

SOUTH THAMES GATEWAY BUILDING CONTROL JOINT COMMITTEE

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SOUTH THAMES GATEWAY BUILDING CONTROL SUCCESSION PLANNING

Report from: Tony Van Veghel, Director, South Thames Gateway
Building Control Partnership

Summary

This report seeks to advise Members on the options available to plan in advance for the likely impact of planned retirements of surveyors through succession planning.

1 Budget and Policy Framework

- 1.1 This report updates the Joint Committee on the need to plan for the likely retirement of surveyors over the next 5 – 8 years.

2 Background

- 2.1 Within the next 3 years four operational surveyors will become eligible for retirement. Two have currently indicated that they may take up the option of flexible retirement and cut down their hours to 3 days per week. Within the next 8 years all four will reach 65 and have indicated that they would be likely to take up full retirement at or around that age.

3 Director's comments

- 3.1 It is likely that the Partnership will lose up to four surveyors over the next 8 years to either flexible or full retirement. It is important to plan for this event and there are a number of options available to address the issue.
- 3.2 **Option 1:** Wait until a definitive decision has been made by those that are considering retirement and if they leave, fill their position on a like for like basis. This would involve recruitment costs and look for a qualified surveyor so as to deliver a similar level of service to that provided now. This would have the advantage of a replacement with similar skills and knowledge; however, they would need time to learn about the area and would provide little or no savings in costs.
- 3.3 **Option 2:** As Option 1, replace as and when conditions arise but recruit a less qualified surveyor or building control assistant. This would enable

savings to be made on staff costs but would limit the type and nature of inspections that the replacement could carry out. There would also be additional costs of training, dependent on the level of entry but would allow for in-house training of the area over a period of time without the expectation of complex decision making until that knowledge is gained.

- 3.4 **Option 3:** A third option would be to plan for these departures by putting in place a training programme to recruit apprentices or trainees to learn the role from first principles and progress through academic qualification and on the job training on a dedicated training programme to fill positions over a planned period of time. This would give an opportunity for school leavers and graduates within the area to gain useful employment and follow a career path to become a qualified surveyor. Whilst the candidate would not be qualified or experienced as Option 1, they would be more cost effective than both previous options with a better understanding of the area and if the procedures and processes in use at STG gained during the training period.
- 3.5 It has always been an aspiration of the Partnership to harness the depth of knowledge and experience of its professional staff to develop new members of staff.
- 3.6 The training of an apprentice or trainee takes between five to seven years dependant on qualifications at entry level. Full corporate membership of the Royal Institution of Chartered Surveyors or Association of Building Engineers may take a further two years.
- 3.7 The cost with taking on an apprentice varies dependant on age and entry level but as an example Medway's guide to employing an apprentice indicates that the training framework applicable to 'surveying' would require an Advanced Apprentice or Higher Apprentice.
- 3.8 **Advanced Apprenticeship – NVQ Level 3 (equivalent to 2 x A Levels or BTEC National):**
- 3.9 An Apprentice recruited at this level will undertake an NVQ Level 3 relevant to their role (e.g. Business Administration, Customer Service). They will also undertake a technical certificate (covering knowledge and understanding of the relevant subject area) and functional skills. However, if the young person has already achieved Maths and English at GCSE (level A*-C) within the last five years, then the functional skills element may be "relaxed". A Level 3 Apprenticeship will be for 18-24 months duration.
- 3.10 To start this programme the applicant should ideally have five GCSEs (grade C or above) or have completed an apprenticeship Level 2.
- 3.11 Currently, Medway Council pays a Level 3 Apprentice a Training Allowance of £115 per week (£5,980 p.a.) no other on-costs, except

pension contribution (if taken up by the apprentice) are incurred. The relevant service area must meet these costs.

- 3.12 **Higher Apprenticeship – NVQ Level 4 (equivalent to BTEC professional qualification such as HNC or HND):** An apprentice recruited at this level will undertake an NVQ Level 4 relevant to their role (it should be noted that higher apprenticeships are only available in a small number of frameworks). They will also undertake a knowledge based qualification such as a Foundation Degree. A level 4 Apprenticeship will be for 18-24 months.
- 3.13 Currently, Medway Council pays a Level 4 Apprentice a Training Allowance of £150 per week (£7,800 p.a.). The relevant service area meets this cost.

National Minimum Wage Regulations

*The National Minimum Wage Act includes specific guidance on the appointment of apprentices, particularly those who are aged 19, or will reach 19 during their apprenticeship. For those who have reached/reach their 19th birthday **after completing** 12 months' service, the apprenticeship rate (training allowance) no longer applies. At that time, the NMW level that is appropriate to the age of the Apprentice must commence.*

- 3.14 The current NMW for a 19-20 year old is £4.98 per hour, for a person 21+ it is £6.08 per hour. This means a cost to the employer/service area of £184.26 per week (£9,581.52 p.a.) or £224.96 per week (£11,697.92 p.a.) respectively.
- 3.15 National insurance contributions are also payable by the employer/service area at the rate of 10.1% of salary, if the apprentice joins the pension scheme, and 13.8% of salary if they do not.

For example:

For the first 12 months, the applicable training allowance will apply, whether the apprentice is over the age of 19 or not – e.g. an apprentice who is 18 and a half on appointment can be paid the normal training allowance for the first 12 months (effectively until they're 19 and a half). However, because they will have turned 19, once the first 12 months is up, from 13 months' service onwards they must be paid the minimum wage for a 19 year old.

3.16 Pension Costs

If the Apprentice decides to take up the offer and join the Local Government Pension Scheme the costs for this must be met by the service area employing the Apprentice. The current rate of pension costs is 19.5% of salary. This would mean that:

- Level 2 Apprentice on £100 per week would cost £1,014 p.a.
- Level 3 Apprentice on £115 per week would cost £1166 p.a.
- 19 – 20 yr old Apprentice on NMW would cost £1868.39 p.a.
- 21+ Apprentice on NMW would cost £2281.09 p.a.

The current cost to the Apprentice of joining the pension scheme is 5.5% of salary. This would cost:

Level 2 Apprentice on £100 would pay £5.50 per week (£286 p.a.)
 Level 3 Apprentice on £115 would pay £6.33 per week (£328 p.a.)
 19-20yr old Apprentice on NMW would pay £10.13 per week (£527 p.a.)
 21+ Apprentice on NMW would pay £12.37 per week (£643 p.a.)

3.17 We currently have two staff on reduced hours which will generate a saving of approximately £15,000 for this and subsequent years. To date we have used this saving as part of our mitigation measures to offset pressures on the building regulation account. However, over the last year we have moved resources when necessary into providing consultancy services generating additional income which has covered these costs and in turn reduced the pressure on the budget. Whilst it is unlikely that the construction economy will recover to any great extent over the next two years the workloads and income streams are likely to remain approximately the same, therefore, the investment into an apprentice at this stage would be viable. Regular yearly reviews would be put in place to determine if further savings from flexible retirements by surveyors would allow for additions to the apprenticeship scheme over the next four years and therefore prepare replacements for surveyors over the next five to eight years.

4. Financial Implications

4.1 These are shown in appendix 1 which demonstrates funding of the scheme within current budgetary commitments.

5 Legal Implications

5.1 The Memorandum of Understanding requires employment matters to follow Medway Council procedures, so that any recruitment will be carried out with guidance from their Head of Human Resources.

6 Risk Management

6.1 As training proceeds the temptation for an apprentice to move to employment elsewhere is highly likely, in particular with regard to the private sector. Conditions should be put in place within the contract of employment which would require recovery of training costs should an apprentice leave employment of the Partnership during and for a period post qualification.

- 6.2 Should those staff that are currently taking part in the voluntary reduced hours programme decided to return to full time employment the current savings of £15,000 would not be available to fund the training programme. In this unlikely event, savings from other budgets would be used as an alternative. For 2011/12 there were transport £14,000, supplies and services £23,000 or support services £22,000.

7 Recommendations

- 7.1 Members are ask to agree the recruitment of a suitable apprentice for this financial year and require a review at each Annual general meeting to determine if further apprentice recruitment is viable in future years.

8 Suggested Reasons for Decisions

- 8.1 The Joint Committee has a key role in ensuring suitable arrangements are in place to ensure the continued resilience of the Partnership.

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Background papers

None

Appendix 1

Apprenticeship cost comparison

Age	Type	Salary	Pension	Total	Min appointment
16 – 18	Advanced	5,980	1,166	7,146	12 months
16 – 18	Higher	7,800	1,521	9,321	18 – 24 months
19 – 20	Higher	9,581	1,868	11,449	18 – 24 months
21 +	Higher	11,697	2,281	13,978	18 – 24 months

Apprentices aged 16 to 18 have full costs of training funded
 Apprentices aged 19 to 24 have 25% costs of training funded

Annual costs are currently £1,200, therefore, costs for 19-24 year old apprentice equal £900pa.

Savings from reduced hours programme in 2012

Officer 1	8,044
Officer 2	7,357
Total	15,401

Potential flexible retirement savings

	2013/14	2014/15	2015/16	2016/17	2017/18
Officer 1	4,817	19,268	19,268	→	
Officer 2		5,284	21,137	→	
	4,817	24,552	40,405		