

**REPORT TO:** Employment, Learning, Skills and Community  
Policy & Performance Board

**DATE:** 12 November 2012

**REPORTING OFFICER:** Strategic Director - Policy & Resources

**PORTFOLIO:** Economic Development

**SUBJECT:** Employment, Learning & Skills Quarterly Policy  
Update

## **1.0 PURPOSE OF THE REPORT**

- 1.1 To inform the Board of recent national policy announcements relevant to employment, learning and skills.

## **2.0 RECOMMENDATION:**

- 2.1 That the report is noted.**

## **3.0 BACKGROUND**

- 3.1 A steady flow of policy announcements, consultation exercises, reports and ministerial statements are issued by government departments and agencies with varying degrees of relevance to issues on the employment, learning and skills agenda and related topics.
- 3.2 Therefore, brief summaries of key announcements in a 'digest' format to the board are provided on a quarterly basis, along with observations of local relevance, where appropriate, so the Board can consider whether to initiate more detailed scrutiny and/or a more detailed report to a future meeting.

## **4.0 RECENT KEY POLICY ANNOUNCEMENTS**

### **4.1 Changes to AGE (Apprenticeship Grant to Employers) criteria for 16 to 24 apprenticeships**

Following consultation and feedback received on proposals to amend the AGE criteria for 16 to 24 year-olds which provides up to 40,000 grants of £1500 to encourage and support employers taking on a young apprentice aged 16 to 24, the following changes were approved by Government for implementation from the start of the 2012/3 academic year (September 2012).

- Training providers will now pay employers the full amount of £1,500 at 13 week stage after the apprentice starts, rather than previously in two £750 payments.
- Employers will be able to claim grants for up to 10 apprentices (previously 3), and the scheme will be opened to employers who have not hired an apprentice in the last 12 months (previously 3 years).
- The Grant will be available to businesses with up to 1,000 employees.

The National Apprenticeship Service re-launched AGE to employers and businesses to co-incide with the publication of the Holt Review on 30<sup>th</sup> August 2012. See Item 4.2.

**COMMENT:** The changes were largely in line with the majority of responses to the consultation exercise and have therefore been broadly welcomed.

#### **4.2 Holt Review; Support for small businesses to take on apprentices**

IN late August businessman and social entrepreneur Jason Holt, who had been commissioned in February 2012 by the Government to review ways to make apprenticeships simpler and more accessible for small and medium businesses ('SME's'), published his findings.

His research highlighted widespread lack of awareness about the benefits of taking apprentices on, and how to recruit and train them amongst SME's.

The three key recommendations were to;

- Improve communications with business to raise awareness of the benefits of apprenticeships.
- Empower SME's to participate and develop their own training provision so they can get the right type of training for their apprentices.
- Simplify the ownership and responsibility for apprenticeships by removing unnecessary administrative and bureaucratic barriers.

On the same day the Government announced a list of measures that committed it to;

- Working with the people that SMEs look to for advice, including lawyers and accountants, to promote apprenticeships to their SME customers
- Enabling SMEs to get their apprentices the training they need by providing better information on availability and investigating how to give them a greater say in developing the skills they need

- Improving the performance of providers of training to SMEs by agreeing standards and the consequences of not meeting them – this had already been promised in the launch of the Youth Contract earlier in the year.
- Improving the Apprenticeship Grant for Employers by making it simpler and more accessible to more employers. (See Item 4.1 above for more details)

**COMMENT:** The proposals were broadly welcomed, and the Government's prompt action underlined its focus on the apprenticeship model as its primary policy objective for providing employing and (re) training for employees, and to improving skill levels across key sectors of the economy.

#### **4.3 Research report into proposed changes to the welfare system by the Department of Work & Pensions (DWP).**

Between October 2013 and the end of 2017, all existing claims to income-based Jobseekers Allowance (JSA), Income Support (IS), income-based Employment Support Allowance (ESA), Housing Benefit (HB), Working Tax Credit (WTC) and Child Tax Credit (CTC) will move to Universal Credit.

Under Universal Credit, claims will be made individually by single people or jointly by both members of a couple. Universal Credit will be paid as a single, monthly household payment and the service will be 'digital by default', with the majority of claims expected to be made online.

The Government's DWP commissioned research to provide information on views and attitudes to work, internet use and budgeting skills among a large representative sample of current claimants that would be impacted by the transition to Universal Credit. The report itself can be found [HERE](#).

**COMMENT;** The finding re-enforced much of what was already accepted, albeit anecdotally, such as low levels of long-term budgeting and planning and the anxiety that returning to the labour market presented for many claimants that had been workless for a significant period.

However, perhaps the most surprising finding was that 78% of those surveyed (over 4,000) already access and used the internet, a figure considerably higher than previously thought for this cohort.

#### **4.4 National Minimum Wage**

From Monday 1 October 2012 the National Minimum Wage (NMW) rose in accordance with the recommendations set out by the Low Pay Commission in its 2012 report. The increases are;

The adult rate will increase by 11 pence to £6.19 an hour

The rate for 18-20 year olds will remain at £4.98 an hour

The rate for 16-17 year olds will remain at £3.68 an hour

The rate for apprentices will increase by 5 pence to £2.65 an hour and

The accommodation offset will increase by 9 pence to £4.82 per day.

**COMMENT:** Whilst not unexpected the rises for the adult rate and apprentice rate equate to 1.9%. It should be noted that many employers pay apprentices the relevant NMW rate for that age rather than the lower apprentice rate

#### **4.5 Government consultation on implementing employee owner status.**

The Government is proposing to create a new employment status: that of “employee owner”, with the aim of giving businesses greater choice about the contracts they can offer to employees, whilst maintaining some level of protection.

Under this new status, employee owners would receive shares valued between £2,000 and £50,000, exempt from capital gains tax. In return they would give-up their protection against unfair dismissal (except where this is automatically unfair or relates to anti-discrimination law), certain rights to request flexible working and training, and statutory redundancy pay. Individuals will also need to give longer notice to return from maternity leave or adoption leave.

The new status would be optional for existing staff, but a business would have the option of offering only that type of contract for new employees.

The consultation asks for views on how the government should implement the employee owner status in practical terms, and what the implications for employers, individuals, and the labour market in general would be, in particular any unintended consequences.

The consultation document can be found [HERE](#).

**COMMENT:** The origins of this proposal can be found in the Beecroft Report that was noted in a report to the Board earlier this year, included recommendations to significantly reduce employment protection. Reaction to these proposals has split along political lines,

#### **4.6 BIS Retail Strategy.**

This Strategy is the result of collaboration between BIS and the UK retail sector on identifying the priority issues where there is a legitimate role for government (and in particular BIS) to be pro-active; and where there is a strong likelihood of success. A schedule of key actions are included in an appendix to the strategy. A copy of the Strategy can be found [HERE](#).

**COMMENT:** Whilst the Strategy aims to sustain the impetus of the Portas Review, the set of actions included in an appendix are largely undated and unfunded, and in some instances already known.

#### **4.7 Regional Growth Fund ('RGF') Update.**

On 17<sup>th</sup> October the Government released the results of the third round of the RGF. Nationally there were 130 successful bidders sharing approximately £1bn. The Government claims that for every £1 of taxpayer money spent, the fund would leverage £6 of private sector investment.

A total of 21 projects in the North West were successful, being granted a total of £88m. Locally, Sci-Tech Daresbury has been successful in securing £9.77million towards funding its expansion plans. Specifically to;

- Provide new high quality office and laboratory space.
- Improve transport links
- Upgrade the power supply to the site.
- Undertake high quality environmental and landscaping works.

The five local enterprise partnerships in the region will also share £65m to deliver business support programmes and prepare sites for development. Liverpool City Region LEP has been awarded £10million to distribute to companies acquiring new plant and equipment. The City Region Business Expansion Programme will provide direct assistance to businesses on the basis of £1 of support for every £5 of investment by the business.

Also, separate to the above announcement a £60m small business scheme, using RGF monies as match-funding, was launched in early October at the Community Development Finance Association's (CDFA) annual conference.

The CDFA will receive £30 million from the RGF matched with a further £30 million from the Co-operative Bank and Unity Trust Bank to provide lending to small, micro and social enterprises.

The funding is expected to create or safeguard over 8,000 jobs over six years across the country and meet some of the growing demand from small businesses for access to finance and drive investment in often fragmented communities

**COMMENT:** This grant will help the Sci-Tech Daresbury Enterprise Zone, already home to over 100 high-tech companies employing around 500 people, to proceed with its expansion plans.

The small business scheme should go some way to 'back-fill' some of the more traditional sources of capital for small businesses' expansion plans that are no longer as accessible to them.

#### **4.8 Growth and Infrastructure Bill**

On 18 October 2012, the Government published its Growth and Infrastructure Bill which set-out range of changes aimed at removing *'confusing and overlapping red tape that delays and discourages business investment, new infrastructure and job creation'*. The Bill contains a number of measures relevant to the economic regeneration and employment functions of local authorities;

- The reconsideration of economically unviable section 106 agreements to encourage building on housing sites to release up to 75,000 affordable and private homes currently that are currently stalled.
- Reducing the paperwork applicants have to submit with a planning application, which are 'in excess of what is reasonably needed to properly inform decisions about the proposed development'.
- Stopping misuse of town and village green applications to undermine planned development, while protecting its use to safeguard cherished community spaces and ensure the protection of genuine town and village greens. Currently, if an application for registration is successful, the land cannot be developed and becomes permanently protected, even if there is planning permission in place. Applications can take a long time to be determined and substantially delay development, even if there is little chance of the application being successful.
- Implementation of the Penfold Review recommendation to remove overlapping development consent regimes, where multiple permissions from different agencies are required as well as planning permission.
- Speeding up the planning system for large scale business and commercial projects. Where developers choose the fast-track route, decisions will be taken in 12 months from the start of examination. Existing requirements to consult local communities will be retained.

- Provisions to allow large planning applications to be made directly to the Secretary of State rather than to the local council if it has been "designated" because of a very poor record in deciding applications.

**COMMENT:** The Bill pulls together a number of the measures announced by the Government during September to stimulate the economy.

Therefore, whilst the renegotiating of Section 106 contributions has attracted most of the media's attention as it may mean less money available to spend on local infrastructure of shared amenities with schools, open spaces and transport services suffering, there are other measures listed above that potentially also could have a significant impact. Details of the changes that make it into the Act when it receives the Royal Assent will be reported to a future meeting.

## **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

The varied range of issues covered in this report potentially present a number of challenges and opportunities across a number of the Council's current priorities. Each would therefore require a thorough analysis at some point in the future.

## **6.0 RISK ANALYSIS**

There are no immediate risks or opportunities directly relating to the information in the report at this point in time. Again, a full assessment could be necessary at some point in the future.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

Not applicable.

## **FURTHER INFORMATION**

If members require a more detailed analysis of any of the issues in this report, or copies of any of the documents referred to, they should contact;

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