

**2 September 2015**

**Economic Development Committee**

**2015/6 Brentwood Apprenticeship Programme**

**Report of:** *Anne Knight, Economic Development Manager*

**Wards Affected:** *All*

**This report is:** *Public*

## **1. Executive Summary**

- 1.1 This report outlines the different options and a recommendation for the implementation of a 2015/6 Brentwood Apprenticeship Programme.

## **2. Recommendation(s)**

- 2.1 That Option 5 be implemented and delegated authority be granted to do so to the Head of Service for Planning and Development utilising the allocated corporate budget of £24,000 and £2,296 of the 2015/6 Economic Development budget.**

## **3. Introduction and Background**

- 3.1 The 2014 Brentwood Economic Development Strategy sets out a shared vision and framework to steer the interventions of Brentwood Borough Council and partner organisations to deliver optimum economic benefits to the Borough to 2030.
- 3.2 Skills development and employability is a priority objective of the Economic Development Strategy and increasing the number of apprenticeships is a key objective of the current Council administration's manifesto and the Council Corporate Plan. It is also a priority for the South East Local Economic Partnership (SE LEP) and the Essex Employment and Skills Board.
- 3.3 At the 1 July 2015 Economic Development Committee it was agreed that the Economic Development Team scope the options for a Brentwood Apprenticeship Programme and that these should be considered at the 2 September 2015 Economic Development Committee with recommendations for implementation.
- 3.4 Various discussions have been held with key partner organisations including the Skills Funding Agency, National Apprenticeship Team, Essex County Council, Havering College and Brentwood Community Print to investigate the options that

are available for Brentwood Borough Council to develop an Apprenticeship Programme and to maximise the value for money of the £24,000, 2015/6 budget available. The potential options identified are outlined in section 4.

### **About Apprenticeships**

- 3.5 Apprenticeships are paid jobs with training and are a partnership between the employer, training organisation and apprentice. An apprenticeship is not a qualification in itself, but a number of separately certified qualifications and courses known as a Framework. Apprenticeships combine practical and theoretical skills and are designed to help employees reach a high level of competency and performance. They are available at Intermediate Level (level 2 NVQ), Advanced Level (level 3 NVQ) and Higher Apprenticeships (level 4,5,6 and degree). Most of the training is on-the-job working with a mentor but some requires an element of day-release for external training. Apprenticeships are open to all ages over 16 years.
- 3.6 All apprentices must be employed and have a contract of employment. A salary should be offered to reflect the job role and candidate experience. The average apprenticeship wage is £200 per week (*Apprenticeship Pay Survey 2011*). A minimum wage of £2.73 per hour must be paid to all apprentices under 19 years old or in their first year of apprenticeship. Individuals not falling into these categories should be paid the minimum national wage for their age band (currently £5.13 for 19 and 20 year olds and £6.50 for those aged 21 and over. From the 1 October 2015, the national minimum wage for apprenticeship will increase to £3.30. Employment must be for at least 30 hours a week, except for a minority of cases, such as apprentices with mental health issues where exceptions can be made. As from April 2016 employers will not be required to pay employer national insurance contributions for apprentices under the age of 25 on earning up to the upper earning limit.
- 3.7 Apprenticeship funding for the training part of the apprenticeship is available from the Government through the Skills Funding Agency (SFA) and is paid directly to the chosen training provider. The Government funds the training in full for 16-18 years, but for those over 19 years, they provide 50% funding with employers expected to make a contribution. Eligible employers can receive an Apprenticeship Grant for Employers (AGE grant) of £1,500 per apprentice for up to 5 new apprentices. It is available for businesses with less than 50 employees who have not had an apprentice within the last year (see Appendix 1 for Fact Sheet).

## **4. Issue, Options and Analysis of Options**

- 4.1 Apprenticeships are at the heart of the Governments drive to equip people with skills that employers need to grow and compete. The Government is committed to 3 million new apprenticeship starts in this Parliament. The ambition is that apprenticeships are on equal parity with an academic only option and provide a

simple access route for employers and their employees to gain the skills they need.

- 4.2 National Audit Office report (2010) estimates that apprenticeships deliver £18 of economic benefits for each £1 of Government investment. The Department for Business Innovation and Skills (BIS) estimates are even higher at £28 for each £1 of Government investment. According to the SFA, 81% of employers taking on an apprentice report higher productivity and improved quality of product/service; 88% believe they lead to a more motivated and satisfied workforce; 82% take on apprentices to build the skills capacity in their business; 80% believe they reduce staff turnover and 81% of consumers favour companies that employ apprentices. Benefits to the apprentice are also favourable with 90% staying in employment after finishing; 71% staying with the same employer; 23% receiving promotion within 12 months of finishing.
- 4.3 The SFA statistics for the Brentwood and Ongar Constituency show a decline in the number of apprentices from 790 in 2012/3 to 680 in 2013/4 and 580 in 2014/5 thus highlighting the need to reverse this trend so that apprenticeships increase.
- 4.4 Given the importance and socio-economic benefits of apprenticeships, Brentwood Borough Council wishes to develop a programme to support and drive forward this agenda. Following research and discussion with partners the following options have been identified.

#### **Option 1 – Do nothing**

- 4.5 This is not a recommended option as does not support the Council's priority to develop a Borough Apprenticeship Programme and secure the economic benefits arising from this.

#### **Option 2 – Recruitment of apprentices within Brentwood Borough Council**

- 4.6 Based on the new minimum wage of £3.30 per hour (as of 1 October 2015) and a 35 hour week, the minimum salary per apprentice would be £115.50 a week or £6,006 per annum (52 weeks). This would be for a 16-19 year old apprentice. However the Council may wish to consider paying a higher rate per hour dependent on the nature of the role of the apprentice identified.
- 4.7 Most recently a request for two generic local authority apprentices who can rotate around the different service areas has been discussed within the Council. A job description for these potential roles is in the process of being developed and conversations have been held with Havering College in anticipation that they could be the training provider for the apprentices. The Council would not be eligible for the Apprentice Grant for Employers (AGE grant) given we have more than 50 employees. If recruited on the minimum wage of £3.30 per hour, 4 apprentices could be recruited with the £24,000 budget for this programme.

### **Option 3 – Grants to Employers to employ apprentices**

- 4.8 This option is that the Council offers grants to provide wage subsidies to local employers to encourage them to take on apprentices. If the businesses have less than 50 employees and meet the eligibility criteria they could also receive the £1,500 AGE grant for each apprentice. Alternatively if not eligible for the AGE grant, businesses may be able to receive a £1,500 grant from Essex County Council's Apprenticeship Scheme.
- 4.9 Following discussions with Essex County Council's Skills Team, it is proposed that Brentwood Borough Council could allocate a proportion of its funding for this programme to provide grants to businesses taking on apprentices and that this would be administered free of charge by the County's Skills team with clear targets, monitoring of delivery and accountability.
- 4.10 This would be a cost effective and smart method of delivery for Brentwood Council given our limited in-house resource to administer a business grant scheme. It would also strengthen partnership working between Brentwood Borough Council and Essex County Council who are a key strategic partner. To date the Essex County Apprenticeship scheme has supported 79 apprentices based in Brentwood in a variety of sectors. We would be the first borough or district council to work with County in this way.
- 4.11 It is suggested that Brentwood Borough Council provide a £1,000 grant to each of the businesses targeted by the programme. This option would enable the Council to support an additional 24 businesses and apprentices in the Borough if the total £24,000 budget allocation is utilised.

### **Option 4 – Grants to Brentwood Community Print to employ apprentices with mental health issues**

- 4.12 This option is that the Council offers grants to provide wage subsidies to Brentwood Community Print to employ apprentices with mental health issues. The apprenticeships offered would be over 18 months as opposed to a year in order to accommodate necessary shorter working hours each week. The salary and mentoring cost for each apprentice would be a total of £6,648.
- 4.13 Following discussions with Brentwood Community Print, they are already working in partnership with Essex County Council to undertake a pilot apprenticeship initiative on this basis commencing Autumn 2015. Essex County Council is supporting the recruitment of two apprentices with a grant of £5,000. However there is still a funding gap of £8,296 to cover this recruitment and necessary mentoring. It is suggested that Brentwood Borough Council support recruitment of the apprentices by providing a grant of £8,296.

## **Option 5 – Combination of Options 2, 3 and 4**

- 4.14 This is the preferred option which provides benefits to both the Council and local businesses, and strengthens our support to people in the Borough with mental health issues, enabling their employability.
- 4.15 The apprenticeship programme budget can be divided in various ways between options 2, 3, and 4. However, it is proposed this is undertaken as follows:
- £8,000 to recruit 1 apprentice working within the Council (this will pay slightly higher than minimum wage)
  - £10,000 to provide grant for wage subsidies to 10 businesses in Brentwood to recruit 10 apprentices.
  - £8,296 to provide grant for wage subsidy to Brentwood Community Print to recruit 2 apprentices

This proposal requires a total budget of £26,296. £24,000 of this would be provided by the 2015/6 Apprenticeship budget and the remaining £2,296 from the 2015/6 Economic Development Budget.

## **5. Reasons for Recommendation**

- 5.1 To implement the 2015/6 Brentwood Borough Council Apprenticeship Programme to support the skills and employability agenda, Corporate Plan and ED Strategy priorities for the Council.
- 5.2 Option 5 is the preferred option as it provides a variety of approaches to support this agenda to a range of target beneficiaries.

## **6. Consultation**

- 6.1 The Economic Development Strategy successfully underwent public consultation and has been adopted. This included support for the Skills and Employability priority.
- 6.2 Key partner organisations have been consulted and engaged to scope, develop and assist with the delivery of this project.

## **7. References to Corporate Plan**

- 7.1 Economic Development is a key priority to support the delivery of the Corporate Plan priorities of sustainable economic development, promoting a mixed economic base across the Borough, maximising opportunities for retail and a balanced night time economy. This includes:
- Facilitating the creation of new businesses

- Support for skills development
- Assisting in the provision of advice and guidance for local businesses
- Working in partnership with the business community and support agencies
- Seeking inward investment into the Borough
- Assisting the SE LEP and Heart of Essex Partnership to secure projects and funding to benefit the Brentwood Economy

## 8. Implications

### Financial Implications

**Name & Title: Chris Leslie, Finance Director**

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- 8.1 A corporate budget of £24,000 for 2015/6 has been allocated for a Brentwood Apprenticeship Programme. This is separate to the ED budget. An additional allocation of £2,296 will be allocated from the existing 2015/6 ED Budget if option 5 is approved.

### Legal Implications

**Name & Title: Chris Potter, Monitoring Officer**

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- 8.2 None

**Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 8.3 None

## 9. Background Papers (include their location and identify whether any are exempt or protected by copyright)

- 9.1 None

## 10. Appendices to this report

- Appendix 1 – Fact Sheet for Apprenticeship Grant for Employers

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# Appendix 1

## Apprenticeship Grant for Employers of 16-24 year olds: Employer Fact Sheet

### May 2015 (version 19)

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The Apprenticeship Grant for Employers of 16- to 24- year-olds (AGE 16 to 24) supports businesses that would not otherwise be in a position to do so, to recruit individuals aged 16 to 24 into employment through the apprenticeship programme.

For some areas the Grant is managed locally and eligibility criteria may be different to those set out here. This is the case for employers in Greater Manchester and Sheffield City Region from April 2015 and for West Yorkshire Combined Authority from August 2015. For more information about support in these areas please see the information at the end of this fact sheet.

AGE 16 to 24 is available in relation to apprentices working to approved apprenticeship frameworks. Apprentices working to new apprenticeship standards do not attract the Grant.

We will offer the Grant to those employers who are eligible to receive it. You can receive up to 5 grants in total; each one is worth £1,500. Please check below whether or not you are eligible to receive the Grant and which apprentices qualify for it.

The Grant has already helped thousands of employers to grow their business by employing an apprentice. The Grant is available for apprenticeship starts up to and including 31 December 2015, subject to eligibility and availability. Could it help you too?

*“AGE 16 to 24 helped meet the costs of taking on a new member of staff, and in effect the grant is being reinvested into the business, to help it grow.”*

*Dr Tehir Nadeen,  
Solihull Dental Practice*

#### Which employers are eligible?

To be eligible you must:

- confirm that you are not able to recruit an apprentice without the Grant
- have fewer than 50 employees in the United Kingdom, as recorded by the Employer Data Service (EDS)
- not have had an employee start an apprenticeship in the 12month period before the start date of the **first** apprentice for whom you apply for the Grant\*
- if you are eligible, you can claim up to 5 Grants during the time the Grant is available
- please note you do not have to wait 12 months between the first and any subsequent applications
- only one Grant will be paid per employer for any particular individual
- commit to employ your apprentice(s) for a minimum of 12 months on the apprenticeship programme or the time it takes them to complete their apprenticeship, whichever is the greater
- confirm you are aware of and do not breach any State Aid rules by receiving the Grant
- agree to pay the apprentice in line with legal minimum requirements or more

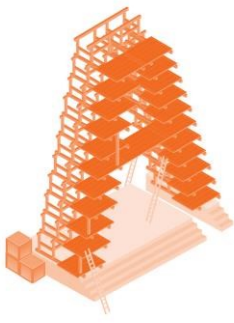
\*When we check whether you have had an apprentice in the previous 12 months, we take apprenticeship start dates from the Individualised Learner Records submitted by training organisations to the Skills Funding Agency. We take into account starts by existing employees and apprentices transferring from another employer; regardless of the apprentice's age and level of the apprenticeship; or whether the Grant was claimed for them. We do not count 'progression starts' that is learners progressing from one level of apprenticeship to another with the same employer, as having started in the previous 12 months.

You should contact any training organisations you have been working with recently to check whether they have accessed apprenticeship programme funding for learning they have provided to you. We would strongly urge you to do this if any of your employees have undertaken work-based learning such as NVQs (National Vocational Qualifications) or Diplomas.

#### Which apprentices qualify?

Our aim is to support employers to create new jobs and recruit new 16- to 24-year-olds. Eligible employers who want to access the Grant should note that apprentices must be:

- new recruits
- aged 16 to 24, on the start date recorded on the Individualised Learner Record submitted by your training organisation to the Skills Funding Agency



- enrolled on an apprenticeship framework recognised by the Skills Funding Agency
- live in England
- not taking part in full-time education
- their workplace must not be in an area where funding for the grant has been devolved (see Devolved AGE Section below)

Existing employees do not attract the Grant except where AGE 16 to 24 provides an incentive for you to provide an existing part-time employee aged 16 to 24 (contracted to work fewer than 20 hours each week) with a new full-time apprenticeship job role (minimum 30 hours per week).

### **How do employers apply?**

You must complete, sign and return an AGE 16 to 24 Employer Declaration with your chosen training organisation(s), to confirm your eligibility, before your apprentice(s) starts. By signing the Declaration you are agreeing to the Terms and Conditions which are set out in the same document. You must provide an indication of how many apprentices you plan to recruit, with the support of the Grant with that particular training organisation; this can be updated.

Only Skills Funding Agency approved training organisations can submit applications for the Grant to us. We will not accept any responsibility for applications that are not submitted, submitted late or incorrectly submitted; or for incorrect information or advice given by training organisations.

AGE 16 to 24 will be issued on a firstcome, first-served basis within a training organisation's allocation of Grants.

### **When does an employer receive payment?**

Eligible employers qualify to receive payment of AGE 16 to 24, value £1,500, once a qualifying apprentice has completed 13 weeks 'in-learning' on their apprenticeship programme; as defined by the Skills Funding Agency's programme funding rules and recorded on the Individualised Learner Record submitted by your training organisation.

The Skills Funding Agency will transfer AGE 16 to 24 funds to your training organisation. **It may take up to nine weeks after the 13-week qualification point for the funds to be processed and transferred.** Your training organisation must make arrangements to pay the funds to you within 30 days of receipt.

Payment is in the form of a grant and is therefore exempt from VAT.

If your apprentice leaves or is dismissed before completing 13 weeks 'in-learning' as defined above you will not receive payment for the Grant, even if they completed 13 weeks in employment.

If your apprentice leaves or is dismissed after completing 13-weeks 'in-learning,' your entitlement to the

Grant remains. As defined in the AGE 16 to 24 Employer Declaration, you are expected to provide ongoing employment to your apprentice(s), subject to satisfactory performance as an employee.