

REPORT TO	ON
CABINET	11 th April 2018

September 2017



TITLE	PORTFOLIO	REPORT OF
South Ribble Apprentice Factory	Regeneration and Leisure	Director of Planning and Property

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	No
Is this report on the Statutory Cabinet Forward Plan ?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No
Is this report confidential?	No

1. PURPOSE OF THE REPORT

1.1 This report provides members with information and recommendations to drive forward the development of South Ribble Apprentice Factory.

1.2 The Apprentice Factory is a key project within the Corporate Plan 2018 – 2023. This report sets out the proposals and phasing for Apprentice Factory, which outlines our ambition to support economic growth and skills development within the council and across the borough.

1.3 The report should be read in conjunction with the attached development programme.

2. PORTFOLIO RECOMMENDATIONS

2.1 Cabinet are asked to approve the South Ribble Apprentice Factory Development Plan.

2.2 That the Apprentice Factory delivery timescale is aligned with the ‘South Ribble Conference and Business Centre’ development and future plans for Worden Arts Centre.

2.3 Authority is delegated to the Chief Executive in consultation with the Portfolio Holder for Regeneration and Leisure to implement phase 2 of the development programme.

3. CORPORATE PRIORITIES

The report relates to the following corporate priorities

Excellence and Financial Sustainability	
Health and Wellbeing	
Place	

Projects relating to People in the Corporate Plan:

People	✓
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4. BACKGROUND TO THE REPORT

4.1 The introduction and implementation of the Apprentice Levy in May 2017 marked a turning point in the history of Modern Apprenticeships in the UK. By introducing the Levy the government hopes to inspire employers to either expand existing or introduce new apprenticeship programmes. A target of 3 million apprenticeships has been set during the current parliament.

4.2 In November 2017, the government published its Industrial Strategy White Paper, setting out an ambitious plan for jobs and industry. One of the key issues it identifies is the need for better routes into work and training, boosting the economy with skills fit for the future.

4.3 A company survey was carried out in South Ribble during 2017 to inform council priorities. Of 300 companies surveyed, '*promoting apprenticeships*' to increase the skill levels of local workers was the clear top priority for the Council investment.

4.4 A project team was formed to bring together skills and knowledge from Human Resources, Economic Development, Legal and Finance. The team reviewed the opportunities for growing apprenticeships in the borough, maximising the use of the council's Levy payments to up-skill staff, developing delivery mechanisms and securing resources.

4.5 Links have also been made to the project group tasked with looking at the Banqueting Suite and Worden Arts Centre, in order to assess the opportunities for the customer facing element of Apprentice Factory.

4.6 A report was submitted to Cabinet Workshop in December 2017, which explained the opportunities this offered for the council and outlined the proposals for South Ribble Apprentice Factory. It was agreed that the proposals were commercially sensitive but that soft testing of the external opportunities could progress.

4.7 The initial phase of Apprentice Factory has been developed, looking at delivery of skills and development within the council. Mapping of the wider skills funding delivery and emerging future opportunities has also been carried out and a phased approach has been developed for the project delivery plans.

4.8 The Apprentice Factory is included within the approved Corporate Plan 2018-2023.

4.9 As part of National Apprenticeship Week 2018, a successful skills and training event was delivered at the Civic Centre, attracting over 200 visitors including members, staff, businesses and local residents. The event was supported by 30 different organisations offering advice on careers, jobs, training and apprenticeships. Feedback was overwhelmingly positive.

5. PROPOSALS

5.1 Growing Places, published in 2017 by the LGA states:

“Councils, working with local businesses and partners, know their areas and residents. They understand the current and future skills needs of their local economies, and the support required for sustainable employment. All local areas want to build strong, resilient economies where residents contribute to, and benefit from, growth. Fundamental to achieving this is a

steady supply of skills and jobs, encouragement of local business and effective support to help people get on in life.”

5.2 In its most recent assessment of skills shortages facing the economy, the UK Commission for Employment & Skills (UKCES) found 19% of employers now have at least one unfilled skills shortage related vacancy, which is up from 15% the last time the survey was done in 2013. Overall it found 22% of all job vacancies are a results of a skills shortage.

5.3 For many, this finding has chimed with what employers say they have been suffering from for years-the poor work-readiness of graduates with little or no business experience. In a particular scathing government report, a staggering 52% of graduate employers said that ‘none’ or ‘few’ of the candidates they saw were work-ready.

5.4 While it can be all too easy to get carried away with the pessimism there is actually a much brighter outlook appearing on the horizon. There’s a change occurring in the skills development landscape that has the potential to yield real results: the investment in reforming apprenticeships including the Apprenticeship Levy. However, these are not the apprenticeships we know of old.

5.5 The Government has committed to creating three million new apprenticeships in this Parliament, with two primary measures to achieve this ambition, (a) a levy (all qualifying employers) and (b) a target for employing apprentices (public sector employers only). The Enterprise Act 2016 gave Ministers the power to set public sector organisations with 250 staff or more an apprenticeship recruitment target.

5.6 The LGA, which represents 370 councils in England and Wales, says significant changes to the Apprenticeship Levy are needed to achieve its potential. The complexity of the system, coupled with the fact that a number of key apprenticeship standards are not yet available, are key issues that need to be addressed to help increase the number of starts.

5.7 The Government has recently indicated that it will work with employers on how the Levy can be spent more effectively to achieve productivity across the country. The LGA believes a locally coordinated approach to these reforms would make a massive difference. For the reforms to succeed, council leaders are calling for:

- Local areas to be allowed to pool Levy contributions and have greater flexibility on how they are used, including for instance on pre-apprenticeship training.
- All Levy underspend to go back to local areas where it is raised, rather than being handed back to the Treasury.
- Devolve all non-Levy apprenticeship funding to local areas so they can support businesses and raise awareness and promote the levy locally to employers.

5.8 The development of the Apprentice Factory is aligned to the LGA’s ‘Work Local’ vision for employment and skills and it will position South Ribble to attract the proposed devolved funding. Currently, the skills funding position is fragmented, this makes employment and skills interventions difficult to deliver at a local level and creates a complex system. Our ambition is to bid for funding and to draw partner resources together to create co-ordinated local delivery and avoid duplication.

5.9 Cllr Sir Richard Leese, Chair of the LGA’s City Regions Board, said:

“Devolving apprenticeship funding to the local areas in which they are used will allow councils, schools, colleges and employers to work together to help people get the skills they need to progress in work, and supply businesses with the right skills at the right time to help local economies grow.”

5.10 Apprentice programmes are now focused on driving higher-level skills through work-based learning that is linked to a range of professional occupations-something which has been taken to a new level with the creation of degree apprentices. Degree apprenticeships are the culmination of a ten year plan by government to raise the skills base of workers by placing much more support behind vocational learning. The 2006 Leitch Report- a paper setting out targets for the skills levels needed to keep UK plc strong by 2020-declared that the current 29% of adults with level 4 qualifications was too low, and that it would need to be at least 40%-and preferably higher.

5.11 The change in apprenticeship funding has resulted in a competitive marketplace where businesses may have multiple approaches from training organisations, colleges or universities all competing to sell their apprenticeships.

5.12 Businesses are subject to a lack of impartial advice and support in finding the best solutions for their skills and workforce development needs, especially SMEs, which may lack time and in-house specialist HR knowledge. Expensive recruitment support and limited knowledge of the local labour market can be additional negative factors.

5.13 The Preston, South Ribble and Lancashire City Deal sets a target of creating 20,000 new jobs over the ten year project period. This will require us to attract new investors and to grow existing businesses. A co-ordinated approach to delivering skills support will be vital to deliver not only the number of jobs but the relevant skills needed by employers.

5.14 The Apprentice Factory brokerage service will provide impartial, specialist support to employers, residents and young people planning their future careers by providing a comprehensive and complete range of skills interventions in a one-stop-shop. It will minimise duplication and address gaps in support. Internally, the Apprentice Factory will be a key component of the Organisational Development Strategy and implementation. It will provide a conduit for blended learning, supporting blended working.

5.15 A phased approach for implementation has been adopted to create a development plan for the South Ribble Apprentice Factory. The timescales for the phasing are designed to run concurrently with the Banqueting Suite corporate project. The development plan sets out the vision, the priorities, the timescales, delivery mechanisms and desired outcomes. Please see Appendix A 'South Ribble Apprentice Factory Development Plan' attached.

5.16 Delivery Resources have been identified for phase 2 of the project from existing staffing and other budgets. However, a key element of Apprentice Factory is the ambition to access any underspend from Apprenticeship Levy for use locally and to be positioned to bid without delay for devolved funding and new skills funding post-Brexit for future phases. The financial element of the project in phase 3 will be commercially sensitive due to the competitive nature of funding applications.

6. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

6.1 Consultation has been carried out both externally and internally with the relevant services.

6.2 Discussions with businesses on an individual basis have identified that there are barriers to creating apprenticeships, which include lack of time to manage the process, multiple approaches by competing training organisations presenting a confused picture, lack of awareness of the costs, funding streams and availability of suitable apprenticeship training. A company survey was carried out in South Ribble during 2017 to inform council priorities. Of 300 companies surveyed, '*promoting apprenticeships*' to increase the skill levels of local workers was the clear top priority for the Council investment, being ranked first amongst 41 percent of the companies.

6.3 The Finance team has advised on the funding implications within the current council budgets and Legal Services have looked at the opportunities to protect any commercial interests within the project proposals.

6.4 The Human Resources Team has fully assessed the internal skills and development needs within the council and those have been built into phase 1 of the Apprentice Factory development plans.

6.5 Relevant policies and practice from the Local Development Framework have been built into the development plans for Apprentice Factory. This includes the Central Lancashire Employment and Skills Supplementary Planning Document and the Employment and Skills Statement and plans for the Cuerden Strategic Site.

6.6 Extensive discussions have taken place with the project group looking at the Banqueting Suite and Worden Arts Centre to assess what options that will create for a customer facing facility to engage residents and businesses in the Apprentice Factory. The timetable for Apprentice Factory development is being co-ordinated with the Banqueting Suite timescales.

6.7 Initial discussions have also taken place in confidence with the Lancashire Enterprise Partnership Skills Hub. The outcome of the discussions identified that the South Ribble Apprentice Factory model will fit within the wider skills delivery across Lancashire. It will address gaps in provision within South Ribble and will deliver both the county wide skills and apprenticeship targets and the specific skills needs within South Ribble.

7. OTHER OPTIONS CONSIDERED

The option to do nothing was considered. However, when the existing provision was mapped, it became obvious that there are gaps in provision, which need to be addressed and opportunities to deliver skills targets within South Ribble in a new and innovative way. The 'do nothing' option would also fail to up-skill and develop staff within the council to meet the future challenges and needs of the organisation.

8. FINANCIAL IMPLICATIONS

8.1 The financial aspects of Apprentice Factory and the Apprenticeship Levy have previously been discussed by Cabinet workshop in December 2017. The Apprenticeship Levy was implemented in April 2017. As a public sector employer with a pay bill of over £3 million, we are subject to the Levy, and are contributing 0.5 percent of our payroll to the Levy account with estimated costs of £21,400 each year. As a contributing employer we receive an allowance of £15,000 to offset the levy. By adopting an apprentice first approach to employee training we attract 90% government co-investment in delivery.

8.2 The phase 2 proposals within the Apprentice Factory development plan can be financed using existing resources contained within the approved budget. This includes budget for staffing resources, Place Promotion budget and earmarked reserves.

9. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

9.1 The project will all be resourced using existing budgets and staff.

9.2 The project lead is to be seconded from a substantive HR post, which will need to be back-filled.

9.3 The Principal Economic Development Officer will also be seconded to the project whilst still undertaking duties in her substantive role.

9.4 The development proposals will involve the creation of a new part-time post to support the project. Funding has already been identified within existing budgets.

9.5 Additional support will be sought in 2019-20 by creating a digital marketing apprentice to support commercialisation of the Apprentice Factory external phase.

10. ICT/TECHNOLOGY IMPLICATIONS

10.1 The customer facing element of the Apprentice Factory will have ICT implications in future phases arising from the need to develop website content and information resources to be fed through the new smart TV facilities within the 'Conference and Business Centre'. This material can either be developed in-house or through an external marketing agency as appropriate. Discussions will take place with ICT colleagues when this element of the work is programmed in to identify the best approach.

11. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

11.1 None arising directly from this report.

12. RISK MANAGEMENT

12.1 The risks for this project have been assessed and the key risks identified below. These will be managed through the GRACE risk management system and control measures put in place as appropriate.

- Failure to up-skill existing staff to meet future needs of the council. This will be managed by effective delivery of the internal Apprentice Factory model, efficient management of the Apprenticeship Levy funding and maximising government co-investment.
- Timescales. The timescales are closely interconnected to other corporate projects. Risks will be managed by working closely with other project leads to align project management and delivery.
- Project resource availability. This has been addressed through use of existing identified resources for the first phases of the project and by developing a mechanism which will position the council strongly to attract future devolved and external funding.

13. EQUALITY AND DIVERSITY IMPACT

13.1 An initial screening equality impact assessment has been undertaken. This project is designed to be fully inclusive and is delivered within the council's Equality Framework guidance.

14. RELEVANT DIRECTORS RECOMMENDATIONS

14.1 Cabinet are asked to approve the South Ribble Apprentice Factory Development Plan.

14.2 That the Apprentice Factory delivery timescale is aligned with the 'South Ribble Conference and Business Centre' development and future plans for Worden Arts Centre.

14.3 Authority is delegated to the Chief Executive in consultation with the Portfolio Holder for Regeneration and Leisure to implement phase 2 of the development programme.

15. COMMENTS OF THE STATUTORY FINANCE OFFICER

There are no budget implications as the first phases of the project can be funded from existing revenue budgets and the Apprenticeship earmarked reserve. Going forward opportunities to attract future devolved and external funding for the Council will be explored.

16. COMMENTS OF THE MONITORING OFFICER –

16.1 Clearly what is proposed here is highly innovative. There are various legal powers we can rely on carry out this project.

16.2 Most notably section 1 of the Localism Act 2011 states: “A local authority has power to do anything that individuals generally may do.”

16.3 Section 111 of the Local Government Act 1972 states: “...a local authority shall have the power to do anything ...which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.”

17. BACKGROUND DOCUMENTS

Appendix A: South Ribble Apprentice Factory Development Plan

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