

16 November 2015

Apprenticeship Offer

Joint Report of Lorraine O'Donnell, Assistant Chief Executive, and Ian Thompson, Corporate Director of Regeneration and Economic Development

Purpose of the Report

1. The purpose of the report is to provide members of the Economy and Enterprise Overview and Scrutiny Committee with relevant background information prior to a presentation by the Employability Manager, providing general information on the apprenticeship offer within County Durham.

Background

2. The Economy and Enterprise Overview and Scrutiny Committee have previously received information in relation to skills development within County Durham which included some detail on apprenticeships and the County Durham Apprenticeship Programme. However, at the Economy and Enterprise Overview and Scrutiny Committee held on the 31 March 2015 members considered the refresh of the committee's work programme for 2015/16 and it was decided by members, that although they had received some information on apprenticeships they wanted to include in the future work programme a focused piece of work which would consider the current apprenticeship offer within the County.
3. The work programme of the committee was agreed at the Economy and Enterprise Overview and Scrutiny Committee held on the 23 June, 2015 which identified a special meeting of the committee to be held on the 16 November focusing on the apprenticeship offer within County Durham. Arrangements have been made for the Employability Manager (RED) to attend the meeting on the 16 November to deliver a presentation focusing on:
General apprenticeship information including detail of:
 - Number of apprenticeships in County Durham.
 - Apprenticeship sectors.
 - Number of apprenticeships started.
 - Detail of complexity of provision and providers within County.
 - Detail of funding and funding reform.
 - Detail of the County Durham Apprenticeship Programme and role of DCC.
 - Development of Apprenticeship Growth Partnership.

Context - apprenticeships

4. The government has set a target of 3 million new apprenticeships in England between 2015 and 2020. Apprenticeships are paid jobs which incorporate on and off the job training with a successful apprentice receiving a nationally recognised qualification on the completion of their contract.
5. There are over 200 different types of apprenticeships available in England with apprentices receiving qualifications ranging from those which are equivalent to 5 GCSE passes to those equivalent to a degree. Traineeships are available for unemployed people with little work experience who can be prepared for employment or an apprenticeship within six months.
6. The government contributes towards the training of an apprentice depending on the apprentice's age. A grant of £1,500 is also available to some small employers taking on an apprentice aged 16 to 24 if the firm has not hired an apprentice before. AGE 16-24 began in February 2012 aiming to encourage more small businesses to hire apprentices and encourage more young people in apprenticeships. The eligibility criterion is as follows:
 - The apprentice must be 16-24 years old when hired.
 - The firm must have 50 employees or fewer when they take on the apprentice.
 - For a business to be eligible for payment, the employer must not have taken on an apprentice in the last 12 months. An employer can claim up to 5 grants.
7. A 132,500 AGE 16-24 payments were made to employers between February 2012 and January 2015.
8. The Department for Education (DfE) funds training for apprentices aged under 19. The Department for Business Innovation and Skills (BIS) provides the funding for apprentices aged 19 and over. DfE and BIS cover a proportion of the cost of training apprentices; the amount they contribute depends on the age of the apprentice:
 - 100% of the training costs for Intermediate and Advanced Apprenticeships if the apprentice is aged 16-18;
 - 50% of the training costs if the apprentice is aged 19-23;
 - Up to 50% of the training costs if the apprentice is aged 24 and over.
9. It is recognised that apprenticeships are required to meet government minimum standards, which include a minimum length, number of hours and training requirements. Apprentices have the same rights as other employees and are entitled to the apprentice rate of the minimum wage.

Policy Development

10. In the 2015 Queen's Speech, government set out its intention to create a duty to report on progress to meeting the target of 3 million new apprenticeships by 2020. Public sector bodies will be required to employ apprentices and be set targets to increase apprenticeships. The Welfare Reform and Work Bill includes an obligation for the government to report each year on the progress made towards meeting the target. Government has also announced that it would give apprenticeships the same legal treatment as degrees and protect the term 'apprenticeship', in the Enterprise Bill.
11. In line with the recommendations from 'The Richard Review', new apprenticeship standards are being developed by employer groups known as 'trailblazers'. Over 160 occupations have been approved for the development of an apprenticeship standard.
12. A new funding model is being trialed for these standards giving employers greater control over spending on training delivery. The March 2015 Budget announced that employers will be given funding control through a digital Apprenticeship Voucher, which will be trialed before full implementation in 2017. The simplified funding model trialed in 2014/15 and 2015/16 involves:
 - For every £1 spent by an employer on training the government will contribute £2 up to a maximum cap.
 - There are five caps, which depend on the apprenticeship being undertaken.
 - Additionally, three incentive payments are available to employers for recruiting 16-18 year olds, for small businesses and on the successful completion of the apprenticeship.
 - The government will fully fund qualifications in Math's and English to level 2.

Apprenticeship offer within County Durham

13. Within County Durham an apprenticeship provides the opportunity of a real job whilst training so that an individual can earn whilst they learn and get recognised qualifications. An apprenticeship can take between one to four years to complete with apprenticeships offered across a variety of job roles, in a range of industries, from engineering to financial advice, veterinary nursing to accountancy.
14. The local programme provides a £1,000 top up to the AGE 16-24 to provide a grant of up to £2,500 to County Durham based SME's with less than 50 employees to create additional apprenticeship or job opportunities for unemployed 16-24 year olds who are residents of the County. The funding is available countywide and will focus on various wealth creating sectors that will add the most added value to the local economy.

This is not an exhaustive list although we are keen to maximise apprenticeships in the following areas:

- Engineering
- Electrical
- Plumbing & Heating
- Construction related e.g. Bricklaying, Joinery, Plastering, Painting & Decorating etc.
- Teaching
- IT
- Accountancy
- Health & Social Care
- Tourism/Hospitality & catering (exc bar/waiting staff)
- Professional & Scientific

County Durham Apprenticeship Programme

15. The Co Durham Apprenticeship Programme was launched in November 2011, with the aim of assisting in the creation of apprenticeship opportunities for unemployed residents who live in Co Durham and who are aged between 16-24 years.

16. Since launching the programme of support, the Council has worked with over 450 employers, colleges, training providers, National Apprenticeship Service (NAS), Jobcentre Plus (JCP) and in the early stages, the Coalfields Regeneration Trust (CRT) in order to promote the benefits of the apprenticeship route and to match the various opportunities with relevant individuals and employers.

17. At the end of October 2015, there have been 896 starts across a variety of sectors, with the most popular apprenticeship frameworks being:

Business Administration - 165 (L2 = 124, L3 = 32, na = 9)
Engineering – 133 (L2 = 56, L3 = 76, n/a = 1)
Electrical – 49 (L2 = 9, L3 = 39, L4 = 1)

18. Of the 896 starts to date, 505 (56.4%) are aged 16-18 years, with 360 (40.2%) between 19-24 years, with the remaining 3.3% of starts being over 25 years, using the discretionary element of the funding to assist with bespoke opportunities. The range of statistics indicates that we are making good progress in terms of focusing on the younger age range which continues to be a priority of the National Apprenticeship Service.

19. Throughout the apprenticeship period, employers and apprentices are regularly monitored in order to evaluate the relevance of the Council's support, the performance of the training provider, the progression of the apprentice and plans for future recruitment, staff development and any other business matter. The analysis of this evaluation is used to develop and refine the Council's offer in response to employer and employee needs.

20. Funding to support the programme continues to derive from a variety of sources with the major resource coming from Economic Development cash-limit underspend and a number of the Council's Area Action Partnership (AAPs) priority groups. The breakdown of AAP support and associated starts is interesting, as follows:

AAP Area	Starts	Financial Contribution (£)
4 Together	38	21,095
East Durham Rural	40	36,000
BASH	88	20,000
Derwent Valley	107	40,000
GAMP	45	25,000
Teesdale	24	0*
Weardale	26	0*
3 Towns	59	0*
Stanley	63	10,000
Mid-Durham	39	0*
Durham City	54	0*
East Durham	195	39,000
Chester-le-Street	72	30,000
Spennymoor	46	30,000
Total	896	251,095

Teenage Parent Apprenticeship Programme

21. A recent addition to the apprenticeship offer has presented itself through a partnership arrangement with colleagues from Public Health. The scope of the initiative is to improve outcomes for vulnerable teenage parents who live in the most deprived areas of the County. The model will comprise of two elements; (1) Teenage Parent Support Programme delivered through the One Point service and (2) an Apprenticeship Support Programme that will fund the employment of 30 teenage parents over a 2 year period).

22. The programme will be delivered in conjunction with the core apprenticeship offer, although the additional funding from public health will provide an enhanced offer of financial support to employers (£4500 over 2 years, plus up to £1000 to support childcare and/or travel expenses).

DCC ICT Apprenticeship Hub

23. Recognising the skills shortage that exists within the ICT sector both nationally and regionally, a number of initiatives have emerged to increase the number and quality of initiative to deliver the future ICT workforce.

24. Within Durham County council there has been an ongoing programme of apprentice recruitment and progression within the ICT services across the full gamut of operations. Given the experience of this recruitment and training activity the Head of ICT has formed a group to consider how this experience can be used to develop a larger group of ICT apprentices within County Durham.
25. Initial discussions have highlighted the potential for developing a shared apprenticeship scheme - starting with other public bodies as part of reciprocal arrangements, which would allow for further apprenticeship recruitment opportunities and also demonstrate the value of broader experience and the management / outplacement of apprentices.
26. From this starting point, the opportunities to develop the ICT hub model further are being explored, including the potential to develop and register as an Apprenticeship Training Agency. Apprenticeship Training Agencies act as host employers for apprentices and then charge out apprentice wage costs to a range of companies at a rate which covers Wages, management fees and provides a surplus to cover wages if placements aren't identified.
27. This model has been in place nationally for some time and is regulated by the Skills funding Agency, with a formal application process in place to be recognised as an ATA. Work is currently underway to review the application process; the various ICT framework requirements and the overall business engagement strategy which needs to underpin an ATA operation.
28. Given the number of small and micro companies in the County an ATA model could provide an opportunity to create many more ICT apprenticeship opportunities whilst de-risking the process for the companies while also providing a broad and varied learning environment for the apprentices themselves.
29. Work in developing this model began in summer 2015 and is expected to test the potential opportunity and appetite for an ATA by early 2016.

Apprenticeship Growth Partnership

30. The North East Apprenticeship is a group formed to take forward increasing apprenticeship numbers across the North East.
31. Originally created as the North East Apprenticeship Hub as part of the City Deal skills plan, the Hub focussed on developing an understanding of apprenticeship delivery across the north east, identifying barriers to business engagement and developing improved communications and marketing. At the outset the Hub membership included all seven North East LEP Local Authorities, the Skills Funding Agency / National Apprenticeship Service and representatives of the work-based provider groups. DCC chaired the Apprenticeship Hub group.

32. As part of the North East Economic Review specific targets were developed to increase apprenticeships and a review of the Apprenticeship Hubs priorities and actions alongside revised apprenticeship data and survey work undertaken with business suggested a refocussing of efforts, clearer branding and an increased level of input from businesses to the whole process.
33. The Apprenticeship Growth Partnership was formed in April 2015 from the North East Apprenticeship Hub and is currently chaired by Geoff Ford of Ford Aerospace, who also sits on the NELEP Business support Board. Also represented are Local Authorities - via a NECA rep, NELEP, Job Centre Plus, National Careers Service, Skills Funding Agency, Generation North East, Business reps, business support bodies, the Association of Colleges and the learning provider network.
34. At present the partnership is supported directly by a full time member of staff and is focussed on seven key themes as it seeks to drive up the number of apprenticeship starts – with an emphasis on both apprenticeships, as well as growing the number of higher level apprenticeships delivered across the North East.
35. The current priority themes for the apprenticeship growth Partnership are:
- The implementation / impact of apprenticeship reform
 - Public sector apprenticeship Targets
 - Large employers – activity campaigns and impact of apprenticeship levy
 - Higher level apprenticeships
 - Support for smaller businesses
 - Communications and Marketing
 - Routes into apprenticeships

Recommendation

36. Members of the Economy and Enterprise Overview and Scrutiny Committee are requested to note the content of the report and presentation and comment accordingly.

Background papers:

- Economy and Enterprise OSC – 20 February 2015 – Update on Skills Development within County Durham.
- Briefing paper on Apprenticeships Policy England – 20 July, 2015.

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Appendix 1: Implications

Finance – None

Staffing – None

Risk – None

Equality and Diversity – None

Accommodation - None

Crime and Disorder – None

Human Rights – None

Consultation – None

Procurement – None

Disability Discrimination Act –None

Legal Implications – None