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**Decision Session – Executive Member for  
Economy and Strategic Planning**

**27 April 2021**

Report of the Assistant Director, Education and Skills

**Apprenticeships Update**

**Summary**

1. At his decision session on 24 November 2020, the Executive Member for Economy and Strategic Planning approved the City of York Council's Apprenticeship Levy Transfer Strategy. This included the framework through which local micro, SME, public sector and VCSE organisations can apply to receive a transfer of levy funding from the council, and the criteria for assessing applications.
2. A subsequent skills and employment report, which included an update on the apprenticeship support available for businesses and residents in York, was provided to the Executive Member at his Decision Session on 22 December 2020.
3. The purpose of this report is to provide an update to the Executive Member on apprenticeship activity in York in the first quarter of 2021, including:
  - The work of the impartial Apprenticeship Hub
  - use of apprenticeships to support skills development within the City of York Council's existing workforce
  - the council's apprenticeship levy transfer process.
4. Apprenticeships, alongside a number of training and development schemes, have an important role in supporting the city's economic recovery from the COVID-19 pandemic, providing opportunities for those entering the workforce or who need to reskill or upskill.
5. Throughout the pandemic, the council's Apprenticeship Hub has done its utmost to maintain a high presence and promote information, advice and guidance for people and businesses in the city, as well as signposting to the apprenticeship vacancies. In the last quarter, the team has hosted and participated in virtual events, produced and promoted resources, and

maintained a multiple platform social media presence. Activity across National Apprenticeship Week and the York Virtual Apprenticeship Recruitment Event reached thousands of people and connected residents with recruiting employers – including the council which received direct enquires from people who saw the Stonemason and Electrical apprenticeship adverts on Facebook.

6. Whilst, the economic impact of COVID-19 has had a significant effect on the local apprenticeship market, the number of weekly apprenticeship vacancies advertised slowly started to rise in late 2020 and early 2021.
7. Contributing to this are sectors such as childcare, early years, pharmacy and dental nursing, which have remained relatively resilient. Sectors such as business, food supply and logistics and construction also added to the vacancy postings in autumn 2020.
8. It is possible that the Government announcements detailing the roadmap out of lockdown and the increase in financial incentives to employers are also helping increase the number of weekly advertised vacancies, which now sits at around 60, from the low of 20 per week seen in March 2020.
9. Despite the challenges of the COVID-19 pandemic, apprenticeships remain an integral part of the organisation's strategy to provide the council with a talent pipeline that supports current and future skills needs. This means using apprenticeships to support succession planning and upskilling the existing workforce.
10. Since September 2020, 22 apprenticeships have commenced within the council, including seven new apprentices in business critical, trade roles (Gas Heating Engineers, Plumbers, Electricians and Plasterers). These types of apprenticeship opportunities remain in high demand in the city, with a Facebook post for the council's forthcoming joinery apprenticeship receiving 1,185 Facebook interactions (reactions, comments or shares).
11. At the same time, apprenticeships are being used to support skills development within the existing workforce and help fill skills gaps. There are currently 34 active apprenticeships within the council's existing workforce.
12. The introduction of the HR Apprenticeship Team in January 2021 and its joint working with the Skills Team has driven an increase in the number of expressions of interest (EOIs) received from teams across the council wanting to take on an apprentice. There are currently 26 approved EOIs and managers are being supported to turn these into apprenticeship starts.

13. The HR team has also worked with the Apprenticeship Task Group to develop the council's levy transfer policies and processes and with the skills team to ensure promotion to, and support for, businesses requesting a transfer of funds. As a result, the council's first (pilot) levy-transfer is in the pipeline and there are plans to open applications to local micro, SME, public sector and VCSE organisations in May 2021.
14. By continuing to value and use apprenticeships within the council, the amount of expired levy funds for the five months, November 2020 to March 2021, has reduced from the £38,000 per month projected in November 2020 to £24,713 per month.
15. Whilst the amount of levy in the account and how much expires can fluctuate for a number of reasons, the overall direction is a decrease in expired funds, aligned with an increased take up of apprenticeships within the council.
16. Levy-transfer is an approach also taken by other public sector levy paying organisations, when they are unlikely to use all of their levy funds on training their own apprentices. This is because levy can only be used to pay for training and assessment for apprenticeship standards, and for new apprenticeship starts – not associated costs.
17. The council's levy transfer strategy will therefore have a further positive impact by enabling local businesses (large and small) to make use of any unallocated apprenticeship levy funding and provide opportunities for those newly entering the world of work, or who need to reskill or upskill.

## **Recommendations**

18. The Executive Member is asked to note the content of this report.

Reason: To continue to encourage the creation of apprenticeship opportunities in York, by supporting local businesses to access available funding and to support routes to employment for local residents.

## **Background**

### Apprenticeships in York

19. In late 2014 the Government set an ambitious national target to achieve a total of 3 million apprenticeship starts by 2020. In 2017 the Apprenticeship Levy was introduced to encourage all larger employers to engage with apprenticeship starts. However, from a high level of 494,900

starts in 2016/17, the rate reduced and has remained below 400,000, with 322,500 starts reported for the year 2019/2020\*.

20. The CBI-McKinsey '*Learning for Life report*\*\* links the introduction of the Levy to this downward trend, claiming it has "...reduced the overall investment in skills by many Levy-paying businesses". It goes on to state that "...most businesses' utilisation rates of Levy funds remain low, due to the restrictive nature of how the funds can be spent.
21. The COVID-19 pandemic adversely impacted on apprenticeships in the last quarters of 2019/20, and as measured by ongoing number of vacancies, this impact has continued.
22. York has generally followed the national trend. Apprenticeship starts for York residents was around 1,700 per annum from 2014 to early 2016.
23. Since 2016 there had been an annual decline in the number of starts for all age groups, settling at a total of 1,100 in mid-2018. The 2018/19 data shows there was a slight recovery to 1,350, and indicated a rise in starts for those aged 25 or older. This could suggest a greater use of Apprenticeship Levy by employers to upskill existing staff but it is important to note that the available data for new apprenticeship starts does not distinguish between new and existing employees.
24. Prior to the first UK lockdown in March 2020, confidence in apprenticeships was growing, with the adoption of greater understanding of Apprenticeship Standards matched to specific employer requirements. Given the broad nature of employment and sectors that make up York's economy, the variety and availability of focused apprenticeship standards has supported improved engagement with employers.
25. At that time, there was an expectation that an average of 80 vacancies in the York area would be advertised on the National Apprenticeship Service vacancy website\*\*\* each week, with early forecasts suggesting around 1,500 new apprenticeship starts in 2019/20.

\*Annual national apprenticeship data refers to the academic period from August to July and is available on the Government website: <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships-and-traineeships/2019-20> (under Annual Time Series)

\*\* <https://www.cbi.org.uk/media/5723/learning-for-life-report.pdf> (page 20)

\*\*\* Regular analysis of the data by the Skills Team has indicated that only around 70% of vacancies are advertised on the National Apprenticeship Service vacancy website. The Skills Team has engaged with employers and training providers to understand the reasons for this and continues to encourage greater transparency in vacancies.

26. However, as reported in the December update paper, the economic impact of Covid19 (resulting from multiple lockdowns and the loss of customer-facing activities in the retail, hospitality and tourism sectors) had a significant effect on the local apprenticeship market. From March 2020, there were only around 20 apprenticeship vacancies advertised in York each week, with almost none coming from these sectors.
27. This level continued throughout the summer, with advertised vacancies indicating resilience in sectors such as childcare, early years, pharmacy and dental nursing. However, overall, York experienced a drop in the number of apprenticeship starts to 970 in 2019/20\*.
28. Through the autumn of 2020, the number of weekly apprenticeship vacancies advertised rose to between 40 and 50, with sectors of business, food supply and logistics, construction adding to those mentioned above.
29. Following Government announcements detailing the roadmap out of lockdown and the increase in financial incentives to employers who hire an apprentice, weekly vacancies in York have increased into the 60's.
30. It is too early to establish whether the enhanced and extended grants\*\* have stimulated the local market but the Skills Team's Business Engagement Officer is seeing an increase in the number of businesses with an awareness of the scheme.
31. It has also been encouraging to see a week-on-week increase in the number of hospitality, food and drink vacancies during this time. Independent businesses and national chains have been advertising local roles such as baristas, chefs and front of house staff. These are important entry level jobs in these sectors, often at Level 2, and it is hoped that other apprenticeship employers will continue to return to the market as businesses reopen in line with the Government roadmap.
32. Whilst it is hoped these will make a positive contribution towards the overall number of apprenticeship starts for 2020/21 and (from August 2020) into 2021/22, the Skills Team still anticipates a reduction in the number of apprenticeship starts for 16-18 year olds.

\* [https://researchbriefings.files.parliament.uk/documents/SN06113/CBP06113\\_constit\\_tables.xlsx](https://researchbriefings.files.parliament.uk/documents/SN06113/CBP06113_constit_tables.xlsx)

\*\*National apprenticeships grants are currently £3,000 for hiring an apprentice of any age until 30 September 2021, plus the existing £1,000 if the apprentice is aged 16-18 or up to 25 with an Education, Health and Care Plan.

33. A greater proportion of those who left Year 11 in 2020 chose to progress into full time Further Education College courses (compared with previous years) and early indications are that this year's cohort will do similar. This is not surprising in times of economic uncertainty, particularly where there is national concern about rising youth unemployment.
34. Coupled with the addition of more Kickstart placements in the city this means that the majority of apprenticeship starts may continue to be aged over 18, which in turn, drives more apprenticeship vacancies to be at Level 3 or above.

### The Apprenticeship Hub

35. Through the impartial Apprenticeship Hub, the Skills Team continues to support individuals, businesses and training providers in York to make the most of apprenticeships.
36. In the first quarter of 2021 (calendar year), the Business Engagement Officer provided impartial advice and support to twenty businesses, the majority since the beginning of March. Specific virtual events have been useful, with a well-attended one for childcare and early years, which has continued to be a strong sector of apprenticeship vacancies and recruitment since March 2020.
37. The Skills Team has worked hard to sustain apprenticeship activities in the city throughout the pandemic by making the most of online platforms and technology. Since June 2020, the team has hosted and participated in several events, produced and promoted resources, and maintained a high multiple platform social media presence.
38. Supported by education, training and employer partners in the city, the Skills Team led social media engagement during National Apprenticeship Week (8-14 February) and delivered a virtual York Apprenticeship Recruitment Event (17 March) in place of the physical one, previously held at the council offices.
39. The Facebook Live Panel, held during National Apprenticeship Week, was supported by the Apprenticeship Hub, a local employer, colleges, universities, independent training providers, the council's HR Adviser and the Executive Member for Economy and Strategic Planning. The live audience number peaked at around 40 views but subsequently, the video has been viewed a total of 995 times.

40. The virtual York Apprenticeship Recruitment Event also proved to be effective, with the 26 specific vacancies posted on the Apprenticeship Hub Facebook page attracting more than 1770 interactions (reactions, shares, comments etc) and reaching far more people than would be possible with a physical event.
41. From interactions during the Facebook Q&A and with the advertised vacancies, trade apprenticeships, particularly in electrical maintenance, remain in demand. The forthcoming joinery apprenticeship at the council proved extremely popular with 1,185 Facebook interactions with the post and an overall reach of 15,256. Similarly, the council's post for an apprentice welder has had 332 interactions and a reach of 7,161.
42. The team and partners also made use of Twitter with over 50 posts during the event, each averaging 20 engagements. The platform's analytics show a total of 9,661 impressions\* were made on the event day and 6,525 the following day. This is significantly more than the few hundred normally recorded for Apprenticeship Hub related content on 'non-event days'.
43. As a direct result of the team's social media activity, 10 people contacted the hub and received individual advice, three young people are receiving support from the council's FutureGoals programme and another three have asked for more information about it.
44. The team also continues to raise awareness of apprenticeships with young people through the impartial York Apprenticeship Offer. Managed by the hub, this city-wide partnership approach is delivered by a range of training providers and support agencies, including NYBEP who deliver the national Apprenticeship, Skills and Knowledge (ASK) contract locally. The resources are tailored to the school and reflect the local labour market.
45. Following a recent update to Government guidance on the Kickstart scheme, the team has partnered with York Jobcentre to support eligible Kickstart participants via the council-managed FutureGoals programme. The Business Engagement Officer will also support employers to develop successfully completed Kickstart placements into new apprenticeships.
46. This is in addition to the Skills Team helping the Jobcentre to engage with schools that may be interested in offering Kickstart placements.

\*Impressions on Twitter is a total tally of all the times the Tweet has been seen. This includes not only the times it appears in a one of your followers' timeline but also the times it has appeared in search or as a result of someone liking the Tweet.

47. The team has actively sought to develop the York Apprenticeship Provider Network, with more than 30 organisations now regularly represented. A key output from the last quarterly meeting (16 March) was the importance of collaboration between training providers, levy paying organisations and the hub in engaging with SMEs around levy transfer (see sections 57-76 for more on levy transfer).
48. The hub has maintained useful contact with the Yorkshire and Humber Apprentice Ambassador Network of employers, many of whom are apprenticeship levy-payers. This network is influential around promotion of national apprenticeship initiatives regionally and shares experiences and plans for levy transfer. This network has also helped to shape how the York Apprenticeship Hub acts as a broker for levy transfer locally, and some initial success has been achieved in collaboration with North Yorkshire County Council and the University of York.

### Apprenticeships at the Council

49. Apprenticeships within the council are valued as providing high quality pathways to successful careers, through creating opportunities for new and existing employees to develop their skills therefore assisting the council in meeting its current and future skills needs.
50. During 2020, the COVID- 19 pandemic had a significant impact on the recruitment of new apprentices into the organisation. A number of recruitment campaigns had to be put on hold and there were changes to the systems to support new apprentices - as the council and training providers adapted delivery and ensured support for existing learners.
51. The council's strategy had predominately used apprenticeships to provide entry level opportunities for young people. Whilst the council remains committed to offering a diverse range of apprenticeship standards at levels 2 to 4 (from Cyber Security Technologist to Stonemasons and Social Workers to Solicitors), the financial impact of the pandemic on the Local Authority's budget has greatly reduced its ability to create new roles.
52. The council faces a number of challenges over the next few years. These challenges can only be met if it has the right people, with the right skills at the right time to meet demands. Apprenticeships, therefore, must remain an integral part of the organisation's strategy to provide the council with a talent pipeline that supports current and future skills needs. This means using apprenticeships to support succession planning and upskilling the existing workforce.

53. Through recruitment for business critical roles, seven new apprentices started in Building Services (Gas Heating Engineers, Plumbers, Electricians and Plasterers) in September 2020. This is the first cohort of a total 16 apprentices planned within the Place Directorate.
54. At the same time, apprenticeships are being used to support skills development within the existing workforce and help fill skills gaps. These include higher level apprenticeships in Social Work, Senior Leader Master's Degree and Chartered Manager Degree.
55. The Skills Team and School Apprenticeship Panel continue to support local authority maintained schools to make the most of apprenticeships. Since September 2017, schools have accessed higher and degree level apprenticeship training for existing staff using the Senior Leaders, Accounting and School Business Professional training, recruited new apprentices in IT and Teaching Assistant training and progressed young, entry level apprentices onto the next level in Early Years and Teaching Assistant training.
56. The introduction of the HR apprenticeship team in January 2021 and its joint working with the Skills Team, managers within the council and regional partners, has driven an increase in the number of expressions of interests (EOIs) received from teams across the council.
57. Despite the challenges described, in April 2021, there are 34 apprenticeships active across the council and local authority maintained schools. In addition (not yet active apprenticeships), 25 EOIs have been approved by the council's Apprenticeship Task Group and 1 by the School Apprenticeship Panel.

### Apprenticeship Levy

58. The Apprenticeship Levy is the apprenticeship funding system that took effect from April 2017. Businesses with an annual wage bill of more than £3m are required to set aside 0.5% of their payroll for apprenticeship training – this is known as the Apprenticeship Levy.
59. Funds collected are credited to the business' online digital 'levy account' called the Apprenticeship Service Account (ASA) on a monthly basis. These credits are topped up with an additional 10% from the Government.
60. Levy funds are accrued on a monthly basis, with any unallocated monies being returned to Central Government ("clawed back") on a rolling

24 month cycle e.g. If not all funds set aside in April 2017 had been allocated by April 2019 the unused amount was ‘clawed back’.

61. Funds in the digital account can only be used to pay for training and assessment for apprenticeship standards, and for new apprenticeship starts. They cannot be used for wages or other associated costs.

62. As of 1 April 2021, the City of York Council Apprenticeship Service Account stood at £997,256. When considering this figure, it is important to understand that the account balance fluctuates on a regular basis and is affected by:

- the date that credits enter the account each month
- the date that unallocated credits expire each month
- new apprenticeship starts being added to the system. For instance, the £220,000 needed to fund the 26 approved expressions of interest (section 56) won't have been deducted.
- the completion payment (≤20%) being claimed by the provider.

63. Also, funds for ongoing apprenticeships are only deducted on a monthly basis and the earliest credits are used first. So, the account balance still includes those future contributions that the council has committed to make, whether on behalf of its own employees or through the process of levy transfer (sections 70 - 76).

64. In summary:

City of York Council Apprenticeship Service Account Balance	Payments in	<b>less</b>	Payments out	Not shown in balance
at any given date <b>equals</b>	Monthly credits from CYC levy		Payments for training and assessments made up until today	Future contributions the council has committed to make for active apprenticeships including any that have paused (known as a Break in Learning).
	Government top up (10%)		Unallocated funds from levy credits that entered the account more than 24 months ago	

65. Since the introduction of the Apprenticeship Levy in 2017, the City of York Council has spent £410,459 on apprenticeship training for new and existing employees, with £568,604 having expired from the account. However, for the five months, November 2020 to March 2021, expired funds averaged £24,713 per month which is a significant improvement on the £38,000 per month projected in November 2020.

66. Whilst the amount of levy in the account and how much expires can fluctuate for a number of reasons, the overall direction is a decrease in expired funds, aligned with an increased take up of apprenticeships within the council. Since November 2020, nine colleagues have started an apprenticeship (totalling 22 new starts since September 2020).
67. As the levy can only be used to pay for training and assessment for apprenticeship standards, and for new apprenticeship starts, the council remains unlikely to use all of the account balance on training its own apprentices. In order to ensure that more of its levy is used in the local area, the council has introduced its levy transfer strategy, in common with many other public sector levy payers. With the council's first levy-transfer in the pipeline (section 72) and wider transfer window proposed (section 73), the strategy should begin to have a positive impact during 2021.
68. This is not unique to the council and as highlighted in the Executive Member's letter to Gillian Keegan MP, Parliamentary Under Secretary of State for Apprenticeships, the council is just one of a number of levy-paying businesses in the city that recognises the potential of using unallocated levy funds to support the local upskilling, reskilling and job-creation needed to support economic recovery.
69. That letter asked the Minister to consider adapting the Apprenticeship Levy Fund into a Flexible Skills Development Fund and included the type of flexibilities that had been suggested by local businesses – greater flexibility in the rules would enable businesses to invest in developing the skills of their workforce and support the creation of more apprenticeships in the city, for those who are looking to re-skill as a result of the pandemic.
70. Whilst the Minister has passed these suggestions onto policy colleagues for consideration, the council and other levy-payers in the city are working hard to support local businesses (large and small) to make use of any unallocated apprenticeship levy funding - reinvesting it in the city to support local priorities

#### Apprenticeship Levy Transfers

71. Following the Executive Member's approval of the council's Apprenticeship Levy Transfer Strategy, a HR Adviser for Apprenticeships was recruited and commenced in role on 1 January 2021.
72. Since then they have worked with the Apprenticeship Task Group to develop the council's levy transfer policies and processes and with the

Skills Team to ensure promotion to, and support for, businesses requesting a transfer of funds.

73. From the Skills Team's engagement with the Early Years sector, an opportunity to pilot the transfer process with a pre-school has been identified. The transfer is for an amount of £6000 over 21 months and will support an Early Years Educator, Level 3 new apprenticeship start.
74. The next step is to launch the first window for levy applications. In line with the priorities outlined in Appendix A, this window aims to support the micro hospitality, café, food outlets, tourism support, creative and heritage sectors, as they reopen in line with the Government's roadmap out of lockdown and supports those wishing to hire entry level apprentices to start ahead of the next academic year. The suggested timeline is:
- Early May 2021: Communications to promote the service and launch the first window
  - Early May – Mid-June 2021: Application window is open  
Businesses actively engaged and supported by Business Engagement Officer
  - Mid-June into July 2021: Applications reviewed and decisions made by the Apprenticeship Task and Finish Group  
HR Team informs successful applicants  
Business Engagement Officer supports unsuccessful applicants – signposting to other organisations with levy to transfer or other appropriate skills provision.
  - July – August 2021: Levy transferred to successful applicants in line with new apprenticeship starts.
75. Forecasting the number of potential applications for the current financial year is difficult. Once the first round of transfers has been agreed, the Apprenticeship Task Group will review the process and forecasted levy expenditure but it is hoped that a second application window will be opened in early October 2020.
76. The timing of that window may be of particular benefit to SMEs in health and social care and the early years sector, including the potential to support upskilling in digital, leadership and management.
77. It is suggested that the outputs of this review and plans to open a second window are considered by the Executive Member at his August 2021 decision session.

## **Council Plan**

78. 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**

79. The following implications have been considered:

- **Financial** – no additional implications – paper covers continued use of the council's apprenticeship levy funds
- **Human Resources (HR)** – no implications;
- **One Planet Council / Equalities** – no implications
- **Legal** – no implications;
- **Crime and Disorder** – no implications;
- **Information Technology (IT)** – no implications;
- **Property** – no implications.

## **Risk Management**

80. None specifically associated with the recommendation within this paper. However, the continued uptake of apprenticeships within the council and effective implementation of the levy-transfer strategy are fundamental in ensuring the council's apprenticeship levy funds are utilised locally.

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**Report**  **Date** 17 April 2021  
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**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**

Annex A – Levy Transfer Priorities Criteria

**List of Abbreviations Used in this Report**

ASA – Apprenticeship Service Account  
BIL – Break in Learning  
CBI – Confederation of British Industry  
EOI – Expression of Interest  
NYBEP – North Yorkshire Business and Education Partnership  
SME – Small or Medium sized Enterprise  
VCSE – Voluntary, Community and Social Enterprise