

## NOTTINGHAM CITY HOMES

HUMAN RESOURCES  
COMMITTEE  
15 JULY 2008

### REPORT OF HEAD OF CHANGE MANAGEMENT AND DEVELOPMENT

#### NCH APPRENTICESHIP AND TRAINEESHIP SCHEMES

#### 1 SUMMARY

- 1.1 To inform HR Committee about a proposal agreed by the Executive Management Team for improving our apprenticeship and traineeship schemes into world class models for growing our own talent.

#### 2 RECOMMENDATIONS

- 2.1 It is recommended that the Committee note and comment on the information provided.

#### 3 REPORT

##### 3.1 Strategic Context

The NCH Delivery Plan 2008/9 outlines 7 strategic objectives for the delivery of services. These are:

- To value the diversity of our customers and ensure our services are accessible to all
- To involve, listen and be accountable to our customers
- To achieve excellent housing services (and 2 stars in November 2008)
- To achieve and maintain decent homes
- To be a key partner in transforming and managing Nottingham's neighbourhoods
- To respond to the needs of the most vulnerable and socially excluded
- To be an excellent, efficient organisation which has high quality leadership and management, and delivers value for money

NCH Apprenticeship and Traineeship schemes play a crucial role in helping to deliver these strategic objectives by, for example:

- Tackling deprivation by recruiting and developing local people, representing the diverse communities of Nottingham.

- Developing partnerships to deliver first class training
- Using finances wisely by accessing government funding to support the development of people.
- Developing a high quality workforce, fully prepared to deliver excellent services

Nottingham is the 13th (out of 354) most deprived area of England and unemployment (in April 2007) stood at 4.3% compared to the average rate for England of 2.5%. There are some key issues around the levels of deprivation, skill base and economic activity which traineeships can help support:

- A high level of dependence on state benefits amongst our tenants: 64% obtain their income wholly from state benefits or state pensions; two thirds of tenants receive Housing Benefit.
- A high level of benefit dependency, economic inactivity is high amongst our tenants – only 25% are in full or part time employment.
- Educational attainment at school is low in Nottingham generally and adult skills levels are below average at most levels – educational attainment has been improving in Nottingham in recent years and the gap with the national average is closing but attainment remains low by national standards at all levels. This contributes to the ‘low skill, low wage’ character of part of the economy.

Well managed and high performing traineeship schemes can directly contribute to improving life prospects for the communities that we serve by providing valuable training and work experience with the potential prospect of attaining sustainable employment.

## 3.2 **Over View Of Schemes**

The Company operates several different schemes. These are:

### 3.2.1 **PATRA (Positive Action Training and Recruitment Agency)**

A local community based organisation which recruits young people from the BME community and offers them a 2 year paid employment status trainee placements leading to an NVQ level 3 Certificate in Housing (equivalent to A level).

Each trainee receives basic salary of £9000 per annum and PATRA receive £4000 per trainee per annum as a management fee and to cover the cost of the training. Therefore, the total cost per trainee is £13,000 per annum. NCH has had a maximum of 11 trainees on a rolling programme. NCH has not taken on any further PATRA trainees since January 2008, due to the Company restructure and review of traineeships in general. 3 trainees have recently left the scheme, therefore there are none currently with NCH. The scheme does not guarantee employment at the end of the traineeship.

### 3.2.2 In-house Housing Management Training Scheme

The scheme was established in April 2004 to respond to a shortage of good quality trainees in Housing Services. The scheme provides a 3 year paid employment status traineeship leading to an NVQ Level 3 Certificate in Housing (equivalent to A level). The scheme does not guarantee employment at the end of the traineeship.

There are currently 3 trainees on a rolling programme who will complete their training in July 2009. No further recruitment has taken place for 2008/9. The scheme is managed within Housing Services, with coordination undertaken by the Organisational Development Division.

Each trainee receives a basic salary of £14581 per annum (2008/9) (inclusive cost is £18224 per annum). The total cost of the qualification training to NVQ Level 3 is £563 per trainee. Unlike other NVQ's which are fully funded for those under 25, the Company does not receive funding for CIH level 2 or 3. This is because the programme is not recognised by the Learning and Skills Council as a funding qualifying programme. It is however, recognised by the Institute of Housing as a professional housing qualification.

### 3.2.3 Construction Based Apprenticeship Scheme

The Company is committed to providing a minimum of 10 construction based, one clerical (details about this are included in 5.1 below) and one technical (e.g. surveyor) traineeship per annum as part of the Repairs and Maintenance Contract commencing on 7th July 2008.

Training is 3 to 4 years in length depending on the trade. The scheme does not guarantee employment at the end of the traineeship. However, it is worth pointing out that the Company has a 100% record for employing qualified trainees (last 3 years). The trades the Company are recruiting to for 2008/9 are as follows:

Trade	No. being recruited in 2008/9	Duration of Training	Qualification achieved	** Total cost of qualification training	Inclusive salary per trainee for 2008/9
Plasterer	1	3 years	NVQ 3	£1,550	£7,902
Bricklayer	1	3 years	NVQ 3	£1,350	£7,902
Site Joiner	2	3 years	NVQ 3	£1,350	£8,060
Plumber/gas engineer	2	4 years	NVQ 3	£1,550	£8,649
Electrician	4	4 years	NVQ 3	£1,350	£8,944
Surveyor	1	3 years	HNC	£1,500	£17,037*

\*Surveyor – difference in salary compared to other trades due to relevant required experience, which is not required for other trades.

\*\* Cost of training only applies to apprentices who are 25 years of age plus. Training for those under 25 is funded by the Learning and Skills Council.

Furthermore, there is an indirect cost of approximately £2855 per annum (10% of full time equivalent support) from the OD Division for the management/coordination of the scheme.

The Company has developed a partnership with Stephenson College to help with the recruitment and training of trainees. Furthermore the Company is committed to providing each trainee with a personal mentor who will support them throughout their traineeship. The scheme has been acknowledged for its success in training and retaining local people, achieving an Association of Public Service Excellence award in 2005 and a finalist for the 2008 East Midlands Large Employer of the Year award.

### **3.2.4 One In A Million Scheme**

For every £1 million pounds invested in the Decent Homes Partnership an agreement has been established with the Decent Home Partners to create one traineeship post. This equates to approximately 243 trainees in total over a 4 year period. The trainees will be recruited and managed directly by the Decent Home Partners. NCH will be responsible for monitoring the scheme. Further details about the scheme will be made available in due course.

### **3.2.5 Why The Review of Traineeships?**

The Company has embarked on a major organisational restructure in the second half of 2007 and as a consequence had put on hold its requirement for trainees. The roll out of the restructure should be substantially completed by the end of July 2008. The Company will therefore be in a position to take on new trainees from September 2008. This report focuses on the review of non construction based traineeships in light of performance issues with existing schemes and the length of time since they were last strategically reviewed.

## **3.3 Performance Data**

### **3.3.1 PATRA**

PATRA's strength is its community links, which allows it to recruit from hard to reach BME communities. However, this has to be weighed up against the concerns about the performance of the scheme including:

- a. PATRA's requirement for an annual management fee of £4000 per trainee.
- b. Lack of transparency of costs e.g. breakdown of management fees
- c. Non refundable fees e.g. for absent trainees
- d. Not undertaking contractual commitments e.g. annual review of scheme, 3 monthly reviews of each trainee not undertaken, absenteeism not followed up etc
- e. Lack of pro-activeness on the part of PATRA to engage with their client base to resolve problems quickly
- f. Poor recruitment processes leading to poor calibre trainees
- g. Lack of structure to training plans

h. Lack of readiness for work of trainees

From the 25 that have been employed as trainees by the Company since September 2004, only one fully completed their training.

PATRA is committed to addressing the concerns of employers and making improvements. However, these are likely to take some time to fully implement and bed in. Furthermore Nottingham City Council has an intake of approximately 30 placements with PATRA, which is putting a significant demand on the organisation during its current transition.

**3.3.2 In-house Housing Management Training Scheme**

From the 23 that have been employed as trainees by the Company since April 2004, only four have fully completed their training. Furthermore, the scheme is 3 years in length, but it takes 2 years for the trainees to be qualified to CIH Level 3. This means that the final year is spent on on-the-job training, which is left to the operational manager to structure. The scheme has not delivered against its original outcomes and therefore needs reviewing. The budget for the scheme is held within the Housing Services Division.

**3.3.3 Non Construction Based Traineeships – The Way Forward  
NCH Company Traineeship Scheme**

A recent meeting with New College Nottingham has opened up opportunities for developing an enhanced scheme which could extend beyond Housing Services and thus support all sections of the Company. This will ensure that all areas of the organisation benefit from high quality bespoke traineeships. The key features of the new scheme are:

- a. All recruitment from the City of Nottingham area boundaries
- b. Trainees will be representative of the communities we serve including BME, people with disabilities, gender etc.
- c. 10 trainees on a rolling programme beginning September 2008, with no tie into the academic year. 10 is the optimum number based upon organisational capacity to manage the scheme, workforce turnover 9.6% and job vacancy rates. The 10 also includes the one clerical traineeship that Property Services have committed to as part of the Repairs and Maintenance Mobilisation Plan.
- d. 2 year traineeships leading to an NVQ Level 3 in either administration, customer service or a Certificate in Housing
- e. Trainees will receive an annual salary of £9000 each. There will be no management fee but an opportunity cost for co-ordinating the scheme at a total cost of £2855 per annum (10% of full time salary including add ons)
- f. Fully funded training (for trainees under 25) via New College Nottingham, including welfare support, performance management of trainees and

access to mentors, thus saving the Company around £3500 to £4000 per trainee per annum, when compared with PATRA.

- g. Whilst we will endeavour to find trainees jobs within the Company, there are no guarantees given to the trainee.

In light of the performance issues with PATRA, it is recommended that we defer from recruiting any further PATRA trainees (currently zero) and use Nottingham City Council experiences with PATRA over the next 12 months as a comparator for the Company's proposed new scheme.

### 3.3.4 Existing In- House Management Training Scheme

It is recommended that no further recruits are taken on for the scheme and that it be terminated once the existing 3 placements end their training in July 2009.

## 3.4 Financial Details For Non Construction and Construction Based Traineeship Schemes

### 3.4.1 Costs for Proposed New 'NCH Company Traineeship Scheme'

The table below outlines the costs of the proposed new scheme. The details are based upon the following assumptions, which potentially can have an infinite number of variations.

- Seeing through on a Company commitment to complete the training of 3 employed status trainees as part of the Housing Traineeship scheme. The training will be completed in July 2009. The scheme is to be eventually replaced by the new 'NCH Traineeship Scheme'.
- 10 Company wide trainee placements being made available as a pilot.

Description	£ 2008/9	£ 2009/10	Explanation
Total salary for 10 trainees	£45,000	£93,600	Partial cost for 2008 because of scheme starting in Sept 08.
Total add on costs e.g. NI	£9,000	£18,720	
Opportunity Cost (coordination of scheme by OD Division)	£2,855	£2,969	10% equivalent of full time salary
Cost of training to NVQ Level 3	*£2,750	*£5,772	Cost of training only applies to trainees who are 25 years of age plus. Training for those under 25 is funded by the Learning and Skills Council.
<b>Total cost to Company</b>	<b>£59,605</b>	<b>£121,061</b>	2009/10 costs include inflation @ 4%

### 3.4.2 Costs for Existing Housing Traineeship Scheme

Description	£2008/9	£2009/10	Explanation
Total salary for 3 remaining trainees	£43,743	15,164	Basic salary. Partial cost for 2009/10 because of training concluding in July 2009.
Total add on costs e.g. NI etc	£10,929	£3,788	
Opportunity Cost (coordination of scheme by OD Division)	0	0	Trainees in last year of training – (on the job)
Cost of training	0	0	Trainees in final year – exclusively on the job training.
<b>Total cost to Company</b>	<b>£54,672</b>	<b>£18,952</b>	2009/10 costs include inflation @ 4%

### 3.4.3 Costs for Construction Training Scheme

Description	£2008/9	£2009/10	Explanation
Salaries	£117,839	£226,251	10 in 2008/9 20 in 2009/10 plus 4
Opportunity Cost (coordination of scheme by OD Division)	£2,855	£5,938	10% equivalent of full time salary in 2008/9 and 20% in 2009/10
Cost of training to NVQ Level 3	£5,200	£5,408	Cost of training only applies to trainees who are 25 years of age plus. Training for those under 25 is funded by the Learning and Skills Council.
<b>Total cost to Company</b>	<b>£125,894</b>	<b>£237,597</b>	2009/10 costs include inflation @ 4%

## 3.5 Indicative Timescales

### 3.5.1 New NCH Company Traineeship Scheme (Non Construction Based)

Action	When	Who
EMT in principle agreement to new traineeship scheme	22.5.08	EMT
Draft an operational implementation plan with Company task and finish group	Mid June 08	RP
Report to HR Committee	15 <sup>th</sup> July 08	RP
Take to Board for information	31 <sup>st</sup> July 08	RP
Commence recruitment of trainees	September 2008	OD Division
Review new scheme and use NCC PATRA as a comparator	September 2009	RP
Further report and recommendations to EMT	October 2009	RP

### 3.5.2 Repairs and Maintenance Apprenticeship Scheme (Construction Based)

Action	When	Who
Recruitment of Trainees	May to July 2008	Stephenson/ NCH
Induction to scheme	July 08	Stephenson/NCH
Start of training	Sept 08	Stephenson/NCH

### 3.5.3 Management Trainees

In addition to the above, a project will be set up in January 2009 to explore opportunities of working with New College Nottingham for developing a management development programme whereby existing employees and new trainees e.g. graduates, can have the opportunity of developing relevant skills for middle management roles within the Company. Further information about this will be reported to EMT, Board and HR Committee in January 2009.

### 3.6 Recommendations Agreed By The Executive Management Team

1. NCH adopts the core principles for all of its traineeships and apprenticeships as described in appendix A.
2. NCH to continue to support the 3 trainees who are currently undertaking training as part of the Housing Traineeship Scheme and are due to complete the programme in July 2009. Scheme to be phased out by July 2009.
3. NCH to withdraw from PATRA and pilot a new Company wide traineeship scheme in partnership with New College Nottingham with 10 trainees recruited from City boundaries. The scheme will replace the Housing Traineeship Scheme fully by July 2009 at which point a further review for extending the number of trainees for the new scheme will take place, taking into consideration, organisational capacity to manage the scheme, % workforce turnover and job vacancies. Any additional recruits will be taken on from September 2009.

### 4 OTHER OPTIONS

None.

### 5 FINANCIAL AND RISK IMPLICATIONS

The financial and risk implications have been Included in the report.

### 6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

The implications for NCH have been Included in the report.

**7 VALUE FOR MONEY AND EFFICIENCY ISSUES**

The Value for Money and efficiency issues have been Included in the report.

**8 EQUALITY AND DIVERSITY IMPLICATIONS**

Equality of opportunity is embedded in the proposals. NCH is committed to creating a diverse workforce and this is reflected in the proposals.

**9 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

NCH Delivery Plan

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**Date: 9<sup>th</sup> July 2008**

## **Appendix A - Nottingham City Homes Traineeship Principles (Based Upon A Company Managers' Focus Group Undertaken in April 2008 and Discussion with the Executive Management Team May 2008).**

The main objective of Nottingham City Homes' Traineeship Programmes should be that our organisation aspires to having quality, professionally qualified employees in all aspects of the company business. In a revised traineeship programme, it is proposed that the following principles are incorporated.

### **1 Recruitment**

- a. Traineeships should be offered at different levels, for example, trainees in support service functions, craft trainees, housing trainees.
- b. It is crucial that through the traineeship programmes we improve the representation amongst under-represented groups in NCH including BME, women and people with disabilities.
- c. Operational managers should be involved in the recruitment process alongside Organisational Development and New College Nottingham.

### **2 Training Programme**

- a. Traineeships should be for 2 years and to an NVQ Level 3. Trainees should undertake a 6 month probationary period to ensure that they are performing well.
- b. Workplace experience should run in parallel with gaining qualifications (either as day release or full time courses with work placements)
- c. Structured training programmes should be devised for each trainee, depending on the type of traineeship
- d. Throughout the traineeships, tests of competency will be applied to all trainees. Failure to meet standards will result in the placement being terminated
- e. Trainees will not be used to make up the numbers in teams. They will participate as team members and be managed as such, but they will remain outside the employee compliment for a team.

### **3 Management**

- a. There will be a trainee co-ordinator in the OD Division (existing post) responsible for managing the scheme. The co-ordinator's role should be to devise and co-ordinate training plans, to ensure consistency and undertake joint performance management with line managers
- b. The responsibility for the day to day management of trainees will lie with the manager of the team that the trainee is placed with (this will change as the trainee moves through their programme)
- c. As the trainee moves from one work area to another, the respective managers and the trainee co-ordinator will undertake a formal handover to ensure consistency.

### **4 Employment**

- a. Whilst employment is not guaranteed, the potential outcome of successful traineeships should be the recruitment of the trainees to permanent posts.
- b. As vacancies arise, ring fenced interviews should be offered to trainees towards the end of their traineeship. This will reduce recruitment costs and provide succession planning.

### **5 Executive Management Requirements**

- a. Trainees to be from Nottingham City local authority boundaries
- b. Trainees to be representative of the communities we serve including BME, women and people with disabilities.