

Report to:	Overview and Scrutiny Committee (Regeneration and Skills)	Date of Meeting:	Tuesday 6 November 2018
Subject:	Apprenticeships update		
Report of:	Head of Inward Investment and Employment	Wards Affected:	(All Wards);
Portfolio:	Regeneration and Skills		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report provides an update on national reforms to Apprenticeships, the actions being undertaken at Liverpool City Region level to support the growth of Apprenticeships and Sefton Council's own arrangements for introducing and supporting Apprenticeships into the Council workforce.

Recommendation(s):

That Committee Members:

- (1) Note the national reforms to Apprenticeships and the work undertaken at City Region level
- (2) Endorse the progress made within Sefton Council to support Apprenticeships into the Council workforce

Reasons for the Recommendation(s):

To respond to the Committee's request for an overview of Apprenticeships and how Sefton Council has responded to the recent changes in the system for Apprenticeships.

Alternative Options Considered and Rejected: (including any Risk Implications)

This report provides a position statement and update for the information of Committee members. Therefore, no alternative options have been considered.

What will it cost and how will it be financed? N/A

(A) Revenue Costs

(B) Capital Costs

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):
Legal Implications:
Equality Implications:
(Please delete as appropriate and remove this text)

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Apprenticeships offer an alternative route into careers for young people who may not wish to pursue traditional academic routes at Post-16 stage
Facilitate confident and resilient communities: Employment of young people offers them access to sustainable, skilled work which impacts positively in their families and communities
Commission, broker and provide core services: Apprentices can be recruited to add capacity into any area of Council delivery, or that of any business sector including core services
Place – leadership and influencer: Sefton Council takes its responsibility seriously in leading by example with providing Apprenticeship opportunities for local residents
Drivers of change and reform: Apprenticeships are a key part of Government policy and are at the forefront of the LCR Devolution deal, as they are recognised as offering a key component for change
Facilitate sustainable economic prosperity: Apprenticeships have been proven to provide economic growth to business and public services and provide key talent into employers with ageing workforces.
Greater income for social investment: Not applicable
Cleaner Greener Apprenticeship training frameworks are available across a very broad spectrum, of occupational areas, from environmental management to horticulture. These help provide the skills Sefton needs to respond to environmental concerns

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Head of Corporate Resources (FD.5449/18.....) and the Chief Legal and Democratic Officer (LD.4574/18....) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

What are apprenticeships?

Apprentices are employees with a contract of employment who spend at least 20% of their time in off-the-job training which is usually delivered by an external Apprenticeships training provider. The employer chooses the provider from an approved list, and works with them to decide how the training is delivered and the level of training to be received. This might be in the workplace or on regular day release, through workshops, or through work shadowing. Apprentices are supported by a mentor at work and training must be directly relevant to the Apprenticeship framework being followed. Ongoing assessment of the apprentice ensures they are meeting required standards for the qualifications they are working towards. Once an apprentice completes their Apprenticeship they must demonstrate they can perform relevant tasks to industry standards. This provides a guarantee of competence to the employer. Apprenticeships offer benefits to employers in a number of ways:

- Building skills: 82% of employers take on apprentices to build the skills capacity in their business
- Reducing training costs: up to 100% funding is available to support Apprenticeship programmes within business
- Increasing productivity: statistics suggest the average apprentice improves productivity by £214 a week

- Reduced staff turnover: Apprenticeships encourage staff satisfaction and loyalty
- Reduced recruitment costs: Apprenticeship providers can help employers identify suitable interview candidates. (in Sefton this is done via our internal Apprenticeships team and Sefton@work)
- Apprenticeships are a tested way of re-training or up-skilling existing staff, and attracting new staff with new ideas
- Training can be carried out on employer premises and is flexible to fit in with staff schedules
- If employers recruit an apprentice below the age of 25 they are not required to pay employer National Insurance contributions for them

2. Government Policy on Apprenticeships and the levy

The government published *English Apprenticeships: Our 2020 Vision* in 2015. It sets out an ambitious new target for 3 million new apprenticeship starts by 2020. This is being enabled by the introduction of the Apprenticeship Levy, whereby employers will pay training providers directly via the Digital Account Levy Funds. The new system will also increase the number of levels on the apprenticeship ladder by introducing and phasing in Higher and Degree level apprenticeships.

From April 2018, employers can transfer funds to other employers, through the apprenticeship service. Transfers can be made to any employer, including smaller employers in their supply chain, and apprenticeship training agencies. Levy-paying employers will initially be able to transfer up to 10% of the annual value of funds entering their apprenticeship service account.

Levy-paying employers who wish to transfer funds will have to agree the individual apprenticeships that will be funded by a transfer with the employer receiving the funds. Employers receiving transferred funds will only be able to use them to pay for training and assessment for apprenticeship standards. Transferred funds cannot be used to pay for training and assessment for apprenticeship frameworks.

Employers with a pay bill of less than £3 million a year do not need to pay the levy. 90% of the cost of training and assessing apprentices in these organisations is paid by the government. If they have fewer than 50 employees, government will pay 100% of costs for 16 to 18 year apprentices or those aged 19-24 formerly in care or with a local authority education, health and care plan.

Employers within the public sector were also required to sign up to a Corporate target for the recruitment and retention of Apprenticeships, in order to provide good practice exemplars in the local regions.

A range of reforms have been introduced and these changes are incremental and ongoing, many of which are seeking to correct the recent downturn in numbers of Apprenticeships, despite the government's continued prioritization of Apprenticeships as a key part of policy on education and training. Some of these changes include:

- Care leavers bursary of £1000 within the Apprenticeship funding rules
- Apprenticeships available now form level 1 through to level 7 (equivalent to Masters degree)
- Training costs for smaller non-levy paying employers have been greatly reduced

The Local Government Association is proposing:

- An extension on the two year limit (from April 2017) to spend the Levy against key standards for local authority workforces, some of which have only just been approved or are still in development.
- The power for local areas to use the Levy more flexibly to recognise the full costs of apprenticeship programmes including on pre-apprenticeship training, so long as there is a final apprenticeship outcome.
- Local areas to retain the Levy underspend rather than handing it over to the Treasury

3. Liverpool City Region initiatives to Support Apprenticeships

3.1 LCR Apprenticeship Hub

Sefton has expressed its full commitment as part of the LCR Combined Authority to the expansion of Apprenticeships. As a large-scale employer in Merseyside, it also leads by example by creating a wide range of apprenticeship places across its departments spanning a number of occupational areas.

Apprenticeships form a key component of the LCR Devolution Deal with government and external funding has been made available to support the creation of the LCR Apprenticeships Hub. The Hub provides a range of promotional events in each LA area, hosts a number of high profile Skills Shows and undertakes ongoing engagement with employers to promote the benefits of creating apprenticeships within the workforce together with a web based resource for young people, training providers, employers and advisers.

3.2 LCR Apprenticeship Growth Plan

In January 2018, the LCR Employment & Skills Board agreed the LCR Apprenticeship Growth Plan. This Plan has been widely consulted upon and expresses a desire for the City region to deliver a step change in both the quality and quantity of Apprenticeship opportunities with an objective to create 20,000 Apprenticeship starts by 2020.

The Plan identifies the key challenges that without collective and collaborative action could inhibit programme delivery and future growth. These include:

- The impact of apprenticeship reforms;
- Apprenticeship awareness and understanding amongst employers;
- Falling 16-18 apprenticeship participation and local demographic impact;
- An imbalance between employer demand and the availability of provision;
- The issue of low attainment of English and maths at age 16 compared to national averages in some areas;
- The technical skills gap that exists across Liverpool City Region; and
- The complexity and fragmentation of the local skills system.

Sefton Council works in collaboration with the LCR in sharing best practice and will work in partnership to jointly commission relevant Higher Degree Level Apprenticeships. The opportunity to maximise the levy funds in conjunction with other partners to develop the skills that are required for Sefton's economy will also be critical for the future.

All six Local Authorities are progressing with their individual apprenticeship plans;

however, a range of different approaches have been adopted across the Councils and other organisations. There are therefore some helpful learning points from the various approaches taken to date together with a recognition that there is scope for greater collaboration.

Last year City Region Chief Executives agreed to retain an element of AGE grants payable to Councils to secure some additional capacity to support with the implementation of the apprenticeship levy and maximise the potential that this has for workforce development. This funding was matched by the Combined Authority from AGE Grant underspend to increase the level of resource available.

As a result, following a review of current activity and consultation with the Local Authorities and Merseytravel, the Employment and Skills Team within the Combined Authority developed a specification which identified a number of priorities areas for support:

- Supporting the planning, positioning and mapping of apprenticeships as career progression pathways for key public sector job roles
- Extending the partnership working arrangements, supporting a network and sourcing and sharing best practice to increase penetration
- Supporting a collaborative approach to procurement for new provision across the local authorities and Merseytravel; engaging with provider networks to understand the supply base and articulate demand
- Providing additional capacity to local authorities, where required, in their work with schools or other organisations to maximise the levy spend and meet the public sector target
- Exploring the innovative use of the apprenticeship levy, including utilising the 10% transfer flexibility or supporting delivery through an ATA model
- Collating collective demand for apprenticeships where there is a common need to generate viable cohorts for delivery.

The 6 local authorities and Merseytravel are proactively taking forward collective activity, examples of which include:

- Hosting a joint stand at the recent Liverpool City Region Skills Show, to promote apprenticeship opportunities and careers across the public sector;
- Sharing good practice across key elements including recruitment, procurement and provider management;
- Identifying potential opportunities for collective procurement including Level 7 Management, Project Management and Social Work; and
- Publishing a collective statement of apprenticeship commitment as part of the first Public Sector Target reporting process.

Most notably the seven organisations submitted a collaborative bid to the Local Government Association, who were developing a bespoke support offer to Local Authorities to provide 2 days of consultancy support to individual organisations. As a result, the Liverpool City Region have secured 6 days of specialist support to aid with apprenticeship mapping, procurement and school engagement.

LCR is the only devolution area in the country to have adopted and been successful in securing support as a collaborative group.

4. Sefton Council and Apprenticeships

Sefton Council is a key player in supporting Apprenticeships on a number of levels:

- Strategic direction

LCR apprenticeships Growth plan forms part of Cllr Maher's responsibilities as Portfolio lead for employment and skills for the Combined Authority

Cllr Atkinson represents Sefton Council on the LCR Employment & Skills Board which is the body responsible for the direction of programmes such as The Apprenticeships Hub, and the Apprenticeships Growth Plan.

- Sefton Council as an Apprenticeship Employer

Responsibility for the delivery of apprenticeships within the workforce lies with the Workforce Development Unit

- Sefton Council as Promoter of Apprenticeships within the local labour market

Responsibility for encouraging local employers to recruit local Apprentices, marketing the vacancies and identifying suitable shortlists of candidates and other recruitment support as required lies with Sefton@work.

Apprenticeships offer the Council an opportunity to help address many issues in respect of an ageing workforce; building capacity and to introduce new skills to meet its future business needs. These apprenticeships focus on building career pathways for people to gain specific qualifications and expertise the Council requires now and in years to come. It's about maximising opportunities to spend the apprenticeship levy and using it creatively and innovatively to support the Council's major change programme the "Framework for Change" and Sefton's 2030 vision. The Council took a resolution more than five years ago to pay all internal apprentices the National Minimum Wage for the age, rather than the lower National Apprenticeship wage.

Apprenticeships also allow the Council to demonstrate its commitment to reducing youth unemployment in a tangible and measurable way. Firstly, by offering apprentices to apply for re-deployment opportunities towards the end of their apprenticeship fixed term contract. Secondly by offering additional employability support from Sefton@Work to find employment in the wider jobs market.

Providing apprenticeships and routes into apprenticeships are an integral part of Sefton's wider economic, skills strategy and education strategy by helping to raise skills and aspirations. One of the key aims of the Council's apprenticeship programme is to invest and upskill the current workforce to ensure they possess the right, skills, knowledge and behaviours that support a 21st Century Public Sector organisation.

In addition to provide information, advice and guidance relating to the reforms, we also work with schools to promote the benefits the changes can offer in helping to meet skill gaps and future workforce needs. This will include raising awareness of the new apprenticeship standards in development for Teachers, Teaching Assistants and School Business Directors, as well as a range of other broader standards that could be used by the wider schools' workforce in helping to create apprentice opportunities

Sefton Council has been actively recruiting apprentices since 2010. The Council has a Corporate Apprenticeship Team that fully supports departments and managers to recruit

apprenticeship across the whole of the Council. The Corporate Apprenticeship Team carries out the following:

- Advertisement of vacancies
- DBS checks
- Initial assessments in English and Maths (to support the recruitment process)
- Recruitment, selection and approval of references
- Issue of apprenticeship contract
- Quarterly reviews to assess progress and milestones
- Support for managers with any work place issues including HR support
- Access to Sefton recruitment opportunities i.e. advice and support with applications forms, mock interviews and job readiness for work.

The Council 2.3% public sector target was to sign up 136 apprentices for the period of 1st April 2017 – 31st March 2018. The Corporate Apprenticeship Team signed up 100 new apprentices which equates to 1.69%.

The Corporate Apprenticeship Team have undertaken the following tasks to support the Council to achieve the 2.3% Public Sector Target:

- Actively targeted Heads of Service by attending Departmental Managers Meeting to raise awareness of either recruiting a new apprentice or to identify staff conversions
- Briefing sessions for existing workforce – lunch-time events with flyers, supported by Training Providers
- Held Elected Members Meet & Greet events to showcase an apprentices journey with Sefton Council
- Created and circulated flyers to schools to promote apprenticeships for existing staff
- Information on apprenticeship training is available on the Council's intranet pages
- Active promotions during National Apprenticeship Week and Learning at work week, including a celebration event to show case the success of our workforce
- Attendance at Primary school bursar meetings and School Head Teachers meetings to reinforce apprenticeship opportunities
- Attended the Liverpool City Region Skill Show to raise awareness of Apprenticeships
- Attended Careers Events at Schools to raise awareness of Apprenticeships
- Targeted schools on an individual basis to raise awareness of apprenticeships
- Identified a budget for departments to access for apprenticeship salaries

Since the introduction of the apprenticeship levy the Council has faced a number of challenges:

- Procurement – we had to undertake an OJEU procurement exercise to identify a preferred provider list who could deliver the required standards / frameworks
- With the continuous release of apprenticeship standards, it is difficult to procure additional niche providers to respond to diverse demand.
- Due to the reduction of funding from Central Government all departments are facing financial challenges to fund the apprenticeship salary. The Council has set aside a budget to part fund , however some departments have struggled with funding, given the need for transformation/overall budget reductions.

- Schools are facing financial challenges which has impacted on them participating as we would wish for, which has meant some schools have not been able to utilise the levy.
- As it stands, the levy cannot pay for salary costs for Apprentices. If this restriction could be lifted, this would allow the Council to roll out more Apprenticeship opportunities.
- The requirement for 20% off the job training is also a cause for concern to departments

Despite these constraints, however, The Council will continue to do its utmost to recruit apprentices and engage the workforce, through the following means:

- Working closely with Liverpool City Region Local Authorities to share best practice, undertake joint procurement exercises where relevant
- Map out apprenticeship routeways across the Council to support succession planning and workforce development
- To monitor new standards/frameworks which meet the Council's Strategic Priorities/2030 Vision to ensure we develop a 21st Century Public Sector workforce.
- To develop a 2018-2020 Apprenticeship Strategy which will include our overall approach and how we will increase apprenticeship activity
- Identify apprenticeship opportunities as part of a workforce planning activity/succession planning
- Actively promote apprenticeships with Heads of Service/Senior Managers
- Develop opportunities to utilise higher level apprenticeships in support of skills needs, raising skills and aspirations
- Continue to support and develop the pathway programme which supports care leavers into apprenticeships
- Promote and work in partnership with Council Maintained Schools to maximise the levy spend
- Identify progression routes for apprentices to gain valuable skills and knowledge within Local Government.
- Showcase the apprenticeship programme through good news stories, case studies, video's, etc
- Attend careers fairs, skills shows and events which raises awareness of apprenticeships .