

# GREATER LINCOLNSHIRE APPRENTICESHIP STRATEGY



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# OPPORTUNITY

Our goal is for Apprenticeships to be recognised as a real alternative to full time Further and Higher Education, providing high reaching local career pathways across the Greater Lincolnshire economy. This will support local employers to inclusively raise skills levels, drive productivity and prosperity in Greater Lincolnshire, whilst creating a sustainable developing local workforce.

**We view Apprenticeships as a key skills solution with even further untapped potential for Greater Lincolnshire's economy and communities. More quality, progressive Apprenticeships will help our ambitions by:**

- > Ensuring full coverage across this rural area including the highly seasonal coastal areas
- > Raising our workforce skills levels through work-based learning
- > Offering even more competitive local work-based pathways for our residents to climb the employment and qualifications ladder and progress their careers
- > Supporting our key sectors and employers to tackle skill shortages and gaps through recruiting new talent and upskilling existing staff

## HOW CAN WE MAKE A DIFFERENCE IN GREATER LINCOLNSHIRE?

Our approach recognises that three elements are interdependent in ensuring an excellent Apprenticeship offer with three 'headline aims'

### AIM 1: PEOPLE

Increase the number of our residents benefitting from Apprenticeships

### AIM 2: EMPLOYERS

Increase the number and range of employers benefitting from Apprenticeships – particularly smaller employers and larger employers that do not fully utilise their Apprenticeship Levy

### AIM 3: PROVIDERS

Reduce the skills miles, encouraging local high-quality provision to develop and flourish to maximise economic opportunities and tackle skills shortages

### PRIORITY 1

Continue to develop improved Careers Education and Information, Advice and Guidance (IAG) provision to ensure that local young people (and their parents, teachers, advisers) are aware of the local Apprenticeship offer as a competitive alternative to Further / Higher Education or jobs without training

### PRIORITY 2

Promote local Apprenticeship Levy Transfer to support local (and national) Levy Payers to either invest their levy in their business or share it with other Greater Lincolnshire employers

### PRIORITY 4

Build connections with our local sector groups (e.g. Food Board / LinCA) to explore opportunities to develop local sustainable Apprenticeship provision to meet sector skills gaps or future opportunities

### PRIORITY 3

Through our Business Lincolnshire Growth Hub:

- raise awareness of the Apprenticeship offer to employers
- support employers to increase the number and quality of Apprenticeship vacancies – particularly in rural and coastal areas

### PRIORITY 5

Identify and encourage clearer progression pathways from Intermediate through to Advanced, Higher and Degree Apprenticeships

## CROSS CUTTING PRIORITIES

### PRIORITY 6

Influence national policy development by representing our local employers and providers viewpoint on issues such as Maths and English requirements

### PRIORITY 7

Clear consistent inspiring communication about local Apprenticeships as vital to Greater Lincolnshire economy, careers, employment, and skills

### PRIORITY 8

Share best practice at a local level to understand issues and respond locally to opportunities and challenges

# INTRODUCTION

The Greater Lincolnshire Employment and Skills Advisory Panel (ESAP) is the skills arm of the LEP and has always been a strong advocate of Apprenticeships as a work-based route to learning and career development.

It recognises that high-quality Apprenticeships are a key component of inclusive economic growth and provide real time benefits for young people, employers, and their workforces. The ESAP also has the responsibility to raise the profile of Apprenticeships as part of its local Skills Advisory Panel remit and will work with local stakeholders to do this.

Apprenticeships operate entirely through national commissioning, funding, and quality models although they unquestionably align closely with local economy and community aspirations – providing new talent and upskilling for our local employers and career progression opportunities for our current and future workforces. (See *Appendix A*). Apprenticeship policy has undergone radical change (*Appendix B*) in the last few years with stringent efforts to put the employer ‘at the heart’ as a key investor and a customer able to exercise ‘buying power’ – for example with the introduction of an online employer support system (DAS), and the HMRC Levy scheme for larger employers (initially, with its scope for investment (or transfer) of Levy payments. (*Appendix C*). There is an opportunity to work in partnership with large employers (local or national) to identify opportunities to transfer uncommitted HMRC Levy to boost local Apprenticeships.

## Our local Apprenticeship Strategy and Plan can make a difference in the following ways:

- / Providing public commitment locally to this important cause – our call to arms
- / A higher local profile for Apprenticeships and the ensuing benefits – raising awareness with employers, workers, young people, schools, and parents
- / Greater local cohesion and collaboration
- / Locally ‘championed’ additional provision that connects and develops local talent in our key growing sectors
- / Ensuring rural based employers and residents can fully benefit from Apprenticeships
- / Supporting our emerging, most dynamic growth businesses to embrace and benefit from Apprenticeships
- / Optimising funds and other resources (e.g. ‘unspent’ Apprenticeship levy) to benefit local employers and residents

## This strategy seeks to provide:

- / A locally developed and owned shared vision and goals
- / A focus in terms of local priorities that identify the Greater Lincolnshire difference
- / An underpinning local implementation plan with employer input
- / The optimisation of in-kind and financial resources including Apprenticeship Levy



Apprenticeship start numbers have fallen in Greater Lincolnshire since 2014/2015 from just over 10,000 per annum to 6,195 in 2019/20. This trend can also be seen at the national level: in 2017/18 there were 19,500 apprentice starts in the second quarter. This is a 31.5% decrease from 2016/17. ”

LOCAL INDUSTRIAL STRATEGY JANUARY 2021, PAGE 48.

<https://www.greaterlincolnshirelep.co.uk/priorities-and-plans/strategies-and-plans/local-industrial-strategy/>

# LOCAL AMBITIONS FOR THE GREATER LINCOLNSHIRE ECONOMY

Greater Lincolnshire plays an important role in the UK economy; we feed the country through our expertise in food production and Agri-tech, power the country through our low carbon and power engineering sector and entertain through our thriving visitor economy.

The Greater Lincolnshire LEP believes that our area has real potential to deliver sustainable growth and we are here to enable us all to achieve that. We want to help businesses across Greater Lincolnshire increase productivity and innovation, create new commercial and employment opportunities and develop infrastructure that supports economic growth.

We will work to increase the skill levels of people in our communities, giving them new career choices and allowing local businesses to recruit and train the talented employees they need to succeed.

All the priorities identified above are dependent upon the enterprise, skills and talents of our local businesses and residents and it is vital that Apprenticeships play a key role in the local skills infrastructure underpinning our ambitions.

According to forecasts there will not be enough sufficiently skilled people in Greater Lincolnshire to fill future job vacancies with a challenge to 'find suitably qualified and resilient residents to fill over 207,000 projected job vacancies by 2024. Greater Lincolnshire's working age population is shrinking: upskilling and retraining of the existing workforce is imperative.'

The majority of jobs over the next decade will be to replace people leaving work through retirement. Every year, to at least 2030, the working age population will fall. This means that even in sectors that have falling employment, there will still be demand for jobs and skills to replace people who retire. There are already challenges filling technical and professional roles at Level 3 and above, a picture that is mirrored across the UK. Tackling job vacancies across the board but particularly in areas of economic strength and growth in Greater Lincolnshire, is therefore an important priority.

Despite the large number, diversity, and knowledge-intensity of businesses in Greater Lincolnshire, a perception exists that local jobs require little or no skill. This perception is strongly challenged, and we have increasing evidence that even in the most traditional sectors there is a growing demand for skills levels that are higher than residents currently have. Greater Lincolnshire remains stubbornly behind the national comparators, in terms of the numbers of residents with higher level qualifications above Level 4.



**In particular, we recognise skills shortages and gaps in areas including:**

- / Technical skills – across food manufacturing, construction, engineering through to hospitality
- / Transport and Logistics
- / Healthcare
- / Supervision and Management
- / Digital Fluency

Adults who are already in work, or are thinking of returning to work, will be an important part of the solution as there are insufficient numbers of school leavers in the next few years to fill the vacancies that are predicted at Level 3 and above.

**We therefore have two main skills priorities:**

- 01** To inspire and support young people to stay and work in the area
- 02** To train and support people who are already working, or seeking jobs, so that they gain the skills needed to take up future job vacancies

The strategy needs to reflect that Apprenticeships are not an all-encompassing skills solution: for example, the pressing requirements for higher digital fluency across the workforce cannot be fully achieved through Apprenticeships.

They remain however, an absolutely critical element of our Greater Lincolnshire education, employment and skills offer.

**Where can Apprenticeships contribute to economic and community success in Greater Lincolnshire?**

- 01** Sourcing and training diverse new entrants to sectors seeking to grow their own talent, all the way through to post-graduate qualifications
- 02** Professional support to upskill or retrain our existing workforce and offer continuing professional and career development
- 03** High-reaching work-based career pathways in sectors such as Agri-tech, energy, and advanced engineering, supporting innovative, cutting-edge business growth
- 04** Supporting local inclusive growth and social mobility via accessible, local career pathways with no prerequisite for upfront higher qualifications





## 03 | EVIDENCE

# COMPARATIVE LEP PERFORMANCE AND LOCAL AUTHORITY DISTRICT FACTORS

### A. BENCHMARKING AGAINST A SPECIFIC COMPARATOR GROUP COMPRISING NEIGHBOURING LEPS AND/OR LEPS WITH SIMILAR RURAL ECONOMIES

Analysis was undertaken considering the Greater Lincolnshire Apprenticeship performance levels vis-à-vis six especially selected comparator LEPS – based on their status either as our neighbours or through having similar rural economies. These comparator LEPS are as follows:

- / D2N2
- / Leicester and Leicestershire
- / Humber
- / New Anglia
- / Heart of the South West
- / Stoke-on-Trent and Staffordshire

Generally, Greater Lincolnshire performs consistently well across a number of performance indicators in a high performing comparator group, with most areas performing above the national average. For example:

- / 9.3% of Greater Lincolnshire 16-18 year olds in 2018/19 started an intermediate level Apprenticeship, one of the highest rates in the comparator group and only bettered by Heart of the South West (10.5%) and Humber (16.4%). The national average is 6.6%.
- / 5.3% of Greater Lincolnshire 19-24 year olds in 2018/19 started an advanced level Apprenticeship, again one of the highest rates in the comparator group and only bettered by Stoke-on-Trent and Staffordshire (5.5%) and Humber (6.1%). The national average is 3.5%.
- / Performance for the 25+ age group starting higher Apprenticeships was generally comparable across the group and in line with the national average (0.2%).



## B. LOCAL VARIATIONS ACROSS GREATER LINCOLNSHIRE

Consideration was also given to any differences within Greater Lincolnshire at a more local level:

- / The number of people starting an Apprenticeship in Greater Lincolnshire in 2019/20 has fallen across every age group and by more than the national average.

The very latest data emerging for 2020/21 shows an increase in the number of Apprenticeship starts from 6,040 to 6,340 representing a 5% increase whereas nationally Apprenticeship start numbers declined by 0.2%.

- / The decline in Apprenticeship starts has varied across Greater Lincolnshire localities with, for example, greater falls in numbers in East Lindsey and North Lincolnshire compared to North and South Kesteven.
- / The number of adult (25+) Apprenticeships has seen the biggest drop with the number in North Lincolnshire dropping by almost 40% in comparison to the previous year.
- / The reduction will be, in part, due to the impact of Covid-19, however, it is not clear why the drop is so much more than the national average and why the very latest figures show performance above the national average.
- / Apprenticeship starts as a proportion of the resident working age population in 2019/20 was 0.92%, in line with the national average. However, the number of people starting an Apprenticeship in Rutland, East Lindsey and Boston falls a little short of this national average.
- / A difference of 0.21% i.e., the difference between the national average 0.92% and Rutland 0.71%, would result in 2.1 fewer Apprentices for every 1000 workers.

## C. COVID-19 IMPACT

Data is not yet available in respect of the full impact of Covid-19 on local Apprenticeships, but early indicators are that the reduction in Apprenticeship starts (a 27% reduction in the year ending July 2020) has been greater in Greater Lincolnshire than the nation as a whole - an 18% reduction for the same timeframe.

## CONSIDERATIONS

Greater Lincolnshire consistently performs well in terms of the number of individuals starting an Apprenticeship; even against our high-performing comparator group that is normally above UK levels.

There is however, some concerning early data evidence suggesting post Covid-19 Apprenticeship starts are falling faster in Greater Lincolnshire than nationally.

There are also notable differences between localities in terms of resident starts which warrant further consideration.

Updated Apprenticeship statistics can be found in the latest Local Skills Report or Evidence Base at [www.greaterlincolnshirelep.co.uk/priorities-and-plans/priorities/priority-skills/local-skills-report/](http://www.greaterlincolnshirelep.co.uk/priorities-and-plans/priorities/priority-skills/local-skills-report/)



# APPRENTICESHIPS

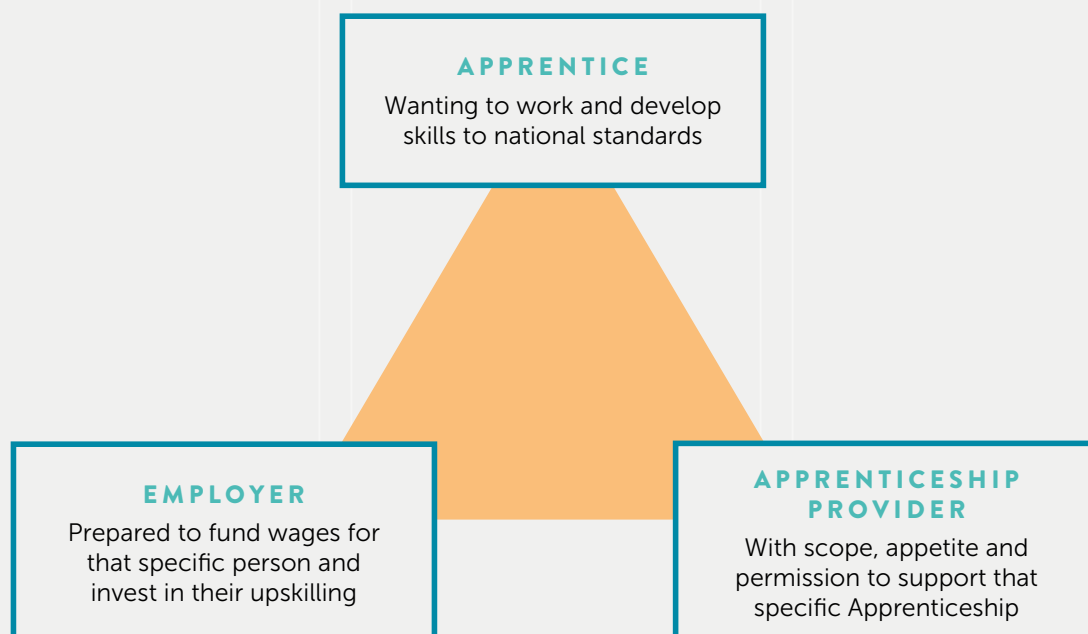
## AN INTERDEPENDENT MODEL

Apprenticeships differ from most other Further and Higher Education 'places' in that they are based upon an interdependency of three parties:

- 01 An Apprentice: a motivated resident able to fulfil that job, contribute and also be prepared to develop their skills (and often numeracy/literacy) to national standards.
- 02 An Employer – prepared to establish a job role, fund wages for the Apprentice and invest in their upskilling through a financial contribution and also through providing paid time and the facility for 'off-the-job' learning.
- 03 A registered Apprenticeship Provider with the appetite, capacity, and occupational expertise to support that specific Apprenticeship with viable, sustainable, quality provision.

This interdependency is a crucial factor, and any successful strategy will need to factor in the requirement to balance employer demand plus a suitable source of motivated, employable residents and a provider able to meet the needs of that employer for occupationally specific provision, and the learning needs of the Apprentice.

Apprenticeships are at the heart of the local labour market and need to reflect its often-unique dynamics, opportunities, and challenges. Apprenticeship vacancies can crop up at the most 'inconvenient' times in terms of the traditional educational calendar; operating within a skills funding system that does not always incentivise flexibility.



Key factors in respect of each interdependent element of the Greater Lincolnshire Apprenticeship Triangle are considered in the next three sections.

## INDIVIDUAL APPRENTICE (RESIDENT)

Local resident motivated by a job, equipped to contribute, and enthusiastic to develop skills to national standards.

### 2019/20 Apprenticeship Data:

**6,195**  
**TOTAL STARTS**  
in Greater Lincolnshire

2018/19 data showed a halt to the overall decline since 2014/15, with a modest increase in starts compared to 2017/18. However, 2019/20 shows a further decline

**28%**  
**WERE AGED 19-24**

**44%**  
**WERE AGED 25+**  
(mainly existing members of the workforce upskilling)

**39%**  
**OF STARTS WERE  
INTERMEDIATE  
APPRENTICESHIPS  
(LEVEL 2)**

**46% WERE ADVANCED  
APPRENTICESHIPS**

**20% WERE 'HIGHER'  
APPRENTICESHIPS  
(INCLUDING DEGREE)**

### Considerations:

The number of Greater Lincolnshire residents starting a higher-level Apprenticeship in 2019/20 has fallen, which is in contrast to the national average.

In 2019/20, the number of higher-level Apprenticeships starts increased nationally by almost 10% from the previous year. In Greater Lincolnshire there was a decrease of nearly 8% from the previous year.

### OPPORTUNITIES

Evidence shows that Apprentices make a difference to their workplace – '86% of employers said Apprenticeships developed skills relevant to their organisation and 78% reported improved productivity' ([www.apprenticeships.gov.uk](http://www.apprenticeships.gov.uk)).

Schools are required to provide information on Apprenticeship opportunities through proactive careers education, information, advice and guidance.

### CHALLENGES

Despite recent policy changes, it is not clear that all local young people are aware of the potential for work-based professional and technical routes to higher level skills as a viable alternative to Further or Higher Education.

There remain many myths and misconceptions about Apprenticeships as a competitive option for local young people – held not only by young people, but also their parents and teachers.

There is regular anecdotal feedback that many employers find it difficult to attract, appoint and retain suitably motivated young people – these perceptions will reduce the number of vacancies being targeted as Apprenticeships.

### Data and our wider evidence base support a focus in Greater Lincolnshire on:

- / Maintaining and further improving our strong Apprenticeship offer, although with concerns about the decline in participation of young people, and at Intermediate level, as a first gateway to high-skilled jobs and qualifications
- / Supporting the communications, information, advice and guidance frameworks for our young people and adult residents – ensuring that quality Apprenticeships are locally available, understood, progressive and a viable alternative to Further / Higher Education in a sparsely populated rural area

“

Of the 11,362 2017/18 Key Stage 4 school leavers, 568 (5%) went into a sustained Apprenticeship. This compares to 4% nationally. ”

## EMPLOYER

Prepared to offer a job, fund Apprentice wages, and invest in their upskilling.

### Key Data:

**471,000**

**FULL AND PART-TIME** employments in the Greater Lincolnshire economy in 2019

**98% OF**

**GREATER LINCOLNSHIRE BUSINESSES ARE SMALL**, employing less than 50 people

**45% OF**

**EMPLOYEES WORK IN MICRO** (0-9 employees) **AND SMALL** (10-49 employees) **BUSINESSES** (compared to only 32% nationally)

### BUSINESS DENSITY AT

**5.6 BUSINESSES** **PER SQUARE KILOMETRE** compared to 12.9 nationally

**EMPLOYMENT HAS GROWN BY 4%** since 2011

**OVER HALF THE VACANCIES**

**REGISTERED** in Greater Lincolnshire in 2018/2019 can be categorised as **TECHNICAL OCCUPATIONS** – including process plant and machine operative, skilled trades, and associate professionals

**IMPORTANT SECTORS** such as Healthcare, Food Manufacturing, Logistics and Hospitality

**REGULARLY REPORT SKILLS SHORTAGES AND GAPS**

### Considerations:

- / There is a lack of recent data in respect of the level of specific employer engagement with Apprenticeships
- / Business sparsity combined with a sparse resident population means lower local 'learner footfall' for local providers and the likelihood of more distance learning / online led provision which can be facilitated by providers across the UK
- / Lincolnshire has more employees in smaller businesses, and relatively less large levy-paying businesses

### OPPORTUNITIES

The Business Lincolnshire Growth Hub is an established 'route to market' to inform and support local employers; with the local Public Service Compact a routeway to public and third sectors.

Local EU projects such as 'Skills Support for the Workforce' and 'Specialist Skills Adviser' have engaged large numbers of local employers in the skills agenda, which should provide an excellent starting point for engagement.

Key local sectors have bold growth ambitions where Apprenticeships can play a greater role in supporting talent identification and workforce development.

For larger employers – (payroll of over £3m per annum) – there is an opportunity to redirect their unused HMRC levy and invest it in Apprenticeships locally – either in their own business or elsewhere.

### CHALLENGES

Greater Lincolnshire has fewer large employers with Apprenticeship Levy to invest.

Surveys regularly suggest low levels of engagement from smaller businesses; particularly those based in rural and coastal areas and those seeking to recruit technical positions such as Engineers, Chefs and Construction Technicians.

Employers often articulate that they find the Apprenticeship 'offer' confusing.

Apprenticeship take-up does not easily align with the local future growth sectors, e.g. logistics and visitor economy which are under-represented despite their local importance.

Fast-evolving national Apprenticeship policy make it difficult for local smaller employers to remain fully informed and engaged.

There is low participation in national / regional Apprenticeship Business Ambassador Networks including those for Young Ambassadors.

### Data and our wider evidence base support a focus in Greater Lincolnshire on:

- / Ensuring our Apprenticeship reach fully embraces the smaller businesses which are especially important in terms of our workforce composition
- / Improving our understanding of where local employers are involved and where any gaps exist
- / Engaging with local Apprentice Levy Payers to provide support for them to either fully recoup their own Levy Payments or cascade funds locally – either through local schemes or through the impending national scheme
- / Identify any national Levy Payers who may have an interest in cascading levy in Greater Lincolnshire
- / Identify where local skills shortages and gaps provide opportunities for new or extended provision

## PROVIDER (AND PROVISION)

With contractual scope, occupational expertise, and appetite to support that particular Apprenticeship in a rural Lincolnshire.

### Key Data During 2019/20:

#### 442 PROVIDERS

(including 'employer inhouse providers') delivered Apprenticeship training to residents of Greater Lincolnshire

**250** of these **ORGANISATIONS** delivered **FEWER THAN FIVE** Apprenticeships, and **77** delivered **BETWEEN FIVE AND TEN APPRENTICESHIPS**

**23%** **ORGANISATIONS** DELIVERED MORE THAN **50 APPRENTICESHIPS**

Of the top ten providers in terms of volume of numbers of Greater Lincolnshire residents starting an Apprenticeship in 2019/2020,

**EIGHT WERE LOCALLY BASED ORGANISATIONS** and included FE Colleges, University and Training Providers. They accounted for **JUST OVER 36% OF NEW APPRENTICESHIP STARTS**

The top five, four of which were local FE Colleges, accounted for 25% of all new starts.

In terms of place, the most local FE College accounted for the delivery of the greatest volume of Apprenticeship starts for residents in that area. However, the next five or six most prolific Apprenticeship providers on the list in each district or authority delivered together just as many and sometimes more

In terms of provision by sector, Greater Lincolnshire is mainly in line with the UK in terms of occupational 'split' although with less starts in 'Health, Public Services and Care' and 'Information and Communication Technologies' but more starts in 'Engineering and Manufacturing Technologies' – the latter despite anecdotal concerns from local employers about recruitment challenges for Apprenticeship jobs in this area.

#### Considerations:

- / The Greater Lincolnshire Apprenticeship 'marketplace' has become increasingly diluted and less driven by locally led providers
- / Our Apprenticeship delivery profile does not align with our identified local priority / growth sectors

#### OPPORTUNITIES

The online Digital Apprenticeship Service enables all registered providers to offer support to local smaller businesses.

#### CHALLENGES

The Apprenticeship delivery model has been subject to major reform in recent years (See *Appendix A*), requiring a complex transition process and a radically different business model for many established local providers.

Providers report the challenges of delivery in a rural / coastal area with barriers such as transport, lower learner footfall, making provision challenging and fragile.

Apprenticeship providers report that some courses have not been awarded sufficient funding to deliver what the standard requires.

The inability to reward industry-experienced trainers with competitive salaries continues to exacerbate staff recruitment challenges faced by the FE College sector.

#### Data and our wider evidence base support a focus in Greater Lincolnshire on:

- / Ensuring a healthy balance between locally led and delivered provision, with provision delivered primarily out of area
- / Fostering provider collaboration (local and national) to maximise choice across our large, sparse rural area through developing sustainable progressive programmes to meet local need

“In 2010, there were a total of 158 Apprenticeship providers reported as operating in Lincolnshire in the ESB Skills Plan. Nationally, there are now a total of 2,204 providers (including employers) registered on the Register of Apprenticeship Training Providers (RoATP) – all able to support Greater Lincolnshire Apprenticeships. Sometimes the resulting marketing messages from distant providers creates confusion for local employers.”



# IN CONCLUSION

Our evidence confirms that Greater Lincolnshire is performing competitively and resiliently in relation to both UK figures and also our high-performing comparator group, although the most recent data evidence (2019/20), does indicate a greater reduction in Apprentice starts locally than the national picture since the economy has been impacted by Covid-19.

**The key questions in terms of developing our local strategy are:**

What are our local ambitions for Apprenticeships?

Where can we make a difference locally in a nationally driven model?

**In respect of the three interdependent elements of successful Apprenticeships, our identified local priorities are:**

## APPRENTICESHIP / RESIDENT

- / Maintaining and further improving our strong Apprenticeship offer, although with concerns about the decline in participation of young people, and at Intermediate level, as a first gateway to high-skilled jobs and qualifications
- / Supporting the communications, information, advice and guidance frameworks for our young people and adult residents – ensuring that quality Apprenticeships are locally available, understood, progressive and a viable alternative to Further / Higher Education in a sparsely populated rural area

## EMPLOYER

- / Ensuring our Apprenticeship reach fully embraces the smaller businesses which are especially important in terms of our workforce composition
- / Improving our understanding of where local employers are involved and where any gaps exist
- / Engaging with Apprentice Levy Payers to provide support for them to either fully invest their own Levy payments or cascade funds locally
- / Identify where local skills shortages and gaps provide opportunities for new or extended provision

## PROVIDER

- / Ensuring a healthy balance between locally led and delivered provision, with provision that is delivered primarily out of area
- / Fostering provider collaboration (local and national) to maximise choice across our large, sparse rural area through developing sustainable progressive programmes to meet local need

# APPENDIX A

## APPRENTICESHIPS

### DEFINITION:

'Apprenticeships combine practical training in a job with study'.

UK Govt (<https://www.gov.uk/apprenticeships-guide>)

### MAIN TYPES OF APPRENTICESHIPS

- 01 Recruitment of new talent to the employer: traditionally young people (16-18 and 19-24) although an Apprenticeship can support any new worker of any age
- 02 The upskilling of an existing employee: any existing member of the workforce – no matter what age or length of service, can enrol on an Apprenticeship to upskill and gain new qualifications

Nationally, the balance between the two Apprenticeship 'types' is changing with increases in the upskilling of existing employees – at higher levels and reduced numbers of newly-recruited young people starting at lower levels. In 2019/20 more than 44% of Greater Lincolnshire Apprenticeship starts were adults over 25 years old.

### WHAT DOES AN APPRENTICESHIP ENTAIL?

- / Apprenticeships now last for a minimum of 12 months including 20% of time spent 'off the job' learning
- / Apprentices work for a minimum of 30 hours a week and a maximum of 40 (if under 18)
- / Apprentices aged 16-18, will earn at least £4.30 per hour (From April 1st, 2021)
- / After one year and aged over 19, Apprentices will earn at least the National Minimum Wage, and National Living Wage if over 23
- / Many employers may choose to pay more than the National Minimum Wage and 'current workforce' Apprentices generally earn the normal salary for their job
- / Wages are fully funded by the employer
- / Apprentices are generally entitled to the same benefits as everyone else in the workplace

## WHAT LEVELS OF APPRENTICESHIP CAN BE ACHIEVED?

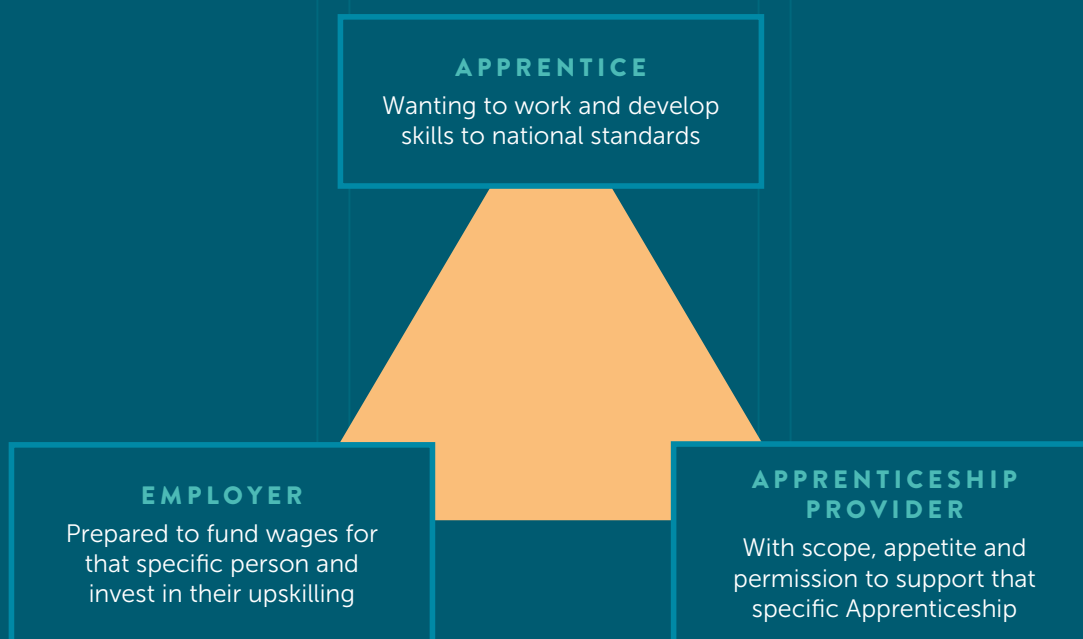
- / Intermediate Level 2 – (5 GCSEs equivalent)
- / Advanced – Level 3 – (Equivalent to 2 A Levels)
- / Higher – Levels 4-7 – Equivalent to a Foundation Degree or Higher
- / Level 6 – Equivalent to a Bachelor's Degree
- / Level 7 – Master's Degree equivalent

## WHAT RANGE OF APPRENTICESHIPS EXIST?

Apprenticeships now cover the widest range of occupations with many including pathways to graduate and post-graduate level and encompassing most professional occupations, senior leadership, and public service roles.

## APPRENTICESHIPS | A 3D MODEL

Successful Apprenticeships normally require:



# APPENDIX B

## APPRENTICESHIP REFORM

There have been major changes to Apprenticeships and how they are delivered over the last few years.

These have included:

- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"> <li>/ Employer positioned as client and co-investor: Apprenticeship reform has put employers at the heart of the system as a 'customer' of providers, and also an identified co-investor, either as a Levy Payer (@100%) or as a Non-Levy Payer (@5%). This strategy is gathering pace as smaller Non-Levy Payers take up digital accounts. Historically the funding relationship has been primarily between the provider and the ESFA, so this represents a major change for Apprenticeship providers</li> </ul> | <ul style="list-style-type: none"> <li>/ Standards: There was recently a major transition from Apprenticeship 'Frameworks' to Apprenticeship 'Standards' which are occupation rather than qualification led, with their scheme design led by employers. A Standard contains a list of the skills, knowledge, and behaviours an Apprentice will need at the end of their Apprenticeship. Frameworks are being phased out with no new starts from July 2020. This is a major change for providers with some frustrations expressed about delays in the availability of the new Standards</li> </ul> | <ul style="list-style-type: none"> <li>/ New funding rates: The transition to Standards from Frameworks has included a review of the funding ceilings that apply to differing occupational standards and levels of Apprenticeship. In some cases, this has resulted in significant funding reduction – for example, some significant differences between funding for technical and for service-sector occupations</li> </ul> |
| <ul style="list-style-type: none"> <li>/ Digital Accounts: All employers are now required to administer their Apprenticeship funding via a digital account. Again, a major market change for Apprenticeship providers, although enabling every provider to offer Apprenticeship support to smaller employers</li> </ul>  | <ul style="list-style-type: none"> <li>/ 20% Off the Job learning: There is now a requirement for Apprenticeships to demonstrate 20% of time spent learning is away from the day-to-day job role. Previously, off the job training was less defined and there was a greater emphasis on on-the-job learning, so this has been a significant change for both employers and providers</li> </ul>  | <ul style="list-style-type: none"> <li>/ Flexibility and Portability: Recent policy supports the development of more flexible Apprenticeship provision – perhaps shared between different employers. Additionally, there is the potential for a more flexible approach to the recognition of prior learning and skills for new Apprentices – potentially shortening their programmes</li> </ul>                              |
| <ul style="list-style-type: none"> <li>/ Higher and Degree Apprenticeships: There has been a major expansion of the availability and take-up of higher Apprenticeships across all sectors including professional occupations, but particularly leadership and management which has grown particularly due to Levy Payers investing through their levy – generally for their existing workforce</li> </ul>  | <ul style="list-style-type: none"> <li>/ End Point Assessment: The introduction of independent end point assessments is aimed at increasing quality and consistency, but it has also increased the due process and funding predictability for Apprenticeship providers</li> </ul>   |  |

All the above has necessitated a major shift in the Apprenticeship provider business model and a number of locally based providers have reported concerns about their fragility and sustainability. The reforms, in creating and opening up new markets, have also resulted in an increase in the number of national providers operating in Lincolnshire, increasing choice but also competition.



# APPENDIX C

## LEVY TRANSFER

### THE APPRENTICESHIP LEVY

Any employer with a payroll in excess of £3m/year must pay the Apprenticeship Levy at a rate of 0.5% of wage bill. This can only be used to fund Apprenticeship training and assessment. Payments are allocated by HMRC into an employer digital account on a monthly basis through the PAYE system. If levy is not spent after 24 months, then it is retained by Government. Levy paying employers pay all of the Apprenticeship training costs through the levy. Government will provide additional top-up funding if employers have used all of their Levy. Approximately 2% of businesses nationally pay the Apprenticeship Levy.

### WHO ARE LEVY PAYERS IN GREATER LINCOLNSHIRE?

ESFA holds relationships with major Levy Payers nationally and this includes several Greater Lincolnshire organisations including Lincolnshire County Council. There are many other nationally based Levy Payers (major retailers / utility companies) who may be interested in participating in a local levy transfer initiative. As well as the largest-scale Levy Payers, many prominent local businesses pay levy at various levels according to payroll costs. Many of these businesses are unable to recoup all their levy through investment in their own Apprenticeship provision, and the levy is therefore at risk of being retained by central government. Some levy-paying businesses do not seek to recoup any of their Apprenticeship levy. Overall, this means that an unquantified amount of unused levy funding is lost from the area each month instead of being invested in Apprenticeship training. This figure cannot be quantified locally, but nationally, it was estimated that £133m of levy raised in the first two years went unspent and was retained by Treasury in four months.

(Elizabeth Howlett. People Management. Sept. 2019. <https://www.peoplemanagement.co.uk/news/articles/employers-lose-133m-from-levy-accounts-as-funds-expire>).

### SMALLER EMPLOYERS THAT DO NOT PAY THE LEVY

Employers with a payroll of less than £3m per year do not pay the Apprenticeship Levy. Approximately 98% of UK businesses are in this category. As well as employment costs, Non-Levy Payers pay 5% of Apprenticeship training (unless they employ less than 50 in which case the Government pays 100%) and assessment costs, for which a ceiling rate is set by Government.

### WHAT IS LEVY TRANSFER?

Levy Payers who are not using their levy can now transfer a proportion of it to Non-Levy Payers. They can make transfers from their digital account to as many employers as they choose although this requires the identification of a specific identified Apprentice. These 'receiving' businesses can then contract with training providers to train their Apprentices on a fully funded basis. There are already positive local examples of Levy Payers transferring unused levy to Greater Lincolnshire employers. For example, Lincolnshire County Council currently works with healthcare sector employers to transfer levy to support Healthcare Apprenticeships.

Whilst the levy transfer process is deemed straightforward, there is still bureaucracy to navigate. Local employers who have been involved thus far emphasise that this bureaucracy cannot be underestimated.

### WHAT TRANSFERS CAN PAY FOR?

Transferred funds can be used to pay for the training and assessment costs of the Apprenticeships agreed with the receiving employer:

- / Funds are paid monthly for the duration of the Apprenticeship

- / Only Levy-Paying employers can make a transfer (not an intermediary such as a LEP)

- / Any employer can receive, and use transferred funds

- / Both sending and receiving employers must be registered with the Apprenticeship Service

- / Transfers can only be used for new Apprenticeships. (Either new recruits or workforce upskilling)

### HOW TRANSFERRING LEVY FUNDS WORKS

Employers who pay the Apprenticeship Levy and have unused Apprenticeship funds can identify employers to 'cascade' their levy to. For example:

- / Supply chain partners / other employers in the same sector or locality
- / Corporate Social Responsibility (CSR) investment reasons such as boosting social mobility, narrowing local skills gaps, and reducing local skills shortages

### OTHER LEVY TRANSFER SCHEMES

- / A number of LEPs, Combined Authorities and Local Authorities launched their own Levy Transfer Schemes. For example, New Anglia LEP and West Midlands Combined Authority

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- / This announced Government intention to make sharing levy easier through a national scheme connected to the Digital Apprenticeship Service online portal.

Further information is available here: [www.gov.uk/guidance/transferring-your-apprenticeship-levy-to-another-business](https://www.gov.uk/guidance/transferring-your-apprenticeship-levy-to-another-business)



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