

Education Skills and Employability Board

Monday, 06 February 2023

Apprenticeship Update

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| Is the paper exempt from the press and public? | No |
| Reason why exempt: | Not applicable |
| Purpose of this report: | Discussion |
| Is this a Key Decision? | No |
| Has it been included on the Forward Plan of Key Decisions? | Not a Key Decision |

Director Approving Submission of the Report:

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Executive Summary

This paper provides an update to the board on the development of a levy matchmaking service, the progress of the Apprenticeship Hub and the MCA plan to support National Apprenticeship Week (NAW) 6th – 12th February 2023.

What does this mean for businesses, people and places in South Yorkshire?

According to Government statistics (2018), employers who have an established apprenticeships programme report that productivity in their workplace improved by 76% while 75% reported that apprenticeships improved the quality of their service or product. Apprentices themselves are more likely to be in employment for longer and will receive higher earnings with wage premiums of 11% for intermediate apprenticeships and 18% for advanced level. National figures (2014) show that for every £1 spent on apprenticeships, the economy gains £21, which is substantially more than other productivity related factors including investment in innovation, research or technology.

Linking together businesses that have available levy with those that are in need of funding for apprenticeship programmes benefits our regions businesses and also provides

opportunities for residents to develop the skills they need to access good employment. The establishment of a levy matchmaking service:

- will enable small businesses to access pledged levy from larger employers in South Yorkshire more easily.
- Will support large employers that are currently not utilising their apprenticeship levy to pledge their unspent levy to businesses within South Yorkshire.
- Will provide a regional incentive for small businesses in South Yorkshire to have their apprentice training costs fully funded.
- Will help boost inclusive growth, support individuals, develop core skills and support the resilience of South Yorkshire residents.
- Will provide opportunities to obtain higher and more sustainable skills with clearer progression into higher paid roles.

For NAW, recognising the great examples of how apprenticeships have been used to kickstart the careers of individuals and improve their overall lives will encourage and influence people living in South Yorkshire to consider apprenticeships as a good, viable route in to either a new career or the start of their career.

Recommendations

Members are invited to:

- Support the development of a levy matchmaking service
- Note the update on the progress of the Apprenticeship Hub
- Note the MCA plan to support National Apprenticeship Week (NAW) 6th – 12th February 2023.

Consideration by any other Board, Committee, Assurance or Advisory Panel

None

1. Background

1.1 Apprenticeship levy matchmaking service

Employers with a pay bill of £3m+ pay an apprenticeship levy of 0.5% of their annual pay bill. Only 14% of funding available to fund apprenticeships has been drawn down by employers to date.

Over £3bn nationally has been returned to HM Treasury and lost to the skills system resulting in missed opportunities to train and upskill the South Yorkshire workforce.

Levy paying employers are able to transfer 25% of their unspent apprenticeship levy to smaller businesses to fund apprenticeships at 100% of the cost. This helps small businesses avoid paying 5% contribution which is a known barrier to taking on an apprentice.

Transferring employers can choose the sectors and locations their funds are transferred to helping them support,

- Efficiency of businesses in their supply chain
- The development of the skills they need for the future

- Good community relations

Currently, South Yorkshire does not have a regional service to engage and support both small businesses and large employers with the transfer of the levy.

Existing Levy Matchmaking services delivered in regions such as Manchester and West Yorkshire has proven very successful, with the West Yorkshire Combined Authority, as an example, securing over £3m pledged funds from levy payers to utilise with small businesses.

A project to address this gap is underway with partners and led by the MCA. MCA Officers have consulted local authorities, Chambers and Colleges and it is clear that this service will benefit the region.

1.2 **Apprenticeship Levy Matchmaking Service progress update:**

A Business Justification Case is in development. Once that process has completed, we expect to be able to bring the proposal back to the Board for a decision on funding.

1.3 **Apprenticeship Hub**

The establishment of the Apprenticeship Hub was approved by the Education, Skills and Employability Board on 29 June, 2022 to stimulate greater apprenticeship opportunities across South Yorkshire and to encourage take up by young people by developing networks with schools, communities and others influencing young people's choices. The hub will have a key role in raising awareness and understanding of apprenticeships amongst employers with a range of toolkits and resources made available as well as practical identification of relevant apprenticeship providers based on their needs. The hub will address challenges in applications by young people by highlighting the long term benefits of apprenticeships.

A louder, collective voice channelled through the SYMCA can only be a good thing for apprenticeship engagement. The ASK programme at Sheffield City Council is evidence of how successful a limited collective resource can be. With just one adviser working across Sheffield and Doncaster the ASK project has in the last year engaged with 51 schools and 6th forms, engaging over 10,000 students, 600 parents and 400 school staff. The Hub will complement and enhance this allowing for further reach and maximising awareness across South Yorkshire.

- 1.4 This project contributes to the development of a more productive and inclusive economy. It also takes forward commitments made in the South Yorkshire Recovery Action Plan. According to Government statistics (2018), employers who have an established apprenticeships programme report that productivity in their workplace improved by 76% while 75% reported that apprenticeships improved the quality of their service or product. Apprentices themselves are more likely to be in employment for longer and will receive higher earnings with wage premiums of 11% for intermediate apprenticeships and 18% for advanced level. National figures (2014) show that for every £1 spent on apprenticeships, the economy gains £21, which is substantially more than other productivity related factors including investment in innovation, research or technology.

1.5 **Apprenticeship Hub progress update:**

South Yorkshire College Group has completed the Business Justification Case which is now being reviewed by SYMCA's programme office for approval. Once that process has completed, we expect to be able to bring the proposal back to the Board for a decision on funding.

1.6 **National Apprenticeship Week plan:**

SYMCA will be producing and sharing video case-studies with apprentices currently employed with local businesses, talking about their experience as an apprentice and how it has positively impacted their life. The videos will include interviews with the apprentice's employer giving their views of the benefits of employing an apprentice. SYMCA's intention will be to share the content on our webpages and social channels each day of the NAW.

2. **Options Considered and Recommended Proposal**

2.1 **Option 1**

- Note the update
- Support development of a levy matchmaking service for SY

2.2 **Option 1 Risks and Mitigations**

Risk:

Key stakeholders such as Local Authorities and Chambers will not support the apprenticeship levy matchmaking service.

Mitigation:

The MCA has consulted with the Local Authorities and Chambers and have received support from all partners.

2.3 **Option 2**

- Note the update
- Reject Levy Matchmaking Service proposal

2.4 **Option 2 Risks and Mitigations**

South Yorkshire will remain unable to support businesses with apprenticeship levy transfers and businesses will continue to be unaware on the potential for fully funded training for their existing workforce/new apprentices resulting with the potential long-term consequences of further decline in apprenticeship take-up.

3. **Timetable and Accountability for Implementing this Decision**

3.1 **Apprenticeship Levy Matchmaking Service** - subject to programme management assurance process

Apprenticeship Hub – - subject to programme management assurance process

4. **Financial and Procurement Implications and Advice**

4.1

No specific budget is in place for the Apprenticeship Hub at the current time. Funding options will be discussed as part of the Assurance process and a decision on funding source will be made as part of final scheme decision making.

5. Legal Implications and Advice

5.1 None at this stage

6. Human Resources Implications and Advice

6.1 None at this stage

7. Equality and Diversity Implications and Advice

7.1 None at this stage

8. Climate Change Implications and Advice

8.1 None at this stage

9. Information and Communication Technology Implications and Advice

9.1 None at this stage

10. Communications and Marketing Implications and Advice

10.1 Marketing support will be offered in the development of the levy matchmaking service with a full marketing and communications plan to be implemented on approval of the logistics of service delivery and budget.
It is proposed that a full marketing and communications plan be developed by the Marketing and Communications Officer on approval of the Apprenticeship Hub.

List of Appendices Included:

None