

<b>TITLE:</b>	<b>Apprentice Report-Building Services</b>
<b>TO/ON:</b>	<b>Executive 10<sup>th</sup> July 2006</b> <b>Shadow Board 11<sup>th</sup> July 2006</b>
<b>BY:</b>	<b>Director of Housing and Capital Works</b>
<b>PORTFOLIO:</b>	<b>Learning</b>
<b>STATUS:</b>	<b>Report</b>

## **1. SUBJECT MATTER AND PURPOSE**

- 1.1 This report identifies issues relating to the appropriate recruitment, retention and development of staff within the Division of Building Services and seeks approval to address the shortages in trainees within the Division. The Division and most predominantly the area of Operations employs and manages the largest core workforce within the Council. As such it needs to be confident that it can secure and retain suitably qualified and capable employees to effectively maintain its competitive edge and ultimately continue to meet performance targets, thereby safeguarding its continued existence.
- 1.2 This report seeks approval to progress the reintroduction of apprentices into the workplace, which is felt to be a pivotal area within a Divisional succession plan to ensure that the Council and its successor DH (Derwentside Homes) can fulfil their obligations with regard to effective Repairs and Maintenance of the housing stock.
- 1.3 This recommendation contributes to the corporate aim, to work with others to deliver a learning community.

## **2. BACKGROUND**

- 2.1 The Council will be aware of the implications with regard to the impending transfer of the housing stock to DH .If however we are to achieve the implementation of this apprenticeship programme we need to engage with potential applicants to achieve a September 06 start date in line with the college intake. It is therefore essential we move quickly in both developing the required protocols and gaining the agreement of both the Council and the shadow board of Derwentside Homes.
- 2.2 Following recent analysis and projected trends, it is clear that the Division has an ageing workforce, 38% of the workforce is over 50 years of age and the potential impact of this could be that there will be a serious shortfall in the number of skilled operatives available in the near future. This current situation is not peculiar to Derwentside, or indeed the North East region as a whole, and has been highlighted nationally by a number of industry related training boards and employers themselves.
- 2.3 In addition to the actual loss of long serving employees, the impact of such a trend is also compounded by the fact that the experience and knowledge gained by those individuals would normally have been cascaded to trainees through the recognised shadowing process of the traditional apprentice-training route. Whether undertaken through a formal or informal mentoring process this facility and most valued part of the training process could be lost. This issue will not solely relate to operatives, but will also

have a significant impact upon both substantive supervisory roles and those required to deputise in their absence.

- 2.4 A health check of the Building Services Division undertaken by HACAS in 2003, identified that as part of its strategy for the future:

*“the organisation should consider and implement an apprenticeship-training programme”*

The report highlighted the need to introduce an optimum 4% - 5% apprentice ratio to full time employees as the starting point regardless of workforce age profile. This equates to 3 apprentices for 2006, and this should be built upon annually.

- 2.5 The recent Best Value Review of Repairs and Maintenance by the Audit Commission also identified the lack of any apprentice scheme as a weakness. To this the Best Value Improvement Plan and Housing and Capital Works Service Plan have noted this as an action for service improvement.
- 2.6 The initiative is effectively complemented by the introduction of a formal mentoring programme (Supervisory/Managerial Development), within the Division. This is proving to be a huge success, and feedback is demonstrating huge benefits to the employee and employer, which are being well received. This programme will no doubt prove to be a significant factor in the successful introduction of apprentice training back into the organisation.
- 2.7 When the transfer to Derwentside Homes takes place it is proposed to engage with partners to establish training elements within each of the contract areas. As the level of investment is significant (£6-7m per year) it is proposed that a 4% - 5% trainee /apprentice level be provided over the length of the partnering agreement. This would also be developed with Small Medium Enterprise (£400-500k per year) contributions to give a comprehensive scheme within the district.

### **3. CONSULTATION**

- 3.1 Throughout the process, extensive and ongoing consultation has been undertaken and entered into with:
- Human Resources
  - Trade Union Representatives
  - LSC (Learning Skills Council)
  - CITB (Construction Industry Training Board)
  - New College Durham
  - North East Chamber of Commerce
  - Derwentside Training
- 3.2 Human Resources and Trade Unions have both commented positively with regard to this report, which highlights the need to build capacity amongst the workforce and to increase employment opportunities within the district.

### **4 MATERIAL CONSIDERATIONS**

- 4.1 As stated earlier in the report, one area that it is felt could assist in dramatically redressing the recruitment and a retention problem is the reinstatement of a structured programme for apprentice training. The benefits would be that:

- The Council and DH could be confident in the training, development and retention of employees.
- The Council and DH could continue to meet the high standards expected.

In addition this initiative would provide employment opportunities to young local people within the community and also allow investment associated with employment back into the local economy.

- 4.2 Financial investment has been discussed during extensive discussion with: LSC (Learning Skills Council), CITB (Construction Industry Training Board). To date whilst all applaud and in gesture support the proposal, none are able to commit funding to assist the Council in forming a meaningful, comprehensive and structured programme of training. (see 5.1)
- 4.3 As stated earlier in the report it is essential that the recruitment process is begun (subject to agreement and funding approval from DH ) as soon as practicable .It should be noted that in the unlikely event that transfer does not go ahead then the Council would be taking forward this commitment .

## **5.0 Financial Implications/options**

- 5.1 Without supplemented funding from the learning organisations, the onus is upon the directorate to make provision for the recruitment of apprentices. A learning provider through the LSC e.g. (NECC) can still provide funding for training in local colleges. The pension scheme is not compulsory however the calculations have been made with the view that all will join the scheme, which raises the contributions.
- 5.2 As the proposals within the report potentially overlap the changes brought about by the LSVT(Large Scale Voluntary Transfer) to DH then the costs to the Council will be around £6k(two /three months from September until transfer in November 06).

There are two options available:

### **5.3 OPTION 1 – The preferred option: Appendix 1**

In line with the proposed programme of recruitment and formal apprentice linked training, it is estimated that £30,814 is required to be made available for the first years intake, to ensure we meet our immediate and medium term needs. Discussion with the Divisions accountant has indicated that this could be funded/part funded from present and future surpluses. Trade Unions and service managers support this option.

### **5.4 OPTION 2**

This option has been used previously and in essence is a work placement with and attached to a learning facilitator. The employee receives a nominal fee minimum £40 to £80 per week whilst in the training placement payable by the Council. The provider using LSC funding covers training.

Whilst a much less expensive option, this option is not embraced by trade unions and is seen as a method of employing cheap labour and not fully embracing the overall direction of option 1.

## **6 CONCLUSION**

- 6.1 Should the Apprentice Scheme be accepted and introduced it will not only assist in reducing the skills shortages previously identified, but will also allow the Directorate to build a firm employment foundation to underpin the future of Building Services whilst assisting with wider community and economic benefits.

## **7. RECOMENDATIONS AND REASONS**

- 7.1 It is recommended to the Council that Members approve:

- The recruitment and employment of 3 Apprentices this financial year using Option 1(point 5.3)
- That the initiative is funded by the Council up to the point of transfer
- The District Operations Manager and Head of Human Resources will undertake the recruitment of the apprentices in line with current Council procedures.
- That further structured dialogue is undertaken with Trade Union representatives, management and suitable training bodied to assist their support in producing a structured implementation and training programme.

- 7.2 It is recommended to the Shadow Board of Derwentside Homes that they give in principle support to the above recommendations, subject to the Business Plan of Derwentside Homes and duly noting that:

- The apprentices will transfer to Derwentside Homes under the TUPE regulations on the day of transfer
- Derwentside Homes will finance the ongoing training of the apprentices.
- Full approval be given following the finalisation of the Business Plan for Derwentside Homes

## **8. BACKGROUND PAPERS (& Sources of reference)**

Building a future for direct services – new millennium service provider in partnership with APSE, UCATT, T&G –2001

Audit Commission Best Value Report – Leicester City Council 2002-11-05

Learning By Doing (CITB)

Audit Commission Best Value Report Derwentside District Council 2006

Apprentice a strategy for growth Hilary Steedman

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**APPRENTICES**

**Appendix 1**

**Option One (Cost Pensioned) fully employed 3 no**

Age	Year	Trade		Training	Cost Pensioned	Tool Allowance	Expenses	Total
16	1	Joiner	143.83 X 1 X 52 = 7,479.16	0.00	9,204.00	302.00	175.00	9,681
16	1	Plumber	154.00 X 1 X 52 = 8,008.00	0.00	9,887.00	347.00	175.00	10,409
16	1	Electrician	159.00 X 1 X 52 = 8,268.00	0.00	10,223.00	326.00	175.00	10,724
TOTAL COST								30,814

**Option One (Cost Not Pensioned) fully employed 3 no**

Age	Year	Trade		Training	Cost not Pensioned	Tool Allowance	Expenses	Total
16	1	Joiner	143.83 X 1 X 52 = 7,479.16	0.00	7,610.00	302.00	175.00	8,087
16	1	Plumber	154.0 X 1 X 52 = 8,008.00	0.00	8,191.00	347.00	175.00	8,713
16	1	Electrician	159.0 X 1 X 52 = 8,268.00	0.00	8,476.00	326.00	175.00	8,977
TOTAL COST								25,777

