

**Children, Education and Communities Policy
and Scrutiny Committee and Economy and
Place Policy and Scrutiny Committee –
Commissioned Joint Committee Meeting**

1 February 2021

Report of the Assistant Director, Education and Skills

APPRENTICESHIP UPDATE – INFORMATION ONLY REPORT

Summary

1. This report provides an update from the City of York Council Apprenticeship Hub (managed by the council's Skills Team) on the effect of the Covid-19 pandemic on the local apprenticeship market.

Background

2. During the first lockdown, apprenticeship training providers moved to delivering training online and this largely continued throughout 2020 and into the current national lockdown. The council's skills team continues to engage with its apprenticeship provider network to gain an understanding of the emerging picture for learners, employers and the providers themselves.
3. Despite some providers needing to place their own business engagement and wider support teams on furlough, any apprentices made redundant during this time are supported. The council run impartial York Apprenticeship Hub was also on hand to help source alternative employment and signpost to the National Redundancy Support Service for the small number who have needed it, mainly in construction. It could be that furlough is still being used in the key sectors of hospitality and retail but it has been near impossible to obtain data from employers due to their current circumstances. This may be masking eventual redundancies, or may resolve itself when those sectors are able to re-open. We're therefore continuing to work with apprenticeship providers to understand numbers of furloughed apprentices and/or those with breaks in learning.
4. In an attempt to stimulate the market, employer incentives of between £1,500 and £3,000 (dependent upon age of the

apprentice) for hiring a new apprentice were introduced in August 2020 to January 2021, and then extended, as part of the Chancellor's autumn spending review, to 31st March 2021.

5. It would appear around York the incentive has not been cited by employers as a significant reason for recruiting. It has been more down to sectors that have seen the business activity sustained, or grown by the needs of the situation e.g. dental nurses and pharmacy roles.

Apprenticeships in York

6. The Apprenticeship Hub continues to support individuals, businesses and training providers in York to make the most of apprenticeships as both start of career (new recruits) and upskilling existing staff.
7. Whilst the split between advertised apprenticeship vacancies at the different levels has remained about the same (the majority of opportunities at level 3, continuing a trend of very few at level 2, and the number of higher and degree remaining about the same), the overall volume of advertised vacancies has settled at a continuing running average of around half of that in previous years' annual profiles. A key factor has been the substantial loss in 2020 of new (recruit) start apprentices that traditionally would have been seen in September and October.
8. The availability of level 2 apprenticeships is a national concern following the transition from apprenticeship frameworks to standards. However, the impact of the pandemic on retail, hospitality and tourism sectors in York has exacerbated the situation, as traditionally, these are the sectors in which local people would have accessed entry level (level 2) opportunities. There is some anticipation of a recovery post March 2021, with potential of growth based on the release of a pent up demand in these sectors.
9. In the last 10 months the predominance of hospitality, retail and tourism related apprenticeships, at about 30% of the previous 1,400 per annum market, has declined to near zero. There was some small recovery during December 2020 with increased vacancies for the Chefs, but following the latest lockdown, this demand has

ceased. This is now affecting providers of apprenticeships in these sectors who are not necessarily able to retain staff during this period of significant decline. This poses a potential risk to local delivery – if, as we hope, the hospitality, tourism and retail markets open up post March 2021, we will need providers ready to respond and support these sectors during a busy summer.

10. In recent months, there has tended to be more apprenticeship vacancies advertised than during the same period in previous years for the following: pharmacy, dental, early years and care sector roles. Manufacturing, particularly in the food supply sector, has remained fully operational and therefore sustained previous levels. The Apprenticeship Hub is continuing to proactively work with employers in these sectors to support the creation of new apprenticeship opportunities. Due to changes in the nature of business in these sectors, particularly those that are customer-facing, there has been a slight increase in roles such as Digital Marketing support and Logistics of Supply.
11. As of Friday 15th January, the exact number of vacancies advertised within 15 miles of York city centre was 53. Encouragingly, 11 of these were added in the last week by employers in the sectors mentioned above. There are no current vacancies in the hospitality and retail sectors.
12. Unfortunately, there has been no national breakdown data published since July 2020, and that was for previous quarters. However, there would appear to be a continued trend of a reduction in 16- 18 aged apprenticeship starts, but this will only be validated when full data is published, and that is not likely to be before June 2021.
13. Provisional destination data for those who left Year 11 in 2020, shows that this Autumn circa 70 young people have started an apprenticeship, which is comparable to 2019 (72) and 2018 (90) figures.

Levy transfer

14. The Business Engagement Officer (BEO) within the Skills Team provides advice and guidance to businesses wishing to utilise public-funded skills provision, such as apprenticeship funding. This has also included a limited transfer service by signposting SMEs in

need of levy transfer to partners at North Yorkshire County Council and Leeds City Region Apprenticeship Levy Support Service, who could facilitate transfer. However, since the Council's apprenticeship levy transfer strategy was agreed 24 November 2020, the BEO is working with the Council's HR Adviser (Apprenticeships) to develop and promote our own transfer service, to further support local businesses (larger SMEs and small/micro).

15. During 2020, the Hub team engaged with local employers who had already successfully transferred their unallocated levy to SME's, collectively funding around 30 apprenticeship places. The BEO also hosted a discussion in December with a collection of employers (including the Council) and apprenticeship providers, to facilitate exchange of best practice and inform our approach.
16. We are also preparing for the planned changes to how levy transfer can be administered locally. From August 2021, employers who pay the levy will be able to transfer unallocated levy funds "in bulk to small and medium-sized enterprises (SMEs) with a new pledge function".
17. Unspent levy funds will still expire after 24 months but the government will also introduce, from the same month, a "new online service to match levy payers with SMEs that share their business priorities".

Emerging Government policy

18. The York Apprenticeship Hub works with York and North Yorkshire LEP and other partners to proactively engage the Education and Skills Funding Agency (ESFA) on national apprenticeship policy.
19. The government funding department has an active consultation to understand the requirement for apprenticeship incentives beyond March, which is anticipated to be clarified by the Chancellor's statement on the 3rd March. There is some reason to expect that the period of availability will again be extended and even the incentive value to be raised, which would enable a greater opportunity of promotion into summer 2021.
20. The FE White Paper published 21 January 2021 sets out three priority areas for '*Apprenticeships that work for all employers*'.

These are:

- Supporting more people to start apprenticeships, helping employers to recover from the coronavirus pandemic with the skilled employees they need to grow.
- Continuing to respond to feedback from employers to improve the programme, including by making more use of apprenticeship funding, making it easier for levy-paying employers to transfer funds and making apprenticeships work in more sectors.
- Raising quality, ensuring that every apprentice has the best experience and reaches their potential.

21. Specific developments include:

April 2021

- Calling on large employers to support / hire redundant apprentices
- Supporting learners to return from breaks in learning
- Looking to address the problem of Functional Skills qualifications as a barrier to completing apprenticeship End Point Assessment (EPA)

August 2021

- Developing a 'bulk' levy transfer facility to allow large employers to pledge to SMEs, and a national levy transfer brokerage service to support local offers and increase the transparency of how their levy funds are being used.
- Creating a focus on sectors with existing and emerging skills needs, guided by the national skills priorities. Engaging with the construction, manufacturing, public, health and social care, digital and creative sectors to understand and tackle the specific barriers these sectors face in making full use of apprenticeships, which could then steer priorities for levy transfer.
- Developing a quality strategy to support apprenticeship completion rates – particularly for standards that include other qualifications
- Rolling out a 'front-loading' model in some construction and health & social care standards to allow more 'Off the job (OTJ)' training' to be delivered up front, meaning the apprentice has more knowledge and skills when they work in the employer for a greater proportion of time. The overall requirement for OTJ training remains at 20%.

- Reviewing sectoral apprenticeship agencies to offer a solution in sectors where short-term, project-based employment is the norm, to support giving constant employment to an individual during the life of their apprenticeship which allows them to move between work placements and continue their training.
- Also looking at ways to accelerate the timescales of apprenticeships for already skilled workers by taking into account prior learning, such as in bootcamps for specific in demand sectors. Minimum apprenticeship duration will remain at 12 months though.
- Improve the value and prestige associated with the successful completion of an apprenticeship for employers and apprentices, including developing enhanced apprenticeship certificates and providing support for graduation ceremonies.

Consultation

22. This report is based on information gathered through ongoing engagement with:
- the council-facilitated York Apprenticeship Provider (YAP) network
 - local employers and the council's Business Engagement Officer
 - York and North Yorkshire Local Enterprise Partnership and the ESFA
 - providers and employers at York Business Week – November 2020
 - Yorkshire & Humber Apprenticeship Ambassador Networks

Options

23. Having considered the information in this report and its annexes Members can agree to seek further information on any of the above issues, or not.

Council Plan

24. The Council Plan identifies eight priorities, four of which are relevant to this work:
- Well-paid and an inclusive economy;
 - A better start for children and young people;
 - Safer communities and culture for all;
 - An open and effective council.

Implications

25. Any implications arising from the issues raised in this information report will be addressed within any associated decision making reports required in the future.

Risk Management

26. Through the impartial Apprenticeship Hub, the council's Skills Team works with partners to identify, understand and respond to risks to local apprenticeship delivery. The rapid decline in entry level roles for new apprentices in sectors such as retail, hospitality and tourism has had a particular impact on the number of opportunities for 16-18 year olds in the city. As mentioned in the update report on *Young people age 16 to 25 in the City of York who are Not in Education, Employment and Training*, also being considered by this joint committee session, it appears that more Year 11 and Year 13 leavers have chosen to remain in fulltime education including those whose first choice would have been an apprenticeship. The effect of this displacement may be an increased cohort looking to secure an apprenticeship in June 2021 and even, June 2022 (for those completing a two-year fulltime programme).
27. There needs to be consideration of the longer term (1 year plus) effect on apprenticeship opportunities in the city and the resource required to support the re-establishment of a pre March 2020 levels, particularly for 16 to 24 year olds. The Business Engagement Officer role within the Skills Team is funded through a European Social Fund programme which comes to an end 31 December 2021.

Recommendations

28. The Committees are asked to note the content of this report and its annexes.

Reason: In order to be updated on the progress of the York Skills and Employment Board.

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Report
Approved

Date *Insert Date*

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers:

None

Annexes

None