



---

<b>PART B:</b>	<b>RECOMMENDATIONS TO COUNCIL</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>4 APRIL 2013</b>
<b>REPORT OF THE:</b>	<b>HEAD OF ECONOMY AND INFRASTRUCTURE JULIAN RUDD</b>
<b>TITLE OF REPORT:</b>	<b>RYEDALE APPRENTICESHIP PROJECT</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

---

## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 To recommend to Council the criteria and detailed approach to be followed for the 'Ryedale Apprenticeship Project' - a strand of the Ryedale Development Fund.

### **2.0 RECOMMENDATIONS**

- 2.1 That Council is recommended to approve that the Ryedale Apprenticeship Project, as set out at Annex B, be implemented.

### **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 The 7 March 2013 meeting of Council supported an allocation of £150K for a Ryedale employment initiative as part as part of the £370K Ryedale Development Fund (RDF).
- 3.2 The approach proposed for the Ryedale Apprenticeship Project (RAP) allows bids from a wide range of companies and organisations within Ryedale, with only the very largest companies excluded. The process is competitive and bids will be assessed for quality and value for money to ensure that the funding is utilised to maximum effect in the delivery of additional apprenticeship opportunities in Ryedale. A small element of the RAP is being made available for Ryedale training providers to support the funding of new equipment, where this can be shown to directly facilitate an increase in apprentices trained.
- 3.3 The proposed concentration on apprentice posts will assist in providing career opportunities for younger people, who are the sector of the Ryedale population most affected by unemployment. The RAP will also assist Ryedale businesses in terms of improved access to labour supply and providing links to local young people who can be trained to provide appropriate specialist skills.

## **4.0 SIGNIFICANT RISKS**

- 4.1 Employment law means that it is not possible to insist that apprentices employed under the RAP are from Ryedale – however, the practicalities of the transport opportunities and the location of the apprentice posts, together with the wage levels initially involved, mean that the great majority of the resulting apprentice posts are very likely to be taken by local young people in Ryedale. Consequently, the risk of this funding being widely utilised for people outside of the District is not considered to be significant.
- 4.2 The proposals for the RAP involve a number of safeguards to mitigate the risk of the apprenticeship that are funded not leading to a job; however, whilst the visit to the company and the information supplied will assist in assessing this risk, it will not be possible to guarantee a subsequent job and this will remain a risk, albeit one that is mitigated by the proposed approach. The approach to the RAP also involves a number of appropriate safeguards and requirements regarding such issues as contracts and terms and conditions, and the nature of the company itself. The prioritisation of smaller companies also militates against the risk that the funding is used in situations where the company would be likely to employ the apprentice without assistance via the RAP. The inclusion of a smaller element of funding for training providers militates against the risk that the new apprentices cannot access local training.

## **5.0 POLICY CONTEXT AND CONSULTATION**

- 5.1 The Council has a corporate aim of creating the conditions for economic success. The detailed approach of the Authority is set out in the Ryedale Economic Action Plan 2012-15 (REAP). This identifies a range of actions under the headline objectives of 'To have economic structure and supporting infrastructure in place' and 'Opportunity for people and business; ensuring Ryedale businesses are at the centre of economic development and local people are equipped with the skills required by our businesses'. The REAP was informed by the outcome of consultations with local businesses and organisations during 2012.

## **REPORT**

### **6.0 REPORT DETAILS**

- 6.1 The 7 March 2013 meeting of Council considered a report regarding the RDF, with recommendations from the 14 February 2013 meeting of the Policy and Resources Committee. Council resolved to accept the recommendations from Policy and Resources (with only a minor amendment to wording) and so agreed to use £150K of the RDF for a Ryedale employment initiative. It was also resolved that 'the distribution of funds under the 'Ryedale employment initiative' be made by the Council following an assessment of applications by the Policy and Resources Committee'.
- 6.2 The accompanying report regarding the RDF set out the general parameters of the planned initiative:

#### **'Ryedale employment initiative £150K**

- This initiative is a competitive process whereby companies and organisations bid for funding in return for a guaranteed delivery of employment, including apprenticeships, over a specified period of time. The funding could be used to support the costs of an apprentice or employee - or could be used to fund

equipment or capital expenditure (such as proposals for additional training space that this Committee supported in December 2012) - that could be shown to deliver comparable benefits, in terms of a guaranteed job / apprenticeship over a specified minimum period of time.

- Applicants would be able to seek further support through the National Apprenticeship Scheme, where applicable. Officers would work with companies and organisations to assist in their appraisal of each application and recommend those that delivered the best value for money, taking account of the number and quality of posts being provided, together with any other material factors identified in the agreed criteria for the scheme.
- Companies and organisations from across Ryedale District could apply, including those in the North York Moors National Park.
- It is proposed that, should Members support the principle of the Ryedale employment initiative, the criteria and detailed approach to be followed be agreed at the 4 April 2013 meeting of the Policy and Resources Committee. This will allow additional weighting to be given to appropriate factors e.g. opportunities for younger people, including recent graduates, and / or specific sectors etc.'

6.3 The report also set out proposed details of the initiative as:

- Ryedale apprenticeship & employment scheme:
  - § revenue and capital projects that will deliver apprenticeships and jobs;
  - § competitive bidding process assessment criteria to include cost per apprentice place, security, prospects of employment;
  - § criteria and process to be agreed at 4 April 2013 P&R;
  - § companies and organisations from across Ryedale district could apply – including those in the North York Moors National Park.
  - § Timeframe 2013-15
- Output of minimum of 7 apprentice places a year (14 in total)
- Spend profile: £75k in 2013/14 and £75k in 2014/15
- Medium risk to delivery
- Project to be evaluated after year one with a report to Policy and Resources.

6.4 Officers have now developed a scheme – The Ryedale Apprenticeship Project (RAP) – to implement the above proposals. Details of this are set out in Annex B. This takes account of further discussions held with a number of partners and with some local businesses, and some potential expressions of interest. Officers have sought to develop a flexible approach that takes account of risk and of the expected outcomes and rate of delivery.

6.5 The Project focuses on supporting new apprenticeships in Ryedale (NB general information regarding apprenticeships is provided at Annex C). This is largely because of the relatively high level of Job Seekers Allowance in the 18-24 age group in Ryedale (6.8%, compared to York at 2.5%, Harrogate at 2.4%, Hambleton at 3.4% and Selby at 5%; December 2012 figures). Conversely, the overall JSA claimant level for Ryedale is 2.2%, which is broadly comparable to most of the sub-region, with York also at 2.2%, Harrogate at 1.5%, Hambleton at 1.7% and Selby at 2.3% (December 2012).

6.6 The focus of the RAP on apprentices compliments the RDC Apprentice Scheme, which members have also agreed (as a separate strand of the RDF) to employ 8 apprentices at the Council. The RAP will be reviewed after Year 1 and at this point Members may decide whether to either cease the approach or broaden it to provide support for other forms of employment, subject to making further funding available.

- 6.7 The RAP is a competitive process and is split into two pots: a £120K fund for employers of apprentices; and a £30K fund for trainers providers.
- 6.8 Under Pot 1, companies and organisations within Ryedale can bid for funding support towards the cost of employment of apprentice posts. While the detail is set out in Annex B, the key factors to note are:
- a) Bids will be assessed, through application forms and a visit to the company / organisation, in terms of the number of apprenticeships to be provided, their length and nature, the likelihood of employment continuing beyond the apprenticeship, and the extent and quality of associated training / qualifications / experience;
  - b) Applications can be for a maximum of 5 apprentices per company / organisation;
  - c) A maximum financial contribution of £5000 per apprentice, per year is available – however, bids will be assessed competitively and preference given to bids providing a higher cost benefit ratio, once the issues in (a) above are taken into account;
  - d) Bids can be for revenue funding towards the salary and training costs of an apprentice only, or towards the revenue costs plus a contribution towards the capital costs of equipment required to support an apprentice post/s (at up to 50% of the total cost of the equipment);
  - e) An officer panel will vet applications to ensure they comply with the criteria, before an officer visit to company / organisation. An officer panel will then recommend funding for appropriate applications, with a final decision on the funding by Council;
  - f) There will be an initial deadline for bids of July 2013. Should there be unallocated funding after this round there will be subsequent opportunities for firms to bid;
  - g) Funding will be clawed back where the apprentice leaves before completion of the apprenticeship
  - h) Only companies of less than £10 million turnover / 200 FTE employees will be eligible. All other factors being equal, preference will be given to businesses with under 50 employees or that have not employed an apprentice before.
- 6.9 Under Pot 2, £30K of funding is being made available to training providers towards the cost of new equipment where this can be shown to directly support and facilitate the training of additional apprentices within Ryedale. Funding will only be provided towards a guaranteed increase in the number of apprentices trained and will be clawed back if this increase is not delivered. Funding will only be available to Ryedale-based training providers. This will be a single bidding round and any remaining funds will be transferred to Pot 1 for use by employers of apprentices.

## **7.0 IMPLICATIONS**

- 7.1 The following implications have been identified:
- a) Financial  
This proposal utilises New Homes Bonus funding and has no impact on Council budgets.
  - b) Legal  
Compliance with employment law is an important consideration in setting the criteria of the RAP.
  - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime &

Disorder)

This initiative seeks to enhance employment and training opportunities in Ryedale to the benefit of both Ryedale employers and residents, including the vulnerable and isolated.

**Julian Rudd**  
**Head of Economy and Infrastructure**

Author: Julian Rudd, Head of Economy and Infrastructure  
Telephone No: 01653 600666 ext: 218  
E-Mail Address: [julian.rudd@ryedale.gov.uk](mailto:julian.rudd@ryedale.gov.uk)

**Background Papers:**

Report to 14 February 2013 Policy and Resources Committee

<http://democracy.ryedale.gov.uk/documents/s12898/7%20PART%20B%20-%20HEI%20-%20Ryedale%20Development%20Fund%20-%20Report.pdf>

## RYEDALE APPRENTICESHIP PROJECT - RISK MATRIX – ANNEX A

Issue/Risk	Consequences if allowed to happen	Likelihood	Impact	Mitigation	Mitigated Likelihood	Mitigated Impact
Funded apprenticeships do not lead to a job.	Benefits of RAP seen as very short term and public investment in private sector under question	<b>3</b>	<b>C</b>	A visit to the company and the information supplied will assist in assessing this risk. However, it will not be possible to guarantee a subsequent job and this will remain a risk, albeit one that is mitigated by the proposed approach.	<b>2</b>	<b>B</b>
The training and experience provided in the funded apprenticeships is inadequate.	Benefits of RAP seen as very short term and public investment in private sector under question	<b>2</b>	<b>C</b>	The approach to the RAP involves a number of appropriate safeguards and requirements regarding such issues as contracts and terms and conditions, and the nature of the company itself.	<b>1</b>	<b>A</b>
Funding is used in situations where the company would be likely to employ the apprentice without assistance via the RAP	Benefits of public investment in private sector under question	<b>3</b>	<b>C</b>	The prioritisation of smaller companies and exclusion of larger companies militates against this risk, as does the interviewing of each company.	<b>2</b>	<b>B</b>
new apprentices cannot access local training provision	RAP would not deliver the intended benefits for employers or apprentices.	<b>3</b>	<b>D</b>	The inclusion of a smaller element of funding for training providers mitigates against the risk that the.	<b>2</b>	<b>C</b>

<b>Score</b>	<b>Likelihood</b>	<b>Score</b>	<b>Impact</b>
1	Very Low	A	Low
2	Not Likely	B	Minor
3	Likely	C	Medium
4	Very Likely	D	Major
5	Almost Certain	E	Disaster

## Ryedale Apprenticeship Project

### 1. Pot One – Employers of Apprentices - £120K

Businesses and organisations will be asked to complete an application form to bid for funding. This will enable the business to recruit to a maximum of 5 apprentices per applicant and purchase equipment (not lease) required in order for the apprentice's to carry out the required work and training.

Applicants may bid for up to a maximum of £5,000 contribution per apprentice, per year. However, this is a competitive process and the level of benefit achieved per applicant will be a factor that is taken into account in the assessment of bids. All other things being equal, greater preference will be given to those bids that provide more and / or longer apprenticeships for an equivalent amount of funding.

As part of the process, after an initial approval by the panel of the application, an Officer from RDC will visit the business to more thoroughly assess the business needs and best value for the funding request. This information will then be assessed by the panel for final approval or not.

The equipment part of the bid process will only be funded 50% through this scheme. 50% will be required to be funded by the applicant or by other funding sources.

**The objective of the scheme is to help businesses create new opportunities for young persons aged 16-24, to become apprentices which will lead to full time employment and future opportunities in Ryedale.**

The successful applicants will commit to taking on new apprentices in paid employment for the duration of their training and will pay at least the national minimum wage for apprentices.

The funding will be on a first come first served basis, with an initial application deadline of xx July 2013. Should there be funds remaining after the consideration of these applications, there will be further funding rounds announced until all the funding has been allocated.

The scheme will be promoted via the RDC website, the press, business networks, as well as mailing the application form to all business rate payers in Ryedale.

#### **Apprentice payment rates**

A minimum wage of £2.65 per hour (including off the job training time) must be paid to all apprentices who are under 19 or in the first year of their Apprenticeship. Individuals not falling into these categories should be paid the National Minimum Wage rate for their age band. The latest National Minimum Wage rates can be found at [www.hmrc.gov.uk/nmw](http://www.hmrc.gov.uk/nmw).

Employment must be for at least 30 hours per week, except in the minority of circumstances where the learner cannot complete the full 30 hours. All apprentices must have a contract of employment just like other employees. Ideally, a salary should be offered which reflects the job role and the skills and experience of the candidate, whilst recognising the training opportunity being offered.



### **Length of apprenticeships**

Apprenticeships last for a minimum of 12 months. The duration of an Apprenticeship depends on the framework being followed and the ability of the individual apprentice. An Apprenticeship can take between one and four years depending on the level and type. As a guide, an Intermediate Apprenticeship usually takes around 12 months and an Advanced Apprenticeship around 24 months.

If the apprentice leaves a proportion of the money can be recovered depending on the initial amount awarded. (The business would be made aware of the actual amount in the initial approval letter).

### **Eligibility for the grant**

- The scheme will be open to a business with a turnover of less than 10million and less than 200 employees (FTE equivalent),
- All other factors being equal, priority to be given to those businesses with less than 50 employees who have not had an apprentice before.
- The business must have been established or operational for at least three months in Ryedale.
- Businesses that are moving into the area and have been in existence for over three months are also eligible to apply. The payment cannot be used to subsidise an existing apprentice or equipment.

### **Support from the National Apprenticeship Service**

Once a business has expressed an interest in receiving the grant with Ryedale District Council, and this has been approved. They will be contacted by the National Apprenticeship Service which will provide information and advice on a suitable training organisation to provide training for the apprentice, and will advertise the vacancy on the National Apprenticeship Service online vacancies system. The vacancies will be promoted in Ryedale.

The National Apprenticeship Service currently has a grant available for businesses with up to 1000 employees offering an Apprenticeship to a 16-24 year old for the first time. This £1500 grant will be paid on completion of week 13 of the Apprenticeship. It is paid and administered by the training providers who are contracted to deliver Apprenticeship training. Additional funding for apprentices is also available through other training providers.

### **Other Information**

It is impossible to insist that a business pays a particular wage and / or that there is certainty of a job at the end of the apprenticeship; however an assessment of the likelihood of these matters will be made following a visit to the business. Preference will be given where it can be demonstrated that there is a strong likelihood of there being a job (s) at the end of the apprenticeship, together with other general training provision or benefits being provided.

### **To summarise**

- The business must complete the application form stating how much finance is required to fund a maximum of 5 apprentices and any equipment needed to carry out the work and training.
- Priority to be given to those businesses that have never had an apprentice previously or those that through this scheme can take on additional apprentices.
- Additional weighting will be given where it can be demonstrated that there is a strong likelihood of a job at the end of the apprenticeship. Details and background on these matters will be explored through the Officer visit.

## **Considerations**

- There will always be a risk that some businesses assisted by this scheme may cease to trade or move out of Ryedale.
- Not a quick result to evaluate the success of the scheme and the longer term benefits to the local economy.
- Not all businesses have a positive outlook on employing apprentices.
- Due to the scheme being a competitive bid process, this may raise the expectations of many businesses that will not be successful in the bidding process.

## **Criteria for the application form**

- The scheme will be available to businesses with a turnover of less than 10million and less than 200 employers (FTE equivalent). Priority to be given to those businesses with less than 50 employers who have not had an apprentice before or those businesses that as a result of the funding can take on more apprentices than they normally would.
- Work with the local contact via NAS and other training providers to help the business recruit the apprentice.
- A copy of the company accounts will be required and a check that PAYE procedures are in place.
- Officer visit to the business. Officer Panel at RDC to assess the application
- Members will be notified of the successful applicants in their ward.
- The business must be based in Ryedale and have been in Ryedale for a minimum of 3 months.
- The business must agree to publicity for media opportunities, Officers and Members from RDC can meet and gain feedback from the Apprentice during the training and when finished as part of the evaluation of the scheme.
- Recovery of funding if the company does not retain the apprentice due to their actions, however if the apprentice leaves the business, allow the business to re-recruit but no further funding will be paid.
- The business must pay at least the minimum wage £2.65 according to the age of the apprentice.
- Identify the exact type of apprentices required and how long the training would be.
- Due to employment law it is not possible to restrict the take up of posts to people living in Ryedale – however, locational factors are likely to mean that local people take up the apprenticeship posts in question.
- The panel's decision for allocating the funding is final and not open to any challenge.

## **Additional Information, extract from the NAS website:**

### **The National Apprenticeship Service (NAS)**

#### **Apprenticeship Grant for Employers of 16 to 24 year olds (AGE 16 to 24)**

'NAS are pleased to announce that based on its success so far Age 16 to 24 has been extended to support employers for a further 12 months, so will no longer end as originally planned after its first year in March 2013. Eligibility and claiming procedures remain the same so please continue to refer to the information and Fact Sheets available on the web site. Further updates will be available shortly'

Age 16 to 24 is aimed at supporting businesses to grow by employing young people through the Apprenticeship programme. The scheme provides grants to employers to support them to do this.

The National Apprenticeship Service will provide Apprenticeship grants to employers with up to 1,000 employees recruiting 16 to 24 year olds with a value of £1,500, to encourage employers to develop their business and take on new apprentices.

The £1,500 is in addition to the training costs of the Apprenticeship framework which are met in full for young people aged 16 to 18 and 50% for those aged 19 to 24. Eligible employers are those who have never employed an apprentice before or who have not recruited one in the last 12 months.

Subject to budget availability and the employer's commitment to support the apprentice to the end of their programme, up to ten grants can be made to any one employer. Very large employers (more than 1,000 employees) are not eligible for support through this initiative. But we do want to encourage take up within their supply chains.

## **2. Pot 2 – Training Providers - £30K**

In reflection of the importance of training providers in delivering successful apprenticeships, up to £30K of funding is available for bids by training providers towards equipment that would help to deliver a direct increase in the number of apprentices that can be trained.

As with Pot 1, this is a competitive scheme whereby preference will be given to proposals that offer the highest cost benefit ratio, in terms of additional number of apprentices trained against level of funding required. Similarly, only 50% of the costs of equipment can be sought. Funding will only be provided towards a guaranteed increase in the number of apprentices trained and will be clawed back if this increase is not delivered. Funding will only be available to Ryedale-based training providers.

A single bidding round will occur, with all bids to be submitted by xx July 2013. Any funding that remains unallocated after this bidding round will be transferred to Pot 1 and so made available for use by employers of apprentices.

## APPRENTICESHIPS - GENERAL BACKGROUND

Anyone aged 16 or over and not in full time education can apply for an apprenticeship. Apprenticeships are work-based programmes that combine practical training with study. They take between 1 and 4 years to complete, depending on the level of apprenticeship and qualification undertaken.

An apprentice works alongside experienced staff, gains job specific skills, earns a wage and studies (usually one day a week) towards a related qualification. This Authority has employed apprentices on the basis of paying for 37 hours per week but the apprentice works 30 hours and has one day for training purposes, which can be on or off the job.

There are three levels of apprenticeship available:

**1 – Intermediate:** equivalent to 5 GCSE passes. Apprentices work towards work-based learning qualifications such as a level 2 Competence qualification (NVQ2), functional skills and, in most cases, a relevant knowledge based qualification. Duration 12 months

**2 – Advanced level:** equivalent to 2 A Level passes. Apprentices work towards work-based learning such as a level 3 Competence qualification (NVQ3), functional skills and, in most cases, a relevant knowledge based qualification. Duration above 12 months.

**3 – Higher Apprenticeships:** lead to NVQ level 4 or Foundation Degree. Apprentices undertake a framework at Level 4 and above that will include a competence based qualification, functional skills and, in some cases, a broader vocationally related qualification, which could be a Foundation degree. For example, Business and Professional Administration generally consists of a knowledge component and a competence component, backed up by transferable skills (English, Maths and ICT), personal learning and thinking skills, and employee rights and responsibilities. Normal duration of up to 3 years depending upon how quickly levels of skill and competence etc are achieved.

Generally, apprentices at level 1 and 2 do not have to pay anything due to their age. Most of the training is on the job, however some can be provided by a local college or by a specialist learning provider as appropriate. The National Apprenticeship Service (NAS) will contribute to the costs of the training element, depending on the individuals' age, as follows:

Age	National Apprenticeship Service contribution
16 -18	up to 100%
19 - 24	up to 50%
25 +	Contribution for specified places

The current national apprenticeship minimum wage is £2.65 per hour and applies to all workers aged 16 to 18 and to those aged 19 and over in the first year of their Apprenticeship. If the apprentice reaches age 19 and has completed the first year of the apprenticeship there is a need to pay at least the 'full National Minimum Wage' rate for those aged 18 to 20 which is currently £6.19. Those aged 19 or over who have completed the first

year of their apprenticeship will be paid at least the National Minimum Wage rate for their age. See below.

Apprenticeships can lead to:

- NVQs at level 2,3,4 or 5;
- Functional Skills qualifications, e.g. in Maths, English or ICT;
- A technical certificate, such as a BTEC or City and Guilds Progression Award;
- Knowledge based qualifications, such as a Higher National Certificate (HNC), a Higher National Diploma (HND) or a foundation degree.

The type of qualification depends upon the level of apprenticeship undertaken. It must be noted that achieving an HNC or HND applies to those undertaking the Higher Apprenticeships only. It is expected that apprentices will have achieved the previous level(s) of qualifications.