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

**20 October 2021**

Report of the Assistant Director, Education and Skills

**Apprenticeships Update**

**Summary**

1. Apprenticeships, alongside a number of other training and development schemes, are playing 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.
2. The council's Apprenticeship Hub has continued to maintain a high profile and promote information, advice and guidance for people and businesses in the city, as well as signposting to the apprenticeship vacancies. Additional activity for the team has included launching the council's Apprenticeship Levy Transfer Scheme, developing a suite of apprentice and employer case studies, reviewing the York Apprenticeship Offer (YAO) to schools, participating in *Learning in York Week* and informing a feature article in York Press.
3. The Hub continues to provide free advertising for recruiting employers and support for individuals via a weekly e-newsletter (nearly 500 young people, parents and advisers on mailing list), virtual recruitment events and regular Facebook posts (2,342 followers with potential post reach of up to 15,000).
4. Targeted activity to support young people included a Facebook Live event for school leavers, which received more than 650 views. The Skills Team continues to work with local secondary schools, colleges and other partners to promote apprenticeship opportunities (section 36) and connect those who may decide to leave full time education with appropriate (Level 2 and 3) apprenticeship vacancies.
5. In the first three quarters of 2020/21 (August 2020 – April 2021), 800 York residents commenced an apprenticeship including 180 young people, aged 16-18. This brings the total number of apprenticeships being undertaken by York Residents to more than 2,100.

6. 800 new starts in York for the first three quarters of 2020/21 equates to 82% of the full-year starts in York during 2019/20. This is comparable with the national Q3 2020/21 performance, which equates to 78% of the full-year starts in England during 2019/20.
7. During the past six months, the number of advertised apprenticeship vacancies within a 15 mile radius of York has increased three-fold, reaching a peak of 250 over the summer and has since settled at around 200 vacancies (across 180 adverts) per week.
8. The easing of Government restrictions and increased financial incentives up to 31 January 2022 (previously September 2021)\*, has encouraged a growth in apprenticeship opportunities at all levels and sectors including retail, hospitality and tourism. However, employers are reporting an insufficient supply of applicants to fill these apprenticeship vacancies.
9. This has also been the council's experience, with some of its recent 14 apprenticeship vacancies having been re-advertised due to a low number of applications.

Information on job vacancies (including apprenticeship vacancies) at the council can be found on the council's website: <https://jobs.york.gov.uk/>

The York Apprenticeship Hub can also help individuals or businesses wanting to find out more about apprenticeships in York  
email: [york.apprenticeships@york.gov.uk](mailto:york.apprenticeships@york.gov.uk) or write to: Apprenticeship Hub, West Offices, Station Rise, York, YO1 6GA

10. Despite these challenges, the council continues to actively recruit new apprentices into the organisation and offers a diverse range of apprenticeship standards at levels 2 to 6. This proactive approach included a successful apprenticeship campaign to recruit a stonemason, welder, joiner, business administrators and public health apprentices into the council.
11. Apprenticeships remain an integral part of the council's strategy to support succession planning and upskilling the existing workforce. As of 30 September, there were 53 active apprenticeships within the council's existing workforce, compared with 34 in April 2021. Overall the council's levy spend on apprenticeship training during April – September 2021 was 32% more than for the same period in 2020.

\*national apprenticeships grant of £3,000 for hiring a new apprentice of any age, plus the existing £1,000 if the apprentice is aged 16-18 or up to 25 with an Education, Health or Care Plan or care leaver.

12. Since April 2021, 32 Expressions of Interest (EOIs) were submitted and approved by the council's Apprenticeship Task Group and School Apprenticeship Panel for new apprenticeships within the council and Local Authority Maintained Schools.
13. The HR and Skills teams have also worked with the Apprenticeship Task Group to launch and facilitate the council's Apprenticeship Levy Transfer Scheme. As a result, a total of six applications for levy transfer have been approved, ring-fencing £75,000 for local businesses over a potential maximum of 39 months.
14. The council's levy transfer is therefore having 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.
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 each month, aligned with an increased take up of apprenticeships within the council, Local Authority Maintained schools and local SMEs.

## **Recommendation**

16. 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**

17. 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.
18. 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.
19. At his Decision Session on 27 April 2021, the Executive Member received a comprehensive paper on apprenticeships and requested six-

monthly updates. This report updates the Executive Member on apprenticeship activity in York from 1 April to 30 September 2021 (inclusive), covering:

- the work of the impartial Apprenticeship Hub
- use of apprenticeships to support skills development within City of York Council's existing workforce
- the support provided to local businesses through the council's Apprenticeship Levy Transfer Scheme
- updates from the Education and Skills Funding Agency (ESFA).

### Apprenticeships in York

20. As reported in April 2021, the local apprenticeship market had begun to show signs of recovery, with around 60 adverts listed for apprenticeship vacancies within a 15 mile radius of York per week. This was a welcome increase from the low of 20 per week which was seen at the start of the pandemic (March 2020).
21. During the past six months, the market has continued to recover well and the number of advertised apprenticeship vacancies within a 15 mile radius of York has surpassed the pre-pandemic average of 80 per week. During the peak in July 2021, there were around 250 apprenticeship vacancies, with the number now having settled at around 200 vacancies (across 180 adverts) per week.
22. This renewed confidence aligns with the easing of restrictions in line with the Government's roadmap and the Apprenticeship Hub's work to promote the support available to businesses locally, including the national financial incentives and the council's own Levy Transfer Scheme (section 59).
23. Encouragingly, the most impacted sectors of retail, hospitality and tourism account for over 50% of the advertised apprenticeship opportunities in York (prior to March 2020, these sectors accounted for around 30% of the local apprenticeship market).
24. However, these sectors along with those that remained the most resilient during the past 12 months (childcare, early years, construction pharmacy and dental nursing), are reporting that there is an insufficient supply of applicants to fill current apprenticeship vacancies.
25. The reasons for this vary between sectors and across apprenticeship levels but feedback from individuals, employers and training providers includes:
  - A continued perception that career pathways within sectors that remain susceptible to future lockdowns are less secure;

- The buoyancy of the local job market may make a job without training but higher salary more attractive than an apprenticeship;
- It's unclear how many of the people on the Government's furlough scheme (to 30 September 2021) would otherwise be applying for an apprenticeship;
- Fewer young people in York have taken the apprenticeship route, choosing to remain in Further or Higher Education – influenced by the reduced number of apprenticeship vacancies seen in the first half of 2021 and the continuation of Centre Assessed Grades.

26. Whilst the number of apprenticeship vacancies in York is recovering, the Skills Team continues to predict a reduction in the overall number of apprenticeship starts in York for 2020/21, when compared with 2018/19 (the last full reporting year not affected by the pandemic) and in particular, the number of apprenticeship starts for 16-18 year olds.
27. At the end of Quarter 3 2020/21 (April 2021), Government data\*\* shows there were 2,170 apprenticeships being undertaken by York Residents, with 800 of these having commenced during the first three quarters of 2020/21 (August 2020 to April 2021 inclusive).
28. The number of apprenticeship starts is commensurate with the impact that national restrictions have had on employers, learners and training providers during the pandemic. It's therefore anticipated that the final figure for new apprenticeships started in the full-year 2020/21 will be similar to that in 2019/20 (970) but remain lower than in 2018/19 (1,340).
29. 800 new starts for the first three quarters of 2020/21 equates to 82% of the full-year starts for York during 2019/20. This is comparable with the national Q3 2020/21 performance, which equates to 78% of the full-year starts in England during 2019/20.
30. Encouragingly, there appears to have been a good spread of apprenticeship starts across the three levels - Intermediate (230), Advanced (300) and Higher (270) to the end of quarter 3 2020/21. However, it's worth noting that half of the total number of starts were by people aged 25 or older.
31. Of the 2,170 apprenticeships being undertaken by residents in York, 530 are by young people aged 16-18, with 180 of these having been started in the first three quarters of 2020/21, which is comparable with the number commenced in the first three quarters of 2019/20.

\*\*<https://www.gov.uk/government/statistical-data-sets/fe-data-library-apprenticeships> (2019/20 data)

\*\*<https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships-and-traineeships/2020-21>

32. To support this age group, the Skills Team continues to work with local secondary schools, colleges and other partners to promote apprenticeship opportunities and connect those who may decide to leave full time education with appropriate (Level 2 and 3) apprenticeship vacancies.

### The Apprenticeship Hub

33. Through the impartial Apprenticeship Hub, the Skills Team continues to support individuals, businesses and training providers in York to make the most of apprenticeships.
34. The Skills Team provides free advertising for recruiting employers and support for individuals via the Hub's weekly e-newsletter (nearly 500 young people, parents and advisers on the mailing list), virtual recruitment events and regular Facebook posts (2,342 followers with potential post reach of up to 15,000).
35. Targeted activity to support young people included a Facebook Live event for school leavers. The panel comprised representatives from the Apprenticeship Hub, a local employer, Further and Higher Education providers and business start-up support. The live audience number peaked at around 30 views with the video having been viewed 656 times.
36. 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 Knowledge for Schools and Colleges (ASK) contract locally.
37. In preparation for the current academic year and taking account of the easing restrictions, the team has worked with partners to review the offer and revise resources to reflect the changing local labour market. This has included updating our suite of apprenticeship case studies to support engagement with both young people and employers.
38. The work of the Apprenticeship Hub, including a selection of these case studies and a contribution from the Executive Member for Economy and Place, positively informed a feature article on apprenticeships in the York Press (10 August 2021).

39. In the past six months, the Business Engagement Officer provided impartial advice and support to 55 businesses (compared with twenty in the first quarter of 2021 (calendar year) including 13 with an interest in the council's apprenticeship levy transfer scheme (section 59).
40. The team continues to develop the York Apprenticeship Provider Network, with more than 30 organisations now regularly represented. A key output/insight from the last quarterly meeting (7 September) was regarding provider support for fulfilling current record level of vacancies.

### Apprenticeships at the Council

41. Whilst the financial impact of the pandemic on the Local Authority's budget has greatly reduced its ability to create new roles, apprenticeships, remain an integral part of the organisation's strategy to support succession planning and upskilling of the existing workforce.
42. Despite the challenges, at 30 September 2021, there were 53 apprenticeships active across the council and local authority maintained schools. 17 of these apprenticeships commenced within the last six months, compared to nine within the same period in 2020. More than half (10) of the 17 starts were new apprentice recruits.
43. At the same time, apprenticeships are being used to support skills development within the existing workforce and help fill skills gaps. Within the council, these include higher level apprenticeships in Social Work, Civil Engineering and Senior Leadership.
44. Within Local Authority Maintained Schools, higher level apprenticeships in Senior Leadership, Accounting, Coaching, Learning and Skills Teaching and School Business Professional are helping to develop existing employees. Interest is also being generated for the new school-specific apprenticeship standards in leadership and management that could be used by the wider schools workforce.
45. Since April 2021, 32 Expressions of Interest (EOIs) have been approved by the council's Apprenticeship Task Group (21) and School Apprenticeship Panel (11) for apprenticeship starts within the council and Local Authority Maintained Schools. This is compared with eight during the same period in 2020.

#### 46. Snapshot: 1 April 2021 - 30 Sept 2021

| Metric   | City of York Council  | Local Authority Maintained Schools | Total |
|--|---|------------------------------------|-------|
| # Expressions of Interest Received   | 21  | 14                                 | 35    |
| # Expressions of Interest Approved   | 21  | 11                                 | 32    |
| # New apprenticeship <b>starts</b><br>(existing staff and new apprentice recruits)         | 11  | 6                                  | 17    |
| # New apprentices <b>recruited</b> in to organisation (included in above figure)           | 10  | 0                                  | 10    |
| # New apprenticeship starts <b>pending</b><br>(existing staff and new apprentice recruits) | 11  | 6                                  | 17    |
| Examples of apprenticeships and level (L) approved/being undertaken                        |   |                                    |       |
| City of York Council   | Senior Leader L7, Civil Engineer L6, Welder L3  |                                    |       |
| Local Authority Maintained Schools   | Coaching L4, Admin L3, Teaching Assistant L3, Early Years Educator L3, School Business Professional L4, Learning & Skills Teacher L5, Departmental Manager L5 |                                    |       |

47. In any given period, there will likely be a difference in the number of approved EOIs, apprenticeship starts and apprenticeship starts pending. Reasons for the variance in the numbers in the table above include:

- Existing employees completing functional skills qualifications ahead of their apprenticeship starting – EOIs approved but apprenticeship not yet started
- Apprenticeship is part of a cohort that hasn't yet started – those with known future start dates are reflected in 'new apprenticeship starts pending' figures
- Managers are being supported to progress procurement of the training provider and/or recruit candidates for approved EOIs – some EOIs have only recently been approved and some new roles have had low levels of applications and have therefore been advertised more than once.

#### Apprenticeship Levy

48. 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 monthly payroll for apprenticeship training – this is known as the Apprenticeship Levy.

49. 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.
50. 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'.
51. Funds in the digital account can only be used to pay for training and assessment for apprenticeship standards, and for new apprenticeship starts (new or existing employees). They cannot be used for wages or other associated costs.
52. As of 1 October 2021, the City of York Council Apprenticeship Service Account stood at £988,833 (compared with £997,256 at 1 April 2021). 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
  - when new apprenticeship starts being added to the system. For instance, funding for some of the 32 approved internal expressions of interest (section 45) and 6 external levy transfer expressions of interest won't have been deducted
  - when the completion payment (≤20%) is claimed by the provider.
53. 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.

54. In summary:

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

55. As the levy can only be used to pay for training and assessment for apprenticeship standards, and for new apprenticeship starts (new or existing employees), 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 developed a Levy Transfer Scheme, in common with many other public sector levy payers, and this approach was endorsed by the Executive Member for Economy and Strategic Planning at his decision sessions in November 2020.
56. Since the introduction of the Apprenticeship Levy in 2017, the City of York Council has utilised £519,638 (£109,178 in the past six months) - supporting apprenticeship training for new and existing employees and, more recently, supporting levy transfers. Cumulatively, a total of £713,246 has expired from the account and the council is working hard to reduce the amount of funds expiring each month. It's important to note that the oldest funds will always be utilised first, so apprenticeships being funded in September 2021 may be utilising credits from as far back as September/October 2019.
57. By continuing to value and use apprenticeships within the council and by supporting Small and Medium Enterprises in York via levy transfer, the amount of expired levy funds for the period, April 2021 to September 2021, has reduced to an average of £24,107 per month (compared with £34,348 per month for April 2020 to September 2020 and £24,713 for November 2020 to March 2021).
58. 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 monthly expired funds, aligned with increased take up of apprenticeships within the council, Local Authority Maintained schools and local SMEs.

### Apprenticeship Levy Transfers

59. As approved by the Executive Member for Economy and Strategic Planning at his decision session in April 2021, the council's Apprenticeship Levy Transfer Scheme was launched late May.
60. During the first window for levy transfer applications (June 2021), the council's skills and HR teams serviced enquiries from eight local employers (the majority responding to York Press coverage of the council's press release). The Skills Team's Business Engagement Adviser worked with each employer and ultimately, five formal Expressions of Interest (EOIs) for five new apprentice recruits were received and approved by the council's Apprenticeship Task Group - committing £60,000 over a maximum of 39 months.

61. Consequently, three new apprentices have been recruited into Early Years, Software Development and Digital Marketing roles with monthly transfers having been set up from the council's Apprenticeship Service Account. The other employers are being supported to progress their apprentice recruitment and the transfer of levy funds.
62. One employer has encountered difficulty in recruiting candidates for their Level 6 Digital Marketing role. The EOI approval remains valid for six months so the Business Engagement Adviser will maintain contact with the employer to try to progress before the end of the year.
63. One of those approved EOIs is for a new Level 3 Digital Marketing Apprentice with a key strategic partner in the region, working with schools and businesses to drive skills development to support economic growth.
64. This first window served as a pilot to gauge and if necessary, manage demand for apprenticeship levy transfers from the council. Since the first window 'closed' at the end of June, we have continued to receive employer enquiries. The Apprenticeship Task Group felt it would not be in the best interests of the employers or the council to hold these over until a future 'window' and agreed to consider EOIs as they are received, alongside updated apprenticeship levy spend forecasts.
65. Subsequently, there have been enquiries from a further five employers for a total of 14 apprenticeships (potentially two new apprentice recruits and 12 apprenticeships to upskill existing employees). From these, two EOIs have been received, with one having been approved to fund the £15,000 training and assessment costs of a Level 4 Data Analyst Apprenticeship, over 30 months. Consideration is being given to the other EOI in accordance with the council's Apprenticeship Levy Transfer Criteria.
66. The Business Engagement Adviser continues to support six active employer enquiries. If EOIs are received and approved for all 16 apprenticeships, there would potentially be an additional combined commitment of £107,000 over a potential maximum of 51 months.
67. The council remains committed to transferring any of its unallocated annual apprenticeship levy funds, up to a maximum of 20% of the annual amount accrued, to local employers to support the city's economic recovery. This could equate to around £100,000 per annum. As levy funds are transferred to receiving employers on a monthly basis (for the duration of the apprenticeship), approving EOIs with a combined total of more than £100,000 would not necessarily breach the annual transfer limit.

68. At its meeting in October, the Apprenticeship Task Group will consider the status of the council's levy funds alongside any outstanding EOIs and ESFA updates (details below), before deciding whether to actively solicit more applications for levy transfer.

### **Education and Skills Funding Agency (ESFA) - updates**

69. **Levy Transfer Service** – As announced in March, the Government has been developing a 'bulk levy transfer tool' to support the matching of SME's looking to receive funds with organisations who have unallocated levy to 'pledge' The service (referred to as 'Pledge and Match') was launched in a phased approach as follows:

- 23 August 2021 – the service was switched on for a small number of sending employers to add pledges
- 13 September 2021 – the service allows all sending employers to add pledges
- 27 September 2021 – the Service allows all receiving employers to apply for pledges

70. The council's impartial Apprenticeship Hub is supporting the local roll out of marketing materials and is ready to advise sending and receiving employers in the city.

71. Feedback from employers, training providers and other partners will inform if/how the council may wish to add its own pledges to the system, along with the 'match criteria' (aligned with its Apprenticeship Levy Transfer Strategy) that any receiving employer would need to meet.

72. **Incentive payments for hiring a new apprentice** – From 1 April 2021 to 30 September 2021 (now January 2022 - see section 74), enhanced employer incentives were in place to provide recruiting employers with £3,000 for hiring a new apprentice, plus an additional £1,000 if the apprentice was aged 16-18 or aged under 25 with an Education, Health and Care plan or is a care leaver.

73. As highlighted in the Executive Member's letter to Alex Burghart MP, Parliamentary Under Secretary of State at the Department for Education, apprenticeships are playing an important role in supporting York's economic recovery from the pandemic and, with the Job Retention Scheme also coming to end on 30 September, it made little sense to remove the stimulus for creating new apprenticeship vacancies, at a time when more people would potentially be seeking them.

74. On 4 October 2021, the government announced an extension to the incentive payments to 31 January 2022 and the York Apprenticeship Hub continues to support businesses to make the most of the opportunity.
75. **Flexi-job Apprenticeships** – The new scheme aims to help sectors with flexible employment patterns and short-term roles, such as agriculture, construction and creative to create apprenticeship opportunities - by enabling an apprentice to work across a range of projects and with different employers to gain the full skills and experience they need to complete their programme.
76. This scheme will become the third agency-type model for apprenticeships, following Apprenticeship Training Agencies (ATAs) and Group Training Associations (GTAs). ATAs recruit, employ and arrange training for apprentices on behalf of employers. GTAs train apprentices on behalf of groups of employers, often from the same industry sector.
77. Whilst a £7m start-up fund has been made available to support flexi-job apprenticeship agencies, there appears to be a lack of interest from prospective agencies due to funding constraints and the level of 'risk' they would need to absorb.
78. The Skills Team at York and North Yorkshire Local Enterprise Partnership is leading engagement in the region and with ESFA (who have been unable to offer any comment due to the open procurement process).
79. The Skills Team Business Engagement Adviser is contacting partners via the York Apprenticeship Provider Network for their views and to identify whether providers intend to bid.

### **Council Plan**

80. 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**

81. 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**

82. 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 utilising the council’s apprenticeship levy funds locally.

**Chief Officer Responsible for the report:**

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**Report**  **Date** 11 October 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**

None

## **List of Abbreviations Used in this Report**

ASA – Apprenticeship Service Account

BIL – Break in Learning

EOI – Expression of Interest

ESFA – Education and Skills Funding Agency

NYBEP – North Yorkshire Business and Education Partnership

SME – Small or Medium sized Enterprise

VCSE – Voluntary, Community and Social Enterprise