# Annex 1 – GM Apprenticeship Strategy Background and Policy Context – The Strategy Drivers

## National Picture

Apprenticeships have been firmly established at the heart of Government skills policy, featuring highly in the Chancellor’s 2015 productivity plan and the November 2015 Spending Review[[1]](#footnote-1), giving rise to an ambitious national target of 3 million Apprenticeship starts across England by 2020[[2]](#footnote-2), and forming part of a package of tools which the government sees as key to social mobility.

In July 2016 the Government published its Post-16 Skills Plan[[3]](#footnote-3) alongside the report produced by the independent review of technical and professional education led by Lord Sainsbury. That Plan set out the Government’s vision for the future of technical education at levels 2 to 7, encompassing Apprenticeships. It will build upon the national programme of Apprenticeship reform, recognising the critical role that the Apprenticeship route will play in helping young people and adults to secure skilled employment.

Publication of the Post-16 Skills Plan coincided with a reorganisation of the machinery of government (MOG) in which the Department for Education (DfE) and elements of the former Department for Business, Innovation and Skills (BIS) came together under an expanded DfE. Bringing together the education and skills portfolios within a single department, together with responsibility for comprehensive careers education, information, advice and guidance, offers the opportunity to ensure that activity is fully aligned and supports Greater Manchester’s vision for a fully integrated education, work and skills system, with Apprenticeships as a core priority.

Most recently, that commitment to apprenticeship growth as a key element of skills development and the technical education offer was reiterated in the Industrial Strategy Green Paper consultation[[4]](#footnote-4).

Significant changes are currently underway around the Apprenticeship agenda with changes to the structure and content of Apprenticeships and a new approach to funding, with the Levy and digital Apprenticeship system (see below) placing purchasing power in the hands of employers. This nationally driven reform programme has the potential to lead to confusion and reluctance from employers to engage, with a possible drop in the number of Apprenticeship opportunities as the transition takes place prior to and during transition during 2017.

This programme of reform and raft of policy documents provides the national backdrop for this Greater Manchester strategy and presents a number of key opportunities and challenges:

**English Apprenticeships: Our 2020 Vision –** sets out the government’s plans for Apprenticeships and a national target for growth, achieving 3 million starts over the life of the current parliament. As a proportion of this, the associated ambition for GM is a cumulative total of 184,000 new starts by 2020, an increase of around 20% on current activity (approximately 8,000 per annum increase compared to 2014/15 numbers).

**Apprenticeship reform** – one of the central elements of the reform programme is the development of new employer-led apprenticeship standards, overseen by the Institute for Apprenticeships, which will act as an employer-led regulator for the content of and funding for apprenticeships, working with DfE, ESFA, Ofsted, Ofqual and the QAA. Already being rolled out in some occupational areas, these Standards are expected to replace all existing frameworks on a phased basis by 2020. Under the Post-16 Skills Plan (see below), the Standards which have already been approved will be reviewed to ensure that overlap with new proposals for technical education is minimised.

**Apprenticeship Levy** – first proposed in July 2015, the Levy took effect from April 2017. It is paid at a rate of 0.5% of payroll on a monthly basis via PAYE returns to HMRC by all organisations (public, private and voluntary sector) whose salary bill exceeds £3 million per annum, and will be converted into a digital voucher with which to fund Apprenticeship training and assessment for a levy-paying organisation’s apprentice employees. The Government will provide a 10% top-up in order to meet its commitment that employers will be able to draw down more than they pay in. Both the voucher and the top-up will be valid for a period of 2 years, after which any unused funds will revert to a national pot. Whilst this is expected to generate £3billion in revenue by 2020/21 across the UK, only approximately 2% of employers nationally are expected to be in scope to pay the levy (equating to around 1,500-2,000 organisations within Greater Manchester). Non-levy paying employers and those employers whose Apprenticeship activity exceeds the value in their digital account, will be required to contribute 10% to the costs of Apprenticeship training with the Government providing a 90% subsidy.

**Digital Apprenticeship Service (DAS)** – will be launched alongside the Levy as an online portal (building on the national ‘Find an Apprenticeship’ web page) through which all employers - whether they have contributed to the Levy or not - will be able to advertise Apprenticeship vacancies, select the most appropriate Apprenticeships for their employees, and choose a training provider and an assessment organisation. From April 2017, if an employer pays the Levy they will also be able to use the DAS to monitor their Levy balance, set the price that has been agreed with their training provider, and pay for Apprenticeship training and assessment. Employers will be able to register to create their digital accounts from January 2017.

**Post-16 Skills Plan and the Sainsbury Review** – the independent Sainsbury panel recommended the establishment of an academic route and a technical education route which will enable young people and adults to prepare for skilled employment. Fifteen groups of occupations have been identified which require both a large body of technical knowledge and a set of practical skills valued by industry. This choice will be made by young people at age 16 as well as by adults at the start of a career path, supporting those outside the labour market who want to get a job and people returning to work after period away. Technical education will be delivered in two modes: work-based (typically an Apprenticeship) or college-based (a two year programme to include a high quality structured work placement). Both modes of learning will be employer led and occupationally focused, with panels of employers supported by education experts setting the standards required for the technical qualifications. The 15 new technical routes will be rolled out on a phased basis between September 2020 and 2022, with a small number of ‘pathfinders’ to be tested from September 2019. Bridging provision will be developed to support movement between technical and academic routes, and Traineeship-style ‘transition years’ will be available for learners who are not yet ready to enter the full technical education programme. The system of certification will be simplified, and the reforms will build upon the ongoing programme of Apprenticeship reform under the oversight of the Institute for Apprenticeships, which will have an expanded remit from 2018 to oversee all technical education.

**Industrial Strategy –** At the time of writing, the consultation on the Industrial Strategy Green Paper had concluded but the government’s response was not yet published. In the consultation document, 10 ‘pillars’ were put forward as being key to the government’s plans to make the UK one of the most competitive places in the world to start or grow a business and to close the gap between the UK’s most productive companies/industries/places/people and the rest.

**Public Sector targets and the Enterprise Act, 2016** - in early 2016 the Government consulted on proposals within its Enterprise Bill to establish a proportional target across the public sector requiring that Apprentices make up 2.3% of the public sector workforce. The subsequent legislation, enacted in May 2016, has given the Secretary of State the discretion to set a target to which public sector employers will be required to “have regard”. Progress towards meeting the target will be reported annually and averaged over the period from 2017-2021. The Enterprise Act also gives Apprenticeships formal legal status, similar to the legal protection afforded to degrees, in order to ensure that apprentices and employers can be given confidence in the quality and content of the Apprenticeship ‘brand’.

**Fixing the Foundations: Creating a more prosperous nation** – the Chancellor’s productivity plan includes a commitment to developing a highly skilled workforce, with employers in the driving seat and Apprenticeships as a key strand. The plan also introduced the government’s plans for an Apprenticeship Levy, whereby large employers will pay a hypothecated tax, the proceeds from which will be ring-fenced to pay for Apprenticeship training.

**Brexit** – part of the planning around the UK’s departure from the European Union must include skills, both in terms of the contribution they make to national productivity and in order to redress any loss of skills through changes in the numbers of skilled migrant workers from the EU. There will be opportunities for apprenticeships within this agenda, both in terms of up-skilling/re-skilling and progression through to higher levels.

**Raising the Participation Age** – since 2015 young people in England have had a statutory duty to remain in some form of learning until the academic year in which they turn 18. This could be education, a training programme, employment or voluntary work and could therefore include Apprenticeships. Linked to this is a vast array of activity around Careers Education, Information, Advice and Guidance (CEIAG). To support informed decision-making by young people around their options, legislation is being brought forward which will require schools to allow other education and training providers to talk directly to pupils about opportunities such as Apprenticeships. The government is committed to producing a national careers strategy as a matter of urgency, although at the time of writing this strategy had been delayed and remains awaited.

**Youth Obligation** – in July 2015 the Chancellor announced introduction of a Youth Obligation for 18 to 21 year old benefit claimants who, from April 2017, will participate in an intensive support regime and undertake training and work experience necessary to equip them with skills to secure and sustain work. Participants will receive intensive support after which they will be expected to apply for an Apprenticeship, a traineeship, gain work skills or go on a mandatory work placement within 6 months or lose benefits.

**Public Sector Procurement** – since 1 September 2015, consideration of Apprenticeships and skills development has been embedded within public procurement of goods and services contracts worth £10m or more and with a duration of 12 months or longer. This provides additional leverage for the public sector in contracting, ensuring that major public investments add value in skills terms.

## GM Picture

Against that national backdrop there is also a policy landscape with a distinctive GM identity and focus, which will help translate those national policies into activity on the ground:

**Northern Powerhouse** – Our ambition is for Greater Manchester to become a financially self-sustaining city-region, sitting at the heart of the Northern Powerhouse with the size, the assets, the skilled population and the political and economic influence to rival any global city. Greater Manchester has internationally significant growth and productivity opportunities in three of the four NPH prime capabilities (manufacturing, health innovation, and digital). In addition, the Business, Finance & Professional Services sector is a prime capability for GM, as it is central to both GVA and jobs growth. Enabling and supporting growth in these prime capabilities, including a strong focus on Apprenticeships as a workforce development/talent management mechanism, will be critical if GM is to play its full part in a thriving Northern Powerhouse, and other opportunities and challenges will exist around linked initiatives, such as work with Transport for the North around the workforce needed to deliver HS2/HS3 and other infrastructure initiatives.

**Greater Manchester Devolution Agreement** – The fourth Devolution agreement with Government (CSR, November 2015) stated that:

*“The Greater Manchester Combined Authority and the Government commit to working together to maximise the opportunities presented by the introduction of the Apprenticeship reforms (including the levy). This will include: working with employers to recognise the value of Apprenticeships in driving productivity; putting in place appropriate high quality careers education, information, advice and guidance so that Apprenticeships are seen as an equally valuable progression route for all individuals leaving school/college; and specific work around Greater Manchester public services including health to generate high quality Apprenticeships to drive demand and support public service reform.*

*“The Government and Greater Manchester will discuss how, within the national framework**where individual employers have control of their levy contributions, public sector partners in Greater Manchester could collaborate to take full advantage of the Government’s Apprenticeship programme to support new ways of working in the public sector and stimulate progression pathways at all levels within Greater Manchester.”*

Funding for Apprenticeships provision is not currently included within the scope of the existing Devolution deal. However, we are ensuring that the flexibilities we have allow us to align activity and support a place-based approach to skills and employment activity. Research and understanding to date emphasises reducing budgets and the need to focus and streamline FE provision above Level 3; Apprenticeships will form an essential part of the solution to meet employer skill demands in a climate of reducing FE budgets. In addition, Devolution has given us the opportunity to adapt the GM Apprenticeship Grant for Employers (GM AGE) incentive to meet our local priorities and to encourage employers to employ Apprentices (particularly at Advanced and Higher levels) where they haven’t previously done so.

The devolution of the Adult Education Budget (AEB) from 2018/19 will also offer the opportunity to influence post-19 provision across the city region while helping to build an evidence base for potential future devolution cases encompassing Traineeships and Apprenticeships. In particular, devolution of the AEB is contingent upon the development of an Outcome Framework for Greater Manchester. The Outcome Framework will bring the value of learning into sharper focus by setting out minimum expectations and broader outcomes for GM’s publicly funded learners and residents within the wider context of Greater Manchester’s skills challenges, rather than focusing narrowly on outputs. The Outcome Framework will be piloted with the AEB with a view to being extended to encompass all provision within Greater Manchester.

***Stronger Together –* Greater Manchester Strategy** - In 2013 *Stronger Together* set out a GM Strategy around the twin themes of growth and reform. The Strategy identified a series of priorities that will drive sustainable economic growth and reform the way that public services are delivered. These include:

* Delivering targeted investment based on market needs
* Revitalising Greater Manchester’s town centres
* Improving both integration of infrastructure planning and connectivity
* Placing Greater Manchester at the leading edge of science and technology
* Supporting business growth; improving international competitiveness
* Reforming public service delivery to build independence and raise the productivity of residents.

The Strategy is currently being reviewed and refreshed.

**Greater Manchester Work and Skills Strategy** *–* The overarching vision set out in *Stronger Together* has been augmented by the Greater Manchester Work and Skills Strategy and ten underpinning priorities. That plan sets out the rationale and mechanisms for effecting transformational change within a fully integrated education, work and skills system – also linking with activity in Greater Manchester’s health sector - in order to maximise the opportunities that Devolution presents, capitalise on national changes and minimise the risk from reduced levels of Government investment. The Strategy sets out the challenges we face and our baseline position, recognising that those opportunities and challenges are not uniform across GM and that there is a lot of good work at local authority level upon which we can build. Therefore, we need to be focused on where we concentrate GM level resources to add value and maximise the impact of GM work and skills initiatives. As noted above, Apprenticeships form one of GM’s 10 work & skills priorities, seeking to increase the number, quality and level of Apprenticeships in core and growth sectors in GM via better CEIAG, employer workforce development and co-ordination of public sector activity in response to the Apprenticeship Levy.

**Greater Manchester Apprenticeship Hub** – the Hub was established as part of Greater Manchester City Deal in 2012. Since then, activities through the GM Apprenticeship Hub (including GM AGE, City Deal, and Growth Deal funded projects) and its key partners, alongside activity undertaken across the providers, local authorities, employers and other stakeholder organisations, have created strong building blocks to support achieving the GM Apprenticeship ambition and have put the basis in place to address the rapidly changing Apprenticeship landscape across GM.

**Greater Manchester Careers & Participation Strategy –** Apprenticeships have a key contribution to make to the delivery of Greater Manchester’s Careers & Participation Strategy, as well as to the wider workforce development agenda. There are two strands to this strategy:

1. Under the Raising the Participation Age (RPA) obligation, young people have a duty to remain in learning up to and including the academic year in which they turn 18. In order to help young people meet that duty, local authorities have obligations around the services they must provide by way of support, including CEIAG provision. We must make sure that Apprenticeships are viewed with value and esteem at least equal to those of academic learning pathways when young people and their advisors/influencers are considering the most appropriate learning options for their career aspirations, particularly in the light of the Post-16 Skills Plan.

2. To support fulfilment of the RPA duty, the strategy aims to enable GM’s learning institutions to elevate the status of CEIAG in such a way that it becomes an integral, equitable part of the curriculum offer. As a result young people, their families and teachers will have the best access to knowledge, support and differentiated resources which in turn will empower each young person to make informed decisions about potential opportunities, including Apprenticeships at higher levels. The impact will be seen in the appropriateness of post-16 choices (including STEM subjects), increased participation particularly in Apprenticeships, a continuous reduction in the overall GM NEET figures, and an increase in employer satisfaction levels with an appropriately skilled workforce*.*

**Area Based Review** - The Area Based Review of post-16 further education in GM will result in more specialised, responsive and demand-led further education provision being offered by GM’s college infrastructure, centred on the needs of learners and employers. The recommendations arising from the review, which were announced in June 2016, will feed into a wider curriculum review which will take an overarching place-based approach to the full breadth of provision available across Greater Manchester, including considering colleges’ readiness for implementation of the wide range of reforms facing the sector.

**Sector focused activity** – A detailed mapping and forecasting exercise has been undertaken of GM’s priority sectors, considering their significance to the GM economy, skills considerations, opportunities, assets growth potential and challenges. That research is helping to shape sector-focused initiatives and strategies, supporting work with some of the priority sectors and sub-sectors that are key to boosting GM’s productivity in order to ensure that skills systems and provision are in place which will help employers within those sectors grow and thrive. Examples include:

* **Digital**: the digital sector plays a unique twofold role in Greater Manchester’s skills landscape: first, it is one of GM’s fastest growing and most productive employment sectors in terms of GVA. Apprenticeships are an ideal workforce development vehicle for an industry which is developing at such a fast pace that more traditional curriculum and learning options may not keep up with the pace of change. Apprenticeships allow close alignment and application of learning within a real-world digital sector workplace, which suits employers’ needs. A digital strategy has been developed for GM and close partnership working is underway with industry employers and networks to develop clear Apprenticeship pathways all the way from young people in schools and entry level roles, through to the higher level skills that employers need, including through digital degree Apprenticeships. Secondly, digital skills (alongside English and maths) fundamentally underpin GM’s aim of supporting residents to move into employment and to progress in work; alongside recent national announcements, digital literacy will form a core strand of Greater Manchester’s Outcome Framework. A programme of strategic partnership working and pilot activity is underway, framed in a wider digital skills plan which reflects GM’s ambition of embedding a strand of digital activity within all Apprenticeships and sectors.
* **Life Sciences**: The North West has been identified as a centre of international significance by the Office for Life Sciences and Greater Manchester is at the heart of a strong regional life sciences network. Despite having science assets of national and international importance, local employers within the industry have reported serious skills gaps and recruitment difficulties, particularly for mid-level skilled technician posts. In response to those employer concerns, the GMCA, via the Apprenticeship Hub, is currently funding a project which aims to generate interest in careers in science amongst young people, stimulate the offer of high quality Apprenticeships amongst industry employers, and to develop provider capacity within Greater Manchester, in particular laying the foundations for the delivery of the new Trailblazer Apprenticeship standards in the life sciences, including degree Apprenticeships
* **Textiles**: to support and enable sustainable growth within GM’s textiles sector, challenges such as recruitment difficulties, access to the requisite skills and appropriate training provision are being addressed via various activities delivered by The Alliance Project and steered by the GM Textiles Employer Skills Group (ESG). Activities include working with National Skills Organisations and GM Textiles Employers to create three new Trailblazer Apprenticeship standards for the sector, covering key job roles in Technical Textiles, Apparel and Homeware, holding textiles skills roadshows and showcases to engage to work with the careers service, employers, local authorities and schools to raise the sector profile, promote Apprenticeships and ensure the future workforce have access to appropriate career guidance, an online textiles skills portal that helps to connect employers, employees, trainees and residents with the right textiles related training, Apprenticeship and job opportunities. On the supply side, regular meetings of the GM Textiles Training Provider consortium take place, working collectively on ensuring that employers have access to the right Apprenticeship pathways, recruitment support and related training provision.
* **Health Economy Apprenticeship Strategy**: Although in its very early stages at the time of writing the strategy, Health Education England have commissioned the development of an Apprenticeship strategy to maximise the opportunities apprentices can bring across the health sector linking in the changes and new health related roles that health devolution will bring for localities in Greater Manchester.

**Science & Innovation Audit (SIA)** – Greater Manchester & East Cheshire is one of five partnership areas across the country which is piloting the government’s science and innovation audit process. The SIA involves mapping key strengths in science and innovation, and testing the potential to build and develop world-leading ideas, products and technologies that will create jobs, increase productivity and drive growth. The ability to develop, attract and retain a suitably skilled industry workforce with the knowledge and skills to support the science and innovation ‘eco-system’ within the partnership area will be considered as a key part of the SIA.

**The Greater Manchester 2040 Transport Strategy -** The 2040 Strategy, published for consultation in July 2016, sets out the aims and objectives for transport in the city region for the period up to 2040. It recognises the importance of public transport for young people, for whom concessions are currently linked to being in full-time education, and will seek to introduce a more flexible system that recognises the role played by Apprenticeships, work placements and part-time study in improving their future prospects. Transport for Greater Manchester, on behalf of the Greater Manchester Combined Authority and the Transport for Greater Manchester Committee, are working in partnership with multiple sectors to deliver an accessible, reliable and integrated transport network that will allow Greater Manchester residents to access the opportunities needed to help them prosper so that they can contribute to and benefit from that prosperity, today and in the future. Linked to this, a GM transport offer specifically aimed at Apprentices is in development, recognising that transport costs can be a significant barrier to Apprenticeship take-up, particularly where an employer is paying the Apprenticeship minimum wage[[5]](#footnote-5).

**Greater Manchester Internationalisation Strategy** 2017-2020 - According to KPMG’s bi-annual study of business cost competitiveness, Manchester has been ranked as the most competitive place in Europe to do business. Internationalisation (the engagement of business, organisations and communities in international markets, partnerships and relationships to drive the growth of the UK and Greater Manchester economy) offers real opportunities. This strategy sets out a framework for action which will be worth over £2.2bn to our economy and highlights the need to explore new markets and opportunities in the light of Brexit uncertainty. Underpinning that activity is a need to ensure that the skills base and entrepreneurial talent is there to support inward investment, with a particular emphasis on how GM’s specialisms, growth sectors and niche opportunities will contribute, in particular in manufacturing, digital & creative technologies, life science & health innovation, financial & professional services, research specialisms, and the visitor economy.

**Major capital/infrastructure projects, including GM Spatial Framework, HS2 rail links, etc:** GM has an economic vision to 2035 which involves substantial growth and expansion of employment areas, together with the associated expansion of housing, transport and other infrastructure. In order to deliver these infrastructure projects, consideration must be given to the role Apprenticeships can play in the skills requirements associated with these projects, not just to the skills considerations linked to public sector procurement rules as noted above, but also to ensure a ready supply of suitably skills and experienced workers in key industries and professions. In addition to the obvious skills sectors (such as engineering, construction and planning), consideration must also be given to the public services required to support the expanding population and workforce, and the skills/apprenticeship opportunities therein.

1. <https://www.gov.uk/government/topical-events/autumn-statement-and-spending-review-2015> [↑](#footnote-ref-1)
2. *English Apprenticeships: Our 2020 Vision* (BIS, December 2015) [https://www.gov.uk/government/publications/Apprenticeships-in-england-vision-for-2020](https://www.gov.uk/government/publications/apprenticeships-in-england-vision-for-2020) [↑](#footnote-ref-2)
3. <https://www.gov.uk/government/publications/post-16-skills-plan-and-independent-report-on-technical-education> [↑](#footnote-ref-3)
4. <https://beisgovuk.citizenspace.com/strategy/industrial-strategy/supporting_documents/buildingourindustrialstrategygreenpaper.pdf>, (BEIS, January 2017) [↑](#footnote-ref-4)
5. Apprenticeship minimum wage: £3.50/hour from April 2017, compared to up to £7.50 for the national living wage for over 25s [↑](#footnote-ref-5)