

Adults and Lifelong Learning Select Committee

11 October 2018

Surrey County Council Apprenticeship Strategy

Purpose of report:

This report provides an overview of how Surrey County Council's is fulfilling its responsibilities in respect of the Apprenticeship Levy which was introduced by Central Government in April 2017.

The report outlines how the Council is responding to the requirements of the Levy by embedding a high quality training offer for apprenticeships that increases diversity within the workforce.

It also explains how the Council will establish apprenticeships that create and retain the skills and experience necessary to ensure the workforce is able to respond to future changes in the way that local government services are delivered.

The report focuses on the Council's **internal** apprenticeships training programme and does not consider the wider picture among Surrey employers.

Introduction:

What is the Apprenticeship Levy?

1. Research conducted in 2015 demonstrates that stagnant productivity can partially be explained by the fact that the UK places a lower emphasis on vocational education and skills development than many other countries.¹ Furthermore, research by the UK Commission for Employment and Skills (UKCES) has shown that Britain also has a significant skills gap, identifying 209,000 vacancies which were proving hard to fill due to applicants lacking the requisite skills. UKCES found that a further 1.4 million employees lack some of the skills that they require to be fully proficient in their existing role.² The Government has identified apprenticeships as a means to address the skills gap and boost productivity by developing vocational skills.
2. It is thought that without Government intervention employers would not voluntarily invest an economically optimal amount in training.³ The **Apprenticeship Levy** has therefore been introduced as a mean of encouraging employers to commit resources to developing the skills and experience of their workforce in order to boost productivity and reduce the skills gap by increasing the number and quality of apprenticeships. The Levy is set to raise £3 billion a year (£2.5 billion for England), helping to fund the Government's target of three million apprenticeships by 2020.⁴ It has also been shown that apprenticeships offer more choice to individuals in how they pursue their future career by providing an alternative route for those who do not wish to go to university. Apprenticeships enable people to gain skills, experience and qualifications within

¹ National Audit Office, *Delivering value through the apprenticeship programme*, September 2016, page 7

² UK Commission for Employment and Skills, *Employer Skills Survey 2015: UK Results – Evidence Report 97*, January 2016

³ *Delivering value through the apprenticeship programme*, page 7

⁴ *Ibid*, page 8

specific industries or sectors through practical experience without accumulating the debt which often accompanies a university education.

3. The Department for Education (DfE) has overall responsibility for apprenticeships and has created the **Institute for Apprenticeships** which is responsible for regulating the quality and delivery of the training offer for apprentices funded through the Levy.
4. The Apprenticeship Levy is charged at a rate of 0.5% of the pay bill against all UK Employers who have a total annual pay bill in excess of £3 million. It is paid monthly to HMRC through PAYE returns. Levy contributions are placed in a central pot and employers who pay the Levy can apply for funding from this in order to pay apprenticeships across their organisation receiving a 10% top up from Government.⁵
5. Employers who are committed to training will therefore be able to get back more than they put in by training sufficient numbers of apprentices. Funding from the Apprenticeship Levy can only be used to pay for the training and assessment of apprentices and can't be used to pay for other costs associated with apprentices such as wages, travel and subsidiary costs or set up costs for an apprenticeship programme.

What is an Apprenticeship Standard?

6. Apprenticeship standards describe the occupational profile linked to the knowledge, skills and behaviours that bring full competence in a particular occupation. They describe how an apprentice can demonstrate mastery of this occupation by the end of the apprenticeship. The standard itself is a short, concise document containing a clear occupational profile setting out the responsibilities of the occupation and linked to the knowledge, skills and behaviours which will be applied in the workplace. The recently created Institute of Apprenticeships administers all Standards. All Standards are now required to have an End Point Assessment, carried out by an independent assessment organisation that ensures high quality grades (fail, pass, merit, distinction).
7. The standards are proposed, designed and delivered by employers to equip apprentices with the knowledge, skills and behaviours they need to succeed in their occupation. Employers are in the best position to determine when a new apprenticeship standard is required, as they understand where skill gaps lay and also what type of training will make the most sense for their industry, these are referred to as Trailblazers. The Council is currently engaged with trailblazers for: Social Worker Degree, Occupational Therapist Degree, Assistant Educational Psychologist Degree, Lead Practitioner in Adult Care, Leader in Adult Care and Business Administration.

Implications of the Apprenticeship Levy on Surrey County Council

8. Apprenticeships offer people a structured and supported training programme that gives them a chance to work towards a recognised qualification. It helps people gain the skills, knowledge and behaviours needed to succeed in their chosen career. This type of "hands-on" training gives apprentices a real chance to put their skills into practice and to gain more confidence in a working environment.
9. Surrey County Council (the Council) offers a wide range of jobs and opportunities and is an excellent starting point for those leaving school or college and looking for their first job, those that may wish to switch careers or those considering returning to work after a break.

⁵ *Ibid*, page 8

10. As a leader of public services and as the largest employer in the area, it is important that our workforce is representative of the communities we serve. Within the Council, currently 5% of the Council's workforce is aged under 25. Attrition rates are the highest among this age group, indicating that while the Council is able to recruit staff within this age group, it has difficulty retaining them. Research indicates continuing net outflow of young people from the county as they seek opportunities elsewhere. The challenges for finding work are particularly acute for young people aged 18-24 as they try to compete in the labour market against more experienced candidates. Whilst unemployment levels are relatively low in Surrey, they are amongst the highest in this age group. Offering good quality apprenticeship opportunities that provide an entry and development route, and a competitive salary is vital if the Council is to attract and retain young people within the organisation. Those leaving care have been identified as a particular group who find it hard to enter the labour market. It is especially difficult for those who have not had the opportunity and the ability to navigate the complexities of finding and sustaining work.

Age Profile broken down by Directorate						
Age	Health, Wellbeing & Integration	Children, Families & Learning	Highways, Transport & Env	Customer, Digital & Transform	Finance, Legal & Demo Services	SCC
13 – 19	0%	0%	0%	0%	3%	1%
20 – 24	3%	6%	3%	3%	4%	4%
25 – 29	5%	10%	5%	6%	5%	7%
30 – 34	9%	12%	9%	10%	6%	10%
35 – 39	10%	13%	13%	14%	7%	12%
40 – 44	12%	12%	14%	13%	9%	12%
45 – 49	14%	12%	17%	15%	11%	14%
50 – 54	17%	13%	18%	15%	15%	15%
55 – 59	15%	11%	11%	12%	17%	13%
60 – 64	10%	7%	6%	7%	14%	8%
65 – 69	3%	2%	3%	2%	5%	3%
70 – 74	1%	1%	1%	1%	2%	1%
75 +	0%	0%	1%	0%	1%	0%

Table 1: Surrey's work force age profile as of 31/07/2018

11. Surrey County Council is required to commit £170,000 a month to the Apprenticeship Levy (£100,000 for non-schools and £70,000 for schools) which equates to a **total annual spend of £2,040,000**. Public Sector organisations also have a minimum target to have 2.3% apprentices and/or sponsored qualification starts each year based on their headcount. For the Council this equates to a target of **218 apprenticeship starts each year for non-schools and 389 for schools** based on current headcount figures.
12. To date, the Council has delivered 151 apprentices achieving 69% of its non-schools target since the Levy was introduced in April 2017 placing it in the top 15 of local authorities on meeting its public sector target. It is estimated that, by the end of the year the Council will have spent £809,258.77 of its annual non-schools target of £1.18 million.

13. All Local Authority-maintained schools have been contributing to the apprenticeship Levy, however, the take up by schools has been modest. Whilst there has been some interest, feedback from schools contributing to the Levy indicates that the Apprenticeship Standards currently approved for delivery only go so far as to address the core recruitment and retention needs of the education sector. Feedback also included that the conditions attached to the Levy funding are viewed by some as prohibitive (with 'better' options available in some key areas, for example: teacher training).
14. Recruitment and retention is a significant issue in schools across the country. There is a shortage of teachers, particularly in subjects such as maths and the sciences, and arguably of specialist staff (including teaching assistants) able to meet the needs of pupils presenting special and additional educational needs. The significant increase in demand for Education Health and Care Plans suggests Special Educational Needs specialism is a key need. The apprenticeship Levy should be a vehicle for meeting such need in the sector. However, some colleagues in schools feel the available qualifications are of limited value in this regard which has affected perception of and engagement with the Levy.
15. Apprenticeships provide the Council with an opportunity to address some of the specific challenges that it currently faces, not least the fact that it has an ageing workforce. Recent research by the HR Team has shown that a quarter of the Council's workforce will have reached retirement age by 2028. In fact 67% of those employed by the Council are over the age of 40. It is vital to ensure that the Council has the means of attracting young people to apply for vacancies and providing them with the skills and knowledge to create a workforce that is capable of responding and adapting to the changing landscape of public sector service delivery. Apprenticeships are a major source of younger applicants to the Council and offer a formal route for developing a specific skillset. Furthermore, Apprenticeships also provide an opportunity to enhance the Council's reputation as an employer of choice and can help to provide defined career opportunities for disadvantaged groups.

Opportunities

16. The Council has an opportunity to enhance its reputation as an employer of choice and providing career opportunities to disadvantaged groups. To date, apprenticeships within the Council predominately provided entry opportunities for young people to undertake a Business Administration and Customer Service qualification and develop their skills for higher level roles. This approach to recruitment has primarily been reactive rather than a planned strategic approach. It is reliant on individual service managers identifying opportunities and who are willing to take on an apprentice.
17. A more robust approach to the use of vacancies and job creation is required. The number of new apprentice starts needs to be reflected in workforce development projects on what the future need is likely to be. Priority will be given to apprenticeships for young people, with a specific focus upon skill shortages, disadvantaged young people, including care leavers, and those not in education, employment or training.
18. A recent new entry apprentice recruitment campaign was not successful (lack of vacancies, low numbers of applicants). There is an opportunity to go out to recruit again, aligned with Schools and other organisations (e.g. Job Centre Plus, Care Leavers, young people not in education, employment or training (NEETS), mental health organisations, ex-military etc) with better promotional activity and understanding of vacancies within SCC. There are currently 94 Full Time Equivalent (FTE) apprentice

positions in the Council's organisational structure. There is an opportunity for vacant position to have apprenticeship qualifications attached to the role and for new recruits to be hired at a lower salary, creating savings, until qualified.

19. The teaching apprenticeships is now ready for delivery (as of September 2018) and schools are starting to use it as a way of training/recruiting new teachers. For example, the NW Short Stay School is in the process of taking on a teaching apprentice with the Guildford Education Partnership as a training provider (to be confirmed). The teaching assistant apprenticeship has also come online, which provides further continuous professional development opportunities for the schools workforce. With the growth of sector-led provision, schools – particularly groups and larger secondaries – are looking to grow in-house capacity by developing skills in areas such as IT, HR and Business Administration. There are a number of approved apprenticeship standards within these fields.

Upcoming activity:

20. A business case for apprenticeships to be exempt from the current recruitment restrictions has been approved. This will allow the Council to regard apprenticeships as a viable option to recruit to vacant positions. The Career Development Team is working with hiring managers, Apprenticeship Champions and Workforce Development leads in each Service to review vacancies and a workshop programme has been put in place over the next three months to achieve this.
21. After a comprehensive review of vacancies mapped to available and relevant Apprenticeships has taken place, a new recruitment campaign will be launched in late February 2019 together with key stakeholders (e.g. NEETs, SEN, disability organisations, Care Leavers, ex-military, ex-offenders, Job Centre +, Youth Centres and School Cadet organisations). New promotional material has been commissioned that promotes the diverse career opportunities within the Council that will be used at any recruitment days, schools events and career fairs across the county.
22. The Learning & Development Team Service Partners will be conducting a Learning Needs Analysis with each Service and the relevant workforce leads in the fourth quarter 2018. Skills that will be important for the Council to have over the coming years will be identified at this time and the Career Development Team will identify suitable Apprenticeships to meet the needs, where possible.
23. Colleagues in the Schools & Learning and Communications teams are developing a targeted communications campaign to ensure Schools are able to capitalise on areas of interest:
 - reminding all schools of the list of available qualifications and process for applying for funding;
 - promoting qualifications that are most relevant/of interest to schools;
 - timing communications to coincide with schools' appraisal/continuous professional development and recruitment cycles;
 - the Government has just revamped its apprenticeship offer for schools which will support local engagement with schools;
 - Links have been established with key partners, including the Schools Forums, FE sector and Surrey's Initial Teaching Training Network to ensure all available channels are used to promote Apprenticeship Levy opportunities and that, where possible, communications are developed in partnership

24. A Quality Assurance Review will be taking place in January 2019 in anticipation of the first cohort of apprenticeships completing their qualifications in March 2019. A quantitative success measure would be against the 2.3% public sector workforce target coupled with Levy spend. However, a qualitative success measure will be used to collate apprenticeship experience, programme completion, progression to higher levels and subsequent achievement of secure relevant employment. This will enable the Council to have a full picture of the success of its apprenticeship programme.

Issues:

25. The delivery of the social worker degree and other care standards is taking longer than anticipated. There are concerns about the length of time before standards are ready for implementation and this issue has been raised with the Institute of Apprenticeships. There is also a national sense that the lack of Level 2 standards for young people is a major concern. The number of young people applying for apprenticeship positions has fallen, due to the lack of availability of appropriate level standards and the new requirement for level 2 English and Maths as a minimum qualification attainment to begin an apprenticeship.

26. The Levy has displaced budgets for other essential forms of skills development, risking future growth and productivity so it is imperative to include other accredited quality training is in the scope of the funds. Unless the Levy is less restrictive in terms of what form of training it can be used for, the Council will still need to use existing internal training budgets to meet compliance needs of services. Having a large Levy pot does not mean that the Council can commission basic business as usual needs.

27. Current and recent restructuring activities within the Council, the need for significant fiscal savings and the requirement of apprenticeships to have 20% off-the-job training has meant the appetite for recruiting apprentices has dipped. A series of apprenticeship recruitment workshops, coupled with apprenticeships being exempt from recruitment restrictions, aims to address manager concerns and to provide information and guidance on recruiting apprentices. These workshops will take place in October, November and December 2018.

28. There is a need for Ofsted to change the way it measures the success of a school. The current measure the success which excludes apprenticeships seriously undermines apprenticeships being recognised as a viable and alternative route to university. Careers advice for those leaving school can still be heavily biased towards universities. Current funding levels also mean that many schools have poor careers advice available as it is. Anecdotal evidence suggests that many students will more likely have a favourite teacher who will provide their greatest source of advice and once more teachers have come through the new teaching apprenticeship, more should hopefully be encouraging their own students towards apprenticeships.

Conclusions

29. Apprenticeships need to be embedded in a workforce planning approach with clear service benefits as part of a long-term strategy on workforce growth and skills development.

30. Provide clarity to managers about the role that apprentices play in the Council, job design which ensure on and off-the job learning and development and a shared understanding of how they will be supported and by whom. A series of workshops regarding recruiting an apprentice will cover these aspects.

31. Develop clear entry routes into the organisation for young people. Apprenticeships can provide an opportunity, however, without the right support mechanisms and basic employability skills in place, many, such as care leavers, find it difficult to sustain and complete an apprenticeship. Traineeships and work experience placements can be an effective way of sourcing and preparing the next generation of apprentices for the Council. The Career Development Team are working with Surrey Adult Learning to create a training package for work experience placements and traineeships. The aim is to provide skills and learning to the individual and raise their confidence in a work environment, effectively preparing them for an apprenticeship.
32. The Council is committed to the continued expansion and development of all apprenticeship programmes within the Council and the County. Creating a strong and prosperous Surrey that is resilient and resourceful can only be achieved if we have a highly trained, engaged and flexible workforce and can continue to attract young people.
33. Apprenticeships contribute to creating opportunities for young people and, by providing a framework for the whole workforce to undertake relevant qualifications and/or re-train, raising skills, knowledge and aspirations.
34. The Government's "Vision for Apprenticeships 2020" has continued to highlight the value of apprenticeships to economic prosperity. The apprenticeship reforms have called for a substantial rise in the number of apprentices. The Council has a responsibility to help create this opportunities both as an employer and as a strategic leader.

Recommendations:

It is recommended that the Adults and Lifelong Learning Select Committee notes efforts by the Council to recruit and retain apprentices in accordance with the specifications of the Government's Apprenticeship Levy.

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Annexes:

None

Sources & Background Papers:

National Audit Office, *Delivering value through the apprenticeship programme*, September 2016

UK Commission for Employment and Skills, *Employer Skills Survey 2015: UK Results – Evidence Report 97*, January 2016

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