

Best Practice Project Assessment Scheme



Construction Skills Development

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***CIDB BEST PRACTICE PROJECT ASSESSMENT SCHEME;*
REQUIREMENTS AND GUIDELINES FOR CONSTRUCTION SKILLS
DEVELOPMENT**

August 2011



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CIDB BEST PRACTICE PROJECT ASSESSMENT SCHEME; REQUIREMENTS AND GUIDELINES FOR THE CONSTRUCTION SKILLS DEVELOPMENT

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1 INTRODUCTION

The cidb Act (Act 38 of 2000) requires that the Board must establish a *Best Practice Project Assessment Scheme* based on the best practices identified by the Board. All construction contracts above a prescribed tender value will then be subject to an assessment of compliance with best practice standards and guidelines published by the Board.

This cidb *Requirements for Construction Skills Development* promotes human resource development by providing for the workplace training of interns and up-skilling of company employees in programmes that result in nationally accredited outcomes, such as, learnerships, accredited skills programmes, and internships for professional candidacy.

The cidb *Requirements for Construction Skills Development* will ultimately lead to an increase in the number of workers with nationally accredited qualifications and registrations with the respective professional councils and industry associations. It will also promote mentoring and coaching of new entrants to the industry as a business norm, especially for small contractors.

2 REQUIREMENTS FOR THE CONSTRUCTION SKILLS DEVELOPMENT

2.1 Compliance Requirements

The *cidb Requirements for Construction Skills Development* provides for the dedication of a portion of the total contract cost of a project for the workplace training of interns and up-skilling of company employees in programmes that result in nationally accredited outcomes, such as, learnerships, accredited skills programmes, and internships for professional candidacy.

These *Requirements* will need to be complied with on all qualifying contracts after the date and above a prescribed tender value and above an estimated project duration determined by the Minister of Public Works in the Government Gazette.

The initial phased requirements for compliance with these *Requirements* apply only to General Building (GB) and to Civil Engineering (CE) main contracts in the public sector, as given below:

Sector	Minimum Tender Grade	Minimum Contract Duration	Implementation Date
National Public Works and regions	Grade 7	6 months	year 0
National government departments	Grade 7	6 months	year 0
Public entities	Grade 7	6 months	year 0
Provincial government departments	Grade 7	6 months	year 0 + 1
Metros	Grade 7	6 months	year 0 + 1
High-capacity municipalities ¹	Grade 7	6 months	year 0 + 2
Medium-capacity municipalities ¹	Grade 7	6 months	year 0 + 3
Low-capacity municipalities ¹	Grade 7	6 months	year 0 + 3

Note: 1) As per Government Notice No. 733 of 1 July 2004

The requirements for the portion of the total contract value to be allocated to workplace training and up-skilling is given below:

Class of Works	% of Total Contract Value Allocated For Training
General Building (GB)	0,5%
Civil Engineering (CE)	0,25%

2.2 Eligible Training

Only training opportunities which lead to nationally accredited outcomes that are recognised by the *cidb* (and determined in consultation with the *cidb* industry ESDA¹ and employer bodies) will be included under the *cidb Requirements for Construction Skills Development*. Details of such recognised training opportunities will be published from time to time by the *cidb*, and will include:

- i) **Experiential learning** opportunities for employed and unemployed learners, and specifically;
 - University of Technology learners who have completed the theoretical phase of their training but require placement in industry for experiential learning; and
 - Further Education and Training (FET) college learners who require placement in industry for experiential learning as part of their National Certificate Vocational and N-programmes to enable them to take their respective trade tests; and

¹ Employment Skills Development Agency

- ii) **Skills programmes** identified by employer bodies and recognised by the **cidb** industry ESDA that are aligned with scarce and critical skills shortages and/or requirements for new skills, for employed and unemployed learners.

2.3 Allocation of Training Opportunities

The **cidb** *Requirements for Construction Skills Development* applies to the total contract value of the construction project, and where possible should be proportionate to the categories of construction works which comprise more than 10% by value of the scope of works. The training allocation should be cascaded down from the main contract to sub-contracts. Notwithstanding this, the responsibility for ensuring compliance with the *Requirements* remains with the main contractor.

A maximum of one-third of the required training opportunities (by full-time equivalent head-count) can be allocated to the main contractor's or the sub-contractor's own employees within their employer's contract (i.e. internal placement). The balance must be allocated to learners sourced through a relevant ESDA (i.e. external placement).

2.4 Determination of Training Opportunities

The number of full-time equivalent (FTE) training opportunities to be provided in the tender offer shall take into account the nature and demands of the construction project, and shall be calculated from the total training allocation in terms of the **cidb** *Requirements for Construction Skills Development* divided by the allowable cost per FTE, dependent on the type of training opportunity.

The allowable costs associated with the *Requirements* to be provided for in the contract price will be determined from time to time by the **cidb** in consultation with participating ESDAs² and may vary slightly depending on the ESDA used for sourcing learners and the skills programmes to be undertaken. Notwithstanding this, current costs are summarised below (see **Appendix 1** for further details):

² There is an overlap between the function of Skills Development Facilitators and ESDAs, and therefore some ESDA responsibilities may be performed by **cidb** recognised SDFs.

Type of Training Opportunity	Item	Allowable Cost R per FTE pa
Experiential learning opportunities, external placement, learners sourced through ESDA	• learner stipends	R42 240
	• trade tests, tools, PPE, etc	R5 800
	• a management fee for the relevant ESDA	R4 000
	• a prescribed management fee for the cidb ESDA	R500
	• sub-Total per learner	R52 540
Skills Programmes, external placement, learners sourced through ESDA	• learner stipends	R42 240
	• course fees, PPE, assessment and moderation	R11 760
	• a management fee for the relevant ESDA	R4 000
	• a prescribed management fee for the cidb ESDA	R500
	• sub-Total per learner	R58 500
Experiential learning opportunities, internal placement	• trade test preparation fees (maximum)	R3 000
	• trade testing fees (maximum)	R3 000
	• a prescribed management fee for the cidb ESDA	R500
	• sub-Total per learner	R6 500
Skills Programmes, internal placement	• course fees for theory inputs (maximum)	R5 000
	• assessment and moderation costs (maximum)	R2 000
	• a prescribed management fee for the cidb ESDA	R500
	• sub-Total per learner	R7 500
All	• cost of mentorship and supervision	As per contractor's rates

2.5 Client Obligations

Clients must specify that contractors have to comply with the *cidb Requirements for Construction Skills Development* in their call for tenders and contract documentation, and are encouraged to procure work from contractors who comply with these *Requirements*.

2.6 Contractor Obligations

Subject to the clients' obligations, the *cidb Requirements for Construction Skills Development* places the responsibility for ensuring compliance with the *Policy* with the main contractor, and the main contractor is required to appoint a project Training Co-ordinator to ensure that implementation of the *Requirements* is achieved (see Section 2.7 below).

The implementation of the *Requirements* will impact on the planned construction schedule, resource utilization and manpower requirements on site. Contractors are therefore encouraged to undertake the following to ascertain smooth implementation:

- integrate the impact of the training on the project's critical path; and
- devolve training obligations onto sub-contractors and make sure that these are appropriately resourced in pricing schedules.

2.7 Training Co-ordinator

The main contractor is required to nominate a project Training Co-ordinator to ensure that the implementation of the *cidb Requirements for Construction Skills Development* is achieved. Their responsibilities include:

- aligning project training needs and programs to target identified project skill shortages;

- developing project specific resource plans for the training of employed and unemployed learners;
- liaising with the cidb industry ESDA and other relevant ESDAs for sourcing learners and developing individual training plans for the learners;
- pre-approving all learners' training plans before they come on site;
- facilitating the implementation of learner's training plans;
- evaluating the contractors' capacity to successfully supervise learners and make recommendations for contractor capacity development; and
- submitting *Construction Skills Training Compliance Reports* on behalf of the contractor to the client and to the cidb at practical completion (see Form CRS-F002S, see [Appendix 2](#)) or on cancellation or termination of the project (see Form CRS-F003S, see [Appendix 3](#)).

Where training obligations are undertaken on sub-contracts, such *Construction Skills Training Compliance Reports* also need to be signed off by the relevant sub-contractors.

2.8 ESDA Obligations

Contractors will enter into a contract agreement with an ESDA of their choice that is participating in the implementation of the cidb *Requirements for Construction Skills Development* to provide the following services:

- facilitate placement of learners for training opportunities on eligible projects;
- prepare training plans for registered learners, including details of the scope of experiential work to be covered and expected outcomes;
- register learners with the appropriate SETA (where necessary);
- manage all the employment functions for learners such as payment of stipends, UIF, workman's compensation, provision of PPE, trade specific tools, etc.;
- liaise with the project Training Co-ordinators to monitor onsite training progress of learners;
- liaise with the project Training Co-ordinators to arrange for summative assessments at appropriate stages of the training; and
- liaise with the project Training Co-ordinators to prepare *Construction Skills Training Compliance Reports* to be submitted to the cidb.

2.9 cidb Industry ESDA Obligations

Over and above the generic roles of the ESDAs given in 2.8 above, the cidb industry ESDA will:

- support the cidb to establish eligibility criteria for learners to participate in the cidb *Requirements for Construction Skills Development*;
- in consultation with industry, advise the cidb of industry approved eligible training programmes; and
- collate all *Construction Skills Training Compliance Reports*.

2.10 Exemptions and Variations

Exemptions from the cidb *Requirements for Construction Skills Development* and/or variations to the *Requirements* may be sought under the following conditions:

- **Prior to tender:** Clients may seek exemption from the *Requirements* prior to tender where the nature of the project is not suitable for providing experiential learning opportunities.
- **Prior to contract completion:** Contractors may seek exemption from or variations to the *Requirements* prior to completion of the contracts where the ESDAs have not able to provide eligible learners for placement.

Criteria for the granting of exemptions will be gazetted by the Minister. Requests for exemption from or variation to the *Requirements* must be submitted to the cidb (see Form CRS-F004S, [Appendix 4](#)). In the case of contractor applications for exemption the cidb, in consultation with the cidb industry ESDA will respond to such requests within 5 working days of receipt of the request.

2.11 Compliance

Failure by clients to comply with these cidb *Requirements for Construction Skills Development* may, in the case of a public sector client, result in fines or penalties being imposed as set out in the cidb Regulations and/or referral to the Auditor-General.

Subject to the clients' obligations, failure by contractors to comply with these *Requirements* may result in fines or penalties being imposed as set out in the cidb Regulations.

Furthermore, a record of compliance with these *Requirements* will be recorded on the Contractor Performance Reports submitted by the client to the cidb on practical completion of all prescribed public sector projects. Such information may be used on future tenders for the purpose of:

- assessing the suitability of contractors for registration, pre-qualification, selective tender lists or expressions of interest;
- adjudication for the award of a contract; or
- termination of contract.

Compliance with these *Requirements* are subject to inspection and audit by the cidb from time to time.

3 GUIDELINES FOR CLIENTS

Requirements and guidelines for public sector clients are given in [Appendix 5](#), for clauses to be included in Conditions of Tendering and Conditions of Contract in the tender and contract documents.

APPENDIX 1 DETERMINATION OF TRAINING COSTS

A detailed estimate of the training costs associated with the *cidb Requirements for Construction Skills Development* is given below. The costs estimates are based on the following assumptions, and will be verified in detailed discussions and agreements with participating ESDAs:

- i) **Learner Stipends:** Learner stipends will be provided at a rate agreed to between employer associations and the bargaining council for construction workers. These stipends will apply to all classes of works. Currently, the stipend translates to R42 240 per year.
- ii) **Trade Tests:** The *Policy* provides for the following costs for each unemployed learner, leading up to a trade test:

Item	Cost
• trade test preparation fees	R3 000 pp
• trade testing fees	R3 000 pp
• cost of PPE	R2 000 pp
• medical assessment	R760 pp
• trade specific tools	R2 000 pp
Total	R10 760 pp

Assuming that, on average, it will take each learner two years to achieve his/her trade certificate, the average cost per learner per year is approximately R5 800.

Participating ESDAs will need to contractually commit to a cost per learner per year – although this cost can differ from contract to contract.

- iii) **Skills Programmes:** The *Policy* provides for the following maximum costs for skills programmes for unemployed learner:

Item	Cost
• course fees for theory inputs (max)	R5 000 pp
• assessment and moderation costs (max)	R2 000 pp
• cost of PPE	R2 000 pp
• medical assessment	R760 pp
• trade specific tools	R2 000 pp
Total	R11 760 pp

It is assumed that these costs will be incurred for each learner per year participating in skills programmes.

Actual costs would vary depending on the skills programmes entered into, and contractors would need to verify these costs with the relevant ESDA.

- iv) **ESDA Management Fee:** In addition to the itemised costs above, ESDAs will provide the following management functions (for learnerships leading to trade tests and for skills programmes):
 - prepare training plans for registered learners, including details of the scope of experiential work to be covered and expected outcomes;
 - register learners with the appropriate SETA (where necessary);
 - manage all the employment functions for learners such as payment of stipends, UIF, workman's compensation, etc.;
 - liaise with the project Training Co-ordinators to monitor onsite training progress of learners;
 - liaise with the project Training Co-ordinators to arrange for summative assessments at appropriate stages of the training; and

- liaise with the project Training Co-ordinators to prepare *Construction Skills Training Compliance Reports* to be submitted to the cidb.

This management fee is currently estimated to be R4 000 per learner per year.

iv) *cidb Industry ESDA Management Fee*: The cidb Industry ESDA will be required to undertake the following functions:

- support the cidb to establish eligibility criteria for learners to participate in the cidb *Requirements for Construction Skills Development*;
- in consultation with industry, advise the cidb of industry approved eligible training programmes; and
- collate all *Construction Skills Training Compliance Reports*.

This management fee for this activity is currently estimated to be R500 per learner per year.

Section G: Actual Training Records (Complete One per learner)	
Learner	Initials <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> Surname <input style="width: 150px;" type="text"/>
	ID <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/>
Period of Engagement in Project	From <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> - <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/> - <input style="width: 20px;" type="text"/> <input style="width: 20px;" type="text"/>
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Skills gained (mark with an 'X')	Experiential Learning <input style="width: 30px;" type="checkbox"/> Skills Programme <input style="width: 30px;" type="checkbox"/> Employed <input style="width: 30px;" type="checkbox"/> Unemployed <input style="width: 30px;" type="checkbox"/>
Employer (where applicable)	<input style="width: 350px;" type="text"/>
Total hours	<input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/>
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Skills gained (mark with an 'X')	Experiential Learning <input style="width: 30px;" type="checkbox"/> Skills Programme <input style="width: 30px;" type="checkbox"/> Employed <input style="width: 30px;" type="checkbox"/> Unemployed <input style="width: 30px;" type="checkbox"/>
Employer (where applicable)	<input style="width: 350px;" type="text"/>
Total hours	<input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/>
Learner	Initials <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> Surname <input style="width: 150px;" type="text"/>
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Skills gained (mark with an 'X')	Experiential Learning <input style="width: 30px;" type="checkbox"/> Skills Programme <input style="width: 30px;" type="checkbox"/> Employed <input style="width: 30px;" type="checkbox"/> Unemployed <input style="width: 30px;" type="checkbox"/>
Employer (where applicable)	<input style="width: 350px;" type="text"/>
Total hours	<input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/>
Learner	Initials <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> Surname <input style="width: 150px;" type="text"/>
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Skills gained (mark with an 'X')	Experiential Learning <input style="width: 30px;" type="checkbox"/> Skills Programme <input style="width: 30px;" type="checkbox"/> Employed <input style="width: 30px;" type="checkbox"/> Unemployed <input style="width: 30px;" type="checkbox"/>
Employer (where applicable)	<input style="width: 350px;" type="text"/>
Total hours	<input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/> <input style="width: 30px;" type="text"/>

Continued Over

Section H: Declaration; Project Training Co-ordinator

Name of Training Co-Ordinator Title Initials Surname

Designation

e-mail

Mobile 0 - -

Office Telephone 0 - -

Date - -

I, the undersigned warrant that:

- I am duly authorised to submit this notice behalf of the Contractor
- The contents of this notice are within my personal knowledge, and are to the best of my belief both true and correct.

Signature

Date completed - -

Section I: Declaration; Employer's Representative

Name of Representative Title Initials Surname

Designation

e-mail

Mobile 0 - -

Office Telephone 0 - -

Date - -

I, the undersigned warrant that:

- I am duly authorised to submit this notice behalf of the Employer
- The contents of this notice are within my personal knowledge, and are to the best of my belief both true and correct.

Signature

Date completed - -

APPENDIX 5 PROCUREMENT GUIDELINES

To be completed

APPENDIX 6 ECONOMIC ASSESSMENT

An assessment of the potential number of learners to benefit from the Construction Skills Policy is presented in this Appendix, together with an assessment of the implementation challenges.

An estimate of the value of public sector GB and CE contracts awarded per year, including public entities, is given in the adjacent table, based on data obtained from the Industry Insight project database, assuming CE awards account for 60% of “construction works”, and scaled up to the SARB infrastructure spend for 2009. (Note that the quality of the data is insufficient to disaggregate into general government and public entities.) Considering only GB and CE, it is estimated that the value of public sector Grade 7 to 9 GB contracts amounts to around R18b, and public sector Grade 7 to 9 CE contracts amounts to around R75b per year.

Value of Public Sector Contracts Rm pa			
Grade	GB	CE	GB + CE
9	7 285	32 862	40 147
7 & 8	10 610	42 479	53 088
Sub-Total	17 894	75 341	93 235
5 & 6	2 809	12 032	14 841
2 to 4	1 374	4 964	6 338
Total	22 077	92 338	114 415

Based on the percentage factors given in Section 2.1 for the total contract cost allocated for training, the total spend on training amounts to around R90m per year on GB contracts, and around R199m on CE contracts per year – or around R280m per year in total.

	GB	CE	GB + CE
Total Spend, Rm	17 894	75 341	93 235
Factor	0.5%	0.25%	
Spend on Training, Rm	89	188	278

Various scenarios are possible for combinations of external and internal placements, and for learnerships for trade tests and for skills programmes, but the following scenario is used here:

- internal placements amount to the maximum allowable, namely one-third of the placements (Section 2.2), and external placements amount to two-thirds of the placements; and
- 40% of placements are for learnerships for trade tests, and 60% for skills programmes.

The total number of learning opportunities is then determined using the costs per learning opportunity given in Section 2.4 (and Appendix 1), together with the assumption that mentoring costs amounts to R50k per FTE learner per year. The resulting number of learning opportunities amounts to around 1 000 learning opportunities per year derived through GB projects, and around 2 000 learning opportunities per year derived through CE projects – or around 3 000 learning opportunities in total.

Number of FTE Learning Opportunities per Year			
	GB	CE	GB + CE
Experiential learning, external placement	351	738	1 089
Skills Programmes, external placement	586	1 233	1 819
Experiential learning, internal placement	21	45	66
Skills Programmes, internal placement	37	78	115
Total	995	2 094	3 089

Due to the slow-down in the economy, regional effects, start-up inertia, etc. it is likely that the number of learning opportunities created will in fact be less than the 3 000 per year projected. However, it is recommended that the current training factors of 0, 5% on GB and 0, 25% on CE be adopted and monitored over time- which can then be increased at a later stage if necessary.

Best Practice

Project Assessment Scheme



Construction Skills Development