

Local Government Association briefing, Enterprise Bill, House of Commons, Committee Stage

11 February 2016



KEY MESSAGES

- The LGA supports the intention of the Enterprise Bill to promote economic growth. Councils can play a key role in this. We want to work closely with Government on proposals on the Primary Authority Scheme, apprenticeships, non-domestic rates and plans for a public sector exit payment cap to ensure these are workable and do not negatively impact on local authorities.
- **Clause 19:** The proposed extension of the Primary Authority Scheme to smaller businesses and to include other regulators is welcome. We are however calling for the Bill to be amended to enable a primary authority and business to negotiate an agreed fee to be charged for primary authority services. This would mean councils could charge at less or more than cost recovery rate as long as the fee was agreed with the business.
- This measure would also ensure councils were not forced to charge at less than the market rate for some of the services provided, as is the case at the moment. 45 per cent of businesses surveyed by the Better Regulation Delivery Office recognised that the level of service they received was worth more than the amount they paid for it¹.
- **Clause 20:** We do not support proposals in the Bill that would allow the Secretary of State to set mandatory apprenticeship targets for prescribed public bodies, including for local authorities. Central government should work closely with local government, through the LGA, to develop alternative routes to local authorities supporting central government's objectives.
- Many councils are having to reduce workforce numbers further over the next four years, some up to 40 per cent. This means councils may lack both the job opportunities or people to deliver a centrally determined target on apprentices. We support amendments 71 and 72 (to clause 20) tabled to the Bill and further information is provided in this briefing.
- We are calling for the Bill to be amended to enable a prescribed public body to set apprenticeship targets for its subcontractors. If apprenticeship targets are imposed on councils we would like to work with Government to ensure that any apprenticeships created through councils contracts are included and accounted for in any apprenticeship targets set for councils.

Briefing

BACKGROUND INFORMATION

Extension of the Primary Authority Scheme

We support the proposed extension of the Primary Authority Scheme to smaller businesses and to include other regulators. The Scheme provides consistency for businesses operating in different areas and has a role to play in helping target reduced regulatory capacity across local government. We note that much of the detail of the expansion will be set out in regulations to be laid once the Bill has been passed. On this, it is important that there continues to be full consultation with businesses, councils and national regulators on the detailed proposals in advance of regulations and statutory guidance being introduced to ensure there is an appropriate opportunity to provide views on key issues.

¹ Extending and Simplifying Primary Authority: Keeping the UK Competitive, 2015, Better Regulation Delivery Office, p16

Government should however update the basis on which councils can charge for the Primary Authority Scheme through the Enterprise Bill. Amending the legislation to enable this would ensure councils would be able to support their local economic development strategies by offering reduced primary authority fees to specific sectors or start-up businesses. It would also ensure that councils were not forced to charge at less than the market rate for some of the services provided, as is the case at the moment. 45 per cent of businesses surveyed by the Better Regulation Delivery Office recognised that the level of service they received was worth more than the amount they paid for it.

Public sector apprenticeship targets

We welcome the Government's recommendations to increase the number of apprenticeships available to young people. However, we do not support proposals in the Bill that would allow the Secretary of State to set apprenticeship targets for prescribed public bodies, including local government. Councils can support apprenticeship targets in other ways, such as through their varied role as local employers, commissioners and procurers of services, and their local and economic development functions working with employers. The Bill as currently drafted does not recognise this.

The local government workforce has steadily declined since 2010 and over six hundred thousand people have left the sector. This has led to reduced workforce capacity to support and deliver training and development, including for apprenticeships. Support for internal programmes has been reduced due to lack of funding, complex bureaucracy and lack of external support, and there is no longer any additional capacity in local government to run or manage apprenticeship programmes. Much of this decline in workforce numbers relates to jobs being lost or other agencies delivering council services.

The LGA supports amendments 71 and 72 tabled by Kevin Brennan MP and Bill Esterson MP. If passed, these measures that would ensure that a public body, for which an apprenticeship target is set, provides data to the Secretary of State on the number of full-time equivalent (FTE) posts in its workforce, rather than by headcount.

A significant proportion of the local government workforce is employed on a part-time basis. Any apprenticeship target for local government based on headcount would therefore produce a uniquely disproportionate and costly outcome, which would affect councils' ability to retain their existing staff. This is at a time when councils are already projecting they will be reducing their workforces over this parliament due to financial challenges.

- For example, excluding teachers, the local government workforce (Q4 2014) in England was 1,317,809 total headcount or 887,596 full-time equivalent. Applying an apprenticeship recruitment target of 2.3 per cent of the workforce based on headcount would give a target of 30,310 apprentices. A 2.3 per cent target based on FTE would equal 20,415 apprentices.

Councils currently spend some £40 billion in revenue and a further £18 billion in capital contracting for goods, services and works. Local government wants to build long-term partnerships with suppliers that can help deliver significant local growth, while increasing skills and jobs. There is an opportunity for councils to use their buying power to work with suppliers to create apprenticeships, particularly in, but not limited to, the construction and care sectors (see example below). Should apprenticeship targets be imposed on councils we would like to work with Government to ensure that any apprenticeships created through councils contracts are included, and accounted for, in any apprenticeship targets set for councils.

- **Case study:** The LGA supports the Construction Industry Training Board (CITB) approach that recommends the creation of an employment and skills plan (ESP) for construction projects, and sets out a benchmark number of apprenticeships to be created in different types of construction. For example, the London Borough of Barking and Dagenham actively promotes training, employment and supply chain development through the CITB's National Skills Academy for Construction. The Borough embeds outcomes into the tender process for capital works. Contractors delivering capital works are required to produce ESP's and state in the tender process how this will be implemented.

The LGA is working with Whitehall departments to explore ways local government can contribute meaningfully to increasing apprenticeships, rather than by Government imposing targets. We will continue to make the case that if the Government is to set apprenticeship targets for local government then it must devolve funding for this area so councils can meet the needs of their residents and local employers.

Enforcement of statutory protection for apprenticeships

We note the proposal in the Bill to make local trading standards teams responsible for enforcing the protection of the term 'apprenticeships'. We understand from Government that it intends the Skills Funding Agency will take the lead in investigating inappropriate use of the 'apprenticeship brand'. It is expected that enforcement action by trading standards will be required in a limited number of cases only, and Government proposes to establish lead authority arrangements to oversee this. We welcome the fact that Government proposes to ensure new burdens funding directly supports those councils undertaking enforcement action in relation to apprenticeships, which will ensure that other trading standards services are not adversely affected by the new duty.