowledge & skills development preparation
 - Employer scorecard

This programme closely follows the criteria laid out by SDS in their 'Certificate of Work Readiness' which is being piloted throughout Scotland at present.