



## Jobs Regeneration and Assets Overview and Scrutiny Committee



## Apprenticeships

## Task and Finish Group

### Final Report

March 2016

## **1.0 Chairman's Foreword**

- 1.1 When a review of Apprenticeships was added to the Scrutiny Committee's work programme in July 2015 it was to contribute to ensuring that Cheshire East provides its share of the three million apprenticeship starts the Government is looking for by 2020. During the review we agreed at an early stage that if we as a Council are to make an effective contribution to creating sufficient and quality apprenticeships in the Borough's key industries then we must start by ensuring the Council has an excellent internal apprenticeship offer to be an example of best practice to others.
- 1.2 This review has been very timely as the legislation and Government initiatives to drive up the number of apprenticeships in the UK have been developing as we have been going through our work. This has enabled us to produce a piece of work that will be valuable to the Council and other local authorities who will be looking for guidance on how new rules will affect them. The Apprenticeship Levy and Public Sector Target for Apprenticeships are going to have a big financial impact on the Council and we need to ensure that we are prepared to make the most of the changes and reap the benefits that high quality apprenticeships can bring to the organisation.
- 1.3 I would like to thank my colleague Councillor Brian Roberts for his commitment and valued contribution to the work we have done. I would also like to thank Councillor Liz Durham for the role she played in the group before she became a Deputy Cabinet Member in October 2015. Councillor Roberts and I would both like to thank all those officers and partner organisations who have supported us with special thanks to James Morley for his advice and guidance during our first task and finish group experience.
- 1.4 I commend this report to Cabinet and hope that our recommendations will be supported and taken forward.

**Councillor Jonathon Weston**

**Chairman of the Apprenticeships Task and Finish Group**

### **Task Group Membership**



Cllr Jonathon Weston, Cllr Brian Roberts and Cllr Liz Durham (Oct – Dec 2015)

## 2.0 Recommendations

- 2.1 To ensure the Council provides high quality apprenticeships and training, and meets the requirements of future Legislation the Task and Finish Group recommends that:
- 2.1.1 The Council develops a holistic corporate plan for apprenticeships which identifies the type of apprenticeships needed, how they will help to achieve the Council's aims, where in the Council structure they can be placed, how apprentices will be recruited and supported on the job and provided with long term opportunities.
  - 2.1.2 All apprenticeships provided by the Council must meet minimum standards and provide apprentices with long term employability as will be required by the Institute for Apprenticeships and recommended by Ofsted.
  - 2.1.3 The Council consider how, and where, more Higher Apprenticeships and Degree Level Apprenticeships can be created to provide more opportunities for skilled local young people and ensure the Council has a skilled workforce for the future, taking into consideration the higher salaries that these apprenticeships command.
  - 2.1.4 The Council's Budget setting for 2017/18 ensures that the Apprenticeship Levy and additional costs of meeting the 2.3% apprenticeship quota, including administrative costs, be taken into consideration.
  - 2.1.5 The Apprenticeship Levy and access to the Digital Apprenticeship Service should be administered and managed centrally in Human Resources with sufficient additional resources allocated to cover the administrative costs.
  - 2.1.6 All apprenticeships be employed and managed centrally within Human Resources as part of the Council's core to ensure standards are maintained and to provide flexibility for the Council to place apprentices where they are needed when there is demand and provide apprentices with more experience of different departments and roles within the organisation. This should be funded by taking contributions from departments' budgets where apprentices are able to be employed.
  - 2.1.7 The Council develops a preferred training provider list to ensure that apprenticeship training is of the highest standard and contracts are in place, and can be monitored, to support the purchase of apprenticeship training through the Digital Apprenticeship Service.
  - 2.1.8 In order to attract high quality candidates the salaries for apprenticeships be maintained at national minimum wage based on age to ensure apprenticeships remain attractive options for young people and that all apprenticeship posts are advertised within schools and colleges at an early stage in the academic year.
  - 2.1.9 In its role as a corporate parent, as well as seeking to employ high quality candidates, the Council ensures it provides opportunities to all young people, including care leavers and SEND. The Cygnet Pilot should be evaluated with a view to continuing some form of provision for young who face challenging circumstances.
  - 2.1.10 The Council continues to support the Crewe and Macclesfield Pledges and any future pledges created in the Borough and liaises with those local organisations involved in the pledges to create opportunities for our young people, particularly those internal apprentices that the Council may not be able to provide with long term opportunities.
  - 2.1.11 The Jobs Regeneration and Assets Overview and Scrutiny establishes a further Task and Finish Review to consider apprenticeship provision across Cheshire East external to the

Council including: the private sector, other public bodies, the third sector and how provision is being developed by other organisations such as Chambers of Commerce and the Local Enterprise Partnership alongside the Skills and Growth ASDV.

### **3.0 Background**

#### **What is an Apprenticeship?**

- 3.1 An apprenticeship is paid employment which involves both on the job training and classroom study and is open to anyone aged 16 or above. An apprenticeship takes one to four years to complete depending on their level and lead to a recognised qualification in the related field. An apprenticeship has an equivalent education level and can be: Intermediate - equivalent to 5 GCSE passes; Advanced - equivalent to 2 A level passes; Higher - can lead to NVQ Level 4 and above, or a foundation degree.
- 3.2 The National Apprenticeship Service (NAS) was created in April 2009 and in 2013 became a division of the Skills Funding Agency (SFA). The NAS has end-to end responsibility for apprenticeships in England and is responsible for: promoting apprenticeships to employers and learners; supporting employers through the process of recruiting and training an apprentice; and maintaining the national online apprenticeship vacancies system which allows employers to post vacancies, and aspiring apprentices to search and apply for them.

#### **Apprenticeship Frameworks and Standards**

- 3.3 The Apprenticeships, Skills, Children and Learning (ASCL) Act 2009 requires that all apprenticeships adhere to an apprenticeship framework. There are a wide range of frameworks for different types of apprenticeship. The Specification of Apprenticeship Standards for England (SASE) sets out the minimum requirements to be included in a recognised English apprenticeship framework and compliance with the SASE is a requirement of the 2009 Act.
- 3.4 An apprenticeship framework:
- covers all the statutory requirements for an apprenticeship programme in England
  - is used by colleges, employers and training providers to make sure that all apprenticeship programmes are delivered consistently and to national standards
  - includes the names of all qualifications and what each qualification is worth
  - gives guidance on how to get onto an apprenticeship programme, the time it will take and career paths available after an apprenticeship
- 3.5 Currently the NAS and SFA provide funding for 100% of the cost of training courses for apprentices aged 16-18 and partial funding for 19s and over which is paid directly to the training provider. The Skills Funding Agency only supports frameworks which are publicly funded.
- 3.6 However in October 2013 the Government published 'The Future of Apprenticeships in England: Implementation Plan' which developed a new approach where Apprenticeship Frameworks would be replaced by Apprenticeship Standards. These Apprenticeship Standards are developed by employer groups called 'Trailblazers' and new standards for a variety of different apprenticeships

have gradually been developed and approved to replace frameworks, with more scheduled for development. The staged withdrawal of SASE Frameworks begins on 31<sup>st</sup> May 2016. The new standards will replace all the current apprenticeship frameworks by the academic year 2017 to 2018. The Institute of Apprenticeships will be responsible for managing standards and monitoring their effectiveness.

- 3.7 In January 2016 the Skills Funding Agency published its Apprenticeship Standards Funding Rules for August 2016 to July 2017. Unlike with the frameworks, Government funding will not cover 100% of the cost of training. Government will contribute £2 for every £1 spent by the employer on the cost of each training course it purchases from a lead training provider, up to a Cap which will be set for training for each apprenticeship standard (i.e. some apprenticeship will require more advanced training than others and therefore higher costs). The total cost of training will be agreed between the employer and the training providers (potentially more than one provider for a single apprenticeship however a lead provider will be identified). The Rules contain further details about funding incentives for smaller businesses and funding for English and Maths training.

### **Enterprise Bill**

- 3.8 At the beginning of the new Parliament the Government set a target of three million new apprenticeship starts by 2020. To work towards achieving this target the Government has been developing some new legislation related to apprenticeships, some of which is included in the Enterprise Bill. At the time of writing this report the Bill was at the House of Commons: Committee Stage. Two particular elements of the Bill that related to apprenticeships were: a public sector apprenticeships target; and making “apprenticeship” a protected term. The Bill is also establish the Institute for Apprenticeships mentioned below.
- 3.9 The Bill is proposing to give the Secretary of State for Business Innovation & Skills the power to set public bodies a target for the number of apprentices that they should have in their workforce in England. The target is currently set to be 2.3% of total workforce. The aims of this measure are to grow the number of apprentices in the public sector, help to meet the Government’s target of 3 million apprentices by 2020, and to ensure the public sector is leading by example in terms of the number (and quality) of apprenticeships. It was unclear how the 2.3% would be monitored and what penalties or otherwise would be put in place for those that did not meet the 2.3%.
- 3.10 In relation to making “apprenticeship” a protected term the Bill sets out to: create an offence for a person, in the course of business, to provide or offer a course or training as an apprenticeship if it is not a statutory apprenticeship; and ensure employers cannot commit the offence in relation to their employees. The maximum penalty for committing this offence will be a fine to be set by the legislation. There is a concern that by growing the number of apprenticeships there may be a rise in those claiming to offer an apprenticeship or apprenticeship related training that is not of the same quality as a Government apprenticeship. This could dilute the apprenticeship brand and have a negative impact on growth of statutory apprenticeship schemes. The Government’s aim is that this measure will protect the apprenticeship brand and those employers and training providers offering genuine statutory apprenticeships. The Ofsted Report mentioned below explains the negative impact of poor quality “apprenticeships”.

### **Apprenticeship Levy**

- 3.11 The Apprenticeship Levy was first announced by the Chancellor of the Exchequer George Osborne in the Summer 2015 Budget and mentioned again in the Autumn Statement. The Levy will be introduced into legislation as part of the Finance Bill 2016 and will come into effect in April 2017. It will be payable by employers (including public sector) on 0.5% of paybill. All employers will receive an allowance of £15,000 meaning that the levy will only be paid by those employers with a paybill over £3,000,000 (apparently less than 2% of all employers in UK).
- 3.12 At the time of writing this report the Levy is still in development and there are still some aspects to the collection and use of the funds that are unclear. In November 2015 the Department for Business Innovation & Skills conducted a consultation with employers and training providers about how the levy system might work in practice and further consideration of this is on-going.
- 3.13 Current proposals are that the levy will be payable through Pay As You Earn (PAYE) and will be payable alongside income tax and National Insurance. To keep the process as simple as possible paybill will be based on total employee earnings subject to Class 1 secondary National Insurance Contributions (NICs). There will be a connected persons rule, similar the Employment Allowance connected persons rule, so employers who operate multiple payrolls will only be able to claim one allowance. For employers paying the levy, the measure is expected to have some impact on administration costs and the impact will vary by employer, depending on the size of their paybill. The policy intention is that employers will calculate and pay the levy on a monthly basis.
- 3.14 It is suggested by Government that the levy will raise £3billion by 2020/21. Employers are expected to be able to claim back the levy to pay for training of apprentices through the Digital Apprenticeship Service. Employers will be able to claim back more than they put into the levy, through a top-up to their digital accounts (amount of top-up is unknown), the implication being that employers are encouraged to provide more apprenticeships. It is also aimed at boosting training and skills building in the workforce generally and employers will be able to fund training to upskills/reskill existing staff. All employers who do not pay the levy will be able to access government support for apprenticeships.

### **English Apprenticeships 2020 Vision**

- 3.15 The English Apprenticeships 2020 Vision was developed jointly by Department of Business Innovation & Skills and Department of Education and published in December 2015. The publication outlines the government's plan for increasing the quality and quantity of apprenticeships, and achieving 3 million apprenticeships by 2020. It sets out what is expected of all main stakeholders, employers, education and training providers and government working together.
- 3.16 The plan documents the benefits of apprenticeships to apprentices by improving their earning potential, employers by improving the quality of products and services and providing a return on investment through greater productivity and the economy by increasing the population's skills based and increasing productivity and tax revenue. The plan also sets out a vision for quality and standards

in apprenticeships by establishing milestones, standards and criteria for what makes a good apprenticeship.

- 3.17 The plan explains the Digital Apprenticeship Service (DAS) which is an online portal that will be introduced in October 2016 (DAS will commence a pilot phase in April 2016). The online portal will be used to access the apprenticeship levy and will enable employers to select the most appropriate apprenticeships, choose a training provider and pay for apprenticeship training and assessment. This will build on the 'Find an Apprenticeship' website which was launched in February 2016 as a free online tool for employers to advertise their vacancies and look for potential recruits as well as potential apprentices to look and apply for opportunities.
- 3.18 The plan sets out the long term system for apprenticeships and explains further how the apprenticeship levy will work. An independent and employer-led body, the Institute for Apprenticeships, will be established through the Enterprise Bill and be set up by April 2017. It will regulate the quality of apprenticeships within the context of reaching three million starts in 2020. An independent Chair will lead a small Board of employers, business leaders and their representatives, to continue to drive up apprenticeship quality to the highest level and approve apprenticeship standards.

#### **Ofsted**

- 3.19 In October 2015 Ofsted published a report on an apprenticeships survey that the Chief Inspector commissioned to look into the quality of apprenticeships to inform Government reforms. The report considered how well apprenticeships met the needs of young people, their employers and the economy. The Key Findings of the survey were:
- The quality of the apprenticeship provision reviewed during the survey was too variable and often poor.
  - The growth in apprenticeships in the last eight years has not focused sufficiently on the sectors with skills shortages.
  - Leaders of the apprenticeship provision reviewed did not focus sufficiently on improving the quality and impact of apprenticeships.
  - Employers did not make sufficient contributions to the costs of apprenticeships.
  - Small- and medium-sized enterprises were not sufficiently involved in apprenticeships.
  - The most effective apprenticeship provision was for those aged 16 to 24 in skilled technical and professional industries.
  - Apprentices aged 25 and over often received too little training while at work or during off-the-job learning sessions.
  - Young people still face too many barriers to becoming apprentices.
- 3.20 The Report also suggested that the best apprenticeships focused on developing the careers of apprentices while simultaneously improving their skills, developing their understanding and increasing their knowledge. The Report set out some common characteristics for the best provision of apprenticeships as well as pointing reasons why some apprenticeships were of a poor quality and devalued the 'apprenticeships brand'.

### **Previous Scrutiny Reviews**

- 3.21 The Task Group reviewed apprenticeship related scrutiny reports previously produced by other local authority scrutiny bodies to develop ideas for its review and compare the issues identified. The most recent example was from February 2014 when a Scrutiny Task and Finish Group from Worcestershire County Council conducted a review of Apprenticeships. The review was carried out to look at the quality and level of access to apprenticeships opportunities in the county and outcomes for young people. The task group found that the quality and level of advice provided by schools and colleges in relation to apprenticeships was low although availability of opportunities with employers was relatively good. The task group recommended that there needed to be a rebalance of aspirations and that apprenticeships needed to be a valued option with less importance placed on university. The task group suggested that schools needed to accept their responsibility to promote all opportunities and offer impartial advice to students despite the withdrawal of connexions funding as well as do more to ensure pupils were prepared for the world of work. The task group also recommended that apprenticeship vacancies needed to be promoted more widely and that the Council had a role to promote apprenticeships as an option to employers and young people.
- 3.22 In September 2013 a scrutiny panel from Southampton City Council published an Apprenticeships Inquiry report. The inquiry had been undertaken to look at ways to increase the number of apprenticeships provided in the Borough. The panel engaged employers, training providers, the NAS and National Careers Service as well as apprentices in its review. The panel recommended that the quality of information about apprenticeships needed to be improved and greater access to it in schools, colleges and for NEETs was needed. The panel suggested establishing an Apprenticeship Graduation Day to promote the value of apprenticeships and that the Council introduce a grant scheme to encourage local businesses to employ apprentices. The panel also recommended: establishing an Opportunity Hub to promote apprenticeships and engage employers and potential apprentices, updating the Local Labour Market Information to map local skill needs, and that the Council should be a leading provider of apprenticeships that local employers could follow.
- 3.23 In 2013 Sunderland City Council Scrutiny Panel conducted a spotlight policy review on the delivery of apprenticeships in Sunderland. The review was established in response to the raising of participation age to 18 and examined the delivery of apprenticeships including the role of SMEs, the quality of schemes, the barriers to young people and how demand from employers matched the skills of young people. The panel found that participation and the offer from employers had decreased therefore recommended that larger employers should be encouraged to take an active role in establishing more apprenticeships, including at SMEs in their supply chain. The panel also suggested that academic and vocational routes post 16 should be equally weighted and promoted by schools.

## **4.0 Methodology**

- 4.1 The Task and Finish Group (the Group) first carried out a scoping exercise to develop its objectives and project plan. The Group's original scope for the review included all apprenticeships in the Borough and how the Council supports the growth in the number, and the quality, of apprenticeships. However it was agreed at an early stage in the Group's discussions that first the Council needed to be sure it had high quality arrangements in place for its own apprenticeship



schemes, before it was able to effectively promote apprenticeships and encourage other organisations to adopt the same standards.

4.2 At the same time the Enterprise Bill was developing and new requirements such as the Apprenticeship Levy and Public Sector Quotas were being realised and it was essential for the Council to ensure it prepared to comply with the new rules. Therefore the objectives of the Task and Finish Review were:

- Increase the number of apprenticeships provided by the Council to ensure the 2.3% quota set by Government is achieved
- To consider how the Council should administer the Apprenticeship Levy and how it could benefit the Council
- Make the Council a model of best practice in the employment of apprentices and achieve a high retention rate

4.3 The Group has held several meetings with officers to consider the Council's current arrangements for employing and supporting apprentices, what roles they were fulfilling (and in what departments) and what the outcomes have been for them. The Group also met with some of the Council's apprentices to ask them about their experience, how they had decided to do an apprenticeship, and why they chose Cheshire East as an employer. The Group met with Janice Wooley from Total People who current provide the training for most of our apprentices. The Group also visited Stockport Metropolitan Borough Council (MBC) to see their Apprenticeship Store and learn more what how they employed and supported apprentices.

4.4 As documented in the Section 3 of this report the Group has considered a lot of background information to this review. The Group felt that there had been a lot of research carried out by other bodies into the value of apprentices to a business/local authority and the Group did not want to replicate this. The Group's work has also been guided by the process which is currently taking place with the development of the Enterprise Bill and considering the implications for the Council.

## **5.0 Key Findings**

### **Potential Financial Implications of the new Legislation**

- 5.1 Figures for 31 December 2015 indicate the Council employed approximately 2833.6 FTE staff. This is the core staff and does not include anyone employed by the Council's ASDVs or schools. It is expected that the ASDVs and schools will not count towards the total staff to measure the 2.3% target for apprenticeships however the Task Group could not confirm this at the time as the precise details around the legislation were not available.
- 5.2 Based on 2833.6 FTE the Council will need approximately 65 apprentices to achieve 2.3% target. Based on the 31 December 2015 figures the Council currently has 46 apprentices therefore the Council would require an additional 19 positions before the quota is fully introduced. The full cost to the Council of employing one apprentice with on costs is approximately £16,000. Employing an extra 19 apprenticeship positions will result in an additional £304,000 in costs (19 x £16,000); not including

other additional costs such as providing employability workshops, performance development reviews and assessments.

- 5.3 The figures for 31 December 2015 indicate that the Council's salary bill was £74,532,932 meaning that £357,665 (0.5% - £15,000 allowance) would be taken for the levy. This money will not come back to the Council as it is not a provider of training and will instead go straight to the providers when appointed to carry out training. If the Council exceeds the amount of the Levy through its apprenticeship training costs then it will be provided with a top up however it is unclear whether there is a limit on this top up and whether the Council would be required to fund further costs of training beyond this. Any levy money which the Council does not spend within two years will be made more widely available (e.g. to small employers who have not contributed to the levy).
- 5.4 If the Apprenticeship Levy is used to fund the Government's 2:1 contribution for training costs then under Apprenticeship Standard Funding Rules employers will still need to fund 33% of training costs. The majority of the Council's current apprenticeships are in business administration. The Standards for Business Administration Apprenticeships have not been developed yet and it is unclear what the costs of training contributions will be capped at. However it is suggested that Business Admin will fall into Cap 2 therefore costs would be capped at £4,500. If there are 65 apprentices the full cost of training would be £292,500. The levy contribution to this would be £195,000 and the Council's contribution would be £97,500. This would leave £162,665 unallocated in Council's the levy pot. If the 2:1 funding rule did not apply to apprenticeship standards and the full cost of training was covered by the levy then there would be £65,165 remaining in the levy pot.
- 5.5 If the Council chooses to employ more Higher Level and Degree Apprentices then the training costs for those will be higher and more of the levy would be spent. Higher Level and Degree Apprenticeships may also command a higher salary than lower level apprenticeships however the additional cost of training, and therefore benefit to the apprentice, may enable the Council to negotiate the same minimum wage salaries as lower level apprenticeships.
- 5.6 The Apprenticeship Levy and management of the Digital Apprenticeship Service will come with an additional administration cost. Officers have advised that it is likely at least one 'grade 5' post would be required to administer the DAS with a salary of approximately £24,000 plus on costs. The salary equates to about £370 per apprentice (£24,000/65).
- 5.7 Overall, additional costs to the Council of the new legislation could be circa £685,000-£800,000.

### **Workforce Development and Apprenticeship Provision**

- 5.8 It is the Council's responsibility to support young people by providing opportunities such as apprenticeships but the apprentices also needed to contribute to the work of the Council. The Council's 'Recruitment Watch' is not currently allowing grade 2 and 3 positions to be created/filled. This means that jobs aren't available for apprentices to move into.
- 5.9 Each year departments produce their business plans which include a workforce development plan detailing the skills and training needs of the workforce. Managers develop these plans with support

from HR and are required to submit plans for employing an apprentice to HR, to ensure the role is appropriate and training courses can be acquired. Apprentices are currently managed and paid for by each department that has one. Some departments have expressed interest in employing an apprentice but are not able to fund one within their budget.

- 5.10 The main issue for the Council as a result of the new legislation will not necessarily be in finding positions for additional apprentices or putting more employees on training courses which qualified for the quota. The main issue for the Council is likely to be opportunities for the apprentices to progress within the organisation. The Council's workforce, like many local authorities', has been shrinking and there is currently a recruitment freeze, due to budget constraints, meaning that fewer full time positions are available to apprentices at the end of their course or internal staff looking for progression. Due to the lack of good opportunities, or prospects for progression, the Council is in danger of losing the best apprentices because they will look for more attractive positions elsewhere.
- 5.11 HR holds £108,000 from the Employing Young People's Budget to fund some apprentices, marketing for apprenticeships, a graduate development programme, and Cygnet pilot (the cared for children work experience placement scheme). The Council has developed a more structured approach to intakes than it had previously. There are four intake periods based on school term times.
- 5.12 The current workforce strategy requires the Council as an employer to consider the development needs of its existing staff. Therefore the Council can not simply focus on offering opportunities to new young people and has to consider the needs of all staff looking for training to develop their skills from within current professional development budgets available.
- 5.13 The Council currently receives a variety of funding streams for training and development, such as the Continuing Personal Development (CPD) money which is controlled by HR. It is unclear whether these funding streams will remain in place when the Apprenticeship Levy is introduced.
- 5.14 As well as apprentices the Council currently runs an in-house Virtual College which provides employees with training to achieve an NVQ. Management Group Board has recently made a decision to reduce this service; as a commissioning council it was suggested that the Council should not be providing all training delivery and instead look to commission from other providers. When the creation of the Skills and Growth ASDV was approved in December 2015 consideration had been given to including Workforce Development, and the Virtual College in the services which transferred over. However the decision was made to keep the Council's internal workforce development in-house and separate from external facing services.
- 5.15 The new Skills and Growth ASDV was set up to have responsibility for business engagement and developing the local economy and could support relationships between the Council and employers around opportunities for those completing an apprenticeship.

#### **Council's A\* Apprenticeship Scheme**

- 5.16 The A\* (A Star) Apprenticeship Scheme has been running since 2010. In 2014 the scheme was "highly commended in the North West" by the National Apprenticeship Service (NAS). The scheme

offers a one year temporary contract to complete a NVQ Level 2 or Level 3; many apprentices were offered a second year (advanced) apprenticeship to study for a higher qualification. Apprentices



usually work a 37 hour week (including six hours per week study time) and are paid by Cheshire East on the national minimum wage according to age, which is higher than the minimum wage for apprentices. Training for the NVQ is provided by external training provider Total People (however some apprentices, such as agricultural, are trained by Reaseheath College).

- 5.17 Previously the Council had between 40-50 apprentices at any one time. There are currently 46 apprentices and the vast majority of these are funded and recruited by individual departments as part of their own structures. Previously Workforce Development had budget for 25 apprentices and undertook the recruitment; this was prior to decision to pay the minimum wage which meant fewer could be employed within the budget. These apprentices were given the opportunity to rotate between various departments to gain experience in different roles, enabling them to develop different skills and decide what type of role may suit them best in the future. Now that departments are employing their own apprentices they are retained by that department throughout the term of the contract. Workforce Development currently holds a £93,000 budget to fund some apprentices for services without a budget to fund their own apprentice. As well as the wage for the apprentice, there was other costs such as pension, heat and light etc., which need to be included in budgets.
- 5.18 The majority of apprentices at the Council are currently aged between 18 and 19 although there was one previous example of a 31 year old apprentice. The majority of apprentice roles are business admin although there are others in finance that will go on to complete AAT Training in accountancy. Towards the end of each apprentice's contract the Council supports them to apply for internal and external posts, to help them go on to have full time permanent employment (FTE). Since 2010, 192 young people have been through an apprenticeship with the Council. 94 have gone on to be employed in the private sector, 54 have taken positions with the Council or an ASDV and one has gone on to further education.
- 5.19 Workforce Development Team and A\*s are invited into schools to promote apprenticeships on an ad hoc basis and run a stall at careers events and job fairs when possible. Most careers fairs promote apprenticeships generally and training providers market the apprenticeships they provide for various employers online.

#### **Cygnets Pathway**

- 5.20 The budget is also being used to fund a work experience programme currently being piloted for care leavers. The Cygnets Pathway is a six month paid for work experience programme providing a level

two employability qualification to which difficult to engage young people are referred to by their social worker. It is unclear in many cases where these work experience posts should be placed and it is difficult to find places for them. As these young people are difficult to engage some have not completed the programme. However there are some examples of the young people having a positive experience and being able to go on to further training or employment.

### **Meeting with Apprentices**

- 5.21 The Group met with apprentices to discuss their experiences. The apprentices the Group met were at varying stages in their contract and were from a variety of departments. They informed the Group that they had mostly applied for their apprenticeships through Total People's website and had heard about the opportunity through word of mouth. They said that they hadn't had any advice about apprenticeships at school and colleges pushed their pupils to go to university.
- 5.22 Some of the apprentices had been to college but had dropped out before applying for their apprenticeship. One believed that there would be better opportunities to progress their career ambitions through an apprenticeship rather than a degree. Most of the apprentices were hoping to be able to apply for a FTE role at the Council once they had finished their apprenticeship as they enjoyed working for the Council. One of them had recently agreed to take a role with a company in Crewe so would be leaving soon but had hoped to find a job with the Council.
- 5.23 Apprentices at the Council are encouraged to take part in many of the events that the Council run or take part in e.g. Cheshire Show, Nantwich Show. Some of the apprentices had taken part in events at schools and enjoyed talking to students about their experience as an apprentice. The apprentices studied weekly with Total People and were pleased with the learning they were doing.
- 5.24 Experiences in work varied between them due to the department they were in. Some felt they were treated as an apprentice should and were given lots of help and advice as well as their training. Others felt they were simply another member of the team required to get on with the tasks that they had been given and weren't supported or mentored in a way that helped them to develop.

### **Council's Current Training Provider - Total People**

- 5.25 The Group met Janice Woolley from Total People to discuss the role it plays with the Council's apprenticeships and gave her views on how we might increase the number of apprentices. She suggested that Cheshire East's main issue is the supply of young people willing to do an apprenticeship. Cheshire East has low unemployment and high achievement in GCSEs which gives our young people good opportunities and lots of options. Many of them go onto university or full time employment and the idea of an apprenticeship does not appeal to them. Parents also encourage their children into taking a degree rather than consider an apprenticeship.
- 5.26 One of the keys to increasing interest in apprenticeship vacancies is to advertise them early in the school year to give pupils more time to consider them at a time when they may not have made up their mind about what to do when they leave school. A lot of vacancies that Total People deal with weren't advertised until June at which point most pupils will have decided to go to college or

university or take another job. January is considered to be a good time to promote vacancies and sustained promotion and encouragement to consider apprenticeships would help to increase interest from more promising applicants.

- 5.27 Schools currently have a mixed approach to apprenticeships. It was suggested that some schools did not invite external providers such as Total People to careers events as they wanted to encourage their pupils to attend their sixth form or apply for university degree courses. In some cases there is little support from schools for pupils who have expressed an interest in doing an apprenticeship; this may lead some of them to abandon that option.
- 5.28 While Total People acknowledged that there were some poor apprenticeships available which tainted the apprenticeships 'brand' they suggested that there were also some poor quality degrees available which offered little to students long term prospects and could leave them with large students debts.
- 5.29 One of the ways that apprenticeships could become more appealing to college leavers and competitive with degrees is through Higher Level apprenticeships. Currently there aren't many of these apprenticeships available in Cheshire East. Of the 4500 apprenticeships that Total People worked with in a year approximately 25% are higher level. Degree Apprenticeships are also in development. These combined part time university courses with real work experience. Nationally there are programmes available but not locally. Manchester Metropolitan University (MMU) are apparently starting to bring some to Cheshire and Total People will start to offer some Level 7 apprenticeships.

### **Stockport Model**

- 5.30 Stockport is similar to Cheshire East as it has a small NEET pool with good outcomes for school leavers and parents encouraging their children to do to university. This means that Stockport MBC has to work hard to attract quality young people into their Apprenticeships. Stockport also has to compete with other local public service providers, such as, Stepping Hill Hospital and the Fire and Rescue Service who will also be required to reach the Governments 2.3% apprentices target; Cheshire East will also experience this with two acute trusts and Cheshire Police and Cheshire Fire and Rescue services. Stockport does not have many large employers and local jobs are mainly provided by SMEs. This is attributed to Stockport's proximity to Manchester city centre with good transport links attracting many residents, particularly skilled young people, into the centre and away from jobs in Stockport. Stockport currently has 7.5% of its 16-17 year old residents in an apprenticeship. This is higher than both the North West and National averages.
- 5.31 As part of the Association of Greater Manchester Authorities (AGMA), Stockport Metropolitan Borough Council (MBC) is encouraged to use the AGMA way of working, with a preferred list of Apprenticeship training providers as part of its workforce development tendering process. Most of the training providers available to Stockport MBC mainly offered business admin training and the AGMA authorities would require them to bid to provide training for their apprentices.

- 5.32 Like Cheshire East, Stockport is currently paying its apprentices minimum wage based on age. Some AGMA authorities were known to be paying the national living wage for their Apprenticeships; however this was considered to be too high and unnecessary to be competitive in the market. It was considered appropriate to pay above the current minimum for apprenticeships as it encouraged more young people to consider a apprenticeship, particularly those who are from poor backgrounds whose families' working tax credits are affected by them being in work (which is not the case for students at university or other full time education).
- 5.33 All apprentices at Stockport Council are managed as a pool centrally by the 14-19 Services department. The Council is structured so that all admin is provided centrally and each directorate receives support services from the centre. Business Admin apprentices are 'loaned' to directorates on a flexible basis as and when needed. This helps to cover gaps in the workforce (e.g. due to sickness or maternity) and enables apprentices to gain experience in a variety of areas. There is also a similar pool of apprentices for schools support.
- 5.34 Like Cheshire East, apprentices are also encouraged to take part as ambassadors for the Council in schools and are involved in the advertising and promotion of apprenticeships on a wider basis across the borough. They are also required to spend time staffing the Apprenticeships Store which helps to control running costs and enables them to experience working with employers and advising young people. Peer mentoring is popular with the youth attendees at the store.
- 5.35 Stockport also employs some apprentices working for Stockport Homes, the arm's length social housing provider as Building Apprentices on construction contracts.
- 5.36 All Level 4 and 5 apprentices had had good outcomes in the Council e.g. full time employment or Higher Education. The outcomes of the Level 2 and 3 apprentices were also positive, with 80% progressing onto some form of employment.

### **The Stockport Apprenticeships Store**

- 5.37 Stockport MBC owns and operates an Apprenticeships Store which is located centrally between the Town Hall and the Railway station. It is next door to a building which houses of Children's Services – Services for Young People (formerly Connexions Service). This enables joint working and easier access for young people and parents.



- 5.38 The store supports people looking for an apprenticeship as well as advising on employability skills and other options available to them. The Service matches what vacancies are available with the pool of young people who were looking for work.

- 5.39 The Job Centre Plus (JCP) also hosts a session once a week at the venue for people looking for work. The JCP team refers people to the Apprenticeships Store and there is training at the store provided by JCP advisors.
- 5.40 Employers use the store to advertise positions and access advice about recruitment and training. There are also facilities for employers to use for interviewing and staff at the store can support this. The Store is used by a lot of SMEs who do not have the experience or resources to recruit young people.
- 5.41 The Store is promoted online with a website and high use of social media – twitter, webchat, etc. Staff work closely with the Greater Manchester Chamber of Commerce and Federation of Businesses.
- 5.42 The Store was set up initially with Grant funding. It is maintained by part funding from the Council, and Service Level Agreements with schools and college. There is match-funding in kind through staffing from Job Centre Plus and training providers (however the store remained provider neutral).
- 5.43 There is no charging for any of the Apprenticeships Services as charging was seen as a deterrent and the main aim of the service was to provide better outcomes for young people and local businesses.

#### **The Supported Apprenticeships Scheme for Children in Care, Care Leavers, Young Carers, Special Educational Needs and Disabilities Learners**

- 5.44 Stockport MBC also provides a training and work placements scheme, similar to Cheshire East Council's Cygnet scheme, to some of its looked after children. The Service currently has 16 care leavers on placements with local businesses (mostly in vocations such as car mechanics, sport/leisure and beauty). The care leavers are provided with a one year contract on a Level 2 scheme with 30 hours a week on minimum wage for their age. The cared for children are employed by the Council but work for the local businesses which include some local charities. Employers have access to a liaison officer to monitor the progress of the young people and deal with any issues that arise. The employers have a good relationship with the Council and understand the needs and challenges of working with cared for children. The care leavers continue to liaise with their social worker and safeguarding measures are in place. There are some good examples of where these placements have given cared for children good prospects for progression, however there are also some who have failed to see out their contract due to challenging personal circumstances.

#### **Crewe and Macclesfield Pledges**

- 5.45 The Group met Trevor Langston from South Cheshire Chamber of Commerce to discuss the Crewe and Macclesfield Pledges. The Macclesfield Pledge was launched during this review on 3 February 2016. The Crewe Pledge has been running since March 2015 and has been successful in bringing businesses together to provide young people living, studying or working in Crewe with opportunities to develop employability related skills and personal qualities. There was also interest from Poynton, Wilmslow and Congleton in setting up similar local pledges as well as interest from Cheshire West.



- 5.46 The Pledges are hosted by South Cheshire Chamber of Commerce and supported by the Macclesfield and Congleton Chambers. South Cheshire is the only one of the three that has accredited chamber status which enables it to bid for National Funding therefore was made the accountable body for the pledges. The Pledges are able to bid for funding from the Local Enterprise Partnership (LEP).
- 5.47 Apprenticeships are a big part of the pledges but not the only element. It is important to get local schools involved in pledges; there has been a lot of engagement from schools and colleges in Macclesfield and Crewe. The Pledges introduce employers to training providers to help them set up apprenticeship schemes. Targets for the Pledges are linked to the Council's targets about the number of apprenticeship and in relation to NEETs in the Borough, and Trevor liaises with officers of the Skills and Growth ASDV.
- 5.48 The Crewe Pledge is linked to proposals from South Cheshire Chamber to set up an Apprenticeship Store in Crewe by bidding for Capital funding from Cheshire and Warrington Enterprise Partnership of £100k. The store would also be for supporting businesses as well as young people based on a similar model to the Stockport Store.

## **6.0 Conclusions**

- 6.1 This review has come at a time of considerable change to the apprenticeships landscape and there are still a lot of rules, regulations and guidance that need to be published before the full implications for the Council can be understood and prepared for.
- 6.2 However it is clear that the Apprenticeship Levy and Public Sector Apprenticeship Target are going to create additional costs for the Council and the need for some structural changes. At current employment levels the Council is going to need approximately 65 apprenticeship positions by April 2017, 19 more than the current level.
- 6.3 With limited opportunities available due to reducing budgets and a shrinking workforce the Council needs to have clear plans in place for the progress of its apprentices, including assisting them to find positions outside the Council. The Group suggests that when departments express an interest in taking on an apprentice there should be a clear onward plan for the apprentice prepared.
- 6.4 If the Council is unable to offer an apprentice a full time job in the authority then it should ensure it supports apprentices to secure them external opportunities. This could be achieved through the Council's links with partners or local businesses. The Group feels that in order to help apprentices go on to attain FTE (full time employment) the Council should engage with employers who would benefit from access to young people who have been given excellent experience in a high quality scheme run by the Council, potentially through links with the local Pledges.
- 6.5 The Council needs to make sure that the apprentices each department employs are provided with accredited training and support and are not treated as low skilled cheap labour as described in Ofsted's report. In order to increase the number of apprentices at the Council there needs to be real positions for them to take up at the Council.

- 6.6 The Council needs to ensure there is a pathway for our young people to make them work ready in order to benefit the local economy, particularly our SMEs who may not have the resources to train and develop their own workforce.
- 6.7 It is suggested that designated officers within the Council's Workforce Development Team should be responsible for accessing the Apprenticeship Levy and managing spend, as opposed to individual managers having to learn the system and access it.
- 6.8 The Task Group suggests that in order to ensure the levy is managed effectively, the Council achieves its 2.3% quota, and that apprentices are employed in the right places, provided with support and helped to progress at the end of their contract; this should all be managed centrally within HR. All apprentices would be employed by HR and departments would apply to HR for an apprentice.
- 6.9 This could be funded by top slicing funding from departmental budgets where apprentices could be employed and then requiring departments to apply for an apprentice. This would enable more departments to take on an apprentice. It would enable a comprehensive induction to the authority and provide more flexibility for departments to take on apprentices for limited periods of peak activity, enabling apprentices to experience multiple roles and ensuring they are always contributing to the needs of the Council. This is a similar model to the one which Stockport MBC operates.
- 6.10 There is a concern that the Apprenticeship Levy may be replacing the various existing funds that are available to local authorities for apprenticeships, training and personal development. The levy will only partially cover the cost of training courses, meaning the Council will still have to find funding for part of the training. The Council will incur increased costs through additional wages of additional apprenticeship posts and administration costs of the levy.
- 6.11 However the Council should aim to benefit from having more skilled young people in the workforce. The Council should be seeking to employ the best local young people to secure a highly capable workforce with skills in relevant areas for delivering high quality services in the long term. Vacancies need to be advertised early in the academic year to ensure young people have the opportunity to consider an apprenticeship at the Council before they make an alternative decision.
- 6.12 It is suggested that Memorandums of Understanding should be developed with potential Training Providers and Colleges/Universities to form a list of preferred providers for training in future. This should help to smooth the procurement process for setting up contracts to access the levy and enable the Council to negotiate better rates for training. This list of preferred providers would also improve the Council's use of the Digital Apprenticeship Service once it is available and improve contract monitoring, auditing and review.
- 6.13 It is clear that some departments are not appropriate for employing an apprentice. For example, apprentices should not be expected to be employed in social care and some children's service roles due to the nature of the environment and the skills and maturity required. However the Group wants to ensure that as many departments as possible contribute to the supply of apprentices.

- 6.14 The Group also wants to consider how more high level apprentices and degree courses for new and existing employees could be created. However there is a need to consider the value of these apprenticeships to the Council against the potential higher costs of salaries and training, and the length of time required to complete them.
- 6.15 The Council needs to ensure it provides opportunities for young people experiencing challenging circumstances as a Corporate Parent. The Cygnet Pathway should be looked at to consider how it can be made sustainable and ensure it is providing opportunities that care leavers and young people with SEND are interested in and provide them with real prospects for the future.
- 6.16 The Task Group was very impressed with the Apprenticeship Store in Stockport and is interested in the potential of setting up such stores here in Cheshire East. The Task Group is pleased that the Chambers of Commerce, through the Pledges, are looking at options for an initial store in Crewe however the Group would like to see this located somewhere that will maximise accessibility via local transport links and enable joint working with other services (e.g. the Council's Youth Engagement Hub).

## **7.0 External Apprenticeship Provision**

- 7.1 Although the Task Group's remit for this review has been focused on the Council's internal arrangements for apprenticeships there have been several occasions that the Group has considered how the issues raised in relation to the Council will affect apprenticeship provision across the Borough. This section has been included in the report to document those issues and state the Task Group's recommendation that a further scrutiny task and finish group be established to build on what has been done here to look at apprenticeships across Cheshire East in more detail.
- 7.2 There are many local organisations and businesses that will be effected by the changes in legislation and funding of apprenticeships and the Council has a responsibility to support the SMEs that may not have the resources or time to effectively understand and manage the changes that they need to make or how they could benefit from creating apprenticeships in their business. The task group would be able to look at how the Council, as an exemplar for apprenticeship provision, could encourage businesses in Cheshire East to grow apprenticeship provision to ensure the Borough is contributing effectively to achieve the Government's target of three million apprenticeship starts by 2020.
- 7.3 Ofsted's Report has suggested that schools need to support young people more who want to do an apprenticeship. The Group has also read that other local authority scrutiny bodies have made recommendations previously that schools need to do more. A further scrutiny review should consider how schools and colleges are being engaged in promoting apprenticeships and what more could be done to support this.
- 7.4 The task group would have to work closely with the Council's latest ASDV, the Skills and Growth ASDV, to look at how they are developing the image of apprenticeships and working with local businesses and training providers to ensure there are apprenticeships in the Borough's leading industries to ensure local young people have the opportunity to get the best local jobs.

- 7.5 The task group could also follow up on the Crewe and Macclesfield Pledges and consider further how apprenticeship stores could be established in the Borough.

## **Appendices**

- A- Terms of Reference
- B- References and links to background docs

**Appendix A – Terms of Reference****Scrutiny Project Initiation Document**

Project Name:	Cheshire East Council Apprenticeships Task and Finish Group
Project Manager	James Morley
Project Team	Jon Weston, Liz Durham, Brian Roberts
Supporting Officer	Peter Cavanagh, Sue Malec, Steve Belairs
	Lisa Burrows, Sara Barker
Timescales	October 2015 – March 2016
Distribution:	Project Team, Portfolio Holders, Supporting Officers, Heads of Service,
Purpose of this document:	To document the reasons for undertaking the project, to define the project and to form the basis for its management
Project Initiator	Jobs Regeneration and Assets Overview and Scrutiny Cttee

**Background & Reasons for undertaking the project**

The Government has set a target of three million apprenticeships nationally during this parliament. There is also an Enterprise Bill which is currently being considered which will include a quota for the number of apprenticeships provided by public organisations and a levy on all organisations to fund apprenticeships. Ofsted recently published a report into apprenticeships which concluded that many apprentices currently being provided are a low standard which do not provide long term employability skills or meet the skills needs of the economy. New standards for apprenticeships will be set. The Council needs to fulfil its responsibilities to providing apprenticeships as well as encourage organisations across the Borough to do their part. The Task Group will consider how the Council can be best practice and increase its number of apprenticeships to lead other organisations in the Borough by example.

**Project Objectives**

- Increase the number of apprenticeships provided by the Council
- Make the Council a model of best practice in the employment of apprentices and achieve a high retention rate

**Project Scope**

The Task Group will consider the internal arrangements for apprenticeships in the Council, where posts are located, how they are funded, what training they receive, what roles they fulfil in their duties and how they are recruited. The Task Group will consider how

improvements to the current system can be made and where additional apprenticeship posts can be added/are needed.

### **Project Deliverables/Outcomes**

The Task Group will produce a report documenting its findings, conclusions and recommendations to be considered by Cabinet and MGB, including an action plan and suggested timescales for implementation.

## Appendix B – References and Links to Background Documents

1. National Apprenticeship Service – [www.apprenticeships.gov.uk](http://www.apprenticeships.gov.uk)
2. The Future of Apprenticeships in England: Implementation Plan -  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/253073/bis-13-1175-future-of-apprenticeships-in-england-implementation-plan.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253073/bis-13-1175-future-of-apprenticeships-in-england-implementation-plan.pdf)
3. Skills Funding Agency - <https://www.gov.uk/government/organisations/skills-funding-agency>  
Apprenticeship Frameworks -  
<https://www.gov.uk/government/publications/apprenticeship-frameworks-live-list>  
Apprenticeship Frameworks Funding Rules 2016 to 2017 -  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/496196/Combined\\_Framework\\_Rules\\_FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/496196/Combined_Framework_Rules_FINAL.pdf)  
Apprenticeship Standards -  
<https://www.gov.uk/government/collections/apprenticeship-standards>  
Apprenticeship Standards Funding Rules 2016 to 2017 -  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/496151/Apprenticeship\\_standards\\_funding\\_rules\\_2016\\_to\\_2017\\_FINAL\\_v2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/496151/Apprenticeship_standards_funding_rules_2016_to_2017_FINAL_v2.pdf)
4. Enterprise Bill – <https://www.gov.uk/government/collections/enterprise-bill>  
Institute of Apprenticeships Factsheet -  
<https://www.gov.uk/government/publications/institute-for-apprenticeships-enterprise-bill-factsheet>  
Apprenticeship (data sharing and spending) Factsheet -  
<https://www.gov.uk/government/publications/apprenticeships-data-sharing-and-spending-enterprise-bill-factsheet>  
Public Sector Apprenticeship Target Factsheet -  
<https://www.gov.uk/government/publications/public-sector-apprenticeship-targets-enterprise-bill-factsheet>  
Make Apprentice a protected term Factsheet -  
<https://www.gov.uk/government/publications/make-apprentice-a-protected-term-enterprise-bill-factsheet>
5. Apprenticeship Levy - <https://www.gov.uk/government/publications/apprenticeship-levy/apprenticeship-levy>
6. English Apprenticeships 2020 Vision -  
<https://www.gov.uk/government/publications/apprenticeships-in-england-vision-for-2020>
7. Ofsted Report Apprenticeships: Developing Skills for Future Prosperity -  
<https://www.gov.uk/government/publications/apprenticeships-developing-skills-for-future-prosperity>

8. Worcestershire County Council Scrutiny Report -  
[http://www.cfps.org.uk/domains/cfps.org.uk/local/media/library/2014\\_02\\_apprenticeships\\_report\\_final.pdf](http://www.cfps.org.uk/domains/cfps.org.uk/local/media/library/2014_02_apprenticeships_report_final.pdf)
9. Southampton Scrutiny Report -  
[http://www.cfps.org.uk/domains/cfps.org.uk/local/media/library/apprenticeship\\_inquiry.pdf](http://www.cfps.org.uk/domains/cfps.org.uk/local/media/library/apprenticeship_inquiry.pdf)
10. Sunderland Scrutiny Report -  
[http://www.cfps.org.uk/domains/cfps.org.uk/local/media/library/delivery\\_of\\_apprenticeships\\_in\\_sunderland.pdf](http://www.cfps.org.uk/domains/cfps.org.uk/local/media/library/delivery_of_apprenticeships_in_sunderland.pdf)
11. Cheshire East Council A\* Apprentices -  
[http://www.cheshireeast.gov.uk/jobs\\_and\\_careers/apprenticeships\\_a-team/apprenticeships.aspx](http://www.cheshireeast.gov.uk/jobs_and_careers/apprenticeships_a-team/apprenticeships.aspx)
12. Skills and Growth ASDV Report Dec 2015 -  
<http://moderngov.cheshireeast.gov.uk/ecminutes/documents/s44107/PH%20report.pdf>
13. Total People Website - <http://www.totalpeople.co.uk/>
14. Stockport Apprenticeships and Store -  
<http://www.stockport.gov.uk/services/education/educationtrainingandemployment/apprenticeships/?view=Standard>
15. The Crewe Pledge - <http://thecrewepledge.co.uk/>
16. The Macclesfield Pledge - <http://www.macclesfieldpledge.co.uk/>

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