

Cabinet – 8 February 2012

Walsall Works - Creating the Conditions for Employment Growth

Portfolio: Councillor Adrian Andrew, Deputy Leader, Regeneration

Service: Regeneration

Wards: All

Key decision: Yes

Forward plan: Yes

1. Summary

- 1.1. Cabinet members have expressed a strong commitment to supporting job creation across the borough, with an allocation of £2million available over a two year period. Officers have been tasked with developing a set of proposals for utilising these resources.
- 1.2. Unemployment benefit claimant levels for 18 – 24 year olds in Walsall are running at 15.2%, (3,530 people) almost twice the national average (8%), with those aged 16-18 and classed as not in Employment Education or Training (NEET's) in Walsall, having the highest levels in the Black Country at 8.4% (588 young people).
- 1.3 In view of the above evidence of need, and indications that this will continue to get worse, officers are recommending the development of an Apprenticeship Programme for 16-24 year olds, which aims to place young people into sustainable employment within the private sector.
- 1.4 The Governments newly announced Apprenticeship Programme; the Youth Contract is in step with our proposals, is consistent with our approaches and is able to add value to Walsall Works. Together they will aim to maximise the numbers and support available for our young people and employers, the customers of this proposal.
- 1.5 Officers have and continue to consult with; young people, key specialists in this field of delivery, training providers, colleges, individuals and a range of employers to form a clear understanding of customer needs and the opportunities for adding value. Both the Strategic Funding Agency (SFA) and the National Apprenticeship Service (NAS) feel that our proposed scheme is excellent and fits with their funding and delivery arrangements moving forward.

- 1.6 The results of this work recommend that we don't duplicate existing provision, but deliver a flexible approach that adds value by removing barriers to participation by 16-24 year olds, and unlocks jobs with employers. This in turn allows providers to draw down all training funding for young people available through the government's Strategic Funding Agency (SFA).
- 1.7 We calculate that the resources available can support around 225 16-18 year olds and 50 19 – 24 year olds each year (annual cost of £1million), with training provided through existing provider networks and contracts, benefitting a total of 550 participants over the two years.
- 1.8 Its also recognised that in Walsall we have young people experiencing levels of exclusion and difficulty, this programme will draw from and support (not exclusively) young people who are: Not in Education, Employment or Training (NEET's), in or leaving care, ex offenders, disadvantaged by their circumstances or living in poverty.
- 1.9 We have begun working with the Working Smarter team, together with Vanguard, exploring the needs of customers (starting with the employers) to truly establish their needs and the interventions that can unlock new jobs within employers. This process will continue throughout the scheme, looking at all elements to ensure we are delivering the right services at the right levels for the right customers.
- 1.10 Flexibility moving forward is at the heart of these proposals, and we will be flexing the programme and the individual elements of it to best meet customer needs moving forward. This report includes specific financial planning details to enable us to calculate how many young people we could support against each measure and remain within budget. It must be noted and accepted that we will flex the scheme to meet customer needs moving forward, through a continued Working Smarter approach, so details / content may change as a result.

2. Recommendations

That CMT recommends to cabinet;

- 2.1 Cabinet approve, subject to full Council approval of the 2012/13 draft budget proposals on 23 February, £2million for use during the financial years 2012/13 and 2013/14, in support of a Walsall Works - Creating the Conditions for Employment Growth Programme.
- 2.2 The development and implementation of flexible approaches, starting with the development of a Young People's Private Sector Apprenticeship Programme, as set out in section 3 and Attachment 1.
- 2.3 That the initial focus for the programme is;
 - a. 95 young people aged 16-24 through pre-apprenticeship courses, moving onto the next stage below;
 - b. 225 young people aged 16-18 through a full Apprenticeship programme.
 - c. 50 young people aged 19-24 through a full Apprenticeship programme.

Total of 275 participants per year with 550 supported over the two years of the scheme.

- 2.4 That delegated authority is granted to the Executive Director for Regeneration in consultation with the portfolio holder, to revise the programme design, costs, contents, duration and flexibility to facilitate its continuing ability to meet customer needs within approved spending limits.

3. Report detail

- 3.1 Throughout the country the levels of young people currently facing the prospect of long term unemployment are rising, together with the numbers of suitable jobs suitable for their circumstances falling. In Walsall unemployment benefit claimant levels for 18 – 24 year olds are running at 15.2%, (3,530 people) almost twice the national average (8%). With those aged 16-18 and classed as not in Employment Education or Training (NEET's) having the highest levels in the Black Country at 8.4% (588 young people).
- 3.2 The ability for local employers in the private sector to create and fund new job opportunities is hindered by their financial circumstances and a general lack of growth in the economy, both locally and nationally. This together with some cuts in support available for young people, such as the loss of the Education Maintenance Allowances (EMA), is likely to increase unemployment levels amongst this group in Walsall.
- 3.3 In view of the above evidence of need, officers are recommending the development of an Apprenticeship Programme for 16-24 year olds, which places young people into sustainable employment within the private sector.
- 3.4 Officers have and will continue to consult with; young people, key specialists in this field of delivery, training providers, colleges, individuals and a range of employers to form a clear understanding of customer needs, and the opportunities for adding value.
- 3.5 Both the Strategic Funding Agency (SFA) and the National Apprenticeship Service (NAS) feel that our proposed scheme is excellent and fits with their funding and delivery arrangements moving forward. This starts to the process of developing a strategic longer term fit for our proposals, and as such a greater chance of developing its own future funding sustainability.
- 3.6 The results of this work recommend that we don't duplicate existing provision, but deliver a flexible approach that adds value by removing barriers to participation by 16-24 year olds, and unlocks jobs with employers. This in turn allows providers to draw down all training funding for young people available through the government's Strategic Funding Agency (SFA).

- 3.7 **What are Apprenticeships** – They are a combination of work-based experience with training in a technical knowledge and understanding and generally last between 1 and 4 years. Our scheme will focus on activities that lead to a qualification, such as a National Vocational Qualification (NVQ) at level 2. They combine training with paid employment and are relevant to appropriate occupational areas / business sectors, which for Walsall would mirror those in demand or predict growth.
- 3.8 The government normally funds all training costs for 16 – 18 year olds (max £3,600), and match funds (50%) costs for 19 to 24 year olds. It also contributes towards the costs for over 25 year olds who meet certain criteria. The latest SFA (Skills Funding Agency) priority age group includes; 16 – 24 year olds who are or likely to become NEETS, so we will build this group into our proposals.
- 3.9 The Government has announced its own apprenticeship programme; the Youth Contract, which aims to provide incentive payments of up to £1500 for each employer (no more than 50 employees and participating for the first time), together with wage subsidy payments up to £2275 for 6 months for those participants on a Work Programme. This is in step with our proposals, is consistent with our approaches and is able to add value to Walsall Works.
- 3.10 We will ensure that there is no duplication, adding value through the government's new scheme by calling on their incentive and grant payments eligible for each participant. These will be matched to our programme to provide an attractive overall financial and sustainable (in duration) support package for both the employers and the young people.
- 3.11 The gaps and barriers to participation by the young person are often circumstances, and for the employer, often the initial salary contributions support and mentoring costs. The Walsall Works Apprenticeship Programme, matched into the Government's Youth Contract, will support these two key customer groups as follows:
- Our young people, aged between 16 and 24, assisted through the creation of new / additional employment opportunities, additional individual allowances, and training top ups at the pre- apprenticeship levels.
 - The second customers, our employers, with support for both SME's (Employers with less than 250 employees) and larger companies. Those employers, who have existing apprenticeship programmes, will be supported if they can demonstrate that our intervention is supporting new growth and not duplication.
- 3.12 It's not our intention to either become a training provider or deliver direct services to the young people; this will be left to the experts, the training providers and colleges throughout Walsall. By applying our financial resources accordingly this proposal will unlock identified blocks, which are either preventing participation by young people, active delivery by the providers, or the creation of job opportunities for the apprentices within local employers.

- 3.13 We aim to use the Council's funding as a catalyst to at least double its initial investment in the young people of the borough. Through this approach we will support providers to maximise the take up of all available SFA funding, around £1million per year. This will be matched to the development of complementary programmes such as pre-apprenticeship schemes, which will prepare some of our most vulnerable young people to take their place as an employed apprentice.
- 3.14 Full details are available in Appendix A, through the resources available, annually and matched into the government's new programme, we are proposing to support the two key customer groups as follows;
1. The delivery of wage subsidy payment of £3000 each to employers (with conditions and subject to individual negotiations and circumstances), creating an additional 275 jobs / apprenticeship places each year.
 2. The introduction of a new Walsall Works Training Allowance (WTA) payments programme, to support 95 young people (based on individual needs and circumstances) a year through a pre-apprenticeship programme.
 3. Subsidy payments to 10 vulnerable families, (based on needs and circumstances) with the aims of overcoming the unintended barriers created by the current benefits system and helping to address Child / Family Poverty.
 4. Support the delivery of active management and client mentoring, so we can truly understand customers (participants and employers) needs, flexing and adapting the programme as required, maximising benefits and outcomes.
- 3.15 We are yet to fully understand the conditions associated with the government's new programme and the amounts and duration of support available. When this is known we will adjust the programme to suit, with the aims of maximising the new funding available for Walsall, and increasing / enhancing the numbers and levels of support we can then provide for our young people.
- 3.16 We will also ensure moving forward that the Walsall Works programme is able to be adjusted to ensure that it is able to respond to and meet customer's needs and requirements, as we learn from its implementation and the results of the Working Smarter team. To facilitate this we ask for delegated authority to be granted to the Executive Director for Regeneration in consultation with the portfolio holder, so they are able to; revise the programme design, costs, contents, duration and flexibility to facilitate its continuing ability to meet customer needs within approved spending limits.

4. Council priorities

The Council has announced three priorities within its Corporate Plan, one being the development of its economy. This Apprenticeship Programme will contribute towards this priority strand, through the creation within the private sector of up to 550 new jobs, taken up by young, local unemployed people. This directly supports job creation and economic growth for the borough.

5. Risk management

- 5.1 There is a risk that Employers could reject the offer of subsidised support and therefore not post their vacancies. However, partner organisations who have and continue to assist in the design of this scheme, are confident that a wage subsidy to employers will be an attractive proposition and will be taken up in full.
- 5.2 There is a risk that young people will not sign up to become apprentices; we will mitigate this through active marketing and the provision of the Walsall Training Allowance (WTA) and additional payments to families.
- 5.3 There is a risk that young people who start on programme will not complete their course and retain sustainable employment. We will mitigate this through active programme management, and by careful selection of both employers, who are planning employment growth, and through providers, with a proven track record of delivering apprenticeship successful and on time.
- 5.4 There is a risk that the customers may not receive the services they ask for and need. We will mitigate this through a constant dialogue with our two key customer groups, the young apprentices through our mentoring team and employers through the Think Walsall Team. This will be complemented by a request to the Working Smarter team to assist with the identification of customer needs moving forward and throughout the programme as required, to ensure they are at the heart of what we are delivering / supporting.

6. Financial implications

The financial implications of this programme will be met through allocations of funding made by the Council; matched to external resources held by providers. Payments will only be made to external suppliers, employers or participants once the required procedures, proof of participation and expense has been complied with and verified. Roles accounted and budgeted for in this proposal.

7. Legal implications

Legal services will be consulted with and involved in the drafting, approval and execution of all contracts and funding agreements set into place to ensure that the process is fair, open and transparent. Legal Services will also advise on any potential state aid issues.

8. Property implications

None

9. Staffing implications

Council staff will manage and administer all aspects of this programme and work to understand the needs of customers as set out previously. These costs are budgeted for in the proposal as set out previously.

10. Equality implications

An Equality Impact Assessment will be prepared.

11. Consultation

Preparation of the Walsall Apprenticeship Programme has been in consultation with the following teams, forums, and partner organisations:

- The Young People themselves
- Local Employers of all sizes within a variety of sectors
- Integrated Young People Support Services
- Employer Needs via Business & Enterprise Team, Business Needs Survey
- National Apprenticeship Service (NAS)
- Strategic Funding Agency (SFA)
- Walsall Worklessness Steering Group
- Walsall Training Provider Network
- Walsall College
- Walsall Adult Community College
- Performance Thru People
- Human Resources
- Adult Services
- Children Services
- Regeneration Directorate
- Working Smarter / Vanguard
- Discussion forum established on LinkedIn, the business social networking site
- Reference to the Ekosgen Sectoral Skills Analysis
- Reference to the Walsall Local Economic Assessment

Background papers

Appendix A –

Attached setting out the proposed operating arrangements for the Walsall Private Sector Apprenticeship Programme.

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A handwritten signature in blue ink, appearing to read 'Tim Johnson', written on a white background.

Tim Johnson
Executive Director
Regeneration

8 February 2012

A handwritten signature in blue ink, appearing to read 'Councillor Andrew', written on a white background.

Councillor Andrew
Deputy Leader
Portfolio holder Regeneration

8 February 2012

Appendix A –

The Walsall Young Peoples Private Sector Apprenticeship Programme – Proposed Operating Arrangements

Apprenticeships are a combination of work based experience with training in a technical knowledge and understanding which normally lead to a qualification such as a National Vocational Qualification (NVQ) at Level 2, 3 or 4

We will start by identifying the needs of employers in terms of their requirements for individuals, the roles available and their plans for growth and the actual sustainability of employment post apprenticeship. This will call on existing contacts, through the provider network, together with developing new contacts through the work of the Regeneration Directorate / Council.

This will include proactive marketing to Employers through a variety of methods including the use of direct correspondence, business databases (tractivity), business rates communication, social media, business to business networking events, business visits, newsletters, websites, press releases, newspapers etc.

The programme will be operated in line with National Apprenticeship Service (NAS) work based training programme, meaning that most of the training will be delivered whilst 'on the job' although some elements may need to be completed in a learning or training provider environment.

The NAS will also be used to match the employer's needs with the appropriate training providers; we will ensure that local providers are used wherever possible, in step with our 'Think Walsall' approach.

We plan to launch our programme to the young people of Walsall at the Real Apprenticeship event at Walsall Bescot Stadium on 6th February 2012. Direct marketing will also be conducted through Schools newsfeeds, Careers services, Connexions, IYPSS, Work clubs, Education Business Partnerships, Training Providers.

Young People can enter the apprenticeship programme at Level 2, Level 3 and Level 4 and these will be for a minimum of 12 months and a maximum of 2 years, depending on the level of qualification and training requirements.

Employers will be vetted and an agreement put in place to ensure they adhere to minimum standards, linked directly to grant conditions for subsidy payments to ensure they offer a good quality apprenticeship to young people.

Employers will be offered a wage subsidy at a maximum level of £3000 per young person (regardless of length of programme) paid in three increments, triggered as follows:

£750 (25%) paid after four weeks completed by the apprentice

£1500 (50%) paid at the midpoint of the apprenticeship

£750 (25%) paid on completion of apprenticeship if the employer makes a commitment to sustain employment for at least 26 weeks.

Employers will offer a minimum contract of employment of 35 hours per week and wage payments will be made by the employers as follows:

- 16-18 years £3.00 per hour (£105 x 35 hours per week x 52 weeks = £5460)
- 19-20 years £4.98 per hour (£174 x 35 hours per week x 52 weeks = £9,048)
- 21-24 years £6.08 per hour (£212 x 35 hours per week x 52 weeks = £11,024)

All vacancies will be advertised on the AVOL (Apprenticeship Vacancy On-Line) Service which is a national apprenticeship service, with preference given to, and financial support only available to Walsall residents.

Suitable Training Providers to deliver modern apprenticeship frameworks will be selected by Employers based on the most suitable framework for the companies with the support from the National Apprenticeship Service.

Training Providers who operate the programme will have to have an existing Skills Funding Agency (SFA) contract, and will have to meet the minimum quality standards. Including a minimum 'Good' Ofsted rating and 70% or above success rate on apprentices retention, delivery and timeliness.

Pre-apprenticeship courses will be offered to young people who require a lower entry route and will include delivery of functional skills, literacy, numeracy, confidence building as well as employability skills i.e. CV writing, interview techniques, communication, time-keeping, etiquette etc.

Pre-apprenticeship courses will offer a weekly financial incentive to attendees in the form of a Walsall Maintenance Allowance (maximum £30 per week), which we are sure will motivate, encourage and guarantee attendance by young people.

Additional payments will also be made to families who are experiencing poverty and would suffer a negative effect on their financial situation as a result of their family member entering the programme, due to the loss of child benefit and benefit allowances.

The annual cost breakdown for the scheme is planned as follows;

Details	Units	Unit Cost	Annual Totals	Two Year Totals
Wage Subsidy Payments to Employers	275	£3,000	£825,000	£1,650,000
Pre-Apprenticeship Walsall Works Allowance	95	£780	£74,100	£148,200
Payments to Vulnerable Families	10	£2,600	£26,000	£52,000
Management, Admin & Mentoring Support	1	£74,900	£74,900	£149,800
Totals			£1,000,000	£2,000,000

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Note – These figures are indicative and may be revised / amended to reflect customer needs and requirements, but the overall budget will not be exceeded.

The above table sets out the cost estimates for the scheme. We will however try to support more participants should the demand be there by seeking out additional support, through complementary initiatives: including the Governments Apprentice programme

The Governments new apprenticeship programme; the Youth Contract, aims to provide incentive payments of up to £1500 for each employer (no more than 50 employees and participating for the first time), together with wage subsidy payments up to £2275 for 6 months for those participants on a Work Programme. This is in step with our proposals, is consistent with our approaches and is able to add value to Walsall Works.

We will ensure that there is no duplication, adding value through the government’s new scheme by calling on their incentive and grant payments eligible for each participant. These will be matched to our programme to provide an attractive overall financial and sustainable (in duration) support package for both the employers and the young people.

It’s true to say that we are yet to fully understand the conditions associated with the government’s new programme and the amounts and duration of support available. When this is known we will adjust the programme to suit, with the aims of maximising the new funding available for Walsall, and increasing / enhancing the numbers and levels of support we can then provide for our young people.

We will also focus on supporting our NEET’s (Not in Employment Education and Training) cohort, together with young people who are looked after children, young offenders, teenage parents and those with learning difficulties.

In line with Walsall’s Local Economic Assessment (LEA), the programme holds a focus to support those businesses identified as growth sectors, to place Apprentices in the best positions to secure sustainable employment, they include;

- Niche and high-value manufacturing
- Environmental technologies (green economy)
- Health and social care
- Logistics
- Financial and professional business services
- Creative and digital industries

This will not exclude any other sectors from participating, but all companies will be required to demonstrate a capacity for growth, to ensure that the apprentices have an excellent chance of securing sustainable employment with them at the end of their training etc.

Key Aspects of the Scheme Include

Through the resources available, annually we are proposing to support the following numbers and key activities;

1. The delivery of wage subsidy payments of up to £3000 each to employers (with conditions), creating an additional 275 jobs / apprenticeship places each year.
2. The introduction of a new Walsall Works Training Allowance (WTA) payments programme, to support 95 young people a year through a pre-apprenticeship programme.
3. Subsidy payments to 10 vulnerable families, with the aims of overcoming the unintended barriers created by the current benefits system and helping to address Child / Family Poverty.
4. Support the delivery of active management and client mentoring, so we can truly understand customers (participants and employers) needs, flexing and adapting the programme as required, maximising benefits and outcomes.

Those involved in its development include:

Preparation of the Walsall Apprenticeship Programme has been in consultation with the following teams, forums, and partner organisations:

- Strategic Regeneration
- Human Resource
- Adult Services
- Children Services
- Integrated Young People Support Services
- Working Smarter
- Employer Needs via Business & Enterprise Team, Business Needs Survey
- National Apprenticeship Service
- Walsall Worklessness Steering Group
- Walsall Training Provider Network
- Walsall College
- Walsall Adult Community College
- Performance Thru People (PTP)
- Discussion forum established on LinkedIn, the business social networking site
- Reference to the Ekosgen Sectoral Skills Analysis
- Reference to the Walsall Local Economic Assessment

We will also seek out and engage others as required in the on-going development of this programme.

Flexibility to Meet the Needs of Customers

Flexibility moving forward is at the heart of these proposals, and we will be flexing the programme and the individual elements of it to best meet customer needs moving forward. This report includes specific details as to the funding we are planning to utilise against the proposed interventions and its levels, required if we are to project the numbers of clients within each category we are able to actively support with the funding limits available. It must be noted and accepted that we will flex the scheme to meet customer needs moving forward as a result of the Working Smarter approach.

Maximising the impact of the Governments new; Youth Programme.

We are yet to fully understand the conditions associated with the government's new programme and the amounts and duration of support available. When this is known we will adjust the programme to suit, with the aims of maximising the new funding available for Walsall, and increasing / enhancing the numbers and levels of support we can then provide for our young people.

Mark Lavender
9.01.12