

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

20 APRIL 2017

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Leader of the Council – Councillor Bob Cook

APPRENTICESHIP PROGRAMME

Summary

The Government has made a commitment to deliver 3 million apprenticeships by 2020 and in order to support this commitment a new apprenticeship Levy, new apprenticeship standards and public sector apprenticeship targets came into force in April 2017.

Employers with annual pay bills of £3 million and over will be charged a rate of 0.5% of their annual pay bill, which they can use to fund apprenticeship training.

The Levy payable by the Council per year will be approximately £503,500.

	Levy 0.5%
Corporate	£333,000
Schools	£170,500
TOTAL	£503,500

**Figures based on March 2017 payroll*

The public sector apprenticeship target will be based on 2.3% of headcount

The Council's apprenticeship target will be approximately:

	Headcount	Apprenticeships 2.3%
Corporate	3,241	75
Schools	1,825	42
TOTAL	5,066	117

Figures based on headcount as at 31st December 2016

Whilst it is clearly important to plan to meet the apprenticeship target in order to maximise use of the Levy spend and to meet the public sector targets, the new apprenticeship requirements also offer an opportunity for the Council and Schools to deliver an apprenticeship programme which supports workforce development, contributes to succession planning and the overall resilience within the workforce. An Apprenticeship programme provides us with a way to improve the skills base of our employees, provides a way to recruit new staff, and to re-train and up-skill existing staff of all ages and levels of experience in a wide variety of roles.

This report provides further detail on the Apprenticeship Levy, target, and eligible apprenticeship training as well as a proposed approach to maximise use of the Levy and meet targets including how we will work with our community and voluntary controlled maintained schools.

Recommendations

Cabinet is recommended to:

- a) Note the detail of the Apprenticeship Levy, public sector Apprenticeship targets, and the Council's proposals for Apprenticeship opportunities.
- b) Agree to receive further information on progress a year from implementation May/June 2018.

Reasons for the Recommendations/Decision(s)

As the political leaders of the organisation it is felt appropriate that Cabinet are informed of the Council's apprenticeship programme which will not only support workforce development, but also contributes to succession planning and the overall resilience within the workforce, whilst maximising the Levy spend.

Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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RECOMMENDATIONS

Cabinet is recommended to:

- a) Note the detail of the Apprenticeship Levy, public sector Apprenticeship targets, and the Council's proposals for providing Apprenticeship opportunities.
- b) Agree to receive further information on progress a year from implementation June 2018.

BACKGROUND

Apprenticeship Levy

1. The Government has committed to an additional 3 million apprenticeship starts in England by 2020. As a result legislation contained in the Finance Act 2016 will introduce an Apprenticeship Levy payable by employers with annual pay bills over £3 million and the Enterprise Act 2016 provides a power for the Government to set targets for public sector bodies in relation to the number of apprentices who work for them as well as a duty to publish information on progress towards attaining the target. In addition the levy will only be able to be used for eligible apprenticeship training with the current apprenticeship frameworks being phased out and being replaced by new apprenticeship standards by 2020.
2. The Levy came into effect on 6th April 2017 and is to be paid at a rate of 0.5% of an employer's pay bill. The Levy is payable monthly to HMRC through PAYE. The Apprenticeship Levy payable by the Council is approximately £333,000p.a. (based on March 2017 payroll) plus £170,500 for Community and Voluntary Controlled maintained Schools. In addition to this, the Council will receive a £15,000 allowance plus 10% top up from the government, giving a total available Levy spend of approximately £570,350. We will have 24 months to spend Levy contributions before they expire.
3. The Levy can be used to fund training and assessment (not wider costs such as salaries) for new apprenticeships and also to up-skill existing staff. It cannot be used towards any training which started prior to 1 May 2017. The following rules will however need to be complied with:
 - The apprentice must be employed in a 'real' job;
 - The apprentice must work towards achieving an approved apprenticeship standard/framework;
 - The apprenticeship training must last at least 12 months;
 - The apprentice must spend at least 20% of their time on off-the-job training
 - The individual must gain a higher or different area of training/qualification than they already have;
 - There should be a "genuine" job opportunity available on completion of the apprenticeship.

Additional Support

4. The new arrangements also provide the following additional support for apprenticeships:
 - £1,000 to employers and a further £1,000 to training providers if they train a 16-18 year old apprentice or 19 to 24 year old leaving care or who have an Education and Health Care Plan;
 - £150 to training providers a month to support additional learning support for conditions such as dyslexia, learning difficulties or disabilities plus additional cost based on evidenced need;
 - £471 to training providers for English and Maths qualifications (Level 1 and 2).

- The Council have also secured a further £85,864 in grant funding from the Middlesbrough & Teesside Philanthropic Foundation to support Looked After Children (LAC) in gaining an Apprenticeship opportunity.

Apprenticeship Targets for Public Sector Bodies

- All public bodies are to have a regard to their apprenticeship target and will have a duty to report annually on progress towards meeting the target and send this information to the Secretary of State. Currently there are no proposed penalties for failing to meet or work towards the apprenticeship target.
- The Council's target will be a minimum of 2.3% of average headcount of employees including community and voluntary controlled schools which are maintained by a Local Authority and where the Local Authority is also the employer.
- The Council's current corporate headcount as at 31st December 2016 is 3,241 which equates to an apprenticeship target of 75. The Voluntary Controlled and Community maintained schools headcount is 1,825 which equates to a apprenticeship target of 42.

The Current Position

- A review of the Council's current apprenticeship activity indicates that we already support apprenticeships at close to the target levels
- As at 31st December 2016 the Council had 18 employees employed on an Apprenticeship contract, in the following areas:

Service Area	Apprentice	No
Various	Business Admin - Level 3	10
Sunrise Centre	Catering – Level 3	1
TVMS	Digital Marketing Level - 3	1
Communications	Social Media & Digital Marketing - Level 3	1
Street Lighting	Electrician – Level 2	2
ICT	ICT - Level 3	1
ICT	ICT - Level 4	2

- Voluntary Controlled and Community Maintained Schools also had a total of 13 Employees on apprenticeship contracts as at 31 December 2016.
- In addition to apprenticeship contracts, 69 existing employees have been undertaking apprenticeship learning to support their own development through the Council's Learning and Skills Service.

Service Area	Apprentice	No
Various	Business Admin - Level 3	12
Learning & Skills	Customer Service – Level 3	2
Adults Service	Health & Social Care – Level 2 / 3	17
Adults Service	Leadership in Health and Social Care – Level 5	3
Various	Management and Leadership – Level 5	27
Various	Team Leading – Level 3	8
TOTAL		69

In addition 17 employees from community and voluntary controlled maintained schools have

accessed Support for Teaching and Learning.

13. The Council's Children's Workforce development directly delivered NVQ level 2 and 3 training in adult and children's social care to approximately 12 employees per annum.
14. The programme going forward needs to be structured in a way to make use of the Levy funding.

HOW WE PROPOSE TO USE THE LEVY

15. In order for apprenticeships to qualify for Levy funding and to count towards the public sector target, they must be provided by a registered training provider.
16. The Council's Learning and Skills Service has been approved as a registered training provider to deliver apprenticeship training. Learning and Skills currently offer a range of apprenticeship frameworks across a number of areas including Business Administration, Customer Service, Horticulture, Child Care, Health & Social Care, Leadership & Management, and IT. It is therefore our intention to continue to use Learning and Skills wherever we can. It may be that some specific training requirements will need to be procured externally and consideration will need to be given to existing or procuring a new framework once the Council's training requirements are fully identified.
17. A review has been undertaken to identify apprenticeship opportunities which would support succession planning, skill gaps and hard to recruit jobs across the organisation. A summary of the apprenticeship opportunities identified for existing employees and new posts is summarised in Appendix 1.
18. It is recognised that a number of the new Apprenticeship Standards (such as Social Workers) are still in development, and even those which have been approved may still not be available for delivery by Training Providers. The apprenticeship opportunities highlighted in green are those which we have identified as potentially being deliverable in the next 12-24 months and which, subject to cost, should enable us to progress towards, if not meet, the corporate apprenticeship target.
19. Taking account of the current level of apprenticeship activity, employee development, and commitment to our LAC, the Council will aim to deliver:

- **Traditional Apprenticeships – Total Levy Allocated £140,000**

Up to 50 'traditional' apprenticeships at Level 2/3 or 5 with a 12/24 month time commitment for new and existing employees at an average cost of £3,000 for new and existing employees. Examples include Business Admin, Customer Services, Leadership & Management and Horticulture.

For new posts, we propose to pay the Council's agreed apprenticeship rate of pay. From 1st April 2016 the hourly rates paid to apprentices is in accordance with the National Minimum Wage relating to age. The rates of pay for apprentices from 1st April 2017 are as follows:

Age	Apprenticeship Hourly Rate
Under 18	£4.05
18 to 20	£5.60
21 to 24	£7.05
25 and over	£7.50

The majority of these apprenticeships could be delivered through the Learning and Skills Service.

- **LAC Apprenticeships - Total Levy Allocated: £24,000**

Up to 8 LAC apprenticeships linked to the Philanthropic grant funding which are likely to be at level 2/3 level at an average cost of up to £3,000.

- **Higher Level Apprenticeships - Total Levy Allocated: up to £200,000**

Approximately 12 – 15 new ‘Higher’ Apprenticeships to support Succession Planning / cover skills gaps. Examples include Data Analyst, Accountant, and Social Workers.

These apprenticeships will incur higher Levy costs and a longer commitment. It is also likely that some training opportunities may have financial implications as some training may be at a higher cost than the capped Levy cost and the Council may need to pay above the apprentice rate of pay for some of these apprenticeships to ensure we attract the appropriate calibre of apprentice, possibly introducing a career grade for progression through training to qualification. It should be noted that the Levy cannot be used for salary costs.

It is proposed that these apprenticeships are identified through succession planning/skills gap planning in each Directorate. Consideration will also be given to apprenticeship opportunities in staffing reviews and recruitment to new or vacant posts where an existing post and budget could be used for an apprenticeship opportunity rather than automatically recruiting a ‘like for like’ replacement.

Due to the potential financial implications, longer term commitment and to ensure Council priorities are met, CMT will consider and approve all requests for these types of apprenticeship training.

20. The above approach would commit all of the apprenticeship Levy of £366,000

Community and Voluntary Controlled Schools

21. An approach was agreed with the Schools Forum in December 2016. The Schools Forum agreed that the individual school budgets would be responsible for paying their proportion of the Levy; that the schools element of the Levy in the Council’s apprenticeship account is ring fenced for schools to draw down on; and that the School Forum decides how best to spend the Levy.

22. Further discussion will take place with Schools Forum to develop and agree a clear process so that Schools can have access to the relevant funds. It is proposed that an approach is discussed with Head Teacher representatives and considered at the next School Forum meeting on 2 May 2017.

23. Like the Council, Schools employ staff in a wide range of roles that align with apprenticeship training. A range of apprenticeships relevant to schools are either already available (such as Business Admin or Teaching Assistant apprenticeships) or are under development (such as a Teaching apprenticeship – proposed for September 2018). Discussions will take place with Schools to help identify apprenticeship requirements and appropriate training providers to ensure maximum use of the Levy, and to contribute towards the achievement of the Council’s overall apprenticeship target.

FINANCIAL IMPLICATIONS

24. Within the Council’s MTFP a provision of £330,000 has been made for the Apprenticeship Levy. The Schools Forum have agreed that the individual schools will be responsible for paying their proportion of the Levy from school budgets.

LEGAL IMPLICATIONS

25. There are no legal implications arising from this report.

RISK ASSESSMENT

26. The Apprenticeship Levy is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce the risk.

COUNCIL PLAN THEMES

27. The new Apprenticeship Programme potentially impacts across all Council Plan themes as opportunities have been identified across all Council departments.

EQUALITIES IMPACT ASSESSMENT

28. N/A

CONSULTATION INCLUDING WARD/COUNCILLORS

29. N/A

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