

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Hampshire Economic Board
<b>Date:</b>	16 February 2011
<b>Title:</b>	Hampshire Apprenticeships Update
<b>Reference:</b>	2526
<b>Report From:</b>	Director of Human Resources and Director of Economic Development

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### 1. Executive Summary

1.1. The purpose of this paper is to provide an update on the County Council's involvement in apprenticeships and explore the options for the future.

1.2. This paper seeks to:

- set out the policy context surrounding apprenticeships and explore the ways in which the Council can support an increase in the number of apprenticeships in the county;
- review Council activity developed to increase apprenticeships; and
- briefly consider the options for future work on apprenticeships.

### 2. Contextual information

#### Policy context

2.1. An Apprenticeship is a nationally recognised programme of learning and qualifications, completed in the workplace, that gives young people the skills, knowledge and competence they need to progress in their chosen career or industry. For businesses, it is a proven way to train the workforce and address skills gaps.

2.2. In Hampshire the number of apprenticeships has been rising steadily, from a total of 3,200 registrants aged under 25 in 2005/06 to 6,100 in 2008/09. In 2009/10 the number of starts, for Level 2 (GCSE standard) and Level 3 (A level standard) frameworks, rose to 7,352. Both the previous and current

Governments have demonstrated a wish to increase the number of people achieving qualifications following this pathway.

- 2.3. In response to the Leitch report of 2006, the previous Government developed a range of initiatives to increase the number of apprentices. These included Train to Gain, a programme to support training in small businesses, and the creation of the National Apprenticeship Service, the body with end-to-end responsibility for apprenticeships in England. In 2008 the Government recognised the potential of the public sector as a large employer and began promoting the Public Sector Skills Challenge (PSSC). This initiative was intended to raise the level of elementary skills within the public sector workforce, including through apprenticeships.
- 2.4. The previous Government recognised the role that procurement could provide in maintaining strong investment in the nation's skills base and, by doing so, to improve the quality and value for money of the goods and services that are delivered to the public sector. In July 2008 the Government backed up its policy by including a training element into the performance criteria for central Government contracts.

### **Hampshire County Council's Response**

- 2.5. The Economic Development Office negotiated a grant from the Learning and Skills Council to take forward the PSSC . The grant was match-funded with LABGI funds for two years. The work was to be carried out through the employment of an officer who would help to strategically position and embed the PSSC within the organisation and develop a Council-wide pilot apprenticeship scheme. The work began in April 2009.
- 2.6. Although Train to Gain provided support to the business community to take on apprentices, the programme suffered from budget cuts following the overspend of the Learning and Skills Council in 2009. This coincided with the economic downturn and the likelihood going forward that businesses would cut back on training costs, as was usual in a recession.
- 2.7. The Economic Development Office developed a set of measures to support businesses and individuals through the recession. These were approved by the Executive Member for Policy and Resources in April 2009 and included £195,000 to create an apprenticeship grant scheme. The scheme awarded small grants to businesses to defray some of the cost of employing an apprentice.
- 2.8. In 2007 the Property, Business and Regulatory Services Department supported the employment of ten apprentices by a number of construction industries working for Hampshire County Council. The Council funded the purchasing of tool kits, delivered Health and Safety and Equality and Diversity training and paid an honorary payment to the apprentices upon the successful completion of the first year of training. The scheme came to a successful conclusion with the majority of apprentices obtaining full-time employment. Much of the administration work was carried out by Hampshire County

Council and it was felt to be difficult to adequately coordinate and monitor. The scheme has not been repeated.

- 2.9. There are currently several new contracts, mainly construction-based, stipulating that contractors must take all reasonable steps to recruit apprentices. It is felt by the Procurement Team that to make the recruiting of apprentices mandatory would disadvantage Small and Medium Enterprises (SMEs). There are also concerns that monitoring such a scheme would prove difficult, especially when large contractors sub-contract work out.
- 2.10. Before 2009 various departments across the Council employed young people in a number of successful training programmes, but the numbers following the nationally recognised apprenticeship scheme were few. There was no coordination of opportunities and no agreed pay scale or terms and conditions of employment. To address these issues the Hampshire County Council Apprenticeship Pilot was launched in December 2009.

### **3. Performance**

#### **Apprenticeships Pilot and roll-out of the scheme**

- 3.1. The Council's pilot apprenticeship scheme is nearing completion, with the last apprentices recruited due to gain their qualifications in August 2011. Of the 22 apprentices taking part in the scheme, three posts were ring-fenced for the NEET (not in education, employment or training) group, with one care leaver and two ex-offenders being appointed. All posts were supernumerary, located in four of the seven departments, covered nine professions and were located across the county. In addition, 25 apprenticeships were recruited to schools.
- 3.2. To date, of the 22, two have left early on in the programme, two have found employment outside Hampshire County Council and five have secured employment within the County Council. A further eight apprentices will be completing their framework by the end of January 2011 and are currently seeking employment both within and outside the County Council. The final five will be completing their framework between February and August 2011.
- 3.3. The first apprentices were recruited onto a newly rolled-out Corporate Apprenticeship scheme in November 2010, and by the end of January 2011 11 new apprentices will be in post. All apprentices are supernumerary, recruited on a 12 month contract and paid the minimum wage for their age.
- 3.4. As an alternative to running a scheme in-house, the potential for developing a programme through an Accredited Training Association (ATA) has been investigated. The (external) ATA would employ and deploy the apprentices, minimising the risk and potentially sharing an apprentice across a number of employers.

## **Apprenticeship Grant Scheme**

- 3.5. The progress of the Apprenticeship Grant Scheme was reported in Recession updates to the Hampshire Economic Board in December 2009 and April 2010. Funds were fully committed in September 2010. As a significant number of applicants would have been turned away, a further £50,000 of LABGI funds was transferred from Workforce Development. These additional funds have been allocated and the scheme is now closed.
- 3.6. Employers received up to £4,000 to pay for expenses associated with employing an apprentice, and 90 apprentices aged between 16-24 were appointed in 76 companies at locations around the county. However, telephone research carried out with 40 companies showed that the grant was not the influencing factor in employers taking on apprentices. A total of 39 employers planned to take on one or more apprentices before they became aware of the grant. Only one employer was waiting to find out the amount of grant to be awarded before committing to taking on an apprentice.
- 3.7. While the Council Apprenticeship Grant scheme was operational, other grant schemes opened and employers could also apply for a European Social Fund Grant of £1,500 and grants of £2,000 were available through the National Apprenticeship Service. Both of these funding streams ended in March 2010.

## **4. Finance**

- 4.1. Funding for the Apprenticeship Grant Scheme is fully committed and any extension of the scheme would need an allocation of additional funds.
- 4.2. The roll-out of the Apprenticeship Scheme within the Council has no additional funds allocated and costs have to be covered as part of the regular recruitment process.
- 4.3. The apprenticeship work has been administered by two members of staff on short-term contracts and managed through Economic Development and Human Resources. Finance for these posts expires in 2011. The volume of work has decreased as the pilot draws to a close and roll-out has progressed. The end of the grant scheme also reduces the workload. There is a small allocation in the 2011/12 budget to enable work on apprenticeships to continue.
- 4.4. The costs of employing an apprentice through an ATA include salary costs and a sliding scale of contribution to the training costs of the apprentices. These are met by the employer. The resourcing requirement of setting up an ATA will need to be established in due course, as would the implications of managing the Council's own apprentices through it.

## 5. Future Direction

- 5.1. The Government has set out its strategy for improving and using skills to return the economy to sustainable growth, by ensuring that vocational qualifications reflect the changing needs of employers. The commissioning and funding role of local authorities planned by the previous Government has been revoked, and there will now be a more direct relationship between the Skills Funding Agency and providers.
- 5.2. Apprenticeships will be at the centre of the new skills policy and funding to expand the programme will be increased by £250 million a year by 2014-15. Employers will be encouraged to consider how they can put Apprenticeships at the centre of any new proposals. There will be increasing provision for courses for employees within the workplaces of SMEs, with at least £100 million of Government investment to support training delivered to SMEs each year. A first full Level 2 or Level 3 qualification for those aged 19 up to 24 will be fully funded and Level 2 qualifications (both first and repeat) for adults will be co-funded at 50% by Government and employers.
- 5.3. In a climate of increased support from Government, and in light of evidence from post-scheme monitoring, it is unlikely that further funding through the Apprenticeship Grant Scheme would increase the number of apprenticeship places in local businesses.
- 5.4. The original plans to recruit 200 apprentices within Hampshire County Council by 2012/13 will not be achieved in the context of the current recruitment freeze. With the current rate of completion and recruitment it is estimated that there will be 19 apprentices in non-school posts by September 2011. The number of school apprenticeships at that point is as yet unknown.
- 5.5. The Solent Local Enterprise Partnership (LEP) is currently developing an ATA and the Enterprise M3 LEP has expressed a desire to do the same. There may be an opportunity to work with LEPs to facilitate apprentice opportunities through this route. If this is achieved, consideration could then be given to employing the Council's apprentices through such a body.
- 5.6. In the immediate future the potential for securing apprenticeship places through contractors is diminished. Initial discussions with suppliers have indicated a reluctance to engage with the Council on this point, and the re-negotiation of contracts as part of the efficiency drive leaves the Council in a poor bargaining position. However the National Apprenticeships Service is willing to engage with contractors informally and, while this will not be as powerful as a mandatory approach, it will help to increase the numbers.
- 5.7. The current policy context is very different from when the Council began work to increase apprenticeships. Significant advancement is unlikely to be made for some time, but the headway made to date should not be lost. Work could continue to embed apprenticeship policy and processes within the organisation, both in recruitment and procurement, placing the Council in a

strong position to act when the Council's downsizing is complete and the recruitment freeze comes to an end.

**6. Recommendations**

- 6.1. That the Apprenticeship Grant Scheme for small businesses should not be repeated.
- 6.2. That a further report be brought forward on the wider review of apprenticeships and support for Care Leavers.
- 6.3. That Hampshire County Council continues working to set up an Accredited Training Association.
- 6.4. That, if an Accredited Training Association is established, it should be considered at that time whether Hampshire County Council apprentices should be employed through it.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	no
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	yes
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	no
Corporate Improvement plan link number (if appropriate):	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Response to recession - use of LABGI funds	660	09/04/09
Recession Measures Update	1108	19/12/09
Recession Measures Update	1460	20/04/10
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u>	<u>Date</u>	
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**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
Skills for Sustainable Growth. BIS November 2010	<a href="http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/s/10-1274-skills-for-sustainable-growth-strategy.pdf">http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/s/10-1274-skills-for-sustainable-growth-strategy.pdf</a>

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment:**

- 1.1. To ensure the most disadvantaged young people were given opportunities to participate, a number of apprenticeships in the pilot programme were ring-fenced for clients of the Youth Offending Team and care leavers.

### **2. Impact on Crime and Disorder:**

- 2.1. Employed young people are less likely to be at risk of offending. A number of apprenticeships in the pilot programme were ring-fenced for clients of the Youth Offending Team.

### **3. Climate Change:**

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

No additional impact.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not applicable.