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| Agenda Item | 20 |
| Report No | RES/48/17 |

HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 30 August 2017

Report Title: The Highland Council Modern Apprenticeship Programme

Report By: Depute Chief Executive / Director of Corporate Development

1. Purpose/Executive Summary

This report details proposals for a Modern Apprenticeship Programme, initiated in response to a number of factors including the UK Government's introduction of the Modern Apprenticeship Levy in April 2017 and Local Authority (LA) social responsibility for youth development, employability and the local economy. A Modern Apprenticeship Programme is also aligned with the objectives in The Highland Council (THC) Workforce Planning Strategy 2017-2023. Extensive internal and external research has been conducted, and it is apparent that if THC is to support Scotland's Youth Employment Strategy¹ and meet the council's strategic objectives, then a new, clearly defined approach is required.

Existing practice has been examined, as well as other delivery options and a full option appraisal (OA) is included at [Appendix 1](#). The preferred option suggests the adoption of a corporate methodology, including the establishment of a new programme and resource to support it. Working with all relevant stakeholders, the proposed resource would implement a Council-wide, integrated approach to Modern Apprenticeships, providing support to services to allow them to maximise the opportunity. The team would also access currently untapped training funds from THC's £1.15M annual contribution to the Modern Apprenticeship Levy, for developing new apprentices and the upskilling or retraining of existing employees.

2 Recommendations

Members are asked to:

- i. Agree to the implementation of a Corporate MA Programme.
- ii. Agree to the establishment of a Modern Apprenticeship Team.
- iii. Agree to Champion Modern Apprenticeships in the Highlands.

¹ Scottish Government (2014), *Developing the Young Workforce - Scotland's Youth Employment Strategy*

3. Overview of Benefits

- To support youth employability and recruitment across Highland, helping THC meet its Strategic Outcomes for the Highlands.
- To support target groups into training and employment, with an ambitious aim to create 150 apprenticeships within the first 2 years.
- To work with local businesses and partner organisations to support economic objectives.
- To identify and maximise opportunities, adopt a commercially-minded approach and monitor to ensure compliance through a centrally co-ordinated approach.
- To provide THC Line Managers (LM) with advice, guidance and support.
- To build the future workforce and develop our employees through an integrated Workforce planning approach. The proposed MA Programme encompasses all current employees.
- To support upskilling and succession planning.
- To develop the Young Workforce and support Corporate Parenting.

4. Introduction

4.1 Highland currently experiences mass out-migration of its young people. Highlands and Islands Enterprise (HIE) find that a perceived lack of opportunities for meaningful employment and training is the “single most important factor in the migration choices of young people on a permanent or long-term basis.”² In outlying areas of Highland, this is a particular concern. Of note to THC, 44% of the young people engaged by HIE also stated a preference for working for an ethical employer that invests in the local community and corporate social responsibilities. This indicates potential for THC to market itself to the region’s young people as an attractive employer, on the basis of these values. On the basis of this evidence, there appears to be a significant number of young people who would welcome opportunities arising in response to future workforce requirements at THC.

4.2 The importance of developing the young workforce is further brought into focus by THC’s current workforce age demographic: 43% of SJC³ employees are over the age of 50; with only 10% under 30; and only 0.8% aged 20 or under. This presents an imminent threat to workforce planning for replacement and organisational sustainability. The relative lack of young people in the region has led SDS to predict difficulties in recruiting to tens of thousands of anticipated vacancies across the Highlands, over the

² HIE (2015), *Our Next Generation - Young People and The Highlands and Islands*, s.2.18.

³ Scottish Joint Council employees – excluding teaching staff, for whom there are no available apprenticeship frameworks.

next ten years.⁴ Regional demand for workforce replacement is exacerbated by a projected drop in the size of the working age population: with nearly 80,000 fewer people of working age over the next 20 years.⁵ Additionally, the impact of Brexit is not yet fully understood and may have further implications for future workforce availability.

- 4.3 THC should therefore anticipate pressure for competitive recruitment from an increasingly limited pool of local talent. MAs provide an invaluable tool when planning for workforce replacement: attracting young people through early investment in local training and employment opportunities, with scope for a value-driven approach to recruitment.

5. Modern Apprenticeships – Background

- 5.1 Historically, THC has employed very few apprentices. The current figure is just 30 out of 9992 employees (0.3%). These are mostly in building trade environments. Critically, this is only utilising a very small number of the 80+ occupational frameworks available, limiting THC's ability to fill vacancies with apprentices in other areas across the business.

6. The MA Levy and Modern Apprenticeships

- 6.1 From April 2017, all UK employers with annual salary bills over £3 million are required to pay the Modern Apprenticeship Levy to HMRC. The rate of this levy is 0.5% of pay bill, which for THC amounts to £1.15M per annum. An estimated £221m will be allocated to the Scottish Government, to be administered by Skills Development Scotland (SDS). The funds provide opportunities for organisations and companies to access training allowances for apprenticeships.

7. Funding

- 7.1 Apprenticeships are available to employees of any age. Whilst 16-24 year olds attract the most SDS funding, in many occupational areas, funds are available for the training of new and existing staff aged over 25. Training allowances range from £350 to £10,000 per apprenticeship, varying by type, level and apprentice age. Apprenticeship training providers across Highland are also eligible for an additional Rural Uplift of between £250 and £1,000 per apprentice for training providers in rural areas.
- 7.2 At present, THC is not configured to make the most of SDS funding opportunities (i.e. to draw back from the MA Levy). Full use of these funds would support the employability of Highland's young people and secure skills required for future THC Service delivery and regional economic development. Securing SDS funding will be a key role of the proposed MA resource.

⁴ "Overview of the Skills Landscape in the Highlands and Islands," *Presentation by SDS Skills Planning Lead for Highlands and Islands, 17.03.17.*

⁵ SDS, HIE and SG (2014), *Skills Investment Plan for Highlands and Islands.*

8. MA's the Highland way – Proposed Approach

- 8.1 The proposed solution is the creation of a new Programme for MA within THC and a 'one-stop-shop' for all matters regarding apprenticeships. The Programme has three key aims:
- Meeting our statutory requirements, including supporting young people into 'positive destinations' (training and employment);
 - Maximising opportunities to develop our existing workforce;
 - Maximising opportunities to efficiently draw down and apply available funding from the MA Levy (in the form of SDS funds for training).
- 8.2 By acting as the central point for coordination of the MA Programme, the proposed MA Team will work to ensure successful apprenticeships and their effective contribution to service delivery, as well as minimising any additional burden on Services. The MA team will provide Services with informed guidance and support for the identification of apprenticeship opportunities (through workforce planning) and in recruitment. The team will directly manage apprentice induction, secure an appropriate training provider, and support apprentices' development of employability skills. THC MA Programme Development Timeline is included at **Appendix 2**.
- 8.3 The MA team will develop a network of apprentice mentors in all areas of THC to ensure support for the apprentice and translation of MAs into best value for the organisation. It is proposed that mentors be located 'in-Service', but at arm's length from line-management of the apprentice, providing a suitably informed, yet relatively impartial point of contact. Mentor training will be secured and managed by the MA Team, which will be available to support mentors where necessary.
- 8.4 MA frameworks and access to funding are highly complex. The MA team will provide informed support to managers in these areas, avoiding the need for duplication of labour among HR BPs, service managers and line-managers, who would otherwise need to invest significant time in familiarising themselves with these requirements. Frameworks that will be attractive to THC are: Business Administration, Health & Social Care, Early Years, IT, Finance, Civil Engineering, Customer Care and many more. Identifying these opportunities in consultation with Services, sourcing funding and managing training will be a core function for the proposed MA team.
- 8.5 THC has a key role to play in supporting young people, providing opportunities for disadvantaged communities and developing our existing workforce. In support of these objectives, the MA team will work with schools, THC's Employability Team, Family Firm, Youth Trainee programme, HLH and other stakeholders. Of particular note, is the scope to promote apprenticeships through Community Benefit procurement initiatives. This will bolster our ability to meet our own strategic objectives regarding local economic development and regeneration, and 'positive destinations' for Highland's young people, as well as contributing to SG initiatives.

8.6 In collaboration with colleagues in The Employability Team, the new MA Programme and resource will help THC provide opportunities for young people from deprived areas and for care experienced young people. THC is particularly well positioned to engage with schools to inform and support young people into MAs. The proposed MA resource would provide a service to pupils and teachers, as a single point of contact for promotion of apprenticeship opportunities at THC. MA team responsibilities are included at **Appendix 3**.

8.7 The programme aspires to build the capacity to support 150 apprenticeships within 2 years. The number of apprentices engaged at any one time will be dictated by Service Workforce Plans.

9. Training

9.1 The most efficient use of SDS funding for training can be secured by THC acting as an SDS accredited MA training provider for its employees (and prospectively for apprentices employed by partner organisations and local businesses). There is no other effective means of 'reclaiming' Levy contributions. Acting as an MA training provider would allow THC to directly 'draw down' the maximum available amount of SDS funds, and to exercise maximum discretion over how these are most effectively used to secure training; whether delivered 'in-house', or sub-contracted from local colleges and private providers

9.2 Sourcing of MA training will depend on the extent of Services' demand for particular varieties of MA; THC capacity and expertise; local availability, and cost. THC's Learning and Development Assessment Centre is already SQA accredited and is also an accredited SDS MA Centre. This builds upon L&D's existing delivery of vocational training for Business Administration, Social Care, including Early Years, and Management.

10. Implications

- Resource – £80K per annum to be found from existing service budgets based on a spend to save basis. Administrative support to be arranged through existing L&D business support structure.
- Legal – there are no legal implications.
- Community Impact – Rural, Poverty and Equalities Impact Screenings are at [Appendix 4](#).
- Sustainability/Climate Change – there are no implications.
- Risk – there is a risk to The Highland Council's ability to meet its Strategic objectives if action is not taken to address workforce sustainability issues.
- Gaelic – The MA team will support and promote the use of Gaelic language in council business.

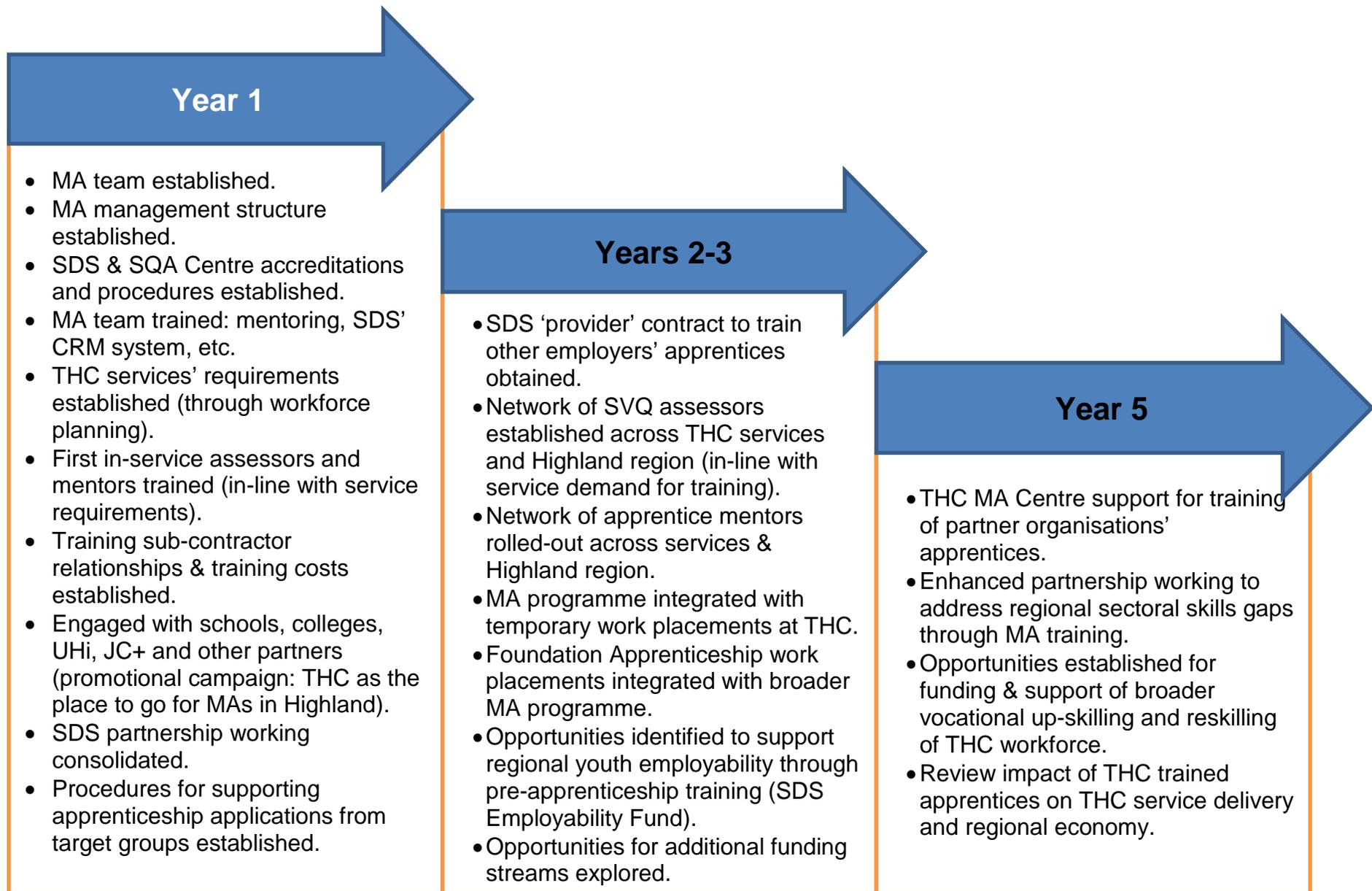
Designation: Depute Chief Executive / Director of Corporate Development

Date: 21 August 2017

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Background Papers: *Findings of the Modern Apprenticeship Study, June 2017*.

Appendix 2 - THC Modern Apprenticeship Programme Development Timeline



Appendix 3 - Apprentice Team Responsibilities:

