

Business and Property Committee

Report title:	Apprenticeship Training Agency Pilot and Next Steps
Date of meeting:	5 March 2019
Responsible Chief Officer:	Tom McCabe – Executive Director, Community and Environmental Services
Strategic impact: <p>The Apprenticeship Training Agency (ATA) pilot project focuses on developing and testing a model that provides skills and employability support for young people aged 16-24 who are highly dependent on public services and need additional support to access and maintain an apprenticeship.</p> <p>The ambition has always been to take the learning from the pilot and to explore upscaling the model to a wider cohort, many of whom will be economically inactive and consistently struggle to engage with mainstream provision and to access the workplace.</p> <p>Promoting social mobility and helping people to get into, and to remain in work (thereby reducing the cost to the public purse) are important priorities within the NCC strategy 'Caring for our County, A Vision for Norfolk in 2021.</p>	

Executive summary

This paper provides an update on progress with the ATA pilot project and outlines progress to date with upscaling the model.

Recommendations:

Members are requested to

- **Note the progress to date with the pilot ATA project**
- **Endorse the direction of travel to develop and upscale the model to a wider cohort**

1. Proposal (or options)

- 1.1. A proposal, which was agreed, was presented to members in September 2017 for the development of the pilot ATA project, setting out the need and rationale for developing wrap-around support for vulnerable young people, to enable them to access and sustain an apprenticeship.
- 1.2. In December 2017 NCC entered into a strategic partnership with TrAC, a registered ATA in Norfolk, to support vulnerable young people (predominately care leavers) into an apprenticeship and to support SME's that may have short term opportunities, or specific business needs, to experience the benefits that an apprentice can bring. The outputs for the project, which is due to complete at the end of February 2020, are as follows:

Output	Main Age Group	Cumulative amount by end of project (Feb 2020)
Work Trial/Traineeship	16 to 24	60
Apprenticeship Starts	16 to 24	30
Apprenticeship Completions	16 to 24	20
Progression into work or further training	16 to 24	34

1.3 **Progress to date**

As with many new and innovative projects it has taken a while to develop referrals procedures and processes and to generate interest from the business community and the various agencies working with and supporting young people. In the first few months progress was slow but the last three months have seen a substantial increase in the numbers of young people accessing the various elements of the programme all are currently above target as detailed below. However, it should be noted that due to the length of time it takes for a young person to complete an apprenticeship it is too early to monitor completions and progression into further work or training.

Measure	Number as at December 2018	Target to Feb 2019
Work Experience or Traineeships Started	31	25
Work Experience or Traineeships Completed	21	17
Apprenticeship Starts	13	10

1.4 **Challenges**

The pilot has now been in place for a year and, whilst the measures detailed above are all above target, a number of challenges have arisen that provide important learning for upscaling the ATA to support a wider cohort:

- The nature of this cohort of individuals is that they are often harder to reach, support and engage with than mainstream learners due to their experiences and sometimes turbulent personal life.
- This has caused several young people to drop out of placements or not be able to commit to the project after 2 weeks work experience.
- Supporting these individuals into another destination and recruiting and supporting new individuals to the project has therefore required greater capacity and resource than was predicted.
- Housing costs for learners living independently, and the lack of support given to young people who move into employment has meant that some learners have felt unable to continue with their apprenticeship as they were in effect worse off in employment than when receiving benefits. DWP have assured us that nobody should be worse off in employment but this issue remains unresolved.
- The numbers of young people being referred to the project has been far higher than anticipated and as at December 2018 the project had received

170 referrals, this has put pressure on TrAC to organise individual placements.

- Many of the referrals have been for young people who are not apprenticeship ready and need a package of support and training in order to be able to take advantage of the programme. NCC has received funding from the Norwich Opportunity Area for one year to offer a Positive Activities programme for 16-18-year olds living in or educated in the Opportunity Area. The programme aims to build soft skills and increase work readiness in order for the individual to receive a re-referral to TrAC on completion. We are exploring ways in which this pre-apprenticeship work can be factored into the upscaled ATA and available to the wider cohort.

1.5 **Development of the upscaled version of the ATA**

It has always been an ambition to test the concept within the pilot ATA and, if successful, to upscale to a wider cohort but still continue to provide wrap around support to the most vulnerable. Whilst it is still too early to take into account completion rates, the model of providing additional support appears to be successful in attracting and retaining some of the most vulnerable young people who are often defined as the hardest to reach and engage. On the evidence available to date we are exploring various models and costings for the upscaled version that will continue to offer the additional support for those who need it as well as catering for a mainstream cohort.

Our research and financial modelling to date predicts that the costs associated with the mainstream cohort will be met through a combination of levy contributions and charging out to employers that will cover the apprentices' wages.

The ATA will, in effect, generate surpluses in the same way that a recruitment agency would. We are modelling options that provide an indication of the numbers of apprentices across the client groups that would need to be achieved to create surpluses that enable us to support the vulnerable cohort.

Another funding source that could contribute to supporting vulnerable cohort are outcome payments generated through Social Impact Bonds (SIB's). This approach is currently being developed for testing, supported by the National Lottery Life Chances fund. It is hoped this may generate evidence for service departments that outcome payments are a good investment that will deliver the outcomes they are seeking.

NCC has successfully bid to The Life Chances fund for an in-principle award of £4.13m for a multi-strand SIB. This award will be used as a 36% subsidy for outcome payments that are returned to a social investor as a result of agreed outcomes being achieved through the multi SIB entitled 'Promoting Independence'.

The multi SIB will secure up-front service delivery funding for the 5 years and, outcome payments will only be made when agreed outcomes are met. If the outcomes are not met, no payments are returned to the investor.

In the ATA strand of the multi SIB, the Life Chances funding will be utilised to provide the additional support for individuals and businesses for the vulnerable cohort. In addition, the principle of an ATA that supports a wider cohort has been accepted by the Life Chances fund.

Further reports will be provided to members as the project continues to evolve.

2. Evidence

- 2.1. Apprenticeship starts have fallen both locally and nationally over the past year and are predicted to continue to do so as the apprenticeship reforms predominately encourage larger employers to upskill their existing workforce.

Providing opportunities, with appropriate support, for vulnerable young people is key to helping them to become economically active and to reduce their reliance on accessing public services. Many vulnerable young people have expressed an interest in accessing an apprenticeship as the number of referrals to the pilot project demonstrates. Progress to date against the targets for supporting young people into a work experience/traineeship and apprenticeships suggests that the model is working. Developing a model to upscale the project to a wider cohort is vital if we are to continue to fund the additional support for a vulnerable cohort and will ultimately begin to address some of key priorities for NCC.

3. Financial Implications

- 3.1. There are no financial implications currently. The funding for the pilot ATA project was fully secured at the outset from a number of sources including an NCC grant (approved by members in the proposal mentioned in paragraph 1.1) and employer contributions. TrAC successfully applied for Skills Deal (which focuses on participants) and ESF LIFT funding (which focuses on employers) to complete the funding package for the project. The funding was utilised to support setting up of the project and to employ staff to work with and provide ongoing support for both young people and employers.

Under the 5-year SIB model NCC will be required to fund 64% of the cost of the additional support as outcome payments related to engagement, sustainment, achievement, employment and training for each vulnerable individual that completes each element of activity. The balance will come from the 36% Life Chances subsidy. Many of the vulnerable individuals that will require the additional support from the ATA will be accessing funded services from NCC from across a range of departments and services.

We are currently in discussion with a number of departments that are supporting vulnerable individuals to identify where there are savings to be made in the amount of support required if those individuals are in employment with the ATA and receiving support to sustain an apprenticeship. The savings generated will be used to make the 64% outcome payments thus saving the department 36% whilst supporting the individual to attain a nationally recognised qualification that will help them to move into, and sustain, economic independence. At the end of the 5-year SIB the financial modelling indicates that if the mainstream cohort numbers are sufficiently robust the income from the employer contributions will be sufficient to fund the additional support required for the vulnerable cohort.

4. Issues, risks and innovation

- 4.1. Whilst the pilot project is, at this stage, meeting its targets for supporting young people to access work experience/traineeships and apprenticeships there is a risk that young people will fail to complete their apprenticeship or not progress into further work or training. This will not become apparent until the latter stages of the project due to the time necessary to complete an apprenticeship which has been extended with the move from frameworks to standards and which

could not have been anticipated in the design phase of the project.

Without the development of the upscaled ATA model to a wider cohort there is a risk that the pilot project will be stand alone and short term. The level of interest from young people indicates that there is demand for a consistent supply of apprenticeship opportunities with the bespoke support that many of this client group need. Upscaling to a wider cohort will generate the resource required to provide the support for the vulnerable client group.

5. Background

- 5.1. Apprenticeships provide nationally recognised routes to sustainable employment and the number of referrals for this project confirms there is significant demand from young people in these client groups. The pilot demonstrates that, with the provision of bespoke support for both individuals and employers, young people within these client groups are able to access and sustain an apprenticeship.

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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