

## Wirral Apprenticeship Programme

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### 1. EXECUTIVE SUMMARY

- 1.1 As part of the Council Budget 2009/10 resolutions, officers were asked to explore the possibilities for developing an apprenticeship scheme across the public and private sector similar to the Knowsley Apprentice scheme. This report presents an approach to delivering such a scheme across Wirral supported through Working Neighbourhoods Fund (WNF) resources to a maximum of £1.7m. Members are asked to support the approach presented and to authorise officers to proceed to delivery subject to endorsement of strategic fit for use of WNF by the Wirral Economic Development & Skills Partnership.

### 2. BACKGROUND

- 2.1 The Apprenticeships, Skills, Children and Learning Bill (February 2009) sets out the first complete overhaul of apprenticeships since the early 19th century. The new legislation will put apprenticeships on a statutory basis; establish the entitlement to an apprenticeship place for every suitably qualified young person who wants one – with a choice of two industry or service sectors. The Bill incorporates proposals that were originally published on 17 July 2008 as the Draft Apprenticeships Bill, and support the Government's plans for the expansion and strengthening of the Apprenticeship programme set out in *World-class Apprenticeships: Unlocking Talent, Building Skills for All* (January 2008).
- 2.2 The Government aims to get 90,000 more young people taking part in apprenticeships by 2013. Together with opportunities for adults from twenty plus, this will mean 220,000 people starting an apprenticeship each year. As part of this drive to increase numbers, the Department for Communities and Local Government (DCLG) and the Department for Children, Schools and Families (DCSF) have signed up to a joint target to double the number of apprenticeships in local authorities by 2010. These targets are a step towards the long-term ambition that one in five young people will undertake an apprenticeship by 2020 and 250,000 adults will start one.
- 2.3 On 1<sup>st</sup> April 2009, the new National Apprenticeship Service (NAS) was launched. The NAS will operate both at national and sub-regional level and its duties will include: overall responsibility for delivery of the Government's policy on apprenticeships; co-ordinating the funding of all apprenticeship places; and establishing and maintaining a national matching service for employers and would-be apprentices. This last duty, the National Apprenticeship Vacancy Matching Service (NAVMS), aims to enable employers to advertise their positions and prospective applicants, anywhere in the country, to search for them and apply as appropriate. The relationship between the NAS and local authorities will be critically

important given the upcoming local authority duty to ensure participation and quality for 16-18 year olds. The basic operating principles will be:

- Each local authority will plan post-16 provision and will notify NAS of anticipated volumes of apprenticeship demand from young people;
- Responsibility for finding an apprenticeship place will be discharged by the NAS on behalf of the local authority, and funding will be granted to the NAS according to anticipated and/or desired volumes;
- The NAS will be statutorily required to maintain a management information flow to local authorities on the status of all apprentices resident in their areas, notifying them of applications, completions and lapses.

### **3. Apprenticeships: Key Facts**

- 3.1 There are more than 180 Apprenticeship Frameworks available across more than 80 industry sectors. There are no set entry requirements for apprenticeships and they are open to anyone living in England, currently not in full-time education or not holding a university degree. Entry requirements are flexible because apprenticeships are not just based on academic achievement. However, for some more technical apprenticeships you may need GCSE grades A\*- C in Mathematics, English and Science.
- 3.2 Apprenticeships are open to all age groups, not just young people. Apprenticeship opportunities for people aged 25 and over were introduced in August 2007. Apprentices under the age of 19 do not qualify for the national minimum wage but must receive a wage of no less than £80 per week, rising to £95 per week from August 2009. Apprentices over the age of 19 can also be paid at the apprentice rate in their first year as they are exempt from national minimum wage in their first 12 months. Research shows, however, that the average apprentice earns £170 net pay per week and those on the lowest pay have the highest rate of drop out.
- 3.3 The Learning & Skills Council fully fund the training costs for 16-18 year old apprentices and part fund the training costs for those 19+. Most apprenticeships last between one and two years and can lead to:
- A National Vocational Qualification (NVQ) at Level 2 or Level 3
  - Key Skills qualifications like problem solving and using technology
  - A relevant Technical Certificate such as BTEC or City & Guilds
  - Other qualifications needed for particular occupations

### **4. Wirral Context**

- 4.1 Wirral recognises its challenge to increase economic activity in the borough and narrow the gap between the regional and England average. This is reflected in Wirral's ambitious Investment Strategy approved in 2007. This highlights the scale of the challenge and the key strategic priorities required to ensure Wirral achieves its ambition to become an economically vibrant area.
- 4.2 Significantly, Wirral has the highest rate of National Indicator 153: 'Worklessness in the worst performing neighbourhoods' amongst all of the local authorities in the Northwest and also the second highest rate nationally, which illustrates the significant challenge in the borough. Through the Local Area Agreement, Wirral partners have pledged to reduce the number of workless people in the worst

performing areas by 2.5 percentage points over 3 years, equal to bringing an additional 1,154 people back into the jobs market.

- 4.3 Equally important to the economic future of the borough is our performance in relation to young people. Nearly 90% of 16-year-olds stay on in school or college or go into employment. However the numbers of young people not engaged in education, employment and training (NEET) is an important challenge, and reducing these numbers is a priority. Starting from a baseline figure of 9.5% in 2007, Wirral partners have pledged to reduce the number of NEET 16-18 year olds by 2.6 percentage points over 3 years through the Local Area Agreement.
- 4.4 Looking at the latest data, 1,106 Wirral residents have started an apprenticeship in the 2008/09 year to date. There are currently over 180 apprenticeship frameworks on offer nationally which provides opportunities in a wide range of career paths. Out of the 2008/09 starts on apprenticeships in Wirral, the top 5 sector frameworks are:
1. Business Administration
  2. Hairdressing
  3. Customer Service
  4. Engineering
  5. Health & Social Care
- 4.5 The impact of the current economic downturn is starting to have an effect on the availability of apprenticeship places in the borough. Whilst demand for places from young people continues to be high, employers are finding it increasingly difficult to support the business case for employing apprentices and have access to a growing available 'job ready' labour supply. Anecdotal evidence gathered to date illustrates this trend. For example, the average cost of training for companies accessing Skillworks has decreased as companies reduce their training plans / budgets and training providers are reporting an increase in apprentices losing their jobs. Whilst the provider can maintain the apprentice on programme it is difficult in this climate to find alternative employment and the immediate impact for the apprentice is a loss of earnings and confidence which can result in them leaving the apprenticeship opportunity, potentially leading to social exclusion and long term unemployment.

## **5. Wirral Wide Apprenticeship Programme: Approach to Delivery**

- 5.1 The LSC currently fund work based learning providers directly for the training element of the apprenticeship programme. Whilst there are indicative regional and contractual budgets, funding is allocated to providers on the principles of the demand led model.
- 5.2 Wirral therefore, intends to deliver a programme of direct support to employers in order to stimulate the supply of available apprentice places in the workplace. Taking account of the current economic climate, a wage subsidy model is proposed. Subsidised employment models have the potential to introduce an element of 'over-training' into the marketplace, however, there is a strong argument to provide incentivised apprenticeship places in the current climate in order to provide a quality career route with accredited qualifications in preparation for an upturn in the market. This model follows the approach taken by Knowsley MBC. A case study of the Knowsley Apprentice is attached for information at Appendix A.

- 5.3 Aim: The aim is to stimulate the supply of 100 new apprentice places in the workplace available for residents of Wirral. Whilst demand for places continues to be high, employers are finding it increasingly difficult in the current economic climate to support the business case for employing apprentices and have access to a growing available 'job ready' labour supply. Furthermore, this project will potentially contribute to the reduction in NEET, including some vulnerable groups as well as the broadening of the post-16 offer in line with 14-19 developments.
- 5.4 Target Individuals: The Wirral wide apprenticeship programme policy framework will target the following priority individuals (Wirral residency eligibility criteria) in order to ensure a strategic fit with the needs of businesses and Wirral's Investment Strategy, Local Area Agreement and Wirral Employment & Enterprise Investment Framework:
- NEET 16-18 year olds;
  - 16-18 year olds at risk of becoming NEET;
  - Entry to Employment (E2E) leavers;
  - Looked after children
  - Young adults (19+) who are workless
- 5.5 Target Businesses: In order to ensure a fair an open process but also provide added value by stimulating new additional apprenticeship places a targeted approach will be taken with priority business types (Wirral and Non-Wirral eligibility criteria) as follows:
- Small to medium enterprises (SME) with no history of apprenticeship placements – proposed 50% proportion
  - Public sector organisations – proposed 25% proportion
  - Large, medium and small enterprises with prior history of apprenticeship placements – proposed 25% proportion
- 5.6 Wage Subsidy: In order to support a sustainable wage for apprentices on programme, the wage subsidy will be set at the national minimum wage rate for 18-21 year olds, currently £4.77 per hour. To support sustainability into the second year of the apprentice framework, it is proposed that the subsidy be payable for a maximum of 18 months. In return, the employer will be expected to offer a minimum 2 year contract of employment to the apprentice.
- 5.7 Delivery Organisation: In order to ensure a co-ordinated approach, the programme will be delivered by Wirral Council's Children & Young People's Department in collaboration with 14-19 Partnership member organisations. This ensures strategic fit with the upcoming transfer of LSC duties in respect of 16-18 year olds to the local authority and synergy with current responsibilities for the priority target groups.
- 5.8 Links with NAS: the project will work closely with the new National Apprenticeship Service (NAS) in both the promotion and matching of places and will support the new NAS team to establish new markets for apprenticeships in Wirral. The offer of financial support for employers will provide a valuable incentive in the current climate which would be otherwise unavailable.
- 5.9 Timescales: It is proposed that the Wirral wide apprenticeship programme operates within the Working Wirral suite of initiatives. This offers a funding period

up to March 2011 which will allow for recruitment of apprentices up to and including September 2009.

- 5.10 Indicative Budget: Based on the proposed wage subsidy and an average 40 hour working week, each apprentice place will cost £14,882.40, (less for shorter weekly contracted hours). A maximum budget of £1,700,000 will support the placement of a minimum 100 apprentices with allowance for additional operational or beneficiary costs (such as National Minimum Wage requirements for those aged 19+ in their second year of the programme).
- 5.11 Funding: In March 2008, Wirral Council cabinet agreed that the Working Neighbourhood Fund resources, together with the Deprived Area Fund and the European Social Fund Complementary Strand, should be used to commission activity to deliver the Investment Strategy priorities of tackling worklessness, improving skills, increasing enterprise, business growth and investment. The Wirral wide apprenticeship programme demonstrates strategic fit with the Wirral Employment & Enterprise Investment Framework; specifically: Priority 1, Strand 1A: Tackling Barriers to Work and Linking People to Jobs and Priority 1, Strand 1B: Supporting Skills Progression. To this end, the programme will be commissioned through the Working Wirral programme to maximum of £1.7m.
- 5.12 Reporting: Performance will be regularly reported through the Children & Young Peoples Department Plan arrangements, Learning and Achievement Branch performance management arrangements and to the 14-19 Partnership. Further updates will be reported to Cabinet as appropriate by the Children & Young Peoples Department.

## **6. Financial implications**

- 6.1 In March 2008, Wirral Council cabinet agreed that the Working Neighbourhood Fund (part of the Area Based Grant), together with the Deprived Area Fund and the European Social Fund Complementary Strand, should be used to commission activity to deliver the Investment Strategy priorities of tackling worklessness, improving skills, increasing enterprise, business growth and investment via an overarching Working Wirral Programme. It is proposed that the Wirral Apprenticeship Programme be commissioned through Working Wirral. A maximum of £1.7 million will be required over the period 2009/11 and the sum available is dependant upon receipt of the level of Working Neighbourhood Funding indicated for 2010/11.

## **7. Staffing implications**

- 7.1 No implications arising directly from this report. Any new staffing requirements arising from implementation will be brought to the Employment and Appointments Select Committee from the Children & Young People's Department.

## **8. Equal Opportunities implications**

- 8.1 The implementation of the Wirral Apprenticeship Programme will reflect the Council's commitment to equal opportunities.

## **9. Community Safety implications**

9.1 There are no direct Community Safety implications arising from this report.

**10. Local Agenda 21 implications**

10.1 None as a direct result of this report.

**11. Planning implications**

11.1 There are no direct planning implications arising from this report.

**12. Anti-poverty implications**

12.1 As part of the Working Wirral suite of projects, the Wirral Apprenticeship Programme will have significant future benefits for this area.

**13. Human Rights implications**

13.1 There are no implications arising directly from this report.

**14. Social Inclusion implications**

14.1 As part of the Working Wirral suite of projects, the Wirral Apprenticeship Programme will have significant future benefits for this area.

**15. Local Member Support implications**

15.1 There are no implications arising directly from this report.

**16. Background Papers**

16.1 Details of learning through apprenticeship as well as links and contact information can be found at <http://www.apprenticeships.org.uk/>

**17. Recommendations**

17.1 Members are recommended to:

- (1) approve the approach to delivering the Wirral Apprenticeship Programme
- (2) authorise officers to proceed to implementation subject to endorsement of strategic fit for use of WNF by the Wirral Economic Development & Skills Partnership

**J. WILKIE**

Deputy Chief Executive/Director of Corporate Services

### **1. THE KNOWSLEY APPRENTICE CASE STUDY**

Knowsley set out with a target to get 100 young people into apprenticeships in 100 days to support the GCSE school leavers (16+) who would prefer to seek paid employment than go on to full time education. £1.5m was secured through Knowsley's Working Neighbourhoods Fund (WNF) to resource a subsidised apprentice wage for employers.

Internally, KMBC had taken a cabinet decision to create 36 apprenticeships over 2 years, employed full time in scale 1,2,3,4 posts. 21 of these apprenticeship places have since been achieved through converting existing employees onto apprenticeship starts.

For the Knowsley Apprentice, KMBC wanted to create a simple, non-bureaucratic programme which could offer an affordable route for businesses to take on an apprentice. The challenge was also to ensure that the £1.5m WNF was fully spent on the apprentices; ie: to cover wage and/or training subsidies, without top slicing the fund for scheme administration. These aims were achieved by creating a single point of access for businesses at KMBC; devising a single form for completion by the employer; and administering the scheme through existing staff at KMBC, Connexions etc.

A Connexions Adviser has been seconded to KMBC to deal with the interface between the employer and the training provider, while KMBC staff deal with administration of the wage subsidy scheme and act as the single point of access to businesses. Each employer enters into a legally binding commitment to the principles of the Knowsley Apprentice programme with arrangements for claw back of funds should they not fulfil their commitment. The apprentices are contracted to the employer for 3 years with wages unsubsidised for the final 18 months and all on-costs throughout paid by the employer. The wage subsidy is paid direct to the business by KMBC on a month by month basis.

The programme itself followed a 5 step process:

- Sign up of businesses interested in the scheme
- Advertising for applicants through Connexions/Youth organisations
- A block period of recruitment and assessment days
- Employer interviews of the short-listed applicants
- Entering into contracts, legalities and induction process

The Knowsley Apprentice provides a standardised offer for both the employer and the apprentice.

The employer offer is:

- An 18month subsidy towards a young employee with 100% of salary paid in year one, 50% in year 2
- An accredited training package up to NVQ level 3
- A managed search, recruitment, and selection process
- On going business support via a single point of access

The apprentice offer is:

- A minimum hourly wage of £4.77 including 16 & 17yr olds. This is equivalent to the NMW for 18-21yrs and exceeds the £80 pwk minimum for apprenticeships (due to rise to £95 in August 2009)
- The support of a personal mentor

- A 3 year employment contract offering training to NVQ level 3

Results so far:

- 33 businesses signed up to the programme
- 650 young applicants for an apprenticeship place
- 106 apprentices on placement
- 21 on apprenticeship through this programme with KMBC
- Plans to repeat the process this year

Lessons learnt from the first wave of Knowsley Apprentice:

- Consideration needs to be given to the time of year the recruitment and selection process takes place
- Consideration needs to be given to targeting of applicants to ensure there is added value through the increase in take up of apprenticeships from priority groups such as NEET, areas of high deprivation, traditional low take up groups etc
- Concentrating time and effort on ensuring contracts and legalities are set up prior to starts is essential for the smooth running of the programme
- Concentrating time and effort on building a relationship with businesses is also essential

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