

# **LIVERPOOL CITY REGION COMBINED AUTHORITY SCRUTINY PANEL**

## **REVIEW INTO APPRENTICESHIPS IN LIVERPOOL CITY REGION**

### **1 Chair's Introduction**

This has been the third piece of in depth scrutiny work undertaken by the Liverpool City Region Combined Authority Scrutiny Panel and I would like to thank Panel members for their commitment and input in this review. All members of the Panel have learned a lot whilst considering apprenticeships, which has proven to be a more complex system than we anticipated. This is a timely review with the reforms being introduced from April 2017 and the opportunities afforded by devolution discussions. There is some excellent practice in place across employers and providers in the City Region, and we were encouraged to see a small part of this.

There is more that we can all be doing to champion and promote apprenticeships, and there is a role for Elected Members here too. The perceptions of apprenticeships are changing too, with the introduction of degree apprenticeships, and this will help to combat the stigma that many apprenticeships currently face.

There are a number of practical suggestions that we have made in Section 7 of this report which the Panel feel would improve apprenticeship provision and publicity in the City Region. On behalf of the Panel, I commend this report to you.

**Cllr Kevan Wainwright**  
**Chair, Liverpool City Region Combined Authority Scrutiny Panel**

### **2 Background to the Review**

Following the successful completion of the reviews into European Funding and Short Hop Bus Fares, the Panel identified that it wished to undertake a review in the Employment and Skills Portfolio area. Following an initial session on Employment and Skills in the City Region, the Panel agreed to focus this review on apprenticeship provision.

### **3 Developing the Scoping Document**

An initial scoping meeting took place when the Panel were briefed on the role of the Combined Authority in relation to employment and skills, as well as the current work and developments underway. From this, the Panel considered two areas of focus for a review, from which it was agreed to focus on Apprenticeships.

Following these discussions, a scoping document was produced, which is attached at Appendix A to this report.

## 4 What we did and who we spoke to

As noted in the scoping document, the review consisted of four evidence sessions as follows:

- a) The first session covered an overview of the evidence relating to apprenticeships in Liverpool City Region, together with an outline of the work of the City Region's Apprenticeship Hub. This helped to identify further areas for focus in subsequent sessions. In addition, Merseytravel outlined their approach to preparation for the implementation of the Apprenticeship Levy.
- b) The second session focused on hearing from employers, with presentations from Getrag Ford and Peel Ports outlining how they strategically used apprenticeships as part of their workforce strategy.
- c) The views of providers of apprenticeship training were heard at the third session with input from Greater Merseyside Learning Providers Federation and Riverside College.
- d) The final evidence session looked at what learners thought of their apprenticeships with evidence heard from an apprentice ambassador and from 400 current and former apprentices who completed an online survey.

## 5 Context

The Liverpool City Region has a population of approximately 1.5 million residents, with approximately 969,000 (around 64%) of whom are of working age. The economy is £29bn and has a mixture of small, medium and large employers in a range of sectors, which build on the City Region's historic strengths and potential opportunities.

Liverpool City Region is ranked as the most deprived of 39 LEP areas on the Income, Employment, and Health & Disability domains of the IMD 2015. On the individual Indices of Deprivation domains, Liverpool City Region is ranked:

- 1<sup>st</sup> (i.e. most deprived) on the Income Deprivation domain;
- 1<sup>st</sup> on the Employment Deprivation domain;
- 1<sup>st</sup> on the Health Deprivation and Disability domain;
- 6<sup>th</sup> on the Education, Skills and Training domain;
- 7<sup>th</sup> on the Crime domain;
- 8<sup>th</sup> on the Living Environment Deprivation domain; and
- 38<sup>th</sup> on the Barriers to Housing and Services domain.

The City Region has 310 Lower Super Output Areas in the most deprived 10% nationally: this is 9.4% of the overall total. It also sees 58 Lower Super Output Areas in the 1% most deprived nationally, representing 18% of the overall total.

A skilled workforce and resident population are essential in raising employment and productivity levels across the Liverpool City Region. In particular, the City Region needs to ensure it responds to skills needs of businesses within its knowledge economy and other key growth sectors.

Current skills levels in the City Region are amongst the highest they have ever been. The proportion of working age residents with recognised qualifications has consistently increased over the last 10 years, with the rate of residents with higher level qualifications (i.e. NVQ 3, 4 and above) both rising significantly in that period.

Apprenticeship provision is key to tackling skills gaps and ensuring employers are able to develop the skills they need to increase their competitiveness. Government's ongoing reforms to Apprenticeship provision will place Apprenticeship provision at the heart of driving economic growth. Across the City Region there are a number of high quality providers who consistently deliver above national levels of completion and satisfaction.

The City Region has long been a hotbed for apprenticeship activity, punching above its weight on the numbers and quality of apprenticeships created. The impending apprenticeship reforms provide the opportunity for the City Region to take this to the next level, supporting employers to create focused apprenticeships which meet the needs of their sectors. In 2015/16, around 18,000 Liverpool City Region residents began an Apprenticeship: this is in keeping with the previous year but shows a 12% increase from 2013/14, driven by growth in Advanced and Higher level provision. This has contributed to the Liverpool City Region's high level target for 2020 of increasing the take-up of Higher / Advanced Apprenticeships by 40% in the next four years.

## **6 What did we hear and from whom?**

### **a) Evidence session one**

The first evidence session started with an outline of the current state of apprenticeships within Liverpool City Region. This outlined that the City Region has a higher rate of apprenticeship starts than nationally. The majority of apprenticeship starts are for Level 2 qualifications (i.e. GCSE equivalent) and are started by over 25s: this reflects the shift away from apprenticeships being for new starters to them being used for workforce development. However, the latest figures for apprenticeship starts show an increase in the number of under 19s starting apprenticeships. From the data available to the Combined Authority, it is difficult to track through the completion rates of specific courses and cohorts, and the Panel were concerned with this.

The level of apprenticeships is expected to increase over the next few years with the introduction of the apprenticeship levy. This 0.5% charge will be applied to all businesses who have an annual payroll of more than £3m. This funding will be held in a specific digital employer account and can only be used to fund the training and end point assessment of an apprenticeship. The detailed information available to support employers is still being developed by Government.

The majority of apprenticeship starts in the City Region cover a small number of curriculum areas (business administration, health and care) and these had not changed significantly over recent years. There are an increasing number of starts for advanced and higher level apprenticeships, and there are now degree level apprenticeships being offered. These options need to be communicated more

widely. The training for apprenticeships is delivered in the main by independent training providers or FE colleges: the Panel were surprised to note that only 26% of apprenticeship starts in the City Region were delivered by FE colleges.

Siobhan Saunders (Divisional Manager: Employment and Skills at Halton Council) outlined the work of the City Region's Apprenticeship Hub, which she chairs. The Hub coordinates the promotion of apprenticeships in the City Region, organising a number of public events. This work was welcomed, noting that it focused on potential learners.

The Hub worked with a number of employers to encourage them to either consider using apprenticeships or increase the number of apprenticeships starts. There was strong support from a core group of employers in the use of apprenticeships but there was a significant number of employers who did not use apprenticeships. It was noted that the Hub's network of Apprentice Ambassadors was a useful tool in engaging with both employers and young people on the apprenticeship agenda.

Alastair Ramsay (Head of People and Customer Development, Merseytravel) outlined their approach to preparing for the introduction of the apprenticeship levy. This follows a detailed post by post review of their establishment, noting areas of potential skills deficiencies which provided an opportunity to consider the deployment of an apprenticeship. This required a clear structural and cultural approach to be put in place, supported by Human Resources capacity. This has led to the development of a clear workforce development plan, linked to financial and business planning processes, which features apprenticeships within it.

## **b) Evidence session two**

The second evidence session heard from Alan Seeley of Getrag Ford and Howard Sloane of Peel Ports on their approaches to apprenticeships. The Panel were hearted to learn of these more 'traditional style' apprenticeship programmes, which met the needs of the businesses in terms of developing skills which ensuring a supply of young people into their workforce: this was shown in the number of applications that both received for apprenticeships (Getrag had 96 applications for 4 positions, Peel Ports and 1,000 applications for 6 positions). The skills and experience developed by the apprentices were seen as essential for the future of both businesses.

The approach that both businesses take is rigorous and intensive, and both felt that it was worth their while to do so: the Panel considered that this was a blue chip approach which might not be replicated in all organisations. Both Getrag and Peel Ports worked closely with their training providers to develop approaches which were specific and meet their particular needs.

Getrag and Peel had developed plans to use their apprenticeship levy, and both would welcome the opportunity to invest more of it in their supply chain. This is currently limited to 10% and both indicated that removal of this threshold would give them more flexibility in ensuring that their suppliers had the requisite skills in place.

There were concerns expressed about the work readiness of the young people who were applying for apprenticeships, and whether young people had the required work ethic or not. There were also issues about how schools were engaged in

promoting apprenticeships as opportunities, rather than focusing on other routes of progression such as University. Engaging with schools and teachers in particular was seen to be essential in developing a more robust and responsive approach.

### **c) Evidence session three**

The focus of the third session was to hear from colleges and independent providers of training. The Panel first heard from James Glendenning and Gareth Jones from the Greater Merseyside Learning Providers Federation who explained how independent training providers worked with businesses. Providers needed to continue to meet the needs of businesses in order to attract business and income themselves. There were a number of providers who focused on the repeat business of existing employers rather than looking to increase the number of employers using apprenticeships: this will change with the introduction of the apprenticeship levy.

The Panel were concerned about the quality levels within independent providers but it was noted that providers were subject to regular Ofsted inspection: any inspections resulting in a Grade 4 inadequate finding led to the cessation of publicly funded contracts. Providers were preparing for the introduction of the levy and other reforms that are being introduced at the same time. Work was taking place with employers to design provision for the emerging needs of business, particularly in growth sectors which contained new opportunities.

The requirement for learners to undertake GCSE in English and Maths if they did not already have it was leading to a number of issues in providers. An alternative approach would be for such learners to undertake a functional qualification which is equivalent to GCSE but not have the full range of the GCSE curriculum.

The Panel also heard from Mary Murphy and Jayne Smith from Riverside College (Principal and Head of Skills and Enterprise respectively). The College works with 727 employees locally and designs curriculum and courses to meet their needs: this results in a strong STEM focus within the college. There is a specific employer services team who work with employers to ensure that this is the case. This includes providing tailored support to employers who are taking on an apprentice to ensure that they have the processes and system in place as well as helping with recruitment. Employers tended to go with the highest quality provider when offered a choice, and additional impartial support would be encouraged from an independent body to work with employers who are new to apprenticeships.

Future course design is informed by the high quality Labour Market Information provided by the City Region, and which has informed developments, such as the recently opened IDEA Centre at the Cronton Campus which focus on the STEM provision.

The College has links in with 50 schools locally which enables the promotion of courses and the communication of opportunities. The view that the views of schools, parents and learners were changing, to be more likely to consider apprenticeships as an options for 16 and 18 year olds.

### **d) Evidence session four**

The final evidence session heard from Jordan Coulton, a paralegal at Weightmans Solicitors, who was also an apprentice ambassador. He made an active choice not to go to University and successfully gained and completed a Higher Level Apprenticeship in Legal Services. This now enables Jordan to work as a Legal Associate and hold cases as solicitors do. The support he received from his employer was exemplary and enabled him to fully complete his training and experience.

The communication of apprenticeship opportunities could be improved as he happened upon his vacancy by chance. The Panel reviewed the apprenticeship finder website and noted that it would benefit from a redesign to be more in line with sites utilised by young people.

The views on apprenticeships are changing, especially higher level and degree apprenticeships. This is particularly the case with the recent increase in tuition fees for students going to University: the contrast was that young people who were completing apprenticeships did not have those levels of debt and this was likely to change their views on the balance between University study and apprenticeships.

The Panel then reviewed the key findings of a survey of 400 current and former apprentices. This found a satisfaction rating of 88% with their apprenticeship, and 92% likely to recommend apprenticeships to others. 91% of respondents completed their apprenticeship, with personal circumstances and changes being the main reason for non completion.

## **6 What conclusions did we reach?**

From the evidence sessions the following conclusions were reached:

### **a) Overall**

1. There are many different types of apprenticeship available, from the 'traditional' 4 year engineering apprentice to the flexible degree apprenticeships being designed. This is heartening and a hidden gem of the labour market and the City Region.
2. The support for apprenticeships from civic, employer and provider leaders remains strong and this is welcome.
3. The focus on apprenticeship starts is helpful but there must be a focus on the completion of quality apprenticeships
4. The progression of individuals from apprenticeships to good quality sustainable jobs is difficult to track with the current data availability.
5. More performance information on apprenticeships numbers and quality should be published by the Combined Authority to celebrate progress and good practice

### **b) Support for apprentices**

1. Many young people require additional support to enable them to undertake an apprenticeship and this mentoring role within employers and training providers should not be underestimated. The best training providers are providing this additional mentoring role.
2. Too many young people are not prepared for the world of work, and schools in particular should be doing more to ensure that they are: the position of employability programmes needs to be considered

### **c) Support for employers**

1. Whilst a number of employers are clear about what they will do with their apprenticeship levy, many still need quality advice and support.
2. There is an opportunity for employers to use more avenues and routes to encourage the creation of apprenticeships.
3. Employers who are at the top of a supply chain may not be able to use all of their apprenticeship levy for their own staff, and they would find it beneficial to use this funding to support their supply chain.
4. There is a risk that employers focus on converting existing staff to apprentices at the expense of new recruits

### **d) Providers of training**

1. Many young people require additional support to enable them to undertake an apprenticeship and this mentoring role within employers and training providers should not be underestimated
2. The level of uncompleted apprenticeships was concerning, and whilst these may be for a variety of reasons, learners should be provided with as much support as possible to complete their studies
3. The apprenticeships being studied by learners are largely the subject areas that have been studied over recent years and have not changed significantly.
4. There is some excellent practice in the City Region with private training providers and colleges but it is unclear how this is shared with other training providers and colleges
5. The quality of training provision is inconsistent across the City Region with different training providers having differing quality levels
6. Training providers have strong support and relationships with existing businesses which is leading to high levels of repeat business but there needs to be a focus on increasing the number of employers coming through and creating apprenticeships
7. Concerns were raised that training might not be taking place on the most relevant and up to date equipment that is currently being used by employers

### **e) Promotion and advocacy**

1. The promotion of apprenticeships as a viable career option must be improved, and the stigma surrounding them must be removed
2. All organisations involved in apprenticeships should be taking every opportunity to promote their worth
3. The large scale City Region promotional and celebration apprenticeship events are welcome but these must be accessible to all across the City Region
4. Apprentice ambassadors are a valuable resource and should be used more strategically to promote the benefits of apprenticeships

## **7 What recommendations are we making?**

### **a) Overall**

1. The Combined Authority, through the Apprenticeship Hub, should consider different ways to publicise the different apprenticeships available locally
2. The Combined Authority should work with Government and local training providers to improve the reporting of completion data.

3. The Combined Authority should consider setting a target on the proportion of completed apprenticeships.
4. The Combined Authority should publish annual performance information on the apprenticeships numbers and uptake in an accessible manner and format

**b) Support for apprentices**

1. All employers and training providers should review their approach to supporting young people as they start an apprenticeship.
2. Through the planned Careers Hub, the Combined Authority should encourage schools to consider further employability support and preparation as part of their curriculum

**c) Support for employers**

1. The Combined Authority should ensure that quality advice and support is available to employers locally through the Growth Hub and the Apprenticeship Hub. It is noted that this will be constrained by the limited funding available for this and it is disappointing to see the reduction of support from the National Apprenticeship Service.
2. The Combined Authority should ask employers to consider asking their supply chain to deliver a certain number of apprentices through their procurement activity.
3. The Combined Authority should work with Government to ensure that employers can be able to allocate more of their unspent levy to their supply chain than the 10% currently allowed by Government.
4. Employers should balance the use of apprenticeships for workforce development with that for new recruits, as there is a risk that the focus shifts to workforce development to ensure that employers can spend their levy funding

**d) Providers of training**

1. Employers and training providers should set out a clear support offer for new apprenticeships within their apprenticeship training agreement
2. Training providers should strain every sinew to ensure that they support learners to complete apprenticeships
3. Training providers should focus their curriculum and training offer on apprenticeships that will add value and make the economic difference for learners and employers
4. Training providers need to work with employers more to develop new standards and approaches to training which meet their needs
5. Training providers should be more open to share their good practice and learn from other providers
6. Training providers must deliver the highest possible quality of training provision
7. Training providers should work hard to increase the number of employers involved in delivering apprenticeships, rather than just focusing on repeat business of existing employers
8. Training providers should ensure that up to date equipment is available for learning to take place on

**e) Promotion and advocacy**

1. There needs to be improved promotion of apprenticeships as a career option for young people, and the Combined Authority must ensure that the Apprenticeship Hub is delivering this
2. The Combined Authority should request the Apprenticeship Hub to develop and implement a targeted campaign to promote apprenticeships to young people which takes full account of the social media channels which they consume information through
3. The Combined Authority should request the Apprenticeship Hub to develop and implement a targeted campaign to promote apprenticeships to parents and families
4. As part of a wider apprenticeship campaign, the Combined Authority should ask the Apprenticeship Hub to encourage employers to promote their approach to apprenticeships
5. Focused apprenticeship events should be held around the City Region and not just in the City Centre
6. The Combined Authority should request the Apprenticeship Hub develop a clear plan for the deployment of Apprentice Ambassadors and to increase the number of Ambassadors in the City Region

## Liverpool City Region Combined Authority Scrutiny Panel

### Review of Apprenticeships in the Liverpool City Region

#### Aims and Objectives

##### Aim and Objectives

The aim of the review is to ensure there are arrangements in place across the Liverpool City Region that make best use of available resources to deliver first class apprenticeships that are most likely to lead to permanent full-time employment.

##### Context/Background

Since its establishment, the Scrutiny Panel has identified “Employment and Skills” as an area of interest that it might wish to examine in more detail in its role of supporting/ challenging the Combined Authority and its constituent parts. At an introductory session in September 2016, the Panel considered a report and presentation which provided an overview of this broad topic. In considering this information, the Panel agreed “Apprenticeships” as a specific aspect that it felt would benefit from closer examination as part of a relatively brief review that could feed its findings into the Panel’s formal meeting scheduled for 25 January 2017.

#### Methodology

##### Timescale

It is proposed that this review will be conducted during the period October to December 2016 with a view to submitting a report/ recommendations to the formal meeting of the Panel on 25 January 2017.

It is proposed that the review will comprise 4 evidence sessions.

Following endorsement by the formal Panel meeting, it is anticipated that the report and recommendations will be submitted to a meeting of the Combined Authority in March 2017.