

**AD HOC SCRUTINY PANEL**

A meeting of the Ad Hoc Scrutiny Panel was held on 16 January 2017.

**PRESENT:** Councillors J Sharrocks (Chair), Davison, J Hobson, Mawston, McGloin, G Purvis and D Rooney.

**OFFICERS:** C Kemp, C Lunn and A White.

**APOLOGIES FOR ABSENCE:** Councillor Lewis.

**DECLARATIONS OF INTERESTS**

There were no Declarations of Interest made at this point in the meeting.

**1 MINUTES - AD HOC SCRUTINY PANEL - 21 APRIL 2016**

The Minutes of the Ad Hoc Scrutiny Panel meeting held on 21 April 2016 were submitted and approved as a correct record, subject to the following amendment:

Councillor Lewis had attended this meeting. The 'PRESENT' details would be amended to reflect this.

**NOTED****2 APPRENTICESHIPS**

The Chair welcomed Members and invited representatives to this first meeting of the Ad Hoc Scrutiny Panel's investigation into apprenticeship programmes within Middlesbrough Council. C Kemp, the Council's Community Learning Service Manager, and A White, the Apprentice and Work Skills Co-ordinator, were in attendance to provide the Panel with information pertaining to the topic.

It was explained to the Panel that, at present, the apprenticeship programmes running within the Council were funded by the Skills Funding Agency (SFA). It was anticipated that national changes scheduled for introduction on 6 April 2017 would alter these arrangements significantly; however, two budget lines were currently in place. The first consisted of approximately £84,000 for apprentices aged 19+ (who were usually pre-existing employees of the Council undertaking training within the context of an apprenticeship scheme), and the second consisted of approximately £300,000 for apprentices aged 16-18 years.

Members heard that, on average, the Middlesbrough Community Learning Service (MCL), which was responsible for the delivery of Government-funded apprenticeships for Middlesbrough Council, recruited 120 apprentices each year. It was highlighted that some excellent outcomes had been achieved for the apprenticeships undertaken, e.g. 81% of those completing apprenticeships in 2015/2016 had progressed into employment. It was felt that the service had been a very positive provider, with reference being made to the figures outlined in Appendix 4 of the submitted report to support this.

MCL had been inspected by Ofsted in February 2016, where overall it was found to have been performing 'good', although 'outstanding' in some areas. Members requested that a copy of the report be circulated for information.

In response to an enquiry, the Panel was informed that, at present, in light of funding from the SFA, the only expense to the Council was the salary payments for apprentices, which were based on the age and training level of the individuals concerned. For example: the commencing rate of pay for a Level 2 qualification was £3.40 per hour; this was a minimum amount that gradually increased as the apprentice's age and experience increased.

A Member made reference to the Council's Living Wage policy and queried how the current pay arrangements reflected this. In response, it was explained to the Panel that those

embarking upon an apprenticeship programme had no practical experience of a particular job role. The Government had identified that a minimum payment of £3.40 per hour could have been set in order for that experience and those qualifications to have been gained. However, it was highlighted that all of Middlesbrough Council's apprentices were considered internal employees and therefore, in respect of job vacancies, should a suitable position have become available within their respective department, they would have been eligible to apply for that role, and still have completed their qualification, if successful.

With regards to the impending national changes to apprenticeships, Members were informed that the first change related to funding. At present, budgets utilised for the payment of training apprentices were the responsibility of providers. From 6 April 2017, however, that funding was being transferred to large employers with a salary bill of over £3million. This was known as the Apprenticeship Levy. As part of this, the Council would have been taxed on 0.5% of its total payroll amount, which equated to £500,000. The allocation would have subsequently been held in a virtual digital account, and then spent on the delivery of apprenticeships. It was felt that there were complications around this arrangement, with reference being made to maintained schools. It was explained that, of the £500,000 total, £300,000 had been calculated from Council employees, and £200,000 from maintained school employees. The allocation of this funding to apprenticeship training was complex, as theoretically £200,000 could have been utilised by schools; however, the practicalities of recruiting, training and funding apprentices may have extended beyond this.

The second change revolved around the introduction of public sector targets for apprenticeships. It was explained to Members that targets were based on the size of the company; the Council's target was 120 new-starts every year (those that were continuing their apprenticeships would not have been included in this figure).

The third change revolved around standards. Members heard that, at present, apprentices worked towards a framework, which included a number of qualifications and/or specific requirements that required completion in order for full accomplishment of the framework to be achieved. From 6 April 2017, frameworks would become known as standards, which may not have encompassed qualifications, but other elements such as a list of competencies that the apprentice would need to have fully addressed in order to complete potentially quite lengthy standards. It was indicated that, in some cases, this could have doubled the length of the apprenticeship, for example: a management programme apprenticeship at Level 5 currently took one year to complete; after April 2017, this would have increased to two years.

It was highlighted to the Panel that the Government had identified costs associated with each standard, which varied considerably. It was felt that the Council's target of 120 new-start apprentices was achievable, however, the cost of some standards, Legal and Planning-related for example, were particularly high. It was felt that this may have resulted in significant challenge for the future in terms of managing the delivery of programmes. Reference was made to the types of apprenticeships currently undertaken at the Council. It was indicated that the majority of these were at a lower level, for example: Business Administration Level 2 and Customer Service Level 2; each apprenticeship at this level offered approximately £3,000 in funding.

Mention was made of schools and the further work that was required in ensuring the effective delivery of apprenticeships within those in the future.

Members considered the potential impact of the Government's target of 120 new apprentice starts each year, particularly in relation to the Council's salary payments. It was felt that an increase may have been seen within two years of the introduction of the changes, but this would have required further monitoring/analysis as time elapsed.

A Member made reference to the higher costs of some of the standards and queried the impact of total fund expiration. In response, it was indicated that businesses could have employed as many apprentices as they wished; however, they would have been expected to have paid 10% of the overall apprentice cost. Consideration was given to the Apprenticeship Levy allocation and the utilisation of the funds across the different areas of the Local Authority.

A discussion ensued in relation to schools. In response to an enquiry regarding the number of apprentices currently in schools, it was indicated that there were 20 on the Support in Teaching and Learning programme, and 20 on the Business Administration programme, making a combined total of 40. These figures referred to a combination of both maintained and Academy schools. Members were informed that some of the apprenticeships within the schools were being undertaken by pre-existing employees. It was felt that one of the fundamental advantages of the new system related to facilitated staff re-training and development, which would have been of particular benefit to schools. It was indicated to the Panel that no age limit would have been placed on this. The Panel was advised that in order to have met the Government's target, 40 apprentices from schools would have been required.

Members heard that, in light of the impending changes, the Workforce Development Team had been heavily involved in the development of the service, with discussion also being held with the Leadership Management Team. It was felt that the Council's apprenticeship programme offering could have been widened (for historical reasons it currently offered seven different programme types); consequently, a further eleven areas were currently being considered.

A discussion ensued in relation to the recruitment of apprentices. It was explained to the Panel that external agencies were not used. The Council advertised its vacancies via the SFA website; a notice had also been placed on the North East Jobs website to request that potential apprentices follow a link to the SFA website in order to apply. Reference was made to referrals and requests for further information that had been made by individuals in relation to apprenticeship vacancies. It was explained that schools in Middlesbrough, Stockton and Redcar, as well as recruitment fairs, were visited on an annual basis, and a fortnightly recruitment day was held at the Multi-Media Exchange in Middlesbrough.

Regarding school visits, it was explained to Members that these were undertaken annually, generally in respect of Year Groups 9 and 10. School staff often requested that visits be undertaken in relation to the provision of CV or interview technique advice, which was often agreed to as it was felt that the more presence and interaction that was achieved, the more information young people would have received about the Council's apprenticeship programmes.

A Member queried the assistance provided in relation to the support offered to unsuccessful apprenticeship applicants (e.g. assistance with CV preparation), and the uptake of this. In response, it was indicated that there was a high level of uptake for this support. It was felt that this activity had supported individuals well, as it may have also encouraged them to consider wider training/employment options that they would not have necessarily considered previously.

It was conveyed to the Panel that, at the Multi-Media Exchange recruitment days, individuals were assessed of their readiness for undertaking an apprenticeship. Reference was made to foundation training programmes and a Youth Employment Initiative (YEI) programme, for those aged 15-29, which were also available.

With regards to the YEI programme, it was explained that this had involved substantial mentoring activity in supporting young people, particularly in terms of developing their interview skills and preparing them for vocational work. The initiative had received a large take-up, with 230 individuals currently enrolled. The Community Learning Service Manager agreed to ascertain the statistics in terms of how many of those involved in the initiative were recruited via the recruitment days. Mention was made of the funding received from the Government with regards to participation in the YEI, including access to travel payments for interview attendance. It was felt that the initiative had offered a very positive approach in supporting young people.

With regards to the assessment and development work undertaken as part of an apprenticeship, it was explained to the Panel that apprentices attended the training centre for classroom-based sessions for one morning or one afternoon per week. Progress reviews were undertaken every 10-13 weeks, with workplace observation also being completed. It was envisaged that this practice would have continued beyond April 2017; however, increased

involvement from employers in terms of the standards work would have been required.

Members were advised that, following the implementation of the changes in April 2017, in addition to the delivery of Council-based apprenticeships, MCL would have continued to work with external SME employers (who would not have been affected by the Levy changes). It was explained that the Council would have delivered and received payment for the apprenticeships, but the apprentices worked for external employers. Mention was made of current apprentices that worked for organisations such as Cleveland Police and the NHS. In response to an enquiry, the Panel was advised that any external apprenticeships were not included in the Government's 120 new-start target figure.

The Panel was informed that the Apprenticeship Levy payments were only applicable to businesses with a salary bill of over £3 million. Consideration was given to the SME businesses within Middlesbrough that would not have been required to pay a Levy. It was explained that the only way that those businesses could have attained training for their apprenticeships would have been via the historical route of approaching providers. It was indicated that two separate funding routes would be in place from April 2017: one relevant to Apprentice Levy-affected businesses and one relevant to the SME businesses. Mention was made of the availability of different financial incentives around both areas.

A Member queried whether, via the incentives available, this was a payment by results scheme. In response, it was indicated that there were a number of incentive payments available, e.g. payment if providers recruited apprenticeships aged 16-18 years, and payments in relation to recruitment from certain postcode areas. It was unclear at present as to exactly how much the Council would have received in incentive payments, as the only guidance currently available was data from the previous year. Reference was made to the processes involved in forwarding payment claims to the Government, and the frequency that these were paid. It was felt that this was potentially a payment by results scheme and that, at some point, the Council may have needed to make upfront payments, prior to receiving reimbursement at a later date.

A Member queried the retention of apprentices within the Council. In response, it was indicated that the retention figure was high at present (for 2015/2016 it was 92%), and was regularly monitored. It was explained to the Panel that an eight-week grace period was given to new apprentices; if an individual left their placement during this time, this would not have impacted upon the retention statistics.

A discussion ensued in respect of employment opportunities being made available to apprentices at the end of their programmes. It was explained to the Panel that neither promises nor guarantees could have been given to any apprentice in this regard, unless an employer had specifically recruited an individual, were paying them the full-rate for that position, and had then subsequently enrolled them onto an apprenticeship programme. It was explained that work could not have been guaranteed, as this would have been dependent upon a number of factors, including the availability of budgets and the performance of the respective apprentice. Consideration was given to the Government's new-start target figure and the potential impact upon employment opportunities in the future; it was felt that this may have caused an issue at some point. To date, there had not been any guidance issued as to the penalties that would have been faced had the target not been met. Consideration was given to the example scenario of the Apprenticeship Levy being spent, but only 100 (albeit high calibre) apprentices being recruited. Reference was made to Appendix 2 of the submitted report, which detailed Middlesbrough Council's apprentice destinations for 2011-2016.

A Member referred to the costs involved in completing the more expensive apprenticeships, such as those that incorporated Planning and Legal standards. It was indicated to the Panel that these were generally two years in length, were pitched at a higher level, and may have evolved into qualifications when completed. Reference was made to the funding difference between apprenticeships that, following the introduction of the new regime in April 2017, may have had significant implications in relation to programme and financial management. Members were advised that the Apprenticeship Levy would have most likely been utilised for paying for the 120 apprenticeships at the varying programme levels; however, it was

acknowledged that any additional requirements may have impacted upon the cost to the Council, at some point.

A Member queried whether there had been any difficulties encountered in the recruitment of apprentices to any particular department. In response, the Panel heard that there had not been any difficulties in recruiting to any departments; however, it was important to have ensured that candidates held the appropriate pre-requisites, in order to have ensured successful allocation and progression. It was indicated that, at present, there had not been any problems encountered in terms of what was being delivered.

It was explained to Members that although the Council had a high number of apprentices placed across multiple service areas, they were the same generic types of apprenticeships - e.g. Customer Service and Business Administration. It was felt that one particular challenge of the new regime revolved around the preparation of managers in thinking differently of apprenticeships. Work was currently on-going between MCL and the Workforce Development Team in this regard (which included meeting managers and promoting the need for apprentices within their respective service areas). It was felt important that consideration be given to matters such as career strategy and long-term goal planning for those undertaking apprenticeship programmes. In response to a Member enquiry, it was indicated that apprentices had been allocated to Environment Services, and had also undertaken environmental conservation work.

A discussion ensued regarding the varying levels that were available within the apprenticeship programmes. It was indicated that apprentices generally commenced at Level 2, with Level 3 being made available for progression (as appropriate to the needs of both the employer and the individual completing the apprenticeship). In instances where apprentices had deferred commencing Level 3 of a programme, e.g. for a one year period, during that time they would have continued to work within their respective department in order to increase their knowledge, experience and understanding of their role.

It was indicated to Members that Level 1 referred to pre-apprenticeships: the Council had operated these previously, but they were part of a separate scheme to the apprenticeship programme; payment for these placements was received from an alternative funding stream. In response to an enquiry, Members were advised that the changes due in April 2017 were not expected to have had any impact on the number of Level 1 pre-apprenticeships being undertaken.

Consideration was given to the Council's management structure. A Member queried whether the impending changes would have created potential difficulties for managers, particularly in relation to the increase in the number of apprentices, and the continued provision of good quality service. In response, it was felt that the vast majority of service areas would not have recruited too many apprentices at once, as managers would have wanted to manage them appropriately - e.g. providing them with the correct training and assigning them to a suitable mentor.

In response to an enquiry regarding the training offered to service areas in preparing them for employing apprentices, it was indicated that MCL would have undertaken an induction with both the employer and the apprentice in order to ascertain the requirements and expectations of both parties. It was indicated that, within the new system, there would have been an increased level of ownership on managers, as it was competency based, i.e. as the person supporting the apprentice, managers would have been required to sign those competencies off; continued 1-to-1 and group support would have been made available in relation to this.

The Chair thanked the Council's Community Learning Service Manager and the Apprentice and Work Skills Co-ordinator for their attendance and contributions to the meeting.

During discussion, Members agreed that, in terms of progressing the review, a selection of current apprentices be invited to the next Panel meeting in order to share their experiences.

The Panel considered wider Middlesbrough in the context of the review, with reference being made to external businesses and organisations. Mention was made of Community Councils

and the potential forwarding of apprenticeship programme information to them, for increased circulation around the wider community. Members discussed the role of schools in respect of apprenticeships; it was agreed that a school Careers Adviser be invited to the next meeting of the Panel for discussion around this.

A Member suggested that, in light of the impending changes, the Panel should re-visit this topic again in the future.

**AGREED** that:

1. A copy of MCL's Ofsted inspection report would be forwarded to the Panel Members for information.
2. The Community Learning Service Manager would provide the Panel with statistics regarding the YEI programme, specifically to ascertain how many of the 230 individuals involved in the initiative were recruited via recruitment days.
3. A selection of current apprentices would be invited to the next Panel meeting in order to share their experiences of undertaking an apprenticeship.
4. A school Careers Adviser would be invited to the next meeting of the Panel to discuss the role of schools in apprenticeships.
5. That the information, as provided, be noted.

3 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

**DATE OF NEXT MEETING - MONDAY, 13 FEBRUARY 2017**

Members were advised that the next meeting of the Ad Hoc Scrutiny Panel had been scheduled for Monday, 13 February 2017, commencing at 14:00 in the Spencer Room, Town Hall, Middlesbrough.

**NOTED**