

REQUEST FOR DIRECTOR DECISION – DD1479

Title: Employer-Led Apprenticeship Creation Programme

Executive Summary:

The Employer-Led Apprenticeship Creation Programme (ELACP) was developed to test innovative, employer-led approaches to apprenticeship creation to help realise the Mayor's ambitions around apprenticeships and influence future GLA apprenticeship intervention strategy. The programme received Mayoral Approval (under cover of MD1405) and was allocated £1.9m from GLA 2014/15 Apprenticeship budget.

The programme has experienced a slow inception phase which meant that partners were not fully delivering in the first four months of the programme. Additionally, it has taken longer than initially expected to engage employers and to transform such engagement into apprenticeship opportunities. Therefore, approval is requested for the extension to the delivery of the Employer-Led Apprenticeship Creation Programme until March 2017.

Decision:

The Executive Director approves an extension to the delivery of the Employer-Led Apprenticeship Creation Programme to March 2017, including the extension of a fixed term Grade 8 post to manage delivery of the contracts for the period April 2016 to March 2017 at a cost of £53,000. Contractual break clauses will be required due to the extension time period moving into the new mayoral term. The costs can be contained within the £1.9m budget approved by MD1405.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Fiona Fletcher-Smith

Position: Executive Director – Development, Enterprise & Environment

Signature:



Date:

5-4-2016

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 The Mayor of London has led an ambitious business-facing campaign in London which has already helped to create over 220,000 apprenticeships since August 2010 with over 40,000 consistently being created each year. Before 2010, annual starts did not exceed 21,000 (and were often much lower). Through the GLA's engagement work over the last five years, employers of all shapes and sizes in the capital have made the decision to offer apprenticeships in their companies. The GLA has also added to the national apprenticeship offer with concessionary travel for apprentices in London, funding incentives for small companies, and its most recent 'University of Work' marketing campaign, focused on raising awareness of the range and quality of apprenticeships available.
- 1.2 On 11 November 2014 the Mayor (under cover of MD1405) approved funding for the Employer-Led Apprenticeship Creation Programme (ELACP), a £1.9m programme funded with GLA 2014/15 Apprenticeship budget.
- 1.3 The ELACP was designed to build on the success of the past five years by tapping into the knowledge, expertise and problem-solving ability of Employers, Industry Representative Bodies and Training Providers across the private and public sectors for the creation of new apprenticeship opportunities for London residents. It is designed to engage businesses with little or no previous history of recruiting apprentices, support candidates and help place them with employers to generate as many new apprenticeship starts as possible.
- 1.4 The programme aims to engage with businesses and business networks that have not taken on apprentices or engaged with apprenticeships in the past 12 months to create new apprenticeship opportunities within their business.
- 1.5 Many of the projects are sector-based in order for the programme to test the engagement approaches that work with the various types of employers and to increase the creation of apprenticeship opportunities within growth sectors such as the technology sector which is experiencing major skills gaps but has a low take up of apprenticeships. The programme also has a strong focus on the creative and public relations sectors where there is a high demand for jobs from graduates and those willing to complete internships.
- 1.6 The programme is pan-London and is delivered through seven organisations

Delivery Organisation	Project Name	Geographical Focus
Creative and Cultural Skills	ELACP Creative and Cultural Industries	16 London boroughs
Creative Pioneers	Tech and Digital Skills Consortium	Pan London
London Borough of Islington	Enhanced Apprenticeships for Health and Social Care	Pan London
Public Relations Consultants Association (PRCA)	Apprenticeship Creation in PR and Creative Sectors	Pan London

Prevista	The Capital Apprenticeship Promotion Programme	Pan London
SOLOMAN	Apprenticeships Mean Business	Pan London
Westminster Adult Education Services (WAES)	WeZapp	Pan London

- 1.7 A bespoke Overall Unit Cost was derived for each application by dividing the overall project cost by the volume of apprenticeship outcomes sustained for 13 weeks proposed by the applicant. The Overall Unit Cost does not exceed £500 for any of the projects. All of the contracts are delivered through Payment by Results (PBR).
- 1.8 Grant agreements were in place for the seven ELACP Delivery Partners by the end of March 2015 with the expectation that delivery would commence immediately. However, a slow inception phase meant that partners were not fully delivering the programme until July 2015.
- 1.9 Performance for the programme has been steadily improving as delivery has progressed. In Quarter One 2015-16, the programme achieved 180 apprenticeship starts; this increased to 334 apprenticeship starts in Quarter Two. However, despite the recent improvements in performance, the programme is unlikely to achieve its outcomes by the original end date.
- 1.10 Additional time is required to engage and support eligible employers for the following reasons:
- The majority of ELACP providers had initially planned to engage employers through large events and online marketing. However, they have found that employers respond better to 1-1 engagement approaches which take longer to deliver.
 - Some partners have identified sector-specific issues that they have had to adapt their approach to. For example, some types of employers need more incentives than others to create apprenticeship opportunities – GPs are less likely to hire apprentices unless there are wage incentives. Partners delivering the Enhanced Apprenticeships for Health and Social Care have worked with CCGs and CPENS to secure additional funding from Health Education North Central and East London (HENCEL) that will go towards the salaries of apprenticeships that have been secured for the ELACP, however it is unlikely that this funding will be released and spent in time for the 13-week sustained apprenticeships to be achieved by the original programme end date.
 - The quality of applications for apprenticeships is often low; as a result, pre-apprenticeship support has played a key role in delivering the programme and supporting harder-to-reach groups. Over 1,600 candidates have been supported by the programme to apply for apprenticeship positions, with only 526 of these being successful at securing a place. In addition to this, it has taken time to manage the expectations of employers for apprenticeships, particularly within the recruitment process when designing the job description and in selecting the successful candidate. Delivery partners need additional time to support applicants who are further from the labour market to successfully secure an opportunity that is suited to their development needs and aspirations while supporting employers to create an opportunity that meets their business needs. A higher number of successful outcomes will represent better value-for-money to the GLA and give more participants a positive experience of the Mayor's apprenticeship programme.

- iv. Some sectors have found it more difficult than others to find suitable candidates with the right qualifications and soft skills for the opportunities that have been created, leading to the withdrawal of interest from employers. Partners have been building referral processes with other employment support projects like Young London Working (part of the Mayor's Fund for London) to gain access to a wider candidate pool as new opportunities become available. More time is needed to assess the success of these new referral networks.
- v. ELACP is a pilot programme that is testing different approaches to employer engagement with SMEs within various sectors in order to inform future apprenticeship creation programmes both internally and externally; the low level of apprenticeship starts to date makes it difficult to fully assess key lessons and best practice that could influence future policy decisions around apprenticeships which remains a high priority for central government and all of the public sector as a whole.

- 1.11 Since the development of ELACP, there has been a renewed focus on apprenticeships as a result of the Conservative government's target of delivering three million apprenticeships starts by 2020. Given the Government's new ambitious target, it is highly likely that apprenticeships will be a priority for the new Mayor, therefore extending the ELACP delivery period will provide a useful opportunity to identify best practice in respect to engaging employers in apprenticeship activity to inform future GLA apprenticeship interventions under the reformed apprenticeship system.
- 1.12 Of particular interest is identifying successful employer engagement strategies and the identification of the types of support required by SMEs to identify relevant apprenticeship opportunities and recruit suitable apprentices.

2. Objectives and expected outcomes

- 2.1 A decision to extend the delivery of the programme to March 2017 is expected to allow delivery partners to fully achieve the programme's original outcomes with no additional delivery costs, giving businesses and candidates the best chance of achieving a positive outcome as a result of their participation. This option also allows the GLA to build up expertise around apprenticeship creation programmes positioning officers well to influence the apprenticeship agenda in coming years. The extension to the programme would cost an additional £53,000 contract management costs (Grade 8 Senior Project Officer). However, the reallocation of outcomes from underperforming projects to others that can deliver more outcomes at a cheaper overall unit cost will result in a saving of £59,707 which will absorb the additional contract management costs.

Table 1: Original forecast of spend by year

	2014/15 £	2015/16 £	2016/17 £	TOTAL £
Soloman	24,400	185,225	15,376	225,001
Digital Skills	45,000	335,950	19,050	400,000
Public Relations	15,223	91,046	5,083	111,352
Prevista	42,430	339,008	18,564	400,002
Islington	0	72,600	2,400	75,000
Westminster Adult Education Svc	0	377,203	22,800	400,003
Creative & Cultural Skills	5,000	87,501	7,500	100,001
TOTAL	132,053	1,488,533	90,773	1,711,359

Table 2: Financial Forecasts - Programme Extension to March 2017

	2014/15 £	2015/16 £	2016/17 £	TOTAL £
Soloman	26,280	105,198	195,719	327,197
Digital Skills	40,000	33,100	35,300	108,400
Public Relations	11,135	44,859	55,357	111,351
Prevista	40,000	162,693	197,307	400,000
Islington	0	36,425	38,575	75,000
Westminster Adult Education Svc	0	288,624	240,980	529,604
Creative & Cultural Skills	5,000	50,100	45,000	100,100
TOTAL	122,415	720,999	808,238	1,651,652

3. Equality comments

- 3.1 The programme has targets around supporting groups with high levels of worklessness including Black and Minority Ethnic (BAME), people with disabilities, and women to access apprenticeships. These targets have been met by the majority of ELACP projects and in some cases exceeded.
- 3.2 The GLA has appointed ICF International to provide a quantitative and qualitative impact evaluation of the programme. Evaluators will assess the effectiveness of the programme in engaging and supporting Londoners from hard to reach groups and the spread of provision across London. There will be particular focus on:
- Whether the support offered to participants (employers and apprenticeship candidates) during their time on the programme appropriate to the needs of the client group and if they were considered to align with 'best practice' methodologies.
 - How the complexity of participant need impacted upon achievement, and whether improvements have been made.
 - How accessible the programme was for hard to reach groups.

4. Other considerations

- 4.1 The key risks associated with the delivery of the programme within the extended timeframe are:

	Risk description	Mitigation / Risk response	RAG rating
1	Economic Climate – slowdown in private sector growth leading to reduction in new apprenticeship starts.	Apprenticeships marketed to employers more strongly as a way to accelerate business growth in the longer term by meeting skills needs.	A
2	ELACP providers struggle to find enough eligible employers.	Statistics around apprenticeships in London demonstrates the existence of a large pool of eligible employers. Best practice for reaching eligible employers and marketing the programme will be shared across projects as they are identified.	A

3	The current AGE incentive of £1,500 may not be sufficient for London employers.	While delivery partners have started reporting increased enquiries about the increased AGE grant for SMEs which has now ended, this has not led to a significant reduction in the number of apprenticeships being created through the ELACP. Delivery partners will continue to promote the benefits of apprenticeships to employers.	G
2	Projects don't have the capacity/staffing to deliver services	GLA project managers have discussed the possibility of an extension to the programme with all delivery partners; they have confirmed their intention to continue delivery should the programme be extended.	G
3	Projects fail to achieve target outputs set	Performance will continue to be monitored rigorously with bi-monthly review meetings and monthly reporting. Funding will be made available on an outcome-related performance model and therefore claims will be paid on evidence of the delivery of outputs and outcomes. Poor performing contracts will have funding withdrawn if minimum performance levels are not met.	A

- 4.2 The proposed extension to the programme will result in additional apprenticeship outcomes that will contribute to the Mayor's Manifesto commitment of delivering 250,000 apprenticeships by 2016 and will help the next Mayor to identify successful employer engagement strategies to shape future apprenticeship creation programmes in London.

5. Financial comments

- 5.1 Approval is requested for the extension to the delivery of the Employer-Led Apprenticeship Creation Programme until March 2017, including the extension of a fixed term Grade 8 post to manage delivery of the contracts from April 2016 to March 2017. The cost of this is expected to be £53k and is contained within the existing £1.9m budget approved by MD1405.
- 5.2 If the GLA becomes liable for further costs relating to the appointee, these costs would be subject to further approval via the GLA decision making process and costs contained within the existing budget provision for this programme.

6. Legal comments

Extension of the Programme

- 6.1 Under section 30 of the Greater London Authority Act 1999 (the 'Act') the GLA, after appropriate consultation, is entitled to do anything that will further the promotion, within Greater London, of

economic development and wealth creation, social development and the improvement of the environment.

- 6.2 Furthermore, section 34 of the Act allows the GLA, to do anything that is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the GLA. This report relates to the extension of the Employer-Led Apprenticeship Creation Programme ("ELACP") to a revised end date of March 2017. The extension of the ELACP may be viewed as falling within the GLA's power to do anything that is calculated to facilitate the exercise of its power to promote social development and economic development and wealth creation in Greater London.
- 6.3 As the officers have noted above, all funding agreements and contracts relating to the ELACP must now include break clauses to ensure that the agreements may be terminated in the event that a new mayoral administration does not wish to continue the programme.

Extension of the Grade 8 Post

- 6.4 Under section 67(2) of the Act, the Head of Paid Service may, after consulting with the Mayor and the Assembly and having regard to the resources available and priorities of the GLA, appoint such staff as he considers necessary for proper discharge of the GLA's functions.
- 6.5 Under section 70(2) of the GLA Act 1999 (as amended), the Head of Paid Service may, after consulting with the Mayor and the Assembly, appoint staff (appointed under section 67(2)) on such terms and conditions as the Head of Paid Service thinks fit.
- 6.6 After consultation with the Mayor and the Assembly, the GLA's Head of Paid Service – Staffing Protocol, was adopted by the Head of Paid Service in November 2009. The Head of Paid Service Staffing Protocol sets out the GLA's agreed approach as to how the Head of Paid Service will discharge his staffing powers contained in sections 67(2) and 70(2) of the Act.
- 6.7 Paragraph 5.1 of that protocol says that, "The Head of Paid Service will consult with BMAC and the Mayor on any 'major restructure;' namely the creation or deletion of more than five posts within any one unit." The proposals set out in this paper do not fall within the definition of 'major restructure' contained within the Head of Paid Service's Staffing Protocol, and therefore do not require formal consultation with the Mayor and the Assembly.
- 6.8 Paragraph 5.2 of the Head of Paid Service Protocol states that "the Head of Paid Service will also inform the Mayor, and the Chair and Deputy Chair of the Assembly on restructures involving less than 5 people before taking a decision on them. If these were felt to be particularly contentious they would be referred to BMAC and the Mayor for formal consultation".
- 6.9 It should be noted that, in employment law, an employee on a fixed-term contract with more than two years' service has the same rights as permanent employees not to be unfairly dismissed. After two years' service, employees also have the right to a redundancy payment. After four years' service, employees on successive fixed-term contracts are considered to be permanent. A fair procedure will need to be followed at the end of the fixed-term contracts in order to bring employment to an end and suitable alternative employment should be considered before the post holder's employment is terminated.

7. Planned delivery approach and next steps

Activity	Timeline
Vary grants in line with revised profiles and delivery period	Mar 2016
Work with Finance to ensure that budgets are amended to reflect	Mar 2016

revised annual delivery	
Delivery End Date	Mar 2017
Project Closure	May 2017

Appendices and supporting papers: None

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Ann-Marie Soyinka has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Debbie Jackson has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

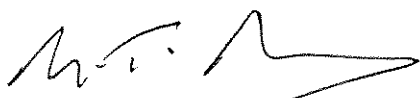
The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature



Date

31.03.16

PM MIDDLETON on BEHALF OF MARTIN CLARKE

