

Report of the Director of City Development and the Director of Children's Services

Report to Executive Board

Date: 12 December 2012

Subject: Delivering the City Deal on Skills

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" 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

- Executive Board received a report in July on plans to establish an Apprenticeship Training Agency under the Leeds City Region City Deal. The Council, along with its partners, will play a lead role in delivering key elements of the Skills ask under the City Deal in Leeds and this report provides an update on these activities.
- The transfer of powers and spending to the Leeds City Region is enabling further investment in skills to contribute to the city's ambition of a NEET free City. We will deliver a wider range of integrated pathways including education, training, volunteering, work experience and apprenticeships, leading to jobs and higher level qualifications to transform the experience of young people entering the labour market, support business growth and create new opportunities for young people.
- The deregulated skills system, Wave 2 of City Deals and Lord Heseltine's proposals for UK growth policy in the report 'No Stone Unturned in the Pursuit of Growth' points to further opportunities for local partners to enhance skills and employment support infrastructure to better meet local needs.

Recommendations

- Executive Board is asked to:-
 - note progress on implementing the current activity under the Skills element of the City Deal

- support the programme of activity developed through the Apprenticeship Training Agency and the Apprenticeship Hub to increase the number of apprenticeship opportunities
- support the programme of activity developed to support young people re-engage with education, employment and training through the devolved Youth Contract
- provide support in principle to seeking further freedoms and flexibilities and resources to facilitate the development of local skills programmes to aid the implementation of the Leeds Growth Strategy in the context of the emerging Leeds City Region Skills Plan.

1 Purpose of this report

- 1.1 This report provides an update on activity being undertaken by the Council to deliver the Skills element of the City Deal. A summary is provided of the recent activity undertaken to deliver 3 key elements of the City Deal on Skills in Leeds. These are the Leeds Apprenticeship Training Agency, the Apprenticeship Hub and the Devolved Youth Contract.
- 1.2 Recent announcements about a further wave of City Deals and Lord Heseltine's proposals for UK growth policy in the report 'No Stone Unturned in the Pursuit of Growth' points to further opportunities to enhance skills and employment support infrastructure to better meet local needs and in particular to set out and implement the skills dimension of the Leeds Growth Strategy.

2 Background information

- 2.1 There has been a significant increase in youth unemployment in Leeds reflecting national trends. In February 2012, there were 12,780 young people under the age of 25 in the city claiming out-of-work benefits. Of these 7,290 were registered for Jobseeker Allowance and were actively seeking work (Sept 2012) and 1,668 young people aged 16-18 years identified as Not in Education, Employment or Training (July 2012).
- 2.2 Through the City Deal, the Local Enterprise Partnerships for Leeds City Region will seek to deliver activity that will help to create more jobs and opportunities for young people and work closely with partners and the private sector to target future investment in skills to key growth sectors. A number of these activities will be delivered through collaborative working with business and skills providers across the Leeds City Region. This report focuses on those elements that will be delivered in Leeds through existing and new infrastructure to support young people.
- 2.3 The City Deal implementation plan was signed off by Ministers in September 2012 and work has now commenced on delivering programmes in Leeds. 16-17 year old young people identified as NEET are now being supported through the Youth Contract to gain confidence, skills and experience that will lead to a job; new apprenticeship opportunities will be created through the Leeds Apprenticeship Training Agency launched on 29 November; and a programme has been developed to deliver the Apprenticeship Hub to support businesses to further increase the number of apprenticeship opportunities and to support young people to access these.

3 Leeds Apprenticeship Training Agency

- 3.1 The City Deal includes provision for Leeds and Bradford to set up Apprenticeship Training Agencies (ATAs). Leeds will receive up to £880,000 to support the development of the ATA and the employment of 680 apprentices with a focus on those aged 16-18 years by September 2015.

- 3.2 The ATA will support the creation of new apprenticeship opportunities involving small and medium sized (SME) employers that would otherwise be unable to take the business risk of employing an apprentice directly. Effectively operating as an employment agency, the ATA will employ the apprentice and hire them out to host employers to fulfil their work based element of the apprenticeship. The ATA will seek to create genuine and new job opportunities primarily within the growth sectors of retail, financial and business services, manufacturing and engineering that will play an important role in driving Leeds' economy over the next decade.
- 3.3 The ATA will match young people who want to find careers through apprenticeships with companies that want to develop and grow their workforce. A training programme will be developed for each learner and delivered through Leeds City College and other learning providers.
- 3.4 At its meeting 12 July 2012, Executive Board approved the arrangements for the Council to partner Leeds City College to establish a training agency for apprentices in Leeds to support small and medium sized businesses. The Articles of Association and Member Agreement governing these arrangements have now been signed by the Council and the College. The Leeds ATA has been registered at Companies House as a company limited by guarantee, jointly owned by the Council and Leeds City College. A business plan has been developed to guide operations and support the further development and growth of the ATA to become self financing beyond the initial 3 year period of public funding.
- 3.5 The first meeting of the Board of Directors will take place in January 2013 when the company will become fully operational from its office base at the premises of Leeds, York and North Yorkshire Chamber of Commerce in Leeds city centre. A breakfast meeting took place at Cobbetts LLP with local businesses on 29 November to launch and market the company services to local SME businesses.

4. The Apprenticeship Hub

- 4.1 The City Deal makes provision for the development of an Apprenticeship Hub in each of the districts in the Leeds City Region. Hubs will work to align programmes and partner resources to provide a more coherent offer to learners and business to increase the number and range of apprenticeship opportunities.
- 4.2 Leeds will receive £300,000 over 3 years to support the co-ordination of activities to align learner and business support measures and to expand and develop this provision to better target support to key growth sectors. The Leeds Apprenticeship Steering Group involving key national and local partners has already supported a significant expansion in apprenticeship numbers from 3,500 to over 7,000 last year and is well placed to take this work forward. The Hub will be required to contribute to the wider Leeds City Region target to achieve an additional 2,500 new Apprenticeships over the funded period.
- 4.3 The Hub will support and work with the ATA and will undertake a range of activities to more effectively engage learners and business with the existing mainstream offer through:-

- a dedicated resource, a Hub Coordinator, to strengthen the collaborative approach of the Leeds Apprenticeship Steering Group to deliver support to both learners and businesses
 - through engagement activities with learners, their parents and carers, schools and academies through local campaigns, Information and Advice and Guidance resources and the development of peer support and mentoring schemes with a focus on under represented groups
 - improved business engagement through media and business to business campaigns to communicate the benefits to business of supporting apprenticeships
 - improving the deployment of partner resources to support the delivery of employment and skills obligations through planning agreements and procurement
 - the development of new higher and advanced level Apprenticeship Frameworks in partnership with the Universities and Colleges in the city to meet business needs and develop new pathways to higher skills aligned to key growth sectors in the local economy
- 4.4 Partners have agreed a broad programme of activity and priorities to support a one-stop shop approach for learners and businesses and are working towards launching this from April 2013.

5. The devolved Youth Contract

- 5.1 Under the national Youth Contract provision, the Government commissioned a new programme of additional support aimed at 16-17 year olds who are not in education, employment or training (NEET) to re-engage sustainably in education, training or employment with training. This programme was implemented through a national procurement framework managed by the Education Funding Agency (EFA). Through the 'City Deal', a small number of cities were presented with the opportunity to contract support outside of the national procurement process following guidance set by Department for Work and Pensions (DWP) and Department for Education (DfE). These were Leeds, Bradford and Wakefield within the Leeds City Region, Liverpool, Newcastle and Gateshead.
- 5.2 The key objectives of the programme are:-
- to support 16-17 year olds and specifically those in the sustained NEET group and at risk of long-term disengagement to move into education, training or employment with training and to sustain this outcome.
 - to increase these young people's experience and qualifications so that they have the opportunity to continue in education and successfully find work, reducing the proportion who become unemployed in adult life.
 - to test methods of local delivery and payment by results, increasing the effectiveness of these models and developing best practice.
- 5.3 The total Leeds City Region funding available over 3 years is £5.6m. The funding allocated is broadly based on the share of the target NEET group within the local

authority district and the allocation to Leeds is £2,443,940 in total with first year funding of £814,647 confirmed and year 2 and 3 allocations dependent on performance in year 1. Provision is based on a payment-by-results model. Cities are required to target the same broad outcomes as national provision, as well as link with the ongoing DfE work on engagement, such as raising the participation age.

- 5.4 The unit level funding is capped at £2,200, the same as the cost of nationally procured provision but there is freedom to lever in additional resource from other sources and align activity with other programmes to augment support. The opportunity to commission at the local level has enabled the Council to work with local partners to more effectively tailor provision to local needs and opportunities. The Council has been free to draw up plans to prioritise and target specific groups within the NEET cohort, identify referral mechanisms, identify appropriate support activity relevant to the target groups and the duration of the support.
- 5.5 Work commenced on programme design in June 2012 identifying NEET priority groups, their support needs along with existing provision and gaps to develop a local integrated programme. Commissioning was undertaken over the summer to commence the programme in September 2012.
- 5.6 Support is targeted to young people in the sustained NEET group. These are those young people who are furthest away from engagement in education and employment and those localities with the highest NEET rates. The delivery model builds on a key worker approach that enables Individualised support; engagement and motivation; removal of barriers; and referral and access to opportunities, including support with applications; and provision from a menu of opportunities to match their needs and aspirations. These opportunities include:-
- the current learning / training offer funded by Education Funding Agency
 - mentoring support from an employer
 - mentoring support from another young person who is in EET
 - work placement
 - volunteering
 - group work with employers to build employability skills
- 5.7 At the end of October 2012, 176 young people identified as NEET had been recruited to the programme. It is anticipated that programme participants will be supported for a period of around 6 months so it is too early to draw conclusions on the effectiveness of the programme but the participation rates are very good and the initial evaluation of the training and delivery from providers and young people is very positive.

6.0 Future Opportunities

- 6.1 The deregulated demand-led further education and skills system and recent announcements on a further wave of City Deals and Lord Heseltine's proposals for UK growth policy in the report 'No Stone Unturned in the Pursuit of Growth' point to further opportunities for local partners to enhance skills and employment support infrastructure and provision to better meet local needs. The Leeds Growth Strategy sets out the opportunities and priorities the city will pursue to deliver growth. These

focus on 7 distinct sector priorities that offer employment opportunities at a range of skill levels including entry level roles for young people.

- 6.2 Members may wish to consider how local priorities can be addressed through these opportunities and in particular how this could support the implementation of the skills dimension of the Leeds Growth Strategy within the context of the Leeds City Region Local Enterprise Partnerships emerging Skills Plan.

7. Corporate Considerations

7.1 Consultation and Engagement

- 7.1.1 Consultation was undertaken to inform the development of the ATA business plan and apprenticeship hub programme with a number of SME businesses, schools and learning providers through the feasibility study undertaken by KPMG on behalf of the Council and Leeds City College, as part of a stakeholders' workshop in May and further market testing undertaken this summer with businesses on services and costs to inform the business plan.

- 7.1.2 The Youth Contract delivery model was based on both national research and local consultation with multi-agency input to identify priorities for resource use. The delivery model reflects the consultation outcomes with young people on Information, Advice and Guidance and the work of the Youth Council on the Child Friendly City which highlighted the importance to young people of getting information from people like them who have a job and the value they place on opportunities to gain experience of work.

7.2 Equality and Diversity / Cohesion and Integration

- 7.2.1 Activity is targeted at young people aged 16-18 years including those furthest away from labour market opportunities including the cohort of young people in the City who are not in education, employment or training (NEET).
- 7.2.2 The Equality Impact Assessment screening undertaken on 25 May 2012 informed the development of the ATA business plan and 10 September 2012 to inform the business case for the development of the Hub to address equality, diversity and cohesion issues.

7.3 Council policies and City Priorities

- 7.3.1 The ATA, the Apprenticeship Hub and the Youth Contract activity will contribute to the achievement of the City's Priority Plan target to enhance skill levels and increase employment and the number of employers engaged with apprenticeships. These measures will contribute to an increase in the number of opportunities available to young people identified as NEET, a key priority in the Children's and Young People's Plan.

7.4 Resources and value for money

- 7.4.1 The ATA Business Plan and Hub proposals have been subject to a value for money analysis through the City Deal process to deliver stretched targets on

apprenticeships starts and business engagement. Continued support and monitoring of the company's resources will be undertaken by the Council through a Service Level Agreement and the company independent financial advisor.

- 7.4.2 The Youth Contract delivery costs will be contained within the unit cost parameters set by the Education Funding Agency grant funding agreement. Locally commissioned provision has been procured in compliance with the Council's procurement policies and Financial Procedure Rules.

7.5 Legal Implications, Access to Information and Call In

- 7.5.1 The legal implications and considerations associated with the establishment of the new ATA company limited by guarantee were set out in the report to Executive Board on 12 July 2012. There are no legal implications arising from the other activity covered in this report.

7.6 Risk Management

- 6.6.1 A risk management strategy has been developed as part of the ATA business plan and will be reviewed and will be actioned as appropriate by the Board of Directors of the Leeds ATA. Robust performance monitoring systems are in place to monitor expenditure, outputs and outcomes on the grant funding supporting the Apprenticeship Hub and the Youth Contract.

8.0 Conclusions

- 8.1 Through the opportunity offered by the City Deal, the Council has established and is building on key strategic relationships with Leeds City College, other learning institutions and third sector providers, the Chamber of Commerce and SME businesses. By implementing new delivery models that more fully engage partners, align programmes and activities to make best use of resources Leeds is well positioned to put in place a more coherent offer for SME businesses and young learners in the City. The City is now in a position to move beyond the traditional offers from education and employment programmes by enabling a menu of opportunities to be developed across the City with apprenticeships at its core. These measures will make a significant contribution to this new way of working.
- 8.2 New opportunities exist within the skills system to enhance skills and employment support infrastructure and provision to better meet local needs. Members may wish to consider how local priorities can be addressed through these opportunities and in particular how this could support the implement the skills dimension of the Leeds Growth Strategy within the context of the emerging Skills Plan of the Leeds City Region Local Enterprise Partnership.

9.0 Recommendations

- 9.1 Executive Board is asked to:-

- note progress on implementing the current activity under the Skills element of the City Deal

- support the programme of activity developed through the Apprenticeship Training Agency and the Apprenticeship Hub to increase the number of apprenticeship opportunities
- support the programme of activity developed to support young people re-engage with education, employment and training through the devolved Youth Contract
- provide support in principle to seeking further freedoms and flexibilities and resources to facilitate the development of local skills programmes to aid the implementation of the Leeds Growth Strategy in the context of the emerging Leeds City Region Skills Plan.

10 Background documents¹

10.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.