

North Yorkshire County Council**Transport, Economy & Environment Overview and Scrutiny Committee****10 April 2018****Apprenticeships****1 Purpose of Report**

- 1.1 The purpose of this report is to provide an update on the County Council's activities on apprenticeships and other employment support initiatives, in the context of the Government's national reforms to apprenticeships and in order to inform the Transport, Economy and Environment Overview & Scrutiny Committee's 'Economic' theme, thereby updating the previous paper of 1st February 2017.

2 Summary

- 2.1 Since the previous paper to the Overview and Scrutiny Committee, the Apprenticeship Regulations have become law as part of the Enterprise Act, levy payments to HMRC have commenced, and North Yorkshire County Council as an employer has successfully established its new apprenticeship scheme and has started a number of apprentices.

3 Background

- 3.1 The National Productivity Plan published by the Government in July 2015 included 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 the apprenticeship levy and public sector target as part of the Enterprise Act 2016, and are effective from 1st April 2017.
- 3.2 North Yorkshire County Council has always had a good track record on apprenticeships. Over the past 10 years we have recruited 441 apprentices and in 2014 we won the Regional Macro Employer of the Year award, and were named as one of the prestigious Top 100 Apprenticeship Employers nationally. Unfortunately, from 2010 onwards austerity and CSR impacted on NYCC staffing, resulting in only small numbers of apprentices being recruited.
- 3.3 However, since then, service demand for apprentices has increased from 17 staff in 2016/17 to the point where will have 69 apprentices in the pipeline by the end of Q4 2017/18 with training paid for by the new apprenticeship levy. This includes apprenticeships for both younger and older people, as well as existing members of staff to help them develop.
- 3.4 Currently, NYCC's levy is £1.63m p.a. and its public sector target is 480 apprentices p.a. Both figures include schools.
- 3.5 NYCC set up a project to manage the introduction of the Regulations over the last 14 months, and even though they contain a heavy bureaucracy, we have

successfully moved the new arrangements onto a business as usual footing, and the project will be closed off on 31st March 2018.

4 New Arrangements

- 4.1 The regulations contain 28 compliance criteria, all subject to Education & Skills Funding Agency (ESFA) and Ofsted inspection, including the provision that the apprenticeship levy can only be spent on nationally approved suppliers delivering nationally approved apprenticeship schemes. Old apprenticeship frameworks are being phased out in favour of new employer led apprenticeship standards.
- 4.2 Significant work has been undertaken to put new internal and external arrangements in place, and a new apprenticeship commissioning process has been developed.
- 4.3 Agreement has been reached with Unison on a new pay and benefits statement for apprentices, and amendments to contracts of employment to align with apprenticeship training contracts to ensure compatibility with the regulations. In addition, software amendments have been made to payroll.
- 4.4 We also successfully bid for 'Main Provider' status from the DfE, meaning NYCC's Adult Learning & Skills (ALSS) and Training & Learning (T&L) services are a nationally approved apprenticeship provider and can deliver apprenticeships to our own staff, recycling the levy, and we are also able to trade in the wider market.
- 4.5 A service level protocol and appropriate governance structures have been developed with ALSS and T&L to comply with ESFA rules for a separation between internal commissioners and providers, with Workforce Development being the corporate commissioner.
- 4.6 Internal business processes and quality assurance regimes have been reviewed by ALSS and T&L to enable delivery to the service level protocol standards, and to ensure alignment to the Ofsted Inspection regime.
- 4.7 Where our internal provider does not have the expertise to deliver some of our apprenticeship demand, we then need to procure on the open market.
- 4.8 We have therefore set up a 'Dynamic Purchasing System' (DPS) managed by the London Procurement Partnership (LPP), enabling a shorter timescale for procuring external providers. Population of the framework with local providers against service demand is underway, also providing a lighter touch process for schools. The bid documentation has been refined and the Council is now in a position to go out to tender when needed, using this streamlined process
- 4.9 New commercial apprenticeship contracts and contract management arrangements for external providers have also been developed with the Procurement team.
- 4.10 These new arrangements have meant that we now have the infrastructure in place to build the new apprenticeship arrangements into the Council's workforce planning approach.

5 Workforce Planning Approach

- 5.1 NYCC's approach is to see apprenticeships as a progression route into jobs needed in the future rather than a short term training scheme. Opportunities have been identified across council services, including schools, from business admin to teaching assistants, ICT to paralegals, and from social care to engineering and management. 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.
- 5.2 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, and 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.

6 North Yorkshire Economy

- 6.1 Our ability to meet our external recruitment needs for these 'hotspot areas' is affected by the strength of the North Yorkshire economy. Latest available figures show that the unemployment rate in North Yorkshire as of September 2017 was 3.6% in comparison to the national average of 4.3%. According to the North Yorkshire Economic update as of December 2017, there were 301,700 North Yorkshire residents in employment, with 1,510 job seeker allowance claimants, of which 35.6% have been claiming JSA for over 12 months. Only 115 were aged 18-24 (7.6% of overall claimants). This has reduced significantly from 270 in September 2016. 42.1% of these JSA claimants are officially classified as 'long term unemployed', i.e. 6 months plus, and cannot easily be employed as apprentices in the short term.
- 6.2 1,510 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 301,700 would produce a notional apprenticeship target / requirement for the North Yorkshire economy of 6,939 over 4.5 times higher than the number of people available.
- 6.3 They key point to note from this data is that although unemployment has increased in North Yorkshire the number of 18-24 year olds claiming JSA has reduced significantly from 270 in September 2016 to 115 in December 2017 – a 42% decrease. This could perhaps be explained by the increase in apprenticeship opportunities across North Yorkshire providing employment opportunities for young people. However it strengthens the point that we are fishing in a very limited pool of candidates for recruitment.

7 NYCC Apprenticeship Achievements

- 7.1 Nevertheless, even in this very competitive labour market, a very successful summer recruitment campaign was run with 208 applications received across a range of professional disciplines, resulting in 40 new apprenticeships and graduates starting in October'17, with a combination of new and existing staff across Engineering, Public Rights of Way, Adult Care and Support, Technology and Change, Business Support, Finance and HR.
- 7.2 A welcome event for the new starts was run on 31st October hosted by the Leader, Deputy Leader and Chief Executive.
- 7.3 NYCC is working with Further and Higher Education partners which includes a collaboration agreement with Coventry University in Scarborough to deliver, degree level apprenticeships in Leadership and Management and ICT.
- 7.4 Under the collaboration agreement with CU Scarborough, 20 staff have commenced on two degree level apprenticeship courses: 9 on the Chartered Management degree and 11 on the ICT degree. NYCC acting as the 'anchor' employer makes the courses sustainable and has enabled other local employers to join the courses. This also supports our wider skills objectives for coastal communities. 1 person has started a cyber security degree at Leeds University.
- 7.5 In addition, 4 new apprenticeship schemes have been procured:
 - HAS Registered Managers Level 5
 - Business Support Level 4
 - Schools ICT and Lab Technicians.
- 7.6 Guidance and FAQs for managers and schools about the apprenticeship schemes have been delivered both on line and through face to face briefings.
- 7.7 A range of apprenticeship workshops have been across the County to engage with managers and promote apprenticeships, notably at the Provider Forums in Health & Adult Services, and have received positive feedback.
- 7.8 The Council's CYPs.Info web pages have been improved to provide full information for schools on Apprenticeships. Five on-line editions of schools briefings have been issued to schools through CYPs.Info and the 'red bag'.
- 7.9 We have also engaged face to face with over 250 schools through attendance at the Primary and Secondary Finance and Admin Conferences, Secondary and Primary Networking events, Joint Development Planning meeting with Primary Representative Head teachers, and at Heads of Special Schools meetings. We have also engaged with Schools Clusters and School Alliances across the North Yorkshire geography.
- 7.10 An on line survey to forecast schools' service demand for apprenticeships was held with around 50 schools replying. This is considered a good return for the sector.
- 7.11 There has been good press coverage of our programmes over the year, notably in the Yorkshire Post.

7.12 Engagement with elected members has taken place through the Members' Workforce Planning Group, members' seminars, and the TEE Overview & Scrutiny Committee.

8 NYCC Apprenticeship Forecast & Public Sector Target

8.1 To support the volume objectives of the National Productivity Plan, the regulations include facility for an annual apprenticeship target for all public bodies. The target is currently set at 2.3% of headcount for public bodies with more than 250 employees.

8.2 NYCC's public sector target is 480 new apprentices every year (193 for the core council and 287 in schools).

8.3 The target is not compulsory, but nevertheless looks unachievable as there simply isn't sufficient service demand nor, as explained earlier, sufficient slack in the North Yorkshire labour market to sustain that level annually. In addition, the target has a disproportionate effect on services such as adult social care, cleaning, catering and schools with high numbers of staff on part time contracts with minimal hours.

8.4 The regulations require that each apprentice has 20% off the job training. In the above types of services, the 20% off job requirement makes taking an apprentice difficult to near impossible as it would require a 20% increase in employment costs and where traded, a 20% increase in prices to the market. For example, there is pressure on some SEND Teaching Assistants where salary funding is only for contact time with a child; or cleaning, catering and some care jobs where staff work part time and are effectively paid by the hour. This impedes our workforce and succession planning approach.

8.5 Each apprentice must also be able to undergo meaningful on the job training and this requires significant support requirements from the line manager as well as the appointment of a mentor. This has to be sustainable for line managers alongside doing their day job. Therefore the Council has to balance maximising levy spend with service demand and the ability to provide a high quality learning environment which will aid staff retention.

8.6 However, as mentioned earlier service demand for apprentices has increased significantly from 17 staff in 2016/17 to 69 apprenticeship starts for 2017/18 (financial year). With a further 23 in progress to start in Q1 2018/19.

8.7 Forecast service demand for the first six months of 2018/19 is currently a further 142 apprentices with an annualised figure of 284 based on a combination of firm predictions and staff turnover, with the majority in HAS. This is of course dependent on the actual turnover rate.

	Q1&2 2018/19	Annualised
	Nos.	Nos.
NYCC	106	212
Schools	36	72
TOTAL	142	284

- 8.8 The current annualised forecast is 284 apprentices including schools. This may increase with the advent of Social Work and Teaching professional apprenticeships in September 2018, but the national approval of the Teaching Assistant apprenticeship has been further delayed by disagreements between Ofqual and Ofsted.
- 8.9 The vast majority of currently projected need in NYCC is in Adult Social Care with some in Business Support, mostly at 'entry' or 'mid' level. However, feedback from schools indicates that their needs will increase when the professional Teaching standard is released for use in September 2018, and when the Teaching Assistant apprenticeship standard becomes available.
- 8.10 We have already identified the need for a total of 40 Social Work students each year in CYPS and HAS across the County. These currently cannot be apprentices but the new Social Work apprentice standard will be available in September 2018. Consideration will need to be given to how this integrates with the Government's new Teaching Partnership arrangements which are currently in some disarray.
- 8.11 From discussions with Headteachers and school managers there is an acceptance that some schools are simply too small to be able to employ an apprentice and a number cannot offer contracts with enough hours to fulfil an apprenticeship.

9 NYCC Levy Spend

- 9.1 All employers with a pay bill over £3m p.a. pay an annual levy to HMRC at the rate of 0.5 % of paybill, collected monthly through PAYE.
- 9.2 The Levy can only be spent on apprenticeship training and assessment provided by nationally approved training and assessment providers, who must meet the statutory criteria as required. Salary and other costs must be paid by employers.
- 9.3 The regulations make NYCC responsible for all Community and Voluntary Controlled schools where the local authority is the employer regardless of local management of schools (LMS) arrangements. We currently have 320 local authority maintained schools, of which 277 are primary schools. There are only 49 Academies in the County.
- 9.4 The projections for NYCC's annual levy contribution were £1.63m plus the Government top up of 10%, making total funds available just under £1.8m p.a. However, as the levy has only been in operation for 11 months of 2017/18 and headcount in the council and schools has continued to fall, the actual levy contribution for 2017/18 is likely to be lower. Finance are currently reconciling the figures as part of the year end procedures.
- 9.5 Full levy recovery of the levy by NYCC would mean taking on over 600 apprentices every year, well beyond both the public sector target and service demand. Given North Yorkshire's strong local economy, reasonable service demand, and the constraints of the Regulations, NYCC like many other councils, is forecasting it will not be able to fully spend its levy.

- 9.6 The current annualised forecast of 284 apprentices, including schools, mentioned above, would represent £790k p.a. of levy spend, around 48% of total levy deductions of £1.63m by HMRC.
- 9.7 Spend against the levy in this its first year has been limited due to the slow start up of the new national arrangements, including serious delays in the issue of Government guidance (9 months in one case), the non-availability of the new nationally approved apprenticeship standards in the disciplines we need, and the low number of external nationally approved apprenticeship providers in the right localities for North Yorkshire.
- 9.8 In addition, levy spend in any one month will be lower than corresponding levy deductions due to stipulations in the regulations:
- levy funds cannot be drawn down from NYCC's account until 42 days after the apprenticeship has been registered and commenced their learning,
 - 20% of the cost of an apprenticeship is kept back to the end of the course for 'end point assessment'.
- 9.9 The LGA's national workforce update in October 2017 showed the following:
- a) No Councils will spend their full levy or hit their public sector target.
 - b) With the exception of Somerset which is half the size of NYCC, only 8 councils say they are managing well and all these are city authorities with high urban unemployment.
- 9.10 DfE year on year statistics on apprenticeships widely reported in the media before Christmas, show that although apprenticeship starts increased by 47% during February-April 2017, there was a decrease of 61% from 113,000 to 43,600 during May-July 2017 compared over the same period in the year before.
- A DfE spokesperson said:
- "We know that the last year has been a period of huge change for employers but it is right that they are taking their time to plan ahead and maximise the opportunities the apprenticeship levy can bring."*
- 9.11 However, we have a rolling 2 years to spend levy deductions. The first unspent funds will expire in May 2019 and will be returned to the Treasury.
- 9.12 Under a recent Government innovation based on feedback from employers, from April 2018 employers who pay the apprenticeship levy will be able to transfer apprenticeship funds to other organisations. NYCC can transfer a maximum of 10% of annual funds of the declared levy. We are currently researching the options available to NYCC to explore this avenue further.
- 9.13 Overall, while, there are a number of constraints which impact on our ability to both forecast accurately and spend the levy, NYCC is enthusiastic that apprenticeships will be a strong feature of our workforce planning arrangements going forward, and is pleased that we have made a strong start with our new recruits.

10 Wider working with Partners

- 10.1 Work on apprenticeships with NHS partners continues through the STP's / Local Workforce Action Board arrangements, notably with the Humber Coast & Vale board, which covers Selby, Craven, Scarborough and Ryedale Districts plus City of York, East Riding and Hull Councils. We have also responded to the consultation on the new NHS integrated workforce strategy which closed on 23rd March, and will respond to the forthcoming green paper on adult social care.
- 10.2 NYCC also continues its role as a strategic partner with the York, North Yorkshire and East Riding LEP supporting implementation of the LEP area Apprenticeship Strategy. The Strategy group encourages alignment of plans and coordination of resources on the Apprenticeship agenda. It provides a steer for investment and commissioning of activity to support growth and works to improve the quality of provision to support economic growth.
- 10.3 Activity from the Apprenticeship Strategy Group is focused on supporting employers to access much needed support on apprenticeships. Through How's Business, the LEP Growth Hub, a comprehensive introduction to apprenticeships has been developed in a digital [eBook](#). This provides information on recruitment of apprentices, what to do to turn existing staff into apprentices and the support and funding that is available. A series of video toolkits has also been developed to help large businesses approach spending their Apprenticeship Levy. These tools are for direct use by employers, or as referral tools for partners and apprenticeship providers when promoting the benefits of apprenticeships.
- 10.4 The LEP Apprenticeship Strategy group is working to align activity with the Higher Level Apprenticeship Group which was formed as part of the Post 16 Area Review outcome in 2017. The plan is to concentrate on supporting the development of a local offer of Higher and Degree Apprenticeships. Other initiatives include widening and promoting the Apprenticeship Ambassador Network and providing events for Apprenticeship delivery partners to share best practice. The LEP will also provide an annual round up of the Apprenticeship data and LMI to enable partners and stakeholders to assess whether current activities are contributing to the targets set out in the strategy.
- 10.5 The YNYER LEP has targeted its 2016-2018 European Skills Fund (ESF) skills provision on a £2m 'Apprenticeships Services' contract delivered by Grimsby Institute of Further and Higher Education. The service model offers one to one support to SME employers in the area to grow apprenticeships at all levels including new Higher Level and Degree Apprenticeships. The reforms to the apprenticeship agenda introduced in May 2017, such as changes to the funding methodology, introduction of the apprenticeship levy and the creation of new standard have proved a challenging landscape for achieving the aspirations of the project. A reduction of the original contract value has been sought. However the contract has supported 286 employers and 277 learners.
- 10.6 New ESF Calls launched for 2018 maintain a focus on the strategic vision for apprenticeships across the area. However the delivery model has been adapted to reflect feedback from employers and providers from the previous funding round. The project has a focus on facilitating employer to come

together in sector based clusters to develop new apprenticeship provision, and providing impartial advice and guidance on apprenticeship reforms and changes to funding. Applications to the call are currently being appraised and it is expected that successful projects will be awarded in the summer.

- 10.7 The YNYER LEP has led on a joint submission with the Humber LEP and secured £10k from the Education Skills Funding Agency to support local engagement on apprenticeship reforms. This support will increase the level of understanding and the take-up of apprenticeships. The fund will develop a comprehensive and strategic workforce planning tool, targeted specifically at chief executives or decision makers levy paying companies. Providers, colleges, HE institutions and those giving business growth advice to employers will also be given training on making best use of the workforce planning tool to support wider roll out.

11 Additional Support for Younger People

- 11.1 NYCC is a member of the YNYER LEP Careers Strategy Group which as a collective has committed to a Careers Offer or 'Entitlement Statement'. It outlines the activity the partnership want all schools to be delivering to ensure high quality careers, employability and enterprise education across the area. It links to national benchmarks and was praised by David Andrews OBE (leading national figure in CEIAG – Careers Education, Information, Advice & Guidance) as consolidating the national recommendations at a local level in order to support schools progress.
- 11.2 The Entitlement Statement is to be re launched to schools following the publication of the National Careers Strategy and statutory guidance published in December 2017 and January 2018 respectively. The statement will be updated to illustrate to school leaders the impact of engaging in the CEIAG agenda and demonstrate practical next steps. This will enable schools to easily understand what local support is available to them and how to access it.
- 11.3 NYCC and the LEP are developing a programme of Continuous Professional Development for Careers Leaders in North Yorkshire schools to help them implement the National Careers Strategy. This will be delivered in June 2018.
- 11.4 The LEP's ESF funded CEIAG project to improve careers guidance in North Yorkshire schools is seeking an extension to March 2019. The project is supporting schools in North Yorkshire to work towards a CEIAG quality award including; Skipton Girls High School, Scarborough Sixth Form College, Craven PRS, Springhead School, Rossett School, Breckenbrough School, Malton School, Scalby School, Nidderdale School, Manor Academy, Woodlands School, Eskdale School and Caedmon Community College, Askham Bryan College, Craven College. The project builds upon the success of the joint NYCC and LEP funded Progression to Success involving 20 schools.
- 11.5 The CEIAG project activity supports the aspiration that all young people in our schools are fully informed of apprenticeship opportunities and understand how to apply if it is an appropriate route for them. It provides personal Information, Advice and Guidance for students at risk of NEET and is also working with the

adult education service in Harrogate and the North Yorkshire Leaving Care Team for NEET referrals.

- 11.6 The LEP delivers a project in partnership with the Careers Enterprise Company which links Enterprise Advisors (volunteers from local businesses) with senior leaders in schools to enhance the careers guidance offer. It seeks to increase the number of meaningful encounters that young people experience of the world of work to eight as well as enhance employability skills, contextualise learning better and connect schools with up to date labour market information.
- 11.7 The project has continued to gain momentum especially since the recent publication of the National Careers Strategy which firmly places the CEC's work at the heart of mobilising careers guidance in schools. There is a marked change with schools that previously have been difficult to engage with, many are now proactively contacting the LEP asking to join the project. 55 North Yorkshire schools are engaged with the project.
- 11.8 NYCC and the LEP are working together on delivering the vision outlined in the North Yorkshire Coast Opportunity Area delivery plan through investment in CEIAG. CEC cornerstone employers (Sirius Minerals, Dale Power Solutions, GCHQ and Askew Brooks and Burberry) are delivering positive messages about post 16 apprenticeship opportunities.

12 Recommendation

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

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Background Documents:

Report to Transport, Economy & Environment Overview and Scrutiny Committee,
1 February 2017

<http://democracy.northyorks.gov.uk/committees.aspx?commid=30&meetid=3366>