

# Highways and Growth Select Committee

18 October 2018



## Surrey Employment and Skills Board

### Purpose of report

1. To respond to the interest of the Highways and Growth Select Committee in understanding how the Council works with local businesses and partners to address skills gaps and future workforce demands in Surrey.

### Introduction

2. The report briefly outlines the work of the Surrey Employment and Skills Board (ESB) and covers the background, aims and strategic impact of this initiative in addressing the skills challenges facing Surrey employers from the perspective of key stakeholders, from both public and private sectors.
3. The Surrey Employment and Skills Board (ESB) was established by Surrey County Council in 2013, to provide a collective voice of employers on skills issues that impact the economic growth and productivity of Surrey's public and private sector organisations.
4. The ESB aims to bring together expertise, knowledge and experience in Surrey to influence the skills agenda within a landscape that is rapidly changing and challenging for employees. Recently the focus has been on major initiatives such as the apprenticeship levy (**Annex 2**) and T-levels (**Annex 3**). It is a platform to collectively discuss and develop employee-led solutions to help address the growing skills needs and highlight gaps in local education and workforce training provision from the perspective of employers.
5. The board is chaired by Bob Pickles, Head of Corporate and Government Affairs, Canon (UK) Ltd, with representation, at a senior level, from the Surrey business community, Local Enterprise Partnerships (LEPs), Surrey County Council, Districts and Boroughs, Higher and Further Education, Surrey Head teachers and NHS representative (**Annex 1** for a list of members and representative bodies). All board members volunteer their time to participate in ESB activities, including attending quarterly meetings. See **Annex 4** for the ESB Terms of Reference.

6. The county council's Chief Executive has been a member of the board since it was established and both the Leader, Cllr David Hodge and Deputy Leader, Cllr John Furey are advocates of the ESB, including creating a new post (0.8 FTE) to facilitate the delivery of ESB initiatives for the period Feb 2018 – Feb 2020. Having this dedicated resource has meant that the ESB can quickly react and investigate employer-led skills issues in order to create proposals and solutions to share with both the LEPs and Government.
7. The aim of the ESB is to be the voice of Surrey employers in working with the government to develop solutions to improve workforce skills to meet future demands and enable increased productivity and growth by:
  - a.) representing the skill needs of Surrey employers to influence government policy; and
  - b.) facilitating better relationships for local employers with key skills stakeholders including education/training providers, local people and relevant skills organisations.

### **The Work of the ESB**

8. Recently the ESB has focused on the following initiatives and this work will continue during 2019:
  - a.) Responding to Government consultations – providing a collective view on skills and employment issues for Surrey on inquiries such as T-levels and careers and education information advice and guidance and [**Annex 3**].
  - b.) Working with the Local Enterprise Partnerships to articulate Surrey skill priorities – the ESB works closely with both Coast to Capital and Enterprise M3 LEPs to balance the needs of Surrey across the two LEP boundaries. We have provided skills advice and steer to both LEPs for the development of the Strategic Economic Plan (SEP) and will increasingly work collaboratively with both as key advisor and skills partner for the Local Industrial Strategies (LIS).
  - c.) Source funding opportunities to conduct initiatives, such as increasing the progression rates of Key stage 5 pupils into apprenticeships. This is a new project with pilot funding from the Higher Education Outreach Network (HEON) and in collaboration with business, training providers and local secondary schools.
  - d.) Delivering business-led intelligence on key skills and employment issues, such as the apprenticeship levy.

## **Challenges and Opportunities for the Board over 2019/20**

### **Challenges**

9. Influencing Government on apprenticeship levy and other major policy initiatives.
10. Expand business representation on the ESB and visibility of ESB work with Surrey employers and local authorities.

### **Opportunities**

11. Collaborate with the LGA on employer-led solutions to debug the Apprenticeship Levy
12. Develop our influencing relationship with C2C and EM3 LEPs as they develop their skills agenda & initiatives for the Local Industrial Strategies
13. Collaborate with skills partners to pilot initiatives on key topics, such as young peoples' progression to apprenticeship, employer engagement with T-Levels, apprenticeship transfer, etc.

### **Case Study: Solutions to Debug the Apprenticeship Levy**

14. A key focus for the ESB Board is currently on the Apprenticeship levy. Since April 2017, all employers with a pay bill of over £3 million, pay 0.5% levy to use on apprenticeship training. The ESB has conducted interviews with Surrey levy payers and identified a set of employer-led solutions to help maximise the value of the levy to build talent pipelines and develop workforce capabilities and skills (see summary report in **Annex 2**).
15. This work has been presented to the Local Government Association (LGA) in a meeting with the Chair Lord Porter. We will continue to work with the LGA to highlight the way that the proposed changes to the operation of the levy could be made to work in Surrey to show the scale of the opportunity and the potential benefits for productivity and growth.

### **Conclusions**

16. The Surrey ESB provide a collective platform to gather intelligence from Board members on future skills needs and gaps; help shape government thinking and policies about skills to benefit Surrey employers; and provide a vehicle supporting local employers in some of the challenges they face with employment and skills.

17. By working in collaboration with other organisations such as the LEPs, LGA and other industry bodies we can stretch our reach and grow our influence.

### **Recommendations**

18. That the Highways and Growth Select Committee:

- a.) Endorses the work of the Employment and Skills Board in providing a collective voice for employers, training providers and local authorities to secure beneficial changes in the wider skills system;
- b.) Helps to develop further relationships with Surrey employers;
- c.) Ensures that sufficient resource is allocated to the Employment and Skills Board (ESB) to guarantee that it can effectively outreach to businesses and partners.

19. That the Employment and Skills Board will:

- d.) Provide an update on progress to the Select Committee in September 2019.

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### **Sources/Background papers and information:**

#### **Appendices:**

**Annex 1** – Surrey Employment and Skills Board Membership

**Annex 2** – Apprenticeship key facts and ESB report: Solutions to Debug the Apprenticeship Levy, Insights from Surrey Levy Payers, 10 September 2018

**Annex 3** – T-Levels: Key Facts and Surrey ESB response to Government consultations Feb 2018

**Annex 4** – Surrey Employment and Skills Board, Terms of Reference, September 2018

## Annex 1: Surrey Employment and Skills Board

Membership includes representatives from:

### a. Surrey business community

Organisation	Member	Job title
Canon UK & Ireland	Bob Pickles	Head of Corporate & Government Affairs, (ESB Chair)
BDO UK LLP	Nick Poulter	Business Assurance Partner
Jellyfish Digital Agency	Rob Pierre	Co-founder & CEO
Federation of Small Business (FSB), and WS Planning & Architecture	Brain Woods	Chair for the South East Region FSB Managing Director
Surrey Chambers of Commerce	Louise Punter	Chief Executive
Institute of Directors (Surrey IoD)	Janet Preston	Education Liaison Officer

### b. Local Enterprise Partnerships (LEPs)

Organisation	Member	Job title
Coast to Capital	Kirsten Trussell	Head of Strategy and Policy
Enterprise M3	Sarah Carter	Head of Skills

### c. Surrey County Council

Organisation	Member	Job title
Surrey County Council	Joanna Killian	Chief Executive
Surrey County Council	Kevin Lloyd	Head of Economic Growth

### d. Districts and Boroughs

Organisation	Member	Job title
Epsom & Ewell Borough Council	Kathryn Beldon	Chief Executive
Guildford Borough Council	James Whiteman	Managing Director
Tandridge District Council	Louise Round	Chief Executive

### e. Higher and Further Education

Organisation	Member	Job title
University of Law	John Watkins	Director of Employability (ESB Deputy Chair)
Brooklands College	Gail Walker	Principal & CEO

East Surrey College	Jayne Dickinson	Principal & Chief Executive
NESCOT	Frances Rutter	CEO & Principal
Association of Learning Providers Surrey (ALPS)	Sue Taylor	Network Manager

- f. **Surrey Head teachers** We are currently seeking a new member
- g. **NHS/Social Care** We are currently seeking a new member

## Annex 2:

### The Apprenticeship Levy - Key facts:

<https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work#pay-apprenticeship-levy>

The apprenticeship levy was introduced in England in April 2017

Employers with a PAYE bill over £3 million pay the levy at a rate of 0.5% monthly (including a £15k levy allowance each tax year); non-levy payers are those with PAYE bills of less than £3 million.

The levy is paid on a monthly basis and is accumulative.

Levy payers can access their levy fund via a digital account and can draw down on their levy contribution (which includes a 10% government top-up) to pay for apprenticeship training with registered providers  
<https://findapprenticeshiptraining.sfa.bis.gov.uk/>

Non-levy paying employers receive 90% government funding and co-invest 10% to pay for apprenticeship training.

Levy funds will expire after 24 months if it is not used for apprenticeship training. For example, apprenticeship levy paid by an employer in May 2017 will expire in May 2019 and thereafter will continue to expire on a monthly basis.

Analysis of data from the Education and Skills Funding Agency, by the Open University, in April 2018, revealed that levy paying employers had only used 8% of the total £1.8 billion levy payments.  
<http://www.open.ac.uk/business/sites/www.open.ac.uk.business/files/files/apprenticeship-levy-one-year-on.pdf>

Latest government statistics, show an overall 30% drop in apprenticeship starts since the levy was introduced.

<https://www.gov.uk/government/statistics/apprenticeship-and-levy-statistics-august-2018>

Time period	Number of apprentice starts
August 2017 – May 2018	315,900
August 2016 – May 2017	457,200

## Solutions to Debug the Apprenticeship Levy Insights from Surrey Levy Payers | 10 September 2018 | Summary

### AIM

**To identify employer-led approaches to reform the operation of the apprenticeship levy to enhance its effectiveness, secure greater involvement of levy paying and non-levy paying businesses in the system and increase the volume and uptake of apprenticeships.**

The proposals set out below reflect the experience of the last 18 months since the levy was launched with many Surrey businesses still struggling to spend their levy pot. They reflect detailed discussions with a sample of Surrey levy payers from both public and private sectors.

The levy is adding value and some firms are using it as a catalyst to kick start their own processes and change attitudes. However, there are significant glitches in the levy design; lack of consistent, comprehensive and practical information and advice and delays in developing some of the core apparatus, particularly standards, which have slowed adoption and inhibited use of the levy.

### PROPOSALS

- 1. Managing the complexity at the start:** Organisations in general are committed to spending the levy but the infrastructure, responsibilities and resources required to set-up and effectively manage the levy are not well understood which has delayed apprenticeship starts.

#### Recommendations:

For future organisations entering the levy, introduce a smaller % of contribution during the 'set up period' (like an auto enrolment), to give them time to build-up and get ready before the first full levy payment is taken.

For current levy payers, enable them to use a proportion of their fund to off-set the resource costs required to establish a quality apprenticeship programme that meets future skills needs, for example, 5% to meet a targeted number of apprentice starts during the first five years.

- 2. Supporting business with Information, Advice & Guidance:**

Apprenticeship training providers' have had to hand-hold businesses through the levy set-up and management and are the 'go to' point of contact for support throughout the process. This is not sustainable.

#### Recommendations:

The current gov.uk website and helpline do not provide the level of advice and support needed. Better digital solutions/apps are required to help business navigate through each stage of the levy process, including practical guidance on 'how to do...' via online tutorials.

Reinvest a proportion of unspent levy funding into practical business support (webinars, workshops etc.), at the local level, facilitated by Industry Federations, Training Providers, and Association of Learning Providers (ALP).

- 3. Overcoming 20% off the job for upskilling existing staff:** 20% off the job training (a prerequisite of apprenticeship standards) is a major barrier for many organisations. Most accept off the job training for 'early careers' but not for upskilling or retraining existing staff. Yet levy payers with large budgets need to spend the levy on existing staff.

**Recommendations:**

Provide greater clarity on what is 'off the job training': it is misconstrued as a day off site per week.

Greater investment in online training tools and apps for apprenticeship delivery to manage the time demands of 20% off the job training alongside employee workload and demands.

Ring fence a portion of the levy to expand the opportunity for wider training including short-term professional courses to meet specific employee and business needs.

- 4. Maximising the levy transfer:** Since July 2018 it has been possible to transfer levy funding (up to a maximum 10%) to multiple other organisations. None of the companies within this study, apart from Surrey County Council, were aware of the option. It has huge potential to support supply chain, local businesses and/or charities as part of their corporate social responsibility.

**Recommendations:**

Increase the transfer funding percentage, e.g. up to 40%, since it is expected that many organisations will have a large underspend, to allow for greater flow of levy funding to help develop and grow vital skills within local communities.

Explore and pilot innovative models of apprenticeship training provision using levy transfer for vital skills needs, e.g. social care, to support local organisations in this sector, for example, creating shared apprenticeship schemes or a brokerage service to build cohorts of learners from different local businesses with the same skill needs.

- 5. Slow the ticking clock:** Many parts of the system are still missing or in need of refinement e.g. apprenticeship standards (including higher levels) are not ready or unavailable locally and some are not fit for purpose and require adaptation to meet business needs.

**Recommendations:**

Extend the levy period by a further 24 months, before funds start to expire, to support the transition between existing frameworks to new standards.

Soften the spending rules, to provide more flexibility, to include all elements that are needed to support the set up and management of an apprenticeship programme, e.g. administration costs, salaries,

back filling 20% off the job, resources required to facilitate levy transfer, etc.

Use the levy to support the full costs (including salaries) of priority groups, such as NEETs, including the use of traineeship as a stepping stone to an apprenticeship.

Improve and streamline the process and timescales of developing and launching new standards and better manage business expectations.

Provide transparency about what the government is intending to do with the unspent levy. Being aware of how the government is planning to use it may be seen more favourably by levy payers rather than as an additional business tax.

Local Authorities, LEPs and business support organisations could play a role in helping direct skills funding (both levy transfer and unspent levy) to support local initiatives such as social care apprenticeship training, local Information Advice and Guidance campaigns, increasing the uptake of priority groups into apprenticeships, etc.

### **Annex 3:**

#### **T-Levels - Key Facts:**

<https://www.gov.uk/government/news/new-t-levels-mark-a-revolution-in-technical-education>

T-Levels (Technical) qualifications will be piloted in 54 schools/colleges in 2020, including one Surrey School, Salesian School in Chertsey.

<https://www.gov.uk/government/publications/providers-selected-to-deliver-t-levels-in-academic-year-2020-to-2021/providers-selected-to-deliver-t-levels-in-academic-year-2020-to-2021>

Aimed as an alternative to taking A-Levels, completed over 2 years, post-16 in schools and colleges.

Courses will be co-designed with employers.

The first courses will be in construction, digital and education & childcare. Further courses will be rolled out with more providers, from 2021, in subjects such as engineering, design, finance, etc.

T-Levels include a compulsory work placement, between 45 – 60 days, to give young people the experience and wider skills they need to be ready for the world of work.

Standards will be assured by Ofqual and the Institute for Apprenticeships (IfA)

#### **T-Levels: Surrey ESB response to Government consultations Feb 2018**

<https://www.gov.uk/government/consultations/implementation-of-t-level-programmes>

The Surrey Employment and Skills Board welcomes the opportunity to respond to the consultation on the implementation of T level programmes.

The Surrey Employment and Skills Board was established in April 2013 and brings together representatives from business, education and the public sector to provide a strategic view on the skills and employment issues.

A high quality and responsive skills system is critical to wider economic success and is key to increasing productivity. The Surrey area has an economy worth over £40 billion per year and is home to many national and international businesses.

The county already has a highly skilled population. However, many businesses struggle to recruit staff with the right qualifications. There is an increasing demand for a talented STEM workforce, with increasing

emphasis on higher level skills to support productivity growth. Surrey already operates close to full employment but forecasts suggest a further significant increase in jobs, which will mean that businesses, FE colleges, providers and higher education institutions will need to work collaboratively to develop an effective response.

The proposals for a new system of technical education are broadly welcomed by the ESB. Technical provision needs to be high quality and it needs to deliver genuinely good labour market outcomes. We feel that the proposed T levels could offer a transformational change to the education system and, alongside the apprenticeship reforms, go some way to ensuring that technical qualifications are recognised as a credible alternative to academic routes if they are implemented in a way that reflects practical realities, including on funding, and that there are progression routes available. It is also welcomed that there will be clear progression routes from a T level to apprenticeships and higher level apprenticeships.

The development of the T level programme will require considerable business input. It is identified that T levels will be developed by experts in industry and this is welcomed. However, it will be important to have a broad range of businesses involved in this process and we feel that it is crucial to have small businesses represented in the process as well as large companies.

The introduction of T levels will have an increased requirement for formal work placements in an external workplace environment, for 45-60 days for each student. There will be additional demands for FE colleges and providers to work with employers. It is recognised that there is a capacity and delivery fund to support institutions to develop relationships for the work placements, but this equates to a relatively small amount of funding for each college. There is a need to ensure that providers are properly resourced to develop, deliver and monitor the work placements to offer businesses an appropriate level of support and to ensure that there is an appropriate level of quality assurance. There is also a need to ensure that the enormous need for work placements could easily displace apprenticeship opportunities.

The T level offer needs to be communicated in a consistent and clear manner to businesses. The benefits to businesses will also need to be articulated to ensure that companies are encouraged to take part in the delivery of the programme. This is particularly important for small businesses to ensure that the process does not add unnecessary bureaucratic demands and demonstrates the value of their involvement. Consideration should be given to implementing initiatives to help reduce the bureaucracy for smaller companies, for example risk assessments and safety checks undertaken by one school could be used by other schools in the area.

There are still a number of areas in the consultation that require further detail. Specifically, there are issues around ensuring that quality assurance for the employer based projects is undertaken in a consistent manner and delivers high quality opportunities for the student.

There are also issues relating to the payment of expenses to students. We agree that financial constraints should not restrict the uptake of work placements and there should be no additional financial burden to the student or business. The document outlines that if the business is unable to pay the student, the college or training provider should pay for the additional costs. This would be covered by the capacity and delivery fund. However, as outlined above the fund will already have a number of purposes and it is unreasonable to expect providers to cover travel and subsistence costs through this route. This may also restrict severely the geographic range of employers involved.

There are also concerns around equivalence. For example, it is unclear whether a Level 3 T level in electrical installation (with 60 days' work experience) will offer the same level of qualification as a Level 3 electrical installation apprenticeship. The relationship between T levels and apprenticeships needs to be clarified and employers will need to be given certainty if both qualifications give the impression of achieving a Level 3 qualification.

It is critical that the implementation of the new system of technical education is accompanied by an improvement in the provision and quality of careers and education information, advice and guidance (CEIAG). Currently the provision of CEIAG is fragmented and disjointed, delivered by various different delivery bodies at national, regional and local level. The patchy and inconsistent advice does not enable young people (and their parents/carers) to make informed choices. The new T level qualification will give parity to technical education and it is essential that it is offered as a real alternative to all young people and their parents/carers. The progression routes from a T level qualification also need to be communicated through CEIAG.

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