

**Report of Area Leader (East North East)**

**Report to Area Chairs Forum**

**Date: 12<sup>th</sup> March 2012**

**Subject: Framework for Area Committee Sponsored Apprenticeships**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input checked="" type="checkbox"/> Yes all	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. The report highlights the opportunities offered through the apprenticeships, including benefits to the employer, apprentice and wider community.
2. The report sets out a process for Area Committees to sponsor apprenticeships, including cost information.
3. It also suggests that partner agencies (through the Area Leadership Teams), may wish to consider engaging in an apprenticeship programme, working alongside the Area Committee, to provide apprentices with broader partnership experience.

**Recommendations**

4. The Area Chairs are asked to endorse all ten Area Committees sponsoring an apprentice as part of their commitment to reducing NEETs within their areas.

### **1 Purpose of this report**

- 1.1 The purpose of this report is to present Area Chairs with a summary of the opportunities available to allow Area Committees to sponsor an apprentice / apprentices within their area.
- 1.2 The report outlines the benefits of and costs associated with establishing a local apprenticeship scheme.

### **2 Background information**

- 2.1 An apprenticeship is an integrated programme of learning leading to the acquisition of the skills and knowledge required by employers. Apprenticeships are the Government's preferred route to recruiting and training young people and adults aged 16-24.
- 2.2 The completion of an apprenticeship programme of learning (known as a framework) shows employers that the holder has achieved competence in skills and demonstrated the knowledge required by the Apprenticeship.
- 2.3 In January 2009, a statutory duty was placed on public sector organisations to offer apprenticeships to young people and adults. In response, Work4Leeds. Leeds City Council's corporate apprenticeship programme was developed as part of the Council's recruitment strategy, with the aim of enabling young people and adults to access Council job vacancies and encouraging residents from key target groups to apply for entry level posts.
- 2.4 Work4Leeds also aims to ensure that the Council's workforce has the most up to date skills and qualifications for their job role. It therefore supports existing employees of all ages, working 16 hours or over, who do not currently hold a degree, HND or HNC, to work towards an apprenticeship framework relevant to their job.
- 2.5 The East North East (ENE) Area Leadership Team (ALT) at its January 2012 meeting, considered information relating to increased levels of unemployment within East North East Leeds, as well as employment support services. The ALT discussed how they could contribute to this agenda and how services could work better together locally to maximise these opportunities for local residents. This is particularly within the context of localities in Inner East Leeds having a higher than average out-of-work claimant rate in comparison to the city average.
- 2.6 Apprenticeships were one of the opportunities discussed. Partners within the ALT made a commitment to considering how they might be able to support the development of an apprenticeship within their own organisation. It is now suggested that this approach could be rolled out across all 10 Area Committees to demonstrate commitment to addressing the worklessness agenda and reducing NEETs city wide. This approach also follows on from the Leeds Apprenticeship Challenge, a business campaign launched in February 2011 to achieve 100 pledges to take on an apprentice from 100 new employers in 100 days. The

Challenge resulted in 162 businesses signing up to offer 375 apprenticeship vacancies.

2.7 Several other key activities have taken place and are planned within Leeds to raise the profile of apprenticeships in the city and support businesses and learners including:

- Employment Leeds has brokered the recruitment of apprentices by developers on landmark developments such as the Arena and contractors delivering services to the Council
- A competition, Build My Future, Build My Leeds, was run to increase awareness of apprenticeships in the construction industry for 16-18 year olds. The three winners will receive contracts to become apprentices with Laing O'Rourke and Rotary Berrmar Building on the flagship construction developments in Leeds; the Arena and the Trinity Leeds shopping centre
- Over 1000 young people and their parents and carers attended an event held in May 2011 to promote apprenticeships to Year 11 pupils
- A mentoring scheme to support new apprenticeships has been developed, particularly at the point of transition from school
- The Leeds Apprenticeship Awards were launched on 17<sup>th</sup> October 2011. Nominations were sought from businesses and learning providers across Leeds. The Awards Ceremony was held on 8<sup>th</sup> February 2012 during National Apprenticeship Week at Leeds Civic Hall. These recognised the achievements of apprentices, apprenticeship ambassadors and businesses. The winners will be put forward to the National Apprenticeship Awards.
- The Council plans to establish an Apprenticeship Training Agency to support small and medium sized businesses in the city to take on apprentices, working in partnership with Leeds City College and supported by the Chamber of Commerce

### 3 Main issues

3.1 Growing the number of high quality apprenticeship opportunities is a priority issue for the city to contribute to improving skill levels, increase employment and improve business productivity and creating opportunities for young people.

3.2 The Chartered Institute of Personnel Development outlines a number of key requirements for setting up and running high quality successful apprenticeship programmes, including:

- Apprenticeships need to be embedded in a workforce planning approach
- Clarity about the role that apprentices play in the organisation
- Winning the support of the existing workforce
- Training apprentices receive on and off the job needs to be high quality and tailored to employers' needs
- Recruiting apprentices may differ from the usual recruitment procedure
- Apprentices have the status of an employee and thus have similar rights
- The apprentice needs to be placed at the heart of the apprenticeship programme; employers must provide ongoing support, pastoral care and mentoring

- Employers need to make sure they provide fair access to their apprenticeship scheme
- 3.3 In addition, it should be noted that apprenticeships for 16-18 year olds must be for a minimum of 12 months.
- 3.4 Significant learning must take place whether that be on site or at college and the employer must allow sufficient time for this.
- 3.5 There are more than 240 apprenticeship frameworks across the UK, covering most occupations and sectors. These include for example:
- Business and administration
  - Customer service
  - Management
  - Volunteer management
  - Contact Centre operations
  - Adult Health & Social Care
  - Sport & Active recreation
- 3.6 Within the public sector an opportunity is being missed. The sector accounts for some 20% of the national workforce, but employs less than 10% of all apprentices. Many organisations could be taking advantage of the benefits that apprenticeships bring, as a way of unlocking talent within their local communities and ensuring that they have a workforce equipped with the skills it currently needs and those it may require in the future.
- 3.7 Leeds City Council offered 120 apprenticeships last year. If each Area Committee were to sponsor an additional apprentice, this could on its own offer an 8% increase on apprenticeships offered by the Council. It is suggested that it may be appropriate for each Area Committee to fund the costs of an apprentice in Business and Administration to be based within the Area Support Team. However, the opportunities for skills development could be enhanced by offering experience and learning within partner organisations such as Police, NHS and community sector. This would also spread the supervisory input between partners over the lifetime of the apprenticeship.
- 3.8 Through demonstrating a commitment to apprenticeships, other partner agencies including the voluntary sector may start to consider their potential to also offer opportunities, particularly in response to additional funding.
- 3.9 Partners within the ENE ALT have made a commitment to reducing NEETs and considering the potential for offering new or additional apprenticeships. However further discussions would be required to establish a model for apprentices to rotate their placement around the partner organisations. The diagram attached at Appendix 1 illustrates two possible models for an apprentice to gain experience across partner organisations.

### Practicalities & Costs

- 3.10 As Apprenticeships are work-based training programmes, most of the training is 'on the job'. The rest can be provided by a local college or by a specialist learning provider. The employer must give their apprentice an induction into their role and provide on-the-job training. They are also responsible for paying the apprentices' wages.
- 3.11 Employment must be for at least 30 hours per week, except in the minority of cases where the learner cannot complete the full 30 hours. In these cases employment must be for more than 16 hours per week.
- 3.12 A learning provider such as Leeds City College (the Council's partner in its Apprenticeship Training Agency) would be available to support and guide the apprentice.
- 3.13 Apprenticeship funding is available from the National Apprenticeship Service. The size of the contribution varies depending on sector and the age of the candidate.
- For an apprentice 16-18 years old, the Council would receive 100% of the cost of training
- For 19-24 year olds, the Council would receive up to 50%
- For over 25 year olds there may be a contribution, depending on a number of factors
- 3.14 The funding is paid directly to the organisation that provides and supports the apprenticeship; in most cases this is the learning provider. Large employers with a direct contract with the National Apprenticeships Service may receive the funding themselves.
- 3.15 A National Minimum Wage for apprentices was introduced on 1<sup>st</sup> October 2010. The wage applies to all apprentices aged under 19; and Apprentices aged 19 or over in the first year of their apprenticeship. The apprentice minimum wage is currently £2.60 per hour and applies to time working plus time spent training that is part of the apprenticeship. Employers are free to pay above the new wage and many do so, for example East North East Homes Leeds pay £120 per week and for apprenticeships longer than 12 months, this increases to £156 in the second year to reflect the increased skill levels.
- 3.16 If each Area Committee were to sponsor a basic Level 2 (intermediate) apprentice paid at the minimum wage, this would require a contribution of £5,070 per year. However, if they wanted to offer a higher rate of pay such as the £120 per week offered by ENEHL, this would cost £6,240 per year. The Area Committees could decide to pay a higher rate, but it is suggested that a uniform rate across the city would offer consistency.

### Benefits of Apprenticeships

- 3.17 Apprenticeships are a unique way to grow your own workforce; they combine on-the-job training within the organisation with off-the-job learning. The learning takes place in context and provides a real understanding of the working world,

combining practical skills with theoretical knowledge. They offer a career route into the organisation and an invaluable opportunity to grow the skills it requires now and in the future. Apprenticeships can also help to improve staff retention. The National Apprenticeships Agency states that apprenticeships can offer many benefits:

A more engaged workforce: 92% of employers who employ apprentices believe that apprenticeships lead to a more motivated and satisfied workforce

Lower staff turnover, fewer skills-related vacancies and reduced recruitment costs: 83% of employers who employ apprentices rely on their apprenticeships programme to provide the skilled workers that they need for the future. One in five employers is hiring more apprentices to help them through the tough economic climate.

Increased competitiveness: 80% of those employers who employ apprentices agree they make their workplace more productive

A better image and greater customer satisfaction: 81% of consumers favour using a company which takes on apprenticeships and engagement as they can be used to further develop the existing workforce.

- 3.18 At a recent Apprenticeship Workshop arranged by ENEHL, a range of benefits were highlighted by those attending who had managed or experienced working with apprentices. In addition, three apprentices themselves outlined some key benefits to themselves, the employer and the wider community. On the employer side, positive impacts included addressing skills gaps, staff retention, bringing new blood into the organisation, increased workforce productivity and improving the image and reputation of the company. In terms of benefits to the individual, they were able to learn new skills or a trade, increase their sense of pride and confidence, increase their employability, earn whilst learning and also gain a qualification. Both the employers and apprentices highlighted an increased sense of community pride as being an important result of having a motivated local workforce. All the apprentices commented that they were keen to do a good job because their friends and families lived within the area they were working in.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 The Council is already committed to providing apprenticeship opportunities. Initial discussions have taken place at ENE ALT in relation to Area Committees and their partners considering their potential to offer additional apprenticeship placements. However, further consultation and engagement with partner organisations is required to establish an effective partnership apprenticeship model.

### **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 Currently, there is still great gender disparity within apprenticeships, both in terms of pay as well as the way women are represented in certain sectors and occupations. There is also a high level of under representation of BME communities in apprenticeship schemes.

4.2.2 It is suggested that if Area Committees agree to sponsor apprentices across the city, efforts should be made to target priority groups and communities. Promoting diversity in apprenticeships will contribute to creating a range of skills necessary for a successful organisation. It will also help to better reflect the Council's customers which will lead to better customer relationships.

### **4.3 Council policies and City Priorities**

4.4 The proposal to create 10 apprentice opportunities across the city clearly meets the Council's priority within its City Priorities Plan, to reduce the number of 16-18 year olds that are not in education, employment or training (NEET), improving skills and increasing the number of employers offering apprenticeships.

4.4.1 Reducing NEETs is also one of the three 'obsessions' established within the Leeds Children's and Young Peoples Plan 2011-15.

### **4.5 Resources and value for money**

4.5.1 Apprenticeships have been showed to provide good value for money as they learn while working on the job and in many cases the Government at least contributes, if not fully funds, the cost of learning. In terms of the return on investment linked to apprenticeships, 41% of employers say that their apprentices make a valuable contribution to the organisation during their training period, while a further third report that apprentices add value within their first few weeks. A level 3 apprentice will generate an additional lifetime benefit to themselves and their employer of £105,000.

### **4.6 Legal Implications, Access to Information and Call In**

4.6.1 ???

4.6.2

### **4.7 Risk Management**

4.7.1 Significant guidance and support on providing apprenticeships is available to the Area Committee to reduce the risk of an unsuccessful apprenticeship scheme. The Council itself and partners such as ENEHL have taken on a number of apprentices and the Area Committees could benefit from their advice and experience. By adopting one of the models outlined in Appendix 2, the risk can be spread across the Area Support Team and partner organisations.

## **5 Conclusions**

5.1 This report has set out a number of reasons for considering creating additional apprenticeship opportunities. Apprenticeships are a means of developing the skills of local people, bringing young people into the workforce and reducing

NEETs. They have been shown to increase staff morale, productivity and retention and address skills gaps within the workforce.

- 5.2 The report has highlighted two potential models for Area Committees and partners to provide apprenticeship opportunities. It has explained the costs associated with sponsoring an apprentice. Practical experience and evidence from a range of employers has shown that apprenticeships can offer a range of benefits to the apprentice, the employer and the wider community.

## **6 Recommendations**

6.1 The Area Chairs are asked to:

- a) Consider the opportunities and benefits offered through apprenticeships
- b) Request that the Area Leaders work with partner organisations to develop a model for offering one or more apprenticeships across each of the 10 Area Committees, as part of their commitment to reducing NEETs

## **7 Background documents**

Apprenticeships that Work: A Guide for employers – CIPD (February 2012)

Briefing Note: ENE Area Leadership Team – Employment and Skills (January 2012)