

Report to: Overview and Scrutiny Committee

Date: 18 January 2019

Subject: Apprenticeships

Director(s): Angela Taylor, Director of Resources
Sue Cooke, Executive Head of Economic Services

Author(s): Joanne Grigg, Peter Glover and Catherine Lunn

1. Purpose of this report

- 1.1 To provide the Overview and Scrutiny Committee with an update on internal and external apprenticeship activity and programmes being delivered (or part funded) by the Combined Authority.
- 1.2 This report has sought to respond to requests highlighted by the Overview and Scrutiny Committee in previous meetings.

2. Information

2.1 What is an apprenticeship?

- An apprentice, who can be anyone from the age of 16, works alongside experienced staff;
- An apprenticeship can be undertaken by new employees or current employees;
- They combine practical training in a job with study;
- They gain job-specific skills;
- They get time off the job for related study related to the job role (usually equivalent to one day a week);
- They are treated like and entitled to holidays as any other employee;
- They get paid a wage;
- Apprenticeships offer a good career progression route from Intermediate (level 2) to degree;
- Apprenticeships take 1 to 5 years to complete depending on their level.

- 2.2 The national *Review of Apprenticeships in England* was commissioned in 2012. The purpose of the review was to ensure that apprenticeships deliver the training, qualifications and skills that employers and learners need. The report highlighted a significant number of employers' concerns that the

frameworks (qualification descriptors) were not fit for industry needs. In order to address this, the subsequent implementation plan (known as the **Apprenticeship Reforms – see links**) acted as a strategy for redefining the shape of the apprenticeship system to meet the need to the changing economy. The Government subsequently launched in December 2015 ‘English Apprenticeships: Our Vision 2020’.

Apprenticeship Reforms

- 2.3 The Reforms came into operation in April 2017. The changes that were introduced in order to support the government’s ambitions of creating an additional three million apprenticeships during their term in office whilst improving the quality of the apprenticeships, included (but not exclusively):
- the replacement of the related qualification specifications (known as frameworks) with standards
 - introduction of the levy system for those businesses with a pay bill over £3m
 - introduction of a co-financing system for those businesses in scope of the levy, meaning that as a maximum a business would pay 10% of the cost of the apprentice training;
 - introduction of an apprentice training fee band. Dependent on the sector and level of an apprenticeship it can cost between £1,500 and £27,000;
 - introduction of a Register of Apprenticeship Training Providers (RoATP) to which a training provider has to be successful in applying in order to be able to offer apprenticeship training.
- 2.4 At the same time as, and part of the Reforms, ‘The Public Sector Apprenticeship Targets Regulations 2017’, which were made under powers conferred by the Apprenticeships, Skills, Children and Learning Act 2009, were introduced. The legislation which impacts on prescribed groups and public sector bodies with 250 or more staff in England have a target to employ an average of at least 2.3% of their staff as new apprentice starts over the period of 1 April 2017 to 31 March 2021. Bodies in scope must have regard to the target.
- 2.5 The Government considers the duty to ‘have regard’ to the target to mean that, in making workforce planning decisions, public bodies should actively consider apprenticeships, either for new recruits or as part of career development for existing staff. Apprentices are only considered as ‘new apprentices’ who will count towards the target, in the year in which they begin their apprenticeship. The Combined Authority and local authorities fall within scope of this regulation.

Apprenticeship position across the Leeds City Region

- 2.6 There were 22,250 apprenticeship starts in Leeds City Region during the 2017/18 academic year. This represents a considerable fall of 7,970 (26 per cent) compared with the previous year, a slightly greater decline than the England average rate of 24 per cent.
- 2.7 The Combined Authority considers that the decline was linked to the transitional effects of the introduction of the apprenticeship reforms during the latter part of the 2016/17 academic year, as larger employers came under the new levy arrangements while smaller employers were affected by the introduction of co-investment arrangements, which place a greater onus on them to meet the training costs of apprentices they recruit.
- 2.8 A number of groups and areas of provision were particularly hard hit, including apprenticeships for those aged 25+, which saw a 37 per cent decline and intermediate level apprenticeships which saw a 40 per cent fall. More positively higher level apprenticeships saw continued growth of 31 per cent.
- 2.9 Two of the three skills areas prioritised by the Leeds City Region Enterprise Partnership (LEP) saw growth during 2017/18, with construction growing by 20 per cent and ICT growing by 12 per cent. Engineering and manufacturing starts however fell by 19 per cent. The strong performance of construction is probably related to construction companies' past experience of using their own construction industry levy.
- 2.10 At district level there was also variable performance in terms of starts, although all saw a net decline in 2017/18, ranging from a fall of 36 per cent in Barnsley to 20 per cent in Craven.
- 2.11 The prospects for renewed growth in apprenticeship starts are difficult to assess. A reduction in the rate of co-investment required from small businesses (from 10 per cent of the total to five per cent), which is due to come into force in April may have a positive effect, whilst it may also be expected that over time levy paying businesses will develop their ability to make the most of their levy contributions.
- 2.12 With regard to achievement rates, the performance of Leeds City Region is similar to the national average and it ranks 16th out of 39 LEPs on overall achievement rates. 68% of apprenticeships are successfully completed in the City Region, suggesting that there is significant scope to improve the quality of apprenticeship opportunities and to increase the effectiveness of the process by which individuals are matched with apprenticeship opportunities.
- 2.13 There are issues about the extent to which apprenticeships are inclusive. Pupils eligible for free school meals are less likely to enter apprenticeships when they leave school. For example, only 4 per cent of disadvantaged pupils in Calderdale enter apprenticeships compared with 9 per cent of the non-disadvantaged. There are pronounced patterns of gender segregation by subject, with girls much less likely to enter subjects like engineering,

construction and ICT; which tend to offer strong pay and progression opportunities. Moreover, there are cultural barriers to apprenticeship take-up. Only 10 per cent of apprentices aged under 25 are from an ethnic minority compared with a representation of 20 per in the wider population in this age group.

For a more detailed analysis of apprenticeship take-up by level, age, gender, location and subject please see **Appendix 1**.

Delivery Activity – Leeds City Region Enterprise Partnership (LEP)

Strategic Policy Objectives

- 2.14 The Leeds City Region Enterprise Partnership (LEP) Board and associated Employment and Skills Panel (ESP) have strategic responsibility for the Leeds City Region employment and skills priorities and activities including apprenticeships.
- 2.15 In summer 2016, the LEP launched its Employment and Skills Plan Skilled People, Better Jobs 2016 – 2020 <http://www.the-lep.com/research-and-publications/>, which responds to Priority 2 of the Strategic Economic Plan (SEP). One of the cross cutting themes is More and Better Apprenticeships.
- 2.16 A recent review of the Employment and Skills Plan has led to the development of Policy Statements for each area which incorporate key metrics and aspirations including apprenticeships – see **Appendix 2**.
- 2.17 The apprenticeship priorities of the Employment and Skills Plan are also supported by strategic activities, as set out below.

Influencing College Provision

- 2.18 In July 2017 the LEP published in partnership with the seven further education (FE) colleges, Delivery Agreements (see [Delivery Agreements](#)) which through qualitative and quantitative measures monitor their institutional progress against LEP priorities including apprenticeships. The colleges working with the LEP on Delivery Agreements are:
 - Bradford College
 - Calderdale College
 - Kirklees College
 - Leeds City College
 - Leeds College of Building
 - Shipley College
 - Wakefield College
- 2.19 The Delivery Agreements include a qualitative narrative about the scope and aspirations of the college in a wider context. The Delivery Agreement provides a structure for proactive dialogue between the colleges and the LEP for influencing curriculum provision to ensure that there is an appropriate

learning offer for individuals and the businesses community. A data table at the beginning of each Delivery Agreement sets out the baseline position for 2015/16 alongside the aspirations of each College against a range of measures relating to the Leeds City Region Employment and Skill Plan priorities, including apprenticeships, up to 2019/20. This includes:

- baselines and aspirations around general number of apprenticeship starts;
- baselines and aspirations around apprenticeship starts in priority skill areas, and
- income achieved from apprenticeships.

The data table is supported by a range of actions the colleges committed to in order to meet their aspirations.

- 2.20 The first formal review of performance against the Delivery Agreements was undertaken in December 2018 and a report on progress will be available early in 2019. The report will reflect progress but also highlight issues and barriers for our local FE colleges.
- 2.21 One of the priorities of the Employment and Skills Plan is to address the gap in citizens across the City Region who have higher level skills/qualifications and engage businesses in developing their current and workforce to higher levels in order to boost their competitive advantage. The LEP is working closely with Go Higher West Yorkshire, a partnership organisation representing FE colleges and Universities, who offer Level 4 and above provision, including higher level and degree apprenticeships <https://www.apprenticesgohigher.co.uk/>. Through external funding they have developed a range of higher level and degree apprenticeships through a programme supporting social mobility. The LEP continues to support them to develop a wider offer that responds to the sector needs highlighted in our Employment and Skills Plan and Labour Market Intelligence http://www.the-lep.com/LEP/media/New/Leeds-City-Region-Labour-Market-Report-2017-2018_1.pdf

Supporting Employers

- 2.22 In 2015 and 2016, the LEP was awarded funding to the value of £8,062,500 to provide a grant incentive programme to encourage local businesses to offer apprenticeships. The initial programme supported 2,924 companies with 3,834 grants. 319 companies responding to an evaluation survey 6 months after receiving the grant showed that:
- 98% stated that their apprentice stayed with the business beyond 13 weeks;
 - 87% completed their apprenticeship with the business, and
 - 81% of businesses employed the apprentice on completion of their apprenticeship.

- 2.23 Utilising the remaining grant, in August 2018 the LEP has introduced a new grant offer to companies, known as the Apprenticeship Grant for Employers (AGE) www.the-lep.com/AGE. The grant encourages businesses within the priority skills shortage areas to take on apprentices for the first time, with top up grants available for higher or degree level apprenticeships, which help deliver the high level skills the region needs. Take up to date has been low in comparison to the original grant programme. A revision of the grant criteria is currently underway and will be presented to the LEP Board at the end of January 2019 for endorsement, which will enable a wider range of businesses to apply for the grant whilst still honouring inclusive growth principles.
- 2.24 There are approximately 125,000 businesses in the Leeds City Region. Approximately 80% of the businesses have never offered apprenticeship opportunities. It is therefore a LEP priority to engage as many of those businesses.
- 2.25 Where staff resources allow, the LEP provides support to the apprenticeship levy paying organisations to enable them to plan and utilise their levy contributions for the benefit of their own organisations and in working with local apprenticeship learning providers. One example of this is working through the Combined Authority Bus Alliance, where the LEP is working to source relevant providers for a collaborative approach to utilise levy funds with personal development of senior staff within West Yorkshire's bus stations and bus operators.
- 2.26 The LEP is not able to access information regarding how many businesses across the City Region are levy paying companies or who they are. It is estimated, however, that there are just under 2,000 levy paying companies. Nationally it is known that many businesses have not utilised their levy contributions, with many seeing it purely as a tax and therefore having no plans to reinvest their contribution back into the company and training of their current and future staff through apprenticeship training provision. With limited resources, the LEP has not to date been able to provide a comprehensive service to support and encourage these businesses to utilise the levy. One of the devolution asks includes the transfer of unspent levy monies back to our region to invest in the apprenticeship agenda.

Influencing Young People

- 2.27 The Combined Authority, working in partnership with the LEP and partner authorities, promotes apprenticeships to young people across the City Region through the Enterprise in Education programme and associated #futuregoals careers campaign <http://futuregoals.co.uk/>. A team of 13 Enterprise Co-ordinators (EC's) works with 172 schools across the Leeds City Region to support enterprise and careers advice and guidance in schools. One of the EC's has responsibilities for co-ordination and facilitation of apprenticeship promotion and activity in schools. **Appendix 3** gives an overview of apprentice related activities in schools through the Enterprise in Education programme for the period April to December 2018.

- 2.28 The Combined Authority has also extended its transport fare subsidies for students aged 16-18 years old which includes young apprentices.
- 2.29 The LEP has recently developed a strong relationship with the Yorkshire and Humber Apprenticeship and Young Apprentice Ambassador networks. The networks enable working in partnership to ensure that young people are hearing about apprenticeship opportunities and the benefits and experience of both employers and apprentices.
- 2.30 The LEP has a strong working relationship with the Department for Work and Pensions and have had for a number of years a part-time secondee whose role is to ensure that joint policies and practices are aligned. One example of this is promoting apprenticeship opportunities through the Jobcentres as employment opportunities.

New Developments

- 2.31 Following the successful implementation of the Apprenticeship Hub model via the City Deal from 2012 – 2016, in March 2018 the LEP worked with local authority partners to develop and submit an application for funding for a European Social Fund open call titled Routeways: Developing Young People. In October it was confirmed that the application had been successful. The programme has a value of £4.5m with the requirement to provide a further £4.5m (50% match funding) over three years.
- 2.32 The programme will be known as the Leeds City Region Employment Hub, and will deliver through a ‘hub and spoke’ model and include:
- Enhanced centralised careers, information, advice and guidance, marketing and contract management activity;
 - Intensive support of young people 16-24 years old in preparation for employment (including apprenticeships) or further learning;
 - Establishment of local hubs in six local authority areas (Bradford, Calderdale, Kirklees, Leeds, Wakefield and York) which will provide a free, impartial and independent advice and support service to local businesses including a talent matching service, particularly in relation to creation of new apprenticeship opportunities (building on the success and learning of the original City Deal wave 1 Apprenticeship Hub programme delivered by the same partnership **Appendix 4**);
- 2.33 The contract is awarded by Department for Work and Pensions and will be offered for three years delivery with start date of January 2019.
- 2.34 The following reflects the outputs associated to the Employment Hub programme:

| | |
|---|-------|
| Participants (below 25 years of age) who are unemployed or inactive | 6,294 |
| Unemployed, including long term unemployed | 4,406 |
| Inactive | 1,888 |

| | |
|---|-------|
| Participants from ethnic minorities | 800 |
| Participants with disabilities | 566 |
| Participants without basic skills | 1384 |
| Participants who live in a single household with dependent children | 252 |
| Participants gaining basic skills | 200 |
| Participants (below 25 years of age) in employment, including self-employment, or education/training upon leaving | 2,706 |
| Participants in employment, including self-employment, six months after leaving | 1,000 |

- 2.35 The LEP works with local officers of the Education and Skills Funding Agency (ESFA)/National Apprenticeship Service (NAS) to progress the apprenticeship message to both businesses and individuals.

Internal Activity – Combined Authority

- 2.36 The Combined Authority is also an employer and has an apprenticeship levy account in the same way as any other employer, with an amount deducted from the pay bill each month and held in a levy account.
- 2.37 Progress in utilising this levy account and implementing an apprenticeships strategy across the organisation has been slow in its first year. This is due to a number of factors including not being in a position to procure appropriate providers and resourcing issues.
- 2.38 During the first year (2017), 4 apprenticeships were established and put in place across the organisation. During the course of 2018, steps were taken to increase the numbers with all posts at grade D or below being automatically converted into apprenticeships as they became vacant. Transport Planning, Business Administration and Project Co-ordinator apprenticeships are currently being supported.
- 2.39 A number of other current employees also put themselves forward for an apprenticeship as an opportunity to develop their skills and career which have been supported. A further 5 apprenticeships are in the process of being set up and providers procured for the relevant training element of the programme.
- 2.40 This will ensure that the levy for the current year is used and programmes are in place to benefit the organisation and individuals undertaking the apprenticeships.
- 2.41 In terms of future years, an apprenticeships strategy is required and this is part of a wider piece of work to put in place a range of workforce strategies. It is intended that a full survey of the Combined Authority's workforce can be undertaken to identify skills and characteristics which will help identify gaps in the workforce that can be filled or bridged by the implementation of a range of strategies including learning and development.

- 2.42 Apprenticeships will be a key strategy, not only to ensure as an employer the Combined Authority is making use of the levy, but also to enable the organisation to develop people and provide them with key experience of the working environment and developing the skills in the region, taking these responsibilities as an employer seriously.
- 2.43 In terms of the Combined Authority's apprenticeship levy contribution the average monthly totals for the current year are around £5,000.
- 2.44 There are currently approximately 512 employees in the organisation. 2.3% of the workforce would equate to 11.5 apprenticeships. There currently is a total of 10. Although this figure is slightly less than 11.5, a further factor is the spend and each level apprenticeship attracts a different fee. As some of the apprenticeships in place are more expensive i.e. project management as opposed to business administration, the levy amount is now close to being accounted for.

The Future

- 2.45 The apprenticeship policy and agenda nationally has been in turmoil since the introduction of the Apprenticeship Reforms in April 2017, which is impacting nationally on performance and engagement, as already reflected. The Combined Authority is, however, committed to supporting the apprenticeship agenda as it believes that apprenticeships can contribute to supporting the region's current and future skills needs and gaps.
- 2.46 Apprenticeships are one option for 16 year olds alongside 'A' levels, employment with training, self-employment and from 2020 the new T Level or technical vocation route. The T Level will be a two year programme of technical classroom based learning but will incorporate an Industrial Placement in a business of between 45 and 90 days duration. Businesses will be asked to provide these placements and may be seen as an alternative use of their resource to apprenticeships, with many making a choice between apprenticeships and Industrial Placements. It is not yet known whether this will displace the apprenticeship offer and opportunity.
- 2.47 The LEP recently endorsed a proposal to set up a Skills Commission to undertake a radical review of the post-16 vocational skills system, including apprenticeships. The review starts in January 2019, led by Cllr Susan Hinchcliffe, as Chair of the West Yorkshire Combined Authority and lead Local Authority Leader for Skills, and will:
- Assess the current performance of the system;
 - Identify future challenges;
 - Set out a coherent blue print for a reformed system that can meet needs more effectively at both local and national level;
 - Inform the national policy debate;
 - Develop the Combined Authority's thinking around powers and responsibilities.

3. Financial Implications

- 3.1 The Combined Authority contribution to the apprenticeship levy is being monitored, spent as far as possible and accounted for. Procurement involvement has been required to procure a compliant framework for the delivery of apprenticeship programmes.
- 3.2 External facing activity facilitated by the Combined Authority in partnership with the LEP is reliant on attracting external funding. Details of this are set out in the main body of the report.

4. Legal Implications

- 4.1 The Combined Authority is complying with its legal obligations in relation to payment of a contribution to the apprenticeship levy and is close to achieving the requirement to have 2.3% of the workforce as apprentices.

5. Staffing Implications

- 5.1 The number of apprenticeships within the Combined Authority has increased over the last six months. Further progress, particularly early in the year, was attributable to changes in resources in the HR team.
- 5.2 Appointment of additional staff to deliver externally funded programmes is taking place, approved through the normal Combined Authority assurance processes.

6. External Consultees

- 6.1 No external consultations have been undertaken.

7. Recommendations

- 7.1 That the Overview and Scrutiny Committee notes this report.

8. Background Documents

| | |
|---|---|
| Apprenticeship Reforms | https://www.gov.uk/search?q=Apprenticeship+Reforms |
| Employment and Skills Plan: Skilled People, Better Jobs 2016 - 2020 | http://www.the-lep.com/research-and-publications/ |
| College Delivery Agreements | http://www.the-lep.com/research-and-publications/?page=2 |
| Web link: Apprenticeships Go Higher | https://www.apprenticesgohigher.co.uk/ |
| Labour Market Report | http://www.the-lep.com/LEP/media/New/Leeds-City-Region-Labour-Market-Report-2017-2018_1.pdf |
| Web link: #Futuregoals | http://futuregoals.co.uk/ |
| Web link: Apprenticeship Grant for Employers | www.the-lep.com/AGE |

9. Appendices

Appendix 1 - The Apprenticeship position across the Leeds City Region (full analysis)

Appendix 2 - More & Better Apprenticeships Policy Statement

Appendix 3 - Enterprise in Education Apprenticeship Activity in schools

Appendix 4 - Apprenticeship Hub Evaluation Executive Summary