



North East Combined Authority, Overview and Scrutiny Committee

Tuesday 8th September, 2015 at 2.00 pm

Meeting to be held in a Gateshead Civic Centre, Regent Street, Gateshead, NE8 1JN

SUPPLEMENTAL AGENDA

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5. Employability update - focus on Apprenticeships	1 - 12

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To All Members

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North East Combined Authority

Overview and Scrutiny Committee

Date: 8th September 2015

Subject: Employability update – focus on Apprenticeships

Report of: NECA Employability, Inclusion and Skills Steering Group

Executive Summary

This report provides a brief summary of the regional response to increasing the number of apprenticeships in the region. It includes an update on the recent formal review of Apprenticeships in the Combined Authority geography.

This independent piece of work was commissioned to specifically consider what the regional approach should be to increasing the creation and take up of Apprenticeships.

Recommendations

The scrutiny committee is invited to note the information contained in the report and agree recommendations to support the thematic lead for Employment, Inclusion and Skills to take forward

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1. Background Information

The Apprenticeship Hub

- 1.1 The Apprenticeship Hub was a partnership initiative, led by Newcastle City Council as part of the City Skills Deal, on behalf of NELEP and its partners. The purpose of the Hub was to provide an additional resource, and to bring together employers, Apprenticeship providers and other partners to work towards the common goal of increasing the creation and take-up of Apprenticeships (especially Youth Apprenticeships).
- 1.2 The North East Independent Economic Review (March 2013), and the 'More and Better Jobs: A Strategic Economic Plan for the North East LEP (31st March 2014) emphasised the need for a more focused approach to increase the creation of more apprenticeships.
- 1.3 The targets proposed within these documents included:
 - Double the number of youth Apprenticeships over the next four years, from 6,500 to 13,000.
 - Double youth Advanced Level Apprenticeships from 2,000 to 4,000 in engineering and other skills linked to key growth sectors.
 - Achieve an additional 500 employers providing Apprenticeship places within three years.
- 1.4 These targets reflect national Government objectives to drive a significant increase in the take-up of Apprenticeships across England.
- 1.5 In July 2014, the North East LEP (NELEP) commissioned New Skills Consulting and TBR to undertake a review to inform further development of the Apprenticeship Hub for the NELEP/Combined Authority area.
- 1.6 The review would provide an evidence base that could be used to develop objective, evidence-based priorities and actions for the partnership. The focus was on understanding current and future needs in the Apprenticeship market.
- 1.7 This in turn would recommend priority actions with the greatest potential to impact on achieving the required growth in Apprenticeship numbers

Relevant data

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1.8 Attached at Appendix 1 is a short data summary that provides key information relating to Apprenticeships in the region.

2. Regional Review

2.1 The review included:

- A detailed analysis of Apprenticeship data (from the Skills Funding Agency / Data Service) exploring volumes, characteristics and recent trends in Apprenticeship take-up.
- An assessment of skills needs and local employment needs to identify areas of potential Apprenticeship demand and mismatches between demand and supply.
- Surveys and detailed consultations with 143 employers, 32 Further Education Colleges and Apprenticeship training providers, and 14 other stakeholder organisations, exploring views on the need for, and priorities for the partnership.

2.2 Summary of Apprenticeships in the Combined Authority (NECA)

- Overall, the take-up of Apprenticeships in the area mirrors national trends.
- There was a significant growth in 2010/11 (from 13,410 to 25,360), with all age apprenticeship starts.
- The total number of all age starts remained broadly constant in 2011/12 (3% growth) and 2012/13 (3% fall).
- Figures for 2013/14 (22 500) have just been released with a 15% drop in all age starts from 2012/13 (26 350), this is in line with the national trend.
- Apprenticeship starts by 16-19 year olds in the NELEP area fell by 33% between 2010/11 and 2012/13 (from 8,780 to 5,890) compared to a national fall of 13%.
- There was a very slight rise in the number of starts for age 16-18 from 2012/13 (10 960) to 2013/14 (10 990) but a significant drop in age 19+, particularly in higher and advanced level apprenticeships, 2012/13 (9 860) to 2013/14 (5 810).
- Higher Apprenticeship starts are almost all by adults (aged 19+). The number of Higher Apprenticeship starts has risen, though numbers remain relatively low compared with other programme types (700 starts by in 2012/13).
- Data provided by the National Apprenticeship Service shows that in the North East, 18% of all work places employed Apprentices in 2012/13, the highest of any English region.

2.3 Mismatches between demand and supply

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There is some evidence of mismatches between Apprenticeship demand and supply, including:

- An insufficient pool of high quality applicants for Apprenticeships in the key growth sectors identified in the Strategic Economic Plan that are experiencing current and anticipating future skills shortages. This is focused mainly on engineering, and advanced manufacturing.
- A need to stimulate extra demand in key growth sectors where the penetration of Apprenticeships is relatively low. This includes: IT and digital; business services; and creative and cultural industries.
- Insufficient applicants for Apprenticeship jobs in catering, sales, and health & social care, often because of the low pay and antisocial working hours associated with these sectors.

2.4 Barriers to increasing Apprenticeship take-up

Many of the barriers identified by the research are **structural**, these include:

- Apprenticeships not being prioritised in some schools as an attractive next step at post-16
- Weaknesses in the employability skills of some young people leaving the education system
- Poor Apprenticeship wages and terms and conditions offered by some employers
- The preference of some businesses to use alternative methods to recruit and train the workforce.

Other barriers are about **information failures**, these include:

- lack of understanding and awareness of Apprenticeships among some young people, parents and schools
- employers and schools receiving inconsistent information about Apprenticeships from a myriad of sources
- some employers that are new to Apprenticeships finding it difficult to understand the offer and navigate the Apprenticeship system

2.5 Realism of current Apprenticeship targets

The review concluded that the current targets in the Strategic Economic Plan to double the number of youth Apprenticeships over the next four years from 6,500 to 13,000 appears very ambitious, and is unlikely to be achieved. This is because:

- The number of 16-19 year olds starting Apprenticeships in recent years has actually been falling (from 8,780 in 2010/11 to 5,890 in 2012/13).

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- The population of 15-19 year olds is shrinking (decline of 9%, from 115,000 in 2015 to 105,000 by 2020).
- While the labour market is improving, new jobs are not being created at the rate needed to support a doubling in youth Apprenticeship numbers. Employment in the local economy is forecast to grow by 4% between 2012 and 2022.
- Employers are not prioritising the creation of apprenticeships for applicants aged 16-18.
- More young people aged 16-18 are continuing in full time education and training.

2.6 Review recommendations

The review made the following recommendations to:

- Implement a substantial programme to improve school engagement in Apprenticeships
- Increase the support to improve the work-readiness of young people
- Update and provide information for employers new to Apprenticeships
- Produce enhanced marketing and PR campaigns to support increased take-up and quality
- Change the name of the Hub as it is misleading as suggests a physical entity which is not recommended
- Create a wide and inclusive Apprenticeship Growth Partnership
- Review the targets for increasing apprenticeships as these are unachievable

2.7 The Apprenticeship Growth Partnership (AGP)

In order to take forward these recommendations the Apprenticeship Growth Partnership (AGP) has been implemented and has replaced the Apprenticeship Hub. It provides a means of bringing together employers, providers, schools and others to work together towards clear, shared goals and targets for Apprenticeship growth which will benefit employers, young people and the economy as a whole.

The AGP has now been established and has met twice over the summer. The partnership is chaired by Bob Paton, Chief Executive of NELEP and Managing Director of Accenture-a significant IT company based in North Tyneside.

AGP members include two local authority officers representing the Combined Authority. The officers represent two of the Combined Authorities key groups:

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the Employment, Inclusion and Skills group and the Young Peoples Skills Group. Additional members include:

- North East Local Enterprise Partnership – Employment and Skills Board
- North East Local Enterprise Partnership – Business Support Board
- Association of Colleges
- North East Learning Provider Network
- National Careers Service
- Skills Funding Agency/National Apprenticeship Service
- Federation of Small Business
- North East Chamber of Commerce
- Generation NE Management team

The support/co-ordination of the group and activities will be overseen by an Apprenticeship Manager. This will include developing:

- a communication and engagement plan so information can be disseminated about the work of the AGP
- a performance report to monitor progress against targets
- a resource plan to identify what resources are available to support the delivery of the priorities and targets

The AGP will also focus on addressing the identified structural and information gaps in order to reduce barriers to the take-up of Apprenticeships. It will:

- Review the targets relating to increasing the take-up of Apprenticeships by employers and young people (aged 16 to 24)
- maximise the contribution that apprenticeships make to meeting the skills needs of the key growth sectors
- increase the number of Apprenticeship starts among young people (both 16-18, and 19-24)
- increase the number of Advanced and Higher level apprenticeships
- increase the number of starts in priority growth sectors
- focus on starts resulting from genuine new job vacancies, rather than existing employees enrolling on Apprenticeships
- increase the overall number of employers recruiting Apprentices

An action plan for the partnership has been produced and includes the following actions:

- creating a digital platform to support employers, providers, colleges and young people in accessing information and opportunities for

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Apprenticeships. The site could be called 'On your Door Step' and would include a TV channel/media showcasing various sectors and local employers

- working with the Association of Colleges on a Higher Learning, Higher Earning project. The project aims to increase the number of higher level apprenticeships. The Skills Funding Agency has requested support from the NELEP to increase the number of Higher Apprenticeships from 500 to 5000 over the next 5 years
- The group is looking to develop strong links with the North East Apprenticeship Ambassador network. The group have identified a number of activities/idea that could be developed with the network:
 - a) An Apprenticeship Board made up of current Apprentices to help support developments around information, advice and guidance
 - b) An Apprentice Ambassador network which will bring together a central resource of young people the promotion of Apprenticeships.
 - c) A Graduation ceremony celebrating the achievement of and Apprenticeship in the same way as University Degree. The ceremony could be initially focused on Advanced and Higher Apprenticeships.

2.8 Future support from the Combined Authority and its constituent authorities

Councillor Grant Davey in Northumberland Council is the thematic lead for Employment, Inclusion and Skills. The NECA Employment, Inclusion and Skills group made up of the constituent Local Authorities and key partners deliver agreed actions.

As the Combined Authority develops it will be critical that it communicates a strong priority to support the work of the Apprenticeship Growth Partnership. This will assist its constituent authorities and partners to increase the numbers of apprenticeships, improve the quality of apprenticeships, and support the development of clear progression routes to sustainable careers from apprenticeships.

The support from NECA and its constituent authorities could include:

- as employers lead by example by creating apprenticeship opportunities
- set a NECA standard for employers for apprenticeships
- actively promote apprenticeships to all employers
- seek to maximise the support to smaller employers to include apprenticeships as part of their recruitment plans
- support larger employers to include apprenticeships in their medium to long-term workforce planning

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- review destination information from schools and colleges and challenge schools to promote apprenticeships as a destination of choice for young people
- supporting the partnership to improve the level of information, advice and guidance on apprenticeships available to young people, their parents/carers and employers
- Monitor and support the response from business to create more apprenticeships and the demand from young people and the unemployed.

3. Next Steps

The Committee is requested to:

- a) note and comment on the content of the report
- b) consider if any further information is required
- c) make recommendations to the thematic lead; Councillor Grant Davey on activity to be undertaken and the suggested role of the Combined Authority and its constituent authorities

4. Potential Impact on Objectives

- 4.1 The review is consistent with the NECA objectives and in line with strong partnership working to integrate skills and employability services and support.

5. Finance and Other Resources

- 5.1 There are no specific financial implications arising from this report.

6 Legal

- 6.1 There are no specific legal implications arising from this report.

7. Other Considerations

7.1 Consultation/Community Engagement

Not applicable

7.2 Human Rights

There are no specific human rights implications arising from this report.

7.3 Equalities and Diversity

There are no specific equalities and diversity implications arising from this report.

7.4 Risk Management

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There are no specific risk management implications arising from this report.

7.5 **Crime and Disorder**

There are no specific crime and disorder implications arising from this report.

7.6 **Environment and Sustainability**

There are no specific environment and sustainability implications arising from this report.

8. **Background Documents**

8.1 The North East Independent Economic Review (March 2013)

8.2 More and Better Jobs – A Strategic Economic Plan for the North East (March 2014)

9. **Links to Plans in the Policy Framework**

The review supports delivery of the Strategic Economic Plan.

10. **Appendices**

10.1 Data summary from NELEP Apprenticeship Hub Review

11. **Contact Officers**

11.1 Shona Duncan, Principal Manager for Employment and Skills at North Tyneside Council Tel: 0191 643 6065

12. **Sign off**

- Head of Paid Service
- Monitoring Officer
- Chief Finance Officer

13. **Glossary**

APG - Apprenticeship Growth Partnership

TBR - Trends Business Research Ltd

SFA – Skills Funding Agency

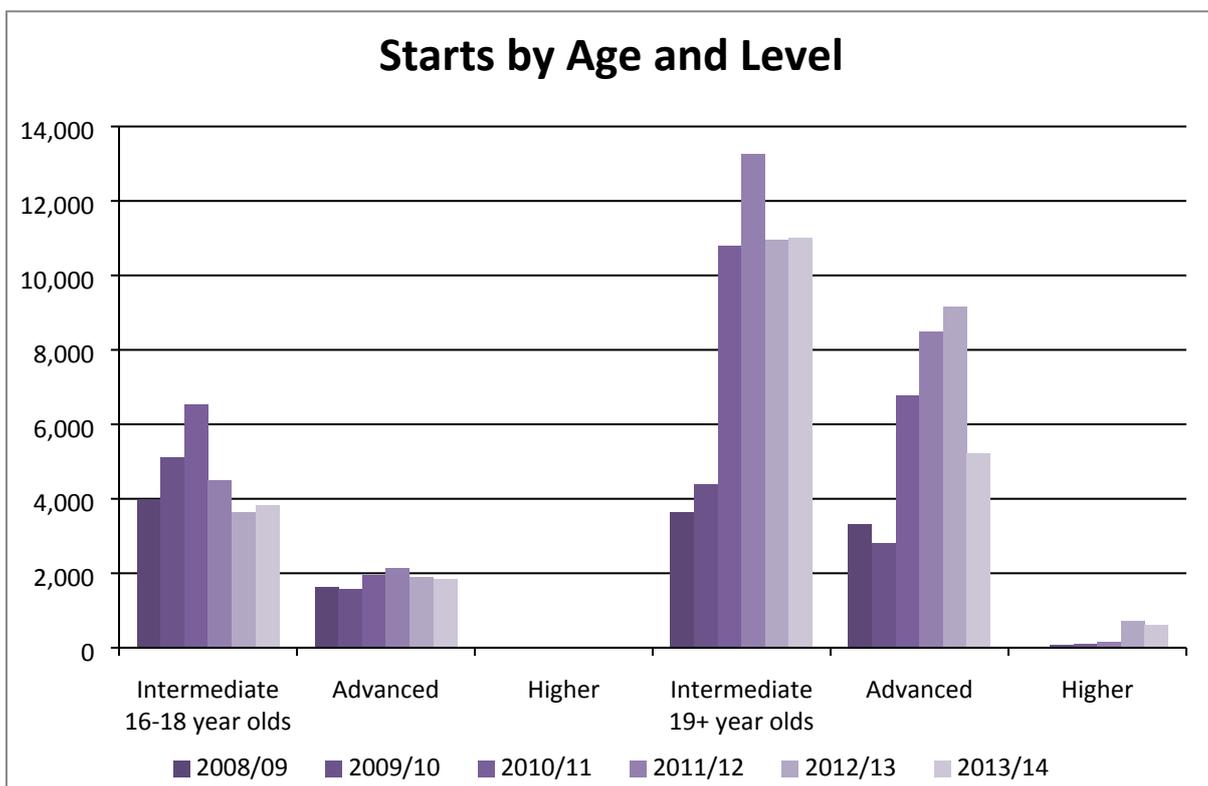
City Skills Deal - Decisions on how money is spent on skills made by local businesses and partners who understand what is needed in the region.

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Appendix 1

Data summary from NELEP Apprenticeship Hub Review



Top ten frameworks, adults

Intermediate Apprenticeships		Advanced Apprenticeships	
Framework	Starts	Framework	Starts
Health and Social Care	2,000	Health and Social Care	2,500
Customer Service	1,220	Management	1,260
Management	1,090	Business and Administration	820
Improving Operational Performance	890	Customer Service	740
Business and Administration	620	Children and Young People's Workforce	320
Retail	620	Retail	310
Driving Goods Vehicles	410	IT, Software, Web & Telecoms Professional	230
Hospitality and Catering	330	Engineering Manufacture Craft Technician	210
Cleaning and Environmental Services	240	Hospitality and Catering	210
IT Application Specialist	180	Hairdressing	150

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