

Report of the Director of Environment and Neighbourhoods

Report to Executive Board

Date: 7th September 2011

Subject: Employment and 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	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 details the current position on the claimant rates for out-of-work benefits and summarises current provision and achievements to support local people into employment. It describes the Government's revised delivery framework for employment support and points to changes required in local provision to more effectively align this with national programmes to make best use of resources.
2. The report also identifies key opportunities to take forward new work in partnership with others to respond to business needs, support recovery and growth and maximise opportunities for local people to secure employment. These include the establishment of an Apprenticeship Training Association and the further development of the Retail Academy.

Recommendations

1. Executive Board is asked to note the activity undertaken to date to support local people to improve their skills and secure employment.
2. Executive Board is asked to provide in principle support to the proposals to develop an Apprenticeship Training Agency and further develop the Retail Academy to provide a national centre of excellence subject to further detailed feasibility and delivery plans.

1 Purpose of this report

- 1.1 The report provides an up-to-date picture on the claimant rates for out-of-work benefits and achievements under current programmes to support priority groups back into employment.
- 1.2 The report also summarises the Government's revised delivery framework of employment support activity and points to the changes required in local provision to more effectively align this with national programmes.
- 1.3 The report identifies key initiatives to be taken forward by the Council in partnership with others to respond to business needs, support recovery and growth and maximise opportunities for local people to secure employment.

2.0 Background information

- 2.1 In June 2011, there were 22,047 Job Seeker Allowance (JSA) claimants in Leeds. The claimant rate more than doubled as a result of the recession but there is currently a downward trend with a continued fall in the rate over the last 4 months. In June 2011, the claimant rate for Leeds was 4.1% which remains higher than the national average at 3.6%.
- 2.2 Evidence from the last recession and the current data indicates that increased unemployment has disproportionately impacted on those neighbourhoods with the highest levels of claimants and in particular young people, leaving those groups furthest removed from the labour market potentially dependent on benefits for a longer period of time. In June 2011, there were 5,952 JSA claimants aged 18-24 years (27% of claimants) and 2,099 young people aged 16-19 years identified as NEET.
- 2.3 The latest available data for other claimants shows that in total there were 63,960 benefit claimants of working age in Leeds in November 2010. These included 30,572 Employment Support Allowance or Incapacity Benefit claimants and 8,917 lone parents in receipt of Income Support. These claimants are likely to be further away from the labour market than JSA claimants who are actively seeking work. The highest concentrations of inactive claimants are in inner South and East Leeds.

3.0 Current Programmes

- 3.1 The Council delivers and commissions adult employment and skills activity including outreach work, employability skills training and brokerage of job and apprenticeship opportunities. The direct service delivery involves Information, Advice and Guidance and signposting services to those seeking work through the network of Jobshops located in communities with the highest levels of out-of-work claimants. It also provides support to businesses through the strengthened employer engagement approach, Employment Leeds. This includes working with the Inward Investment and Planning services to identify opportunities and recruit individuals to a wide range of jobs, work experience and apprenticeships.

- 3.2 The Council, as a local fund manager for DWP and the Skills Funding Agency, commissions activity from learning providers, commercial and third sector organisations to deliver the Adult Learning and Neighbourhood Learning programmes, the Future Jobs Fund programme, and directly funds construction skills training and employability programmes for young people.
- 3.3 In 2010/11, over 850 adults achieved accredited qualifications across a range of vocational areas, from construction skills to childcare, from entry-level literacy to full apprenticeship frameworks; 390 adults were supported to access full-time education and over 1,600 people were supported into employment. In the first quarter of 2011/12 863 learners have achieved qualifications and 567 people have been supported into employment.
- 3.4 The Council's corporate apprenticeship programme, Work4Leeds, enables the up-skilling of existing staff and offers young people and adults access to entry level jobs within the Council. To date, the scheme has supported 541 apprenticeships, 170 of which have been new positions. 16-18 year olds have filled 165 of the places with a number progressing from Level 2 to Level 3.
- 3.5 The Council also supports young learners and businesses wishing to pursue apprenticeships. There is a low employer penetration rate with 6.3% of Leeds employers supporting apprenticeships compared to 8.3% across the Yorkshire and Humber region. However, the increase in employers supporting apprenticeships in Leeds between 2009/10 and the mid-point of 2010/11 was higher than that for the region. The Leeds Apprenticeship Challenge, led by the National Apprenticeship Service and supported by Children's Services and the Employment and Skills Service, was delivered from February to May 2011 to raise awareness with employers. It resulted in over 162 businesses offering 297 new apprenticeship vacancies.
- 3.6 The number of apprenticeship starts reported in Leeds at January 2011 was 3,357, an 83% increase on the previous year. The rise has been most significant amongst the over-25s, due in part to changes in funding for workforce development. The number of 16-18 year olds starting apprenticeships increased significantly by 48% from 763 in January 2010 to 1,131 in January 2011 supported by the work of Children's Services. However, the participation rate for 16-18 year olds (9.3%) remains well below the regional rate (14.1%).
- 3.7 Further joint activity is planned by Employment and Skills and Children's services to raise awareness and promote apprenticeships to both businesses and learners. This includes the launch of an apprenticeship competition in September and the establishment of a local awards scheme to recognise the achievement of individual learners and employers and will be delivered by the city's partnership Apprenticeship Steering Group.

4.0 Revised DWP Delivery Framework

- 4.1 The Government's welfare reforms include the introduction of a single universal benefit; the introduction of Getting Britain Working Measures to be delivered by

Jobcentre Plus; and the Work Programme commissioned through DWP. These replace a large number of prescribed programme led approaches.

- 4.2 All new benefit claimants will be assessed by Jobcentre Plus advisers who will ensure that support is personalised to meet the needs of the individual. The Get Britain Working measures will support this by providing:-
- Work Clubs - to encourage people to share skills and experience
 - Work Together - a way of developing skills through volunteering
 - Work Experience - to give people practical, recognizable experience
 - Enterprise Allowance - to encourage people into self-employment through greater support and financial help
 - Service Academies – to be launched in summer 2011 - linking work experience with tailored skills training for unemployed people of all ages
 - Mandatory Work Activity – targeted to those who continually fail to demonstrate acceptable job search activity
- 4.3 At a specific point in their claim, if individuals have not secured employment they will be referred to the Work Programme. The referral will depend on the type of claimant and will be at any point from 3 to 12 months of their claim. Work Programme providers in West Yorkshire are BEST Training and Ingeus Deloitte. They have been given the freedom to develop support based on customer need and will be paid on results with greater rewards linked with those furthest away from the labour market. Delivery commenced at the end of June 2011.
- 4.4 Discussions are ongoing with Jobcentre Plus and the Work Programme providers to link them to local delivery structures, to share and improve labour market intelligence and to more effectively plan provision and monitor impact across the city. The Council will need to ensure that the deployment of resources, particularly through Jobshops is complementary to and does not duplicate the DWP framework of employment support services. It is proposed to move away from drop-in provision and develop in conjunction with Jobcentre Plus a targeted case managed approach based on referrals of customers best suited to this provision.

5.0 New Opportunities

5.1 Apprenticeship Training Association

5.1.1 The city's further education colleges wish to explore the feasibility of establishing an Apprenticeship Training Association (ATA) in partnership with the Council. Preliminary discussions have taken place about how this would meet shared priorities to maximise the benefits from the Government's increased investment in apprenticeships at a local level. These include improving skill levels, increasing the numbers of people securing employment and supporting local businesses.

5.1.2 The key features of an ATA are:-

- A distinct entity established to recruit and employ apprentices to hire out to employers in support of sustainable apprenticeships with those employers

- It is based on a business model that offers sustainability over the longer term with a critical mass of apprentices
- It offers full time employment as the norm with contract durations sufficient for apprenticeships to be completed
- It co-ordinates a combination of host employers where any one vacancy cannot always provide the full range of productive tasks to complete the framework
- It supports an apprentice until a new host is found should a hosting arrangement break down
- It is based on an agreement of a wage with the host employer, which does not promote a minimum wage pay model

5.1.3 The formation of a Leeds ATA could offer the following benefits to the city:-

- A single coherent offer on apprenticeships to employers
- Additional recruitment solutions for SME's
- Support for specific growth sectors and meeting the skills needs in specific sectors
- Increased potential to achieve the city's 2020 target for apprenticeships by pooling and aligning programmes and resources
- An enhanced and targeted offer for unemployed young people and adults
- A quality apprenticeship offer through the ATA operating in accordance with the National Apprenticeship Service ATA Quality Framework

5.1.4 There are no external permissions required to become part of or lead an ATA entity. It would be subject to compliance by all parties to the agreed arrangements and there are a number of delivery models to be explored and learning to be gathered from experience elsewhere in the country. It is proposed that a dedicated project manager be identified with access to the relevant finance, HR and legal advice to develop and model options for further consideration by Executive Board.

5.1.5 The development of a viable business model will be dependent on good quality data and intelligence on changing business needs across sectors and learner demand and aspirations.

5.2 **Retail Academy**

5.2.1 The retail sector continues to play an important role in the local economy. There is significant ongoing and planned investment in retail developments in both the city centre and in out-of-town sites that will create significant job opportunities over the next few years. A partnership approach is proposed to ensure that we maximise the opportunities arising from this investment by combining resources and expertise.

5.2.2 The existing Retail Academy provides a platform from which to build and expand support to meet the new challenges and opportunities informed by a wider group of leading retailers and skills providers to create a world class centre of excellence for retail skills and employment. It will continue to support and enhance the quality of the Leeds retail business offer and produce a centre of skills excellence that will ensure that the training and research offered by the city's learning institutions is co-designed to better meet the needs of the retail sector.

- 5.2.3 The Retail Academy would play a key role in supporting new recruits to the sector at both entry and graduate level as well as supporting the continued skills development and progression of employees through to supervisory and management roles. There is support to target training and employment opportunities within the Academy to those young people that are currently identified, or at risk of becoming NEET to achieve an ambitious reduction in the rate over 3 years.
- 5.2.4 Preliminary discussions have taken place with ASDA, Tesco and Harvey Nichols, the higher and further education institutions and the retail sector skills council. Further work to map out the skills needs of businesses, existing skills provision to identify the key opportunities and changes required to provision will be completed by autumn. The Council will facilitate and support the development of action and resourcing plans and links to the young people that could potentially benefit from this development.

6.0 Corporate Considerations

6.1 Consultation and Engagement

- 6.1.1 Consultation and engagement with a wide range of stakeholders will be an integral part of the development work to shape and bring forward detailed proposals for approval to ensure these meet the business needs of the City. These will include business leaders, learning and skills providers, relevant sector skills councils and Jobcentre Plus, National Skills Academies and the National Apprenticeship Service.

6.2 Equality and Diversity / Cohesion and Integration

- 6.2.1 An Equality Impact Assessment will be undertaken to ensure that the proposed delivery models and aligned support activity enable access to the opportunities by key disadvantaged groups i.e. young people identified as NEET.

6.3 Council Policies and City Priorities

- 6.3.1 The existing and proposed work programme will contribute to the achievement of targets in both the Sustainable Economy and Culture Partnership and Children and Young People's City Priority Plans by increasing skill levels required by businesses in the City and by increasing the number of young people in employment, apprenticeships and learning.

6.4 Resources and Value for Money

- 6.4.1 The feasibility and delivery plans detailing the resources required for implementation will be subject to value for money tests for consideration by Executive Board. Collaborative working with partner agencies and businesses to ensure added value is obtained from existing programmes and activity will be a key requirement of the proposals.

6.5 Legal Implications, Access to Information and Call In

- 6.5.1 There are no legal implications at this stage. Any such implications will be fully addressed in a future report.

6.7 Risk Management

- 6.7.1 A risk management assessment will be undertaken as part of the feasibility work to develop these proposals.

7.0 Conclusions

- 7.1 There has been a significant reduction in external funding to support direct and commissioned employment and skills activity provided by the Council. Welfare reforms introduced by the Government and the revised employment support services delivered through Jobcentre Plus and DWP require local services to be realigned to avoid duplication and ensure best use of public resource. As the detail of these new delivery arrangements is emerging, discussions are taking place to realign Council activity to ensure the best use of resources and outcomes for local people.
- 7.2 There is a growing interest from learners and businesses in apprenticeships as a route in to work and to up-skill the workforce. Leeds City College currently has around 3,500 apprenticeships and the City Council supported around 2,000 young people to access apprenticeships last year. However, there is an opportunity to expand the volumes of apprentices and workplaces to better meet the needs of both through an ATA model.
- 7.3 The establishment of a Retail Academy, in conjunction with leading businesses from retail sector, provides the opportunity to deliver a world class centre of excellence for retail employment and research. It would support the planned expansion of the Leeds retail offer and create opportunities to improve the quality of life for some of the city's most disadvantaged young people.

8.0 Recommendations

- 8.1 Executive Board is asked to note the activity undertaken to date to support local people to improve their skills and secure employment.
- 8.2 Executive Board is asked to provide in principle support to the proposals to develop an Apprenticeship Training Agency and further develop the Retail Academy to provide a national centre of excellence subject to further detailed feasibility and delivery plans.

9.0 Background documents

- 9.1 There are no background documents.