

From: Roger Gough, Cabinet Member for Children, Young People and Education

Patrick Leeson, Corporate Director for Children, Young People and Education Services

To: Growth Economic Development and Communities Cabinet Committee - 21 June 2017

Subject: Update on Apprenticeship Reforms

Classification: Unrestricted

Past Pathway of Paper: N/A

Future Pathway of Paper: N/A

Electoral Division: Countywide

Summary: To provide an over view for members on the Apprenticeship reforms

Recommendation(s): Members are asked to note the contents of this report.

1. Introduction

1.1 The Government is committed to boosting productivity by investing in human capital. The recently published Industrial Strategy sets out the ambition to improve technical skills and qualifications, and to increase the quantity and quality of apprenticeships. There is a target to increase the number of apprenticeship starts in England by 2020 by 3 million. The apprenticeship funding reforms introduced in April 2017 will support the delivery of new apprenticeship standards and ensure quality training by putting employers at the centre of the system. These changes put employers in control of paying and choosing apprenticeship training and provide an opportunity to radically rethink the type of apprenticeships offered up to degree level. For the first time there will be apprenticeship career pathways in a number of sectors.

1.2 The introduction of the Apprenticeship Levy is a major change to the funding of apprenticeships. An outline of these changes are listed below,

- Levy was introduced in April 2017
- Employers pay the levy if they are a UK employer with an annual pay bill of £3m+ (In Kent about less than 0.5% of employers based in the county will pay the levy)
- 0.5% of the annual pay bill will be collected monthly via PAYE
- Levy payments are managed by a digital account

- Levy funding has to be used within 24 months otherwise Government will reclaim the money
 - There is a 10% top-up from Government
 - Levy funding is limited to training, assessment and accreditation, the levy will not cover wages
- 1.3** Levy payers have access to a digital account to pay for apprenticeship training. The levy will be taken from the PAYE system and credited monthly by Government. The employer will then pay the college or training provider monthly from the digital account.
- 1.4** As part of the apprenticeship reforms, co-investment funding has been introduced for non-levy payers; these changes take effect from May 2017. All employers who do not pay the levy should benefit from significant government funding to support their commitment to apprenticeships.
- If an employer has not paid the levy and would like to train an apprentice, they 'co-invest' 10% of the cost of the apprenticeship training and assessment and benefit from government funding to cover the remaining 90% of the cost.
 - In the first year of the new funding system, employers will need to pay their co-investment share directly to training providers. Over time, it is intended to move to a system where the employer can pay this through their digital account.
- 1.5** KCC will be expected to pay a levy in the region £3.2 million into the digital account, as a levy payer KCC will receive an additional 10% top up fund. All public sector bodies have been given an apprenticeship target and an annual target of 707 apprenticeship starts will be the Council's target for 17/18, this includes KCC maintained schools. From 2018 KCC will be able to use 10% of its levy payment with other employers who have a digital apprenticeship account.

2. New Apprenticeship Standards

- 2.1** The government wants employers to be at the centre of the process for designing and delivering apprenticeships. The new apprenticeship standards are now designed by groups of employers, known as trailblazers, to meet their own skills needs, those of their broader sector and of the economy more widely. These new standards will replace the existing apprenticeship frameworks. FE Colleges and other registered training organisations are adapting their apprenticeship delivery models to take account of these changes, which includes a final assessment undertaken by an external assessor.
- 2.2** The new standards will show what an apprentice will be doing and the skills required of the job role. Currently, it is expected between 600 to 800 new standards to be published compared to current 250 frameworks.

3. Supporting Employers to manage the Apprenticeship Changes and increase the number of apprenticeships

- 3.1** The Skills and Employability Service has developed a range of activities to maximise employer engagement to increase the number of apprenticeships in Kent. This includes the ApprenticeKent.com website to encourage Kent businesses to recruit people into a variety of apprenticeships at all levels. The site has posted 705 apprenticeship vacancies and 2210 young people have registered for apprenticeship opportunities since November. The website hosts a wide range of information for employers, potential applicants and parents/carers and is kept under constant review.
- 3.2** Kent County Council continues to run the successful Made in Kent campaign in partnership with FE Colleges and private training providers to support employers to maximise opportunities that the new apprenticeship programme provides. The campaign '**Made in Kent**' is designed to promote the advantages of apprenticeships to both employers and future apprentices alike. The target is to double the number of apprentices working in the County by 2019/20. As part of this initiative a new advice service was established, to offer all Kent employers expert advice on how to maximise the new apprenticeship training opportunities, navigate funding and access appropriate training options to meet business needs.
- 3.3** Phase two of the Made in Kent campaign will provide opportunities for young people to meet employers in an interview situation and to increase the number of employers offering pre-apprenticeships and apprenticeship pathways. The targets are 1000 employer interviews for 1000 young people and to engage with 1500 new employers within the next 12 months.

4. Schools

- 4.1** Following the implementation of the apprenticeship reforms and introduction of the Levy in April 2017, the Skills and Employability Service is supporting all Kent Schools in the development of high quality apprenticeship schemes with a particular focus on those Schools (community and voluntary controlled) maintained by the local authority and who contribute to the KCC levy.
- 4.2** On 16th May 2017 Skills and Employability delivered a conference titled 'Expanding Apprenticeship Opportunities in Schools', 61 Primary and 55 Secondary schools attended the event. The conference provided information on how Schools can support students in their pursuit of apprenticeships as well as how Schools can grow and develop their workforce through apprenticeships. In the week since the conference, Skills and Employability has received 18 enquiries from Schools providing more than 30 new apprenticeship opportunities.
- 4.3** There is a specialist apprenticeship service for Schools, providing advice and support to identify apprenticeship career opportunities, creating job descriptions, procuring training providers and advertising. The Skills and Employability Service has set ambitious targets to engage with 30 Schools by the end of May with 50 apprenticeships created by the end of June. This 50

will be a combination of new apprentices and existing staff undertaking apprenticeships.

- 4.4** The Skills and Employability Service continues to work in partnership with KFE and KATO, sharing information and expertise in order to support Schools to provide new apprenticeship career pathways from Level 2 up to Degree Level.

5. Current profile of Apprenticeship Numbers in Kent

Table 1: Number of apprenticeships across SELEP in 15/16

15/16	Under 19	19-24	25+	All
Essex	3630	3560	4560	11750
Southend on Sea	360	410	650	1420
Thurrock	450	390	560	1400
East Sussex	930	1200	1790	3920
Kent	3020	3380	4730	11130
Medway	760	970	1090	2810

Table 2: Increase of 16-18 apprenticeships from 13/14 to 15/16

13/14	14/15	15/16
2560	2760	3020

Table 3: KCC Apprenticeship numbers

Since the start of the KCC apprenticeship programme there have been 1103 apprenticeship starts within the authority. Table 3 shows the breakdown of apprenticeships by sector within KCC.

Level 2	991	Level 3	95	Level 4	17
Sector breakdown					
Accountancy	12	AAT	15	Business Admin	4
Business admin	637	Business Admin	36	ICT	3
Childcare	52	Childcare	2	Project Management	3
Customer Service	131	CYPW	1	AAT	7
CYPW	1	Early Years	3		
Early Years	4	Health & Social Care	5		
Facilities Service	3	ICT	16		
Finance	1	Lab Services	2		

Level 2	991	Level 3	95	Level 4	17
Sector breakdown					
Food production	1	Operational Delivery	6		
Health & Social Care	9	Receptionist	1		
Highway maintenance	1	Support Teaching	7		
Hospitality Service	2	Teaching and Development	1		
ICT	13				
Marketing	1				
Professional Cookery	1				
Digital Media	1				
Sports Coach	1				
Supporting teaching and learning	67				
Teaching assistant	7				
Technical	1				
Warehouse	5				
Youth Work	16				
Blank	24				

6. Conclusion

6.1 Good progress has been made supporting employers to understand the changes to apprenticeship delivery. KCC through the Skills and Employability Service and with other providers will continue to increase the number of apprenticeships. There will be ongoing activities for employers through the Made in Kent campaign and Employer Guilds. The Kent and Medway Skills Commission will also continue to promote apprenticeships, in particular higher and degree apprenticeships.

7. Recommendation(s):

Members are asked to note the contents of this report.

8. Background Documents

Useful web links

Apprenticekent.com <http://www.apprenticekent.com/home>

Information on apprenticeships from Government <https://www.gov.uk/topic/further-education-skills/apprenticeships/latest>

Apprenticeship levy <https://www.gov.uk/hmrc-internal-manuals/apprenticeship-levy>

Employer apprenticeship guide
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/601513/Employer_guide_to_apprenticeships.pdf

9. Contact Details

Sue Dunn, Head of Service, Skills and Employability

Tel: 03000 416044

Email: Sue.Dunn@kent.gov.uk

David Knox, Apprenticeship & Employer Engagement Officer, Skills and Employability

Tel: 03000 416359

Email: David.Knox@kent.gov.uk