

North Yorkshire County Council**Transport, Economy & Environment Overview and Scrutiny Committee****1 February 2017****Apprenticeships****1 Purpose of Report**

The purpose of this report is to provide an update on North Yorkshire County Council's activities on apprenticeships and other employment support initiatives in the context of the Government's national reforms to apprenticeships.

2 Summary

- 2.1 North Yorkshire County Council continues to support apprenticeships and other schemes both as an employer and in the wider economy through front line services, schools, the LEP, and activities with partners. The challenge of the new national apprenticeship arrangements provide an added dimension to this work.

3 Background

- 3.1 North Yorkshire County Council has a good record of offering apprenticeships and has won national awards for doing so. However, in recent years the numbers of apprentices have declined due to the stringent public sector financial climate and services being streamlined.
- 3.2 There are currently 23 Apprenticeship trainees plus 58 existing staff undertaking Diplomas (52 completed) eligible to draw down apprenticeships funding under the current regime. The most common type of apprenticeships has continued to be within Business Administration however there has been other apprenticeships within services such as customer services, ICT and Health and Social Care. The vast majority of apprentices have progressed into other employment with the Council with positive outcomes.
- 3.3 The climate is now changing with the advent of the Government's new national arrangements for apprenticeships effective from 1st April 2017.

4 New National Apprentice Scheme

- 4.1 The National Productivity Plan published by the Government in July 2015 includes an aim to improve the quality and quantity of apprenticeships in England, and confirmed an ambition for 3 million new apprenticeships by 2020. The key underpinning points of this aim have now been enacted as part of the Enterprise Act 2016, and are effective from 1st April 2017.
- 4.2 It should be noted that there remain significant gaps in the Government's guidance to employers on how to implement the new arrangements.

Employer led

- 4.3 Apprenticeships will be much more employer led with new standards being developed to ensure apprentices have the skills, knowledge and competency for their profession. Both young people and adults are eligible, and new higher degree level apprenticeships will also be available. A new national employer led body, The Institute for Apprentices has been established to oversee these new arrangements.

Statutory Footing

- 4.4 To support the quality objectives of the National Plan, only individuals on an approved statutory apprenticeship scheme can be called an Apprentice and this status is also protected by statute. The main rules governing what an apprenticeship is are as follows:
- The apprentice must be employed in a real job and can be a new staff member or an existing employee. There is no age limit.
 - The apprentice must work towards achieving an agreed standard or framework in a particular profession
 - The apprenticeship training must be a least 12 months
 - The apprentice must spend at least 20% of their time in off-the-job training
 - The apprentice must work a minimum of 30 per week, or if part time (at least 16 hours per week) the length of the apprenticeship is extended proportionately.

Apprenticeship Levy

- 4.5 To fund the new arrangements, all employers with a pay bill over £3m p.a. will be required to pay an annual Levy at the rate of 0.5 % of their pay bill, collected monthly by HMRC. The levy amount will sit in an online digital account, with the Government giving a 10% top up. Non levy payers will be 90% centrally funded by Government and must provide the remaining 10% funds themselves. The final details of how the levy will be calculated have still not been confirmed by Government. There is a further national technical consultation with a deadline of 9th February 2017, but the Government response to this is not expected until the last week of March leaving employers 1 week to implement payroll arrangements prior to deductions by HMRC.
- 4.6 The Levy can only be spent on apprenticeship training and assessment provided by nationally approved training and assessment providers, who must meet the above statutory criteria. Salary and other costs must be paid by employers. The Government's deadline for approving applications from Providers to register is the end of March, and therefore many will not be ready in time for the launch of the new arrangements in April.
- 4.7 Approved Providers can only deliver nationally approved apprenticeships adhering to new employer led apprenticeship 'Standards'. The Government has not provided sufficient time in the implementation timetable for many 'Standards' to be developed. As a result, Government have allowed the current apprenticeship 'Frameworks' to be rolled over for an unspecified

period, likely to be between 1-2 years, and have also extended the period of time to use the annual levy to up to 2 years.

- 4.8 There are 15 funding levels within the levy but at the time of writing the Government has still not confirmed which levels of apprenticeship will attract which levels of funding. Apprenticeships cannot start without this information as it will be impossible to know how much levy to draw down and so Providers cannot be paid. This also makes financial planning of the levy very difficult.
- 4.9 The proposed rules for the operation of the levy include Councils being liable for all Community and Voluntary Controlled schools where the local authority is the employer regardless of local management of schools (LMS) arrangements. NYCC challenged this proposal as a Council, and together with other Councils through the LGA, as part of the national consultation process in February – March 2016. There has been no reply from Government to these consultation submissions, although all Government communications now confirm that Councils will be liable to pay HMRC the levy for these schools. Voluntary Aided and Faith schools, Academies and Free Schools have separate arrangements.
- 4.10 The table below provides an estimate of the levy for NYCC, and for Community and Voluntary Controlled schools, as well as what will be received by NYCC back into its online digital account with the Government's 10% top up. Given the Councils financial position, a decision has been made that these schools will have to be charged for the annual levy the Council will pay on their behalf. Such schools are being notified during week 23rd February via the North Yorkshire Education Partnership.
- 4.11 However, given the challenges of reaching our public sector target (set out below), it may not be possible to be able to access all of the levy funding and hence recoup the levy.

<i>All figs Annual</i>	Gross Pay	Total incl. On costs	0.5% of Total Pay bill (less £15,000 allowance)	Total Levy Credit to NYCC (including 10% top up from Government)
Council Staff	£119.65m	£149.90m	£0.75m	£0.83m
Schools	£216.17m	£263.70m	£1.30m	£1.43m
Total	£335.82m	£413.60m	£2.05m	£2.26m

Public Sector Apprenticeship Target

- 4.12 To support the volume objectives of the National Plan, the Enterprise Act amends the Apprenticeships, Skills, Children and Learning Act 2009 to enable the Secretary of State to issue Regulations to set apprenticeship targets for all public bodies. The target is currently set at 2.3% of headcount for public bodies with more than 250 employees. The proposals for the operation of the target define headcount as actual numbers employed regardless of hours worked, as opposed to full time equivalents (FTE), thus artificially inflating the target. In addition, the target for local authorities also includes a figure for Community and Voluntary Controlled schools. NYCC challenged this

proposal, and together with other Councils through the LGA, as part of the national consultation process in February – March 2016. Again there has been no response from Government, although all new Government publications confirm these proposals will be implemented.

- 4.13 The table below details the impact of the target on NYCC and Community and Voluntary Controlled schools. It will be very challenging for NYCC to meet this target as it is unlikely it will have a business need for this level of apprenticeships, although this is mitigated by the fact that currently the rules allow for current employees to qualify as well as new starters. There are no penalties for not meeting the target but we will have to report on efforts put in place and the results may be published.

Targets based on Q4 2015/16	Workforce (Actual Headcount)	Target @ 2.3%
Core Council	8,391	193
Community & VC Schools	12,472	287
Totals	20,863	480

5 North Yorkshire Economy

- 5.1 The achievability of the apprenticeship target for the County Council is also affected by the number of unemployment claimants in North Yorkshire which are low around 2% in comparison to the national average of 5.1%. According to the North Yorkshire Economic update as of July 2016, there were 304,400 North Yorkshire residents in employment, with 2,201 job seeker claimants, of which 270 were aged 18-24 (12.3% of overall claimants). The vast majority of these are officially classified as 'long term unemployed', i.e. 6 months plus, and cannot easily be employed as apprentices in the short term.
- 5.2 2,201 job seeker claimants is insufficient to meet the aggregate of the target for all public sector employers in the County even without including the likely requirements of the private and voluntary sector, all fishing in the same labour pool across the local economy. A notional 2.3% quota of the North Yorkshire working age population of 304,400 would produce a notional apprenticeship target / requirement for the North Yorkshire economy of 7,001, around 3.5 times higher than the number of people available.

6 Workforce Data and Planning

- 6.1 More positively, despite the above mentioned challenges, the Council's targeted workforce and succession planning approach has supported services to determine the workforce implications of service priorities which include identifying the need for graduates, apprenticeships, interns, new and developing managers. This shows a workforce need for specific professional disciplines in workforce 'hotspot areas' and likely future skills shortages, notably front line adult social care. Both entry level and higher apprenticeships will be part of the answer to meeting this service need and therefore part meeting our apprenticeship target. The advent of degree level apprentices is also an interesting development as is the ability to pool the levy

and other resources - but not the public sector target - across sectors to jointly procure apprenticeship providers, for example with the NHS (see below).

- 6.2 So apprenticeships also provide an opportunity to add value in shaping future workforce needs. NYCCs approach is to see apprenticeships as a progression route into jobs still needed in the future rather than a training scheme. Opportunities are being identified across council services, including schools, from business admin to teaching assistants, civil engineering to adult social care, ICT to paralegals. For areas with workforce challenges such as adult social care it is being used to create career paths, hopefully attractive to young people which is necessary given the worrying workforce age profile which reflects national demographics.
- 6.3 The Workforce Development team in the HR service has worked with all service areas to identify job roles suitable for apprenticeships, both for new starts and existing staff, with an initial focus on areas such as Health & Social Care, Engineering, ICT, Finance, Business Support, and other roles with high turnover or that are hard to fill. The additional focus will also be on identifying those current roles that require development or future succession planning requirements that could be delivered via the apprenticeship route. So far 226 apprentice roles have been identified, based on turnover of staff, with the vast majority being in Adult Social Care and Business Support. However, most of these will be at 'entry' or 'mid' level, meaning that up to treble that number, including schools, would be required every year to fully draw down all the levy that NYCC will pay.
- 6.4 Given that the levy and target will include Community and Voluntary Controlled schools it is proposed to also include the schools workforce, and further communications will take place with schools in the near future.

7 Wider Working with Partners

- 7.1 NYCC is working with Higher Education partners including Coventry University in Scarborough, on degree level apprenticeships in accountancy, law, ICT and engineering. These will supplement the usual graduate entry hoping that for "hard to fill" graduate areas such as Engineering it will provide a bigger pool of applicants, greater interest from local young people and in the long run higher retention.
- 7.2 The advent of Strategic Transformation Plans (STPs) in the NHS has also provided an opportunity for NYCC, and other Councils, to work together with Health partners on joint workforce concerns. There are three STP areas on NYCCs footprint, and the Workforce Development Team within the HR&OD service is engaged with the 'Local Workforce Action Boards' in all three of these areas. In particular work is ongoing with the Humber Coast & Vale board (covering Selby, Craven, Scarborough and Ryedale Districts plus City of York, East Riding and Hull) on a joint approach to recruiting and retaining entry level health and social care workers with plans for a joint approach to Apprenticeships.
- 7.3 NYCC is also working closely with the York, North Yorkshire and East Riding LEP as a strategic partner supporting the development of a LEP area Apprenticeship Strategy. Whilst there are currently many new challenges to the Apprenticeship agenda such as changes to the funding methodology,

introduction of the Apprenticeship Levy and the creation of new standards, there are also opportunities which all partners are keen to maximise. It is for this reason that a strategy for Apprenticeship growth in the area is being developed.

- 7.4 The Apprenticeship Strategy group informs shapes and facilitates apprenticeship activities across the LEP area to achieve the following priorities;
- Businesses creating more apprenticeship opportunities
 - Improving the quality of apprenticeship provision to support economic growth
 - Increasing the number of apprentices.

NYCC representation on the group encourages alignment of plans and coordination of resources on the Apprenticeship agenda

- 7.5 As part of the Leeds City Region (LCR) deal, York, North Yorkshire and East Riding LEP and NYCC worked with the three districts, Craven, Harrogate and Selby through an Apprenticeship Hub which encouraged and supported SMEs to take on Apprentices and linked young people to apprenticeship vacancies. The Hub achieved 102 Apprenticeship starts and was well received by businesses in the area. It ended in October 2016 pending the introduction of new EU funded projects aimed at increasing Apprenticeships.

- 7.6 The YNYER LEP has targeted its emerging ESF skills provision to build on the good practice of the Apprenticeship Hub. The £2m 'Apprenticeships Services' contract delivered by Grimsby Institute of Further and Higher Education will offer one to one support to SME employers in the area to grow Apprenticeships at all levels including new Higher Level and Degree Apprenticeships.

- 7.7 An additional Higher Level Skills project focused on Higher and Degree apprenticeships is planned to return 262 progressions across the LEP area and 400 new apprenticeship starts by March 2018.

- 7.8 A focus group on apprenticeships has been established to grow the offer from colleges particularly for Higher Level and Degree Apprenticeships.

8 Additional Support for Younger People

- 8.1 Careers Enterprise Company Enterprise Advisor Network - North Yorkshire schools are benefitting from the Careers Enterprise Company's initiative to create lasting connections between local businesses and education establishments through the Enterprise Advisor Network. This initiative is part funded and supported by the YNYER LEP.

- 8.2 Enterprise Advisers are volunteers drawn from businesses to work directly with secondary school or college leadership teams to develop effective employer engagement plans. It ensures that careers guidance delivered in secondary schools and colleges is more joined up to the needs of the local labour market. To date, the Careers & Enterprise Company is working with 38 schools across York and North Yorkshire and 16 North Yorkshire Schools have been matched with Enterprise Advisors so far.

- 8.3 NYCC is a member of the YNYER LEP Careers Strategy Group which, as a collective, has agreed a Careers Offer to ensure “all young people fulfil their potential and benefit from a thriving economy”. The Careers Offer states that all young people should access the following; Personalised IAG; Experiences of the Workplace; A Personal Portfolio to capture their employability journey, Link careers to the curriculum, have encounters with FE and HE and that schools all embed a careers policy.
- 8.4 The LEP is also launching a CEIAG (Careers Education, Information, Advice and Guidance) contract to improve careers guidance in North Yorkshire schools. This will ensure that all young people are fully informed of Apprenticeship opportunities and understand how to apply if it is an appropriate route for them.
- 8.5 The Recruitment Team in the HR&OD service continues to operate a successful work experience programme. The programme is available to all, the majority of the interest tends to be from students wanting to gain experience and skills during a holiday period or perhaps have finished their qualification and wanting recent experience to add to CV. There are occasional requests for work experience from school age students where they have not managed to source a placement through the education establishment. There is also interest from people looking to get back into work or perhaps taking a different career direction.
- 8.6 The Recruitment team are also discussing with colleagues in CYPS how the work experience can be best used by care leavers and promoted as an opportunity to help their future aspirations and are working collaboratively with colleagues in HAS and CYPS to provide 4 supported internships as part of a pilot scheme. A Supported Internship is a full time study programme which includes both study time and work placement (non-paid). It is designed for young people with learning disabilities aged 16-24 (and possibly physical disabilities), with an aim to providing a real job at the end of the programme.

9 Summary

- 9.1 This report outlines the challenges and opportunities of the new national apprenticeship arrangements and sets out the County Council’s continued leadership and work with partners to support apprenticeships and other employment activity which will contribute positively to its workforce needs and those of the wider economy.

10 Recommendation

- 10.1 The Committee is asked to note and discuss the information in this report

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Background Documents: None