

DERBYSHIRE COUNTY COUNCIL

CABINET

27 November 2012

**Report of the Deputy Chief Executive and Strategic Director –
Policy and Community Safety**

DERBYSHIRE APPRENTICESHIPS PROGRAMME (Regeneration)

Purpose of the Report

To update Cabinet on the progress of the Derbyshire Apprenticeship programme introduced in 2011 to create additional apprenticeship places in Derbyshire and to seek approval to develop a second phase of the County Council's Apprentice Grant for Employers (AGE) Scheme.

Information and Analysis

The County Council is committed to increasing the number of apprenticeships, both internally and within the local economy.

The County Council's private sector grant scheme introduced last year to encourage employers to recruit more apprentices has proved to be extremely successful with 200 new apprenticeships supported. The scheme, which has been administered on the Council's behalf by Learning Unlimited, part of the Chesterfield College Group, provides grants of £2,500 to local businesses employing less than 50 employees to recruit 16/17 year olds who are not in education, employment or training (NEET).

Through careful management and targeting, new apprenticeships have been created evenly across Derbyshire covering a wide range of occupations, including business administration, health and social care, and mechanical engineering. The funding approved by Cabinet has been fully utilised.

The County Council was invited to the National Apprenticeship Conference earlier in the year to promote our approach, 'putting theory into practice'. This was seen as best practice and received strong support from other County and Unitary Councils and from skills sector providers for taking responsibility in supporting our young people and employers.

Given the success of the scheme, it would be appropriate to develop a second phase and discussions have taken place with the National Apprenticeship Service (NAS) to ensure that any further development is complementary to the national scheme of Apprentice Grants for Employers (AGE).

The national scheme provides grants of £1,500 to employers who recruit 16 to 24 year olds, together with the training costs of the Apprenticeship framework, which is met in full for 16 to 18 year olds and 50% for 19 to 24 year olds.

The following is the key eligibility criteria of the NAS scheme:

- Businesses must employ 1000 people or fewer.
- Businesses from any sector can apply.
- Businesses can benefit from a maximum of ten grants.
- Businesses must have not employed an apprentice in the last 12 months.
- The apprentice must be between 16-24 years of age.
- Each £1,500 payment is made after the apprentice has been in employment for 13 weeks.

Following discussions with NAS, it is proposed that, for the second phase of the scheme, the County Council would “top-up” the national grant of £1,500 by contributing an additional £1,000 making a total of £2,500 available to employers, subject to criteria being met to support the Council’s priorities. The partnership with NAS would be through their current contractual arrangements (which are also with Learning Unlimited) and will be marketed as the “Derbyshire County Council AGE Grant Scheme”.

The earlier report on the Agenda in respect of the Budget Outturn sought approval for £330,000 for the second phase of the scheme which would fund an additional 300 new private sector apprenticeship grants (including administration fees) in partnership with NAS. Analysis of the number of apprentices being recruited by Derbyshire businesses indicates that it would be appropriate to set a target for the take up of 300 grants by 31 March 2013.

In order to support the Council’s priorities, it is proposed that:

- The Council’s contribution should initially target businesses that employ 16-18 year olds, but with flexibility to extend to 19-24 year olds where appropriate. This will assist the Council in meeting the

objectives of the Raising Participation Age Strategy and help prevent young people becoming NEET at an early age.

- The Council's contribution should initially target businesses employing less than 250 employees, but with flexibility to extend to businesses employing up to 1000 employees when appropriate. The previous scheme was only available to businesses employing less than 50 employees, but this proposed increase opens up more opportunities.
- The Council's contribution will only be awarded to businesses on completion of the apprenticeship framework. This approach provides a further incentive to the employer to support the apprentice to complete the qualification training.

Additionally, it would be appropriate to target the second phase towards specific sectors important to Derbyshire's economy. The refreshed Derbyshire Local Economic Assessment and the D2N2 "Areas of Economic Focus" indicate that manufacturing/engineering and the visitor economy should be initial target sectors.

The number of additional new apprenticeships created under this second phase of the programme would be 300, in addition to the 200 already created. This makes a total of 500 additional new private sector apprenticeships supported by the Council to help local employers grow and to help young people achieve their first step into employment.

The Council's response as an employer to the agenda of increasing the number of apprenticeships was to create 500 in the period 2012/15, predominantly through an Apprenticeship Training Agency (ATA) run by Learning Unlimited, but also conversion of existing employees training to using apprenticeship frameworks. In 2012 the Council is supporting 101 apprenticeships through the ATA and 190 of its employees on a variety of apprenticeship frameworks. The recruitment to the ATA in 2013 will be subject to a further report in early 2013.

Cabinet should also be aware that discussions are underway with Arts Council England to identify how the Council can support the delivery of their programme which will create an additional 6,500 apprenticeships in the creative industries sector nationwide. The aim will be to ensure that Derbyshire residents are in a strong position to benefit from this programme to further increase the number of local apprenticeship opportunities, beyond the 1000 opportunities created by Derbyshire County Councils ATA.

Since introducing this programme of activity last year, the Council has made substantial progress to deliver its commitment to significantly increase the number of new apprenticeship places, both within the Council and in the local private sector economy. As the programme continues to develop further reports will be made in due course.

3. Financial Considerations

The financial cost of the second phase of the Council's AGE Grant of £330,000 would be met from underspends carried forward from 2011/12 identified in the Budget Outturn report, subject to Cabinet approval. The National Apprenticeship Service would contribute £450,000 to the scheme and would also fund training cost contributions associated with the apprenticeship frameworks.

4. Legal considerations

Consideration will be given as to whether it is necessary to enter into a separate formal agreement with NAS and/or Chesterfield College in relation to the additional funding it is proposed that the Council provide.

5. Considerations (to be specified individually where appropriate)

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

6. Key Decision No

7. Call-In

Is it required that call-in be waived in respect of the decisions proposed in the report? No

OFFICER'S RECOMMENDATIONS

1. To note the success of the Council's Apprenticeship Grant Scheme introduced in 2011 to support young people into employment and to help the local economy, which has resulted in an additional 200 new apprenticeships being created in Derbyshire's local small companies.
2. To approve £330,000 to enter into a partnership with the National Apprentice Service to create an additional 300 new private sector apprenticeship places in the local economy, as detailed in the report.

3. To note that the number of additional new private sector apprenticeships places supported by the County Council will rise to 500 in total by 31 March 2013.
4. To note the progress in creating 500 apprenticeship places within the County Council in the period 2012/2015.
5. To note that discussions are underway with Arts Council England to identify how the Council can support the delivery of their programme which will create an additional 6,500 apprenticeships in the creative industries sector nationwide.

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