

<b>Report of:</b>	<b>Head of Economic Prosperity</b>
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<b>Portfolio Leader:</b>	<b>Economic Development &amp; Planning</b>
<b>Key Decision:</b>	<b>Yes</b>
<b>Report Track:</b>	<b>Cabinet: 04/03/21</b>

**Cabinet**  
**4 March 2021**  
**Additional Restrictions Grant (ARG) – Skills & Training Initiatives**

**1 Purpose of Report**

- 1.1 The purpose of this report is to update Cabinet regarding the potential of utilising some of the Council's ARG allocation to participate in some additional skills and training related initiatives across the District.
- 1.2 To seek authority to spend ARG monies on Council priorities, whilst working in partnership around employability, skills and training in order to maximise the potential impact of such initiatives.

**2 Recommendation(s)**

- 2.1 Cabinet approve revising its current ARG policy to allocate an element of its ARG funding i.e. £302,000 towards skills and training related initiatives.
- 2.2 Cabinet delegate authority to the Head of Economic Prosperity in consultation with the Portfolio Leader for Economic Development & Planning to enter any necessary formal arrangements with Staffordshire County Council (SCC) to secure delivery across the District.

**3 Key Issues and Reasons for Recommendations**

**Key Issues**

- 3.1 The Council has a clear agenda around helping its residents with employability and skills and training in the District. By utilising the Councils' ARG resources there is an opportunity to work with partners to deliver further positive outcomes in the form of businesses assisted (x40) and apprenticeships (x50) .

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- 3.2 Members will recall it received a Cabinet report (10 December 2020) on the importance of creating employment opportunities to aid economic recovery in the District. This report directly contributes towards that agenda and helps to mitigate against the effects of the pandemic.
- 3.3 SCC have approached all local authorities across the County regarding potential use of ARG monies for several business and skills related initiatives.
- 3.4 Pressure to spend ARG monies exists, even though allocations can be spent in theory up to March 2022 the government are looking for authorities to spend quickly. A balance needs to be achieved around spending monies as soon as practicable Vs monies not being replenished once spent.
- 3.5 Allocating monies to partners such as SCC will maximise the potential impact that could be achieved locally. It should be noted that SCC are also contributing their own financial resources to the individual initiatives and where several authorities participate economies of scale will also be achieved.
- 3.6 The Council need to be mindful of governance and accountability of any funding allocated to SCC. A grant agreement and Project Board as means of governance would be essential components to any arrangement being adopted with SCC. This would safeguard and make sure any monies allocated from the Council's ARG are spent within the District and not diluted or spent elsewhere in the County.
- 3.7 The skills related initiatives closely align with the Council's priorities and are considered complementary to work already being carried out within Economic Development team e.g. Digital Skills Academy.
- 3.8 The proposal from SCC Vs paying out locally ARG direct to businesses is arguably a more sustainable proposition as the initiatives are investing in the workforce and their prospects as opposed to cash injections to businesses.
- 3.9 The policy for ARG already sets aside £50,000 for skills and training support. Therefore, it is proposed that these monies alongside a further £252,000 are allocated to SCC to cover both nil cost training for employers top up project and the \*NEW\* Staffordshire 500, Apprentices Wage Support project.
- 3.10 The current allocation of ARG is £2,910,314.00 and spend as at 22nd January 2021 is £343,326.71. This clearly shows enough funds are available to support investing in these initiatives, whilst leaving a healthy balance to carry on awarding ARG grants direct to businesses. The risk of running out of funding based upon current spending levels before March 2022 are therefore considered low.
- 3.11 The Council is looking to mobilise and launch the initiatives in partnership with SCC by the end of March 2021 or sooner dependent upon each Council's commitment.

### **Reasons for Recommendations**

- 3.12 To detail how ARG monies could be spent on the Council's priorities around skills and training.

#### 4 Relationship to Corporate Priorities

- 4.1 This report supports the Council's new Corporate Plan priority to 'Support Economic Recovery' and supports delivery of the Council's Economic Prosperity Strategy.

#### 5 Report Detail

- 5.1 This report has been produced to ascertain whether Cabinet wishes to participate in SCC initiatives to assist with allocating and spending its ARG monies and economic recovery of the District.
- 5.2 SCC have approached local authorities on a number of initiatives however, details of the two initiatives considered to align most closely with priorities of the Council are:-

##### **Nil Cost Training for Employers Top Up Project**

Building on an existing ESF programme delivered through the Skills Hub across Staffordshire, businesses would be supported to retrain or upskill their staff or train new staff to meet changing business operations, entering new markets or sectors, which will be important for business to continue to operate. The proposal is to offer a grant to support the cost of the training (excluding statutory training and state funded courses) that could be used as part of the Skills Hub offer to incentivise more businesses to train. The County Council would develop a pot that provides a grant of up to £5,000 which would match the current Skills Hub ESF grant (which pays 48% of training) and therefore would make training free to employers for almost £10,000 of training. It would also give employers access to a free Organisational Needs Analysis (ONA) and an Action Plan how to meet their workforce training and skills needs.

In addition, the Hub has access to a quality assured database of training providers that employers would be signposted to. The aim would be to support up to 400 businesses over the next 15 months and the Skills Hub would deliver the training grant and offer wider workforce skills support with a potential £1million training fund.

The cost is anticipated as follows:

District	ARG	Businesses	ESF match (48%)	Training Fund
Cannock Chase	£52,000	40	£48,000	£100,000
East Staffordshire	£52,000	40	£48,000	£100,000
Lichfield	£52,000	40	£48,000	£100,000
Newcastle-under-Lyme	£52,000	40	£48,000	£100,000
South Staffordshire	£52,000	40	£48,000	£100,000
Stafford	£52,000	40	£48,000	£100,000
Staffordshire Moorlands	£52,000	40	£48,000	£100,000
Tamworth	£52,000	40	£48,000	£100,000
Staffordshire*	£104,000	80	£96,000	£200,000
<b>Total</b>	<b>£520,000</b>	<b>400</b>	<b>£480,000</b>	<b>£1,000,000</b>

\*It should be noted that Staffordshire County Council does not have business support grant funding from Government and would need to look at alternative sources of funding to make a contribution. However, even without the County Council contribution this would still be a £800,000 training fund targeting 320 businesses.

### **\*NEW\* Staffordshire 500, Apprentices Wage Support**

Young people have been hardest hit by the economic challenges presented by Covid 19, and the National Kickstart scheme has the potential to displace apprenticeships with the sixth month wage subsidy. In the Plan for jobs from August to January, any firm that hires a new young apprentice aged 16 to 24 will receive £2,000 – on top of the existing £1,000 incentive for 16 to 18s – while those that hire new apprentices aged 25 and over will be paid £1,500 and this was extended until the end of March 2021. The spending review also announced that the national minimum wage for apprentices will increase in April 2021 from £4.15 to £4.30 per hour.

The proposal aims to support 16-24-year olds who are unemployed to get into an apprenticeship by incentivising employers to take on apprentices by providing a grant to contribute to the cost of the apprentice wages. In addition, this will also put apprenticeships on a par with Kickstart and offer progression from Kickstart. This incentive would support small employers and those that currently do not pay the apprenticeship levy.

The minimum apprenticeship wage of £4.15 per hour would cost around £8,000 for a 37-hour week excluding on costs for 12 months. Therefore, depending on the funding available a range of wage incentives could be put in place to support apprentices in addition to the Government incentives available.

A grant of £5,000 in addition to the Government grant of £3,000 would cover the wages of apprentices for 12 months for a 16-18-year-old up. The target would be to support up to 500 apprenticeships over the next 12-15 months and target non levy paying employers (employers with a wage bill of less than £3million) to recruit Staffordshire residents who unemployed 16-24-year olds taking up these apprenticeships.

The County Council would administer the wage grant and use Apprenticeship Levy to ensure employers can access funding for the apprenticeship training.

<b>Staffordshire 500</b>	<b>ARG</b>	<b>Apprentices</b>	<b>Government Grant</b>	<b>Total Incentive</b>
Cannock Chase	£250,000	50	£112,500	£362,500
East Staffordshire	£250,000	50	£112,500	£362,500
Lichfield	£250,000	50	£112,500	£362,500
Newcastle-under-Lyme	£250,000	50	£112,500	£362,500
South Staffordshire	£250,000	50	£112,500	£362,500
Stafford	£250,000	50	£112,500	£362,500
Staffordshire Moorlands	£250,000	50	£112,500	£362,500
Tamworth	£250,000	50	£112,500	£362,500
Staffordshire*	£500,000	100	£225,000	£725,000
<b>Total</b>	<b>£2,500,000</b>	<b>500</b>	<b>£1,125,000</b>	<b>£3,625,000</b>

Note: Assumes 50:50 split between apprentices aged 16-18 and 19-24

\* Staffordshire County Council does not have business support grant funding from Government and would need to look at alternative sources of funding to make a contribution, however the

scheme still works without the County Council contribution. If funding can be found Staffordshire County Councils contribution would be pro rata per District

- 5.3 There appears to be some appetite from other local authorities for participating in the initiatives. Pooling of resources to achieve scale is likely. The pick and mix nature of the SCC proposition is attractive as this enables the Council to locally support its own initiatives e.g. start up where advantageous to do so and work in collaboration where there is real added benefit in doing so.
- 5.4 The proposals clearly fit with the Council's Economic Prosperity Strategy and Economic Recovery workstream given their focus on helping people to prosper.
- 5.5 These initiatives add value to our existing programmes and work with our Further Education Colleges namely South Staffs College and Walsall College.

## **6 Implications**

### **6.1 Financial**

Of the £2,910,314 allocation available, the report is proposing to passport a total of £302,000 to SCC to deliver nil cost training for the employers top up project and the Staffordshire 500 Apprentices Wage Support project.

A grant agreement would govern payment arrangements and safeguard around spending appropriately.

However, there is a risk that the remaining £2,608,314 of the allocation could be insufficient to carry on awarding ARG grants direct to businesses. Grants have significantly increased in January 2021 with £265,954.70 of grants being paid in a two-week period and a total of £343,326.71 grants paid out of this remaining allocation to date. However, demand is not expected to continue at the current rate. It is therefore envisaged that the remaining allocation will be sufficient to cover the ongoing costs. Should the council run out of the allocated resource, no new grants will be awarded so there is a net nil cost to the authority.

### **6.2 Legal**

Before making payment of the grant monies, the Council will need to ensure that it has agreed appropriate governance arrangements with Staffordshire County Council, in order to ensure best value and to identify in certain terms how the monies paid are to be utilised. There will need to be a grant agreement that identifies the governance arrangements, provides how monies are to be allocated within the District and gives a time scale for payments.

### **6.3 Human Resources**

SCC will be responsible for all staffing and implementation arrangements working with District Council Economic Development teams. The Council will need to resource monitoring and evaluation of any agreements with SCC but this can be satisfied from within existing economic development staff and budgets.

**6.4 Risk Management**

Risks of SCC not spending the monies as originally intended or directly within the District – proposed mitigation for these risks will include appropriate governance arrangements being in place to safeguard the monies being transferred to SCC. Monitoring and evaluation via a project board are considered minimum components. Terms of reference are currently being drafted for the project board.

**6.5 Equality & Diversity**

None.

**6.6 Climate Change**

None.

<b>7 Appendices to the Report</b>
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None

**Previous Consideration**

None

**Background Papers**

None