

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

21 JUNE 2018

**REPORT OF SENIOR
MANAGEMENT TEAM**

CABINET DECISION

**Leader of the Council – Councillor Bob Cook
Cabinet Member for Regeneration and Housing – Councillor Nigel Cooke**

APPRENTICESHIP UPDATE 2018

Summary

The Government has made a commitment to increasing the quantity and quality of apprenticeships in England to three million starts by the end of 2020. In order to support this commitment, with effect from April 2017, the government changed the way in which apprenticeship training in England is funded through the introduction of an apprenticeship levy, new apprenticeship standards and public sector apprenticeship targets.

Apprenticeships are a great way for organisations to improve the skills base of their employees. They are a way to recruit new staff, access new talent and to re-train or up skill existing staff of all ages and levels of experience in a wide variety of roles. However there have been criticisms of the operation of the levy with employers finding it bureaucratic, funding rules complex, and a lack of availability of high quality apprenticeships.

Concerns and issues from across the sectors on the operation of the new apprenticeship levy are reflected in Department for Education statistics published in May 2018 which show a significant reduction in apprenticeship new starts since the introduction of the levy. This questions the effectiveness of the apprenticeship levy and it has been predicted that the government is unlikely to hit its target of 3 million new apprenticeships by 2020.

Notwithstanding the issues and barriers to spending the apprenticeship levy and accessing relevant quality apprenticeships the Council has performed well corporately with 54 Employees starting an apprenticeship in 17/18 (75% of the corporate public sector target). The Council will continue to work to identify appropriate apprenticeship opportunities and maximise the use of levy funds.

From 1 April 2018 the Government has also introduced an ability for organisations to make available up to 10% of its levy funds to one recipient organisation to be spent on apprenticeship opportunities and it is proposed that subject to the availability of levy funding consideration is given to including this option in our delivery of apprenticeship opportunities.

This report provides an update on the Council's apprenticeship levy and progress towards the public sector apprenticeship target.

Recommendations

Cabinet is recommended to:

1. Note the issues and concerns regarding the apprenticeship levy and national performance statistics.

2. Note the detail of the Council's Apprenticeship Levy and progress towards the public sector Apprenticeship target.
3. Agree to receive a further update report in June 2019.
4. Agree that subject to the Council's planned spend of the levy, the Director of HR, Legal and Communications, in consultation with Cabinet Member, can identify an organisation to use up to 10% of the apprenticeship levy as part of our approach to delivery of apprenticeship opportunities

Reasons for the Recommendations/Decisions

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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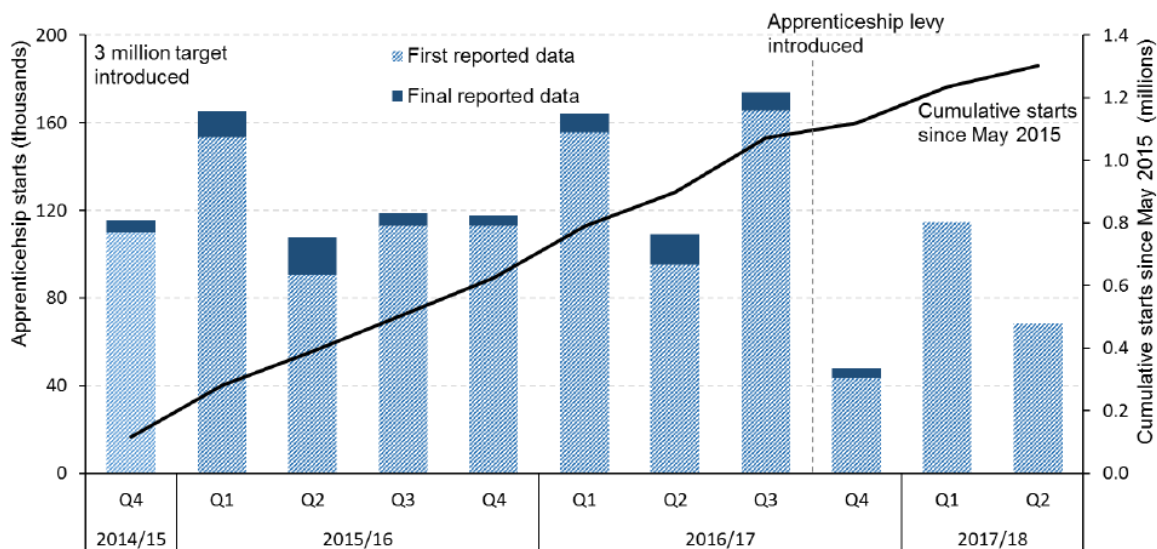
DETAIL

1. The Government has made a commitment to increasing the quantity and quality of apprenticeships in England to three million starts by the end of 2020. In order to support this commitment, with effect from April 2017 the government changed the way in which apprenticeship training in England is funded by introducing of an apprenticeship levy, new apprenticeship standards and public sector apprenticeship targets.
2. The levy came into effect from 6th April 2017 and Employers with a pay bill in excess of £3 million are now charged a rate of 0.5% of their annual pay bill which is placed into a levy, and can only be used towards apprenticeship training. Community and voluntary controlled maintained school employees are included in the Council's total pay bill. Voluntary aided schools and academies are excluded, as the Council is not the employer. The levy is payable monthly through PAYE to the HMRC, and is then placed into an online apprenticeship service account which the Council can access.

DfE Apprenticeship and Levy Statistics: May 2018

3. Nationally there has been a very negative response to the new apprenticeship arrangements from employers in all sectors which is reflected in the apprenticeship new starter data being published.
4. The DfE statistics published on 17 May 2018 report that:
 - between May and July 2017 there was a 59% reduction in new apprenticeship starts compared to the same period in 2016;
 - between August 2017 and February 2018 there was a 25% reduction in new apprenticeship starts compared to the same period in 2016/17; and
 - in February 2018 there was a 40% reduction in new apprenticeship starts (21,800 new starts) compared to February 2017 (36,400 new starts).
5. The table below shows quarterly apprenticeship starts from the fourth quarter of the 2014/15 academic year as published in the Further education and skills : March 2018 statistics publication:

Figure 3: Quarterly apprenticeship starts from May 2015



6. In addition a report released by the Open University “The Apprenticeship Levy: One Year On”, details that between 6 April 2017 and the end of February 2018 only 8% of apprenticeship funds

nationally have been spent (£108m) with £1.28bn of £1.39bn paid in by businesses “sitting unused” in accounts. According to Open University, 40 per cent of business leaders reported treating the levy as a tax, while almost one in five (17 per cent) said they had no expectation of recouping their funds.

7. The statistics reflect the huge concerns from across the sectors about the changes to the apprenticeship system following the introduction of the apprenticeship levy.
8. Difficulties cited by the introduction of the levy include:
 - Funding rules are too complex and restrictive;
 - Accessing the funding is difficult particularly unlocking funding in time;
 - Bureaucracy of the levy;
 - High quality apprenticeships are still being developed;
 - Few providers are able to offer suitable training and quality is variable;
 - Management of the apprenticeship process is a “full time job”.
9. The Council has encountered similar issues and particular frustrations include the lack of availability of relevant and quality apprenticeships for local authorities and lack of approved training providers. Examples include social worker and teaching apprenticeships not yet being available, and the nearest approved training provider able to deliver a planning apprenticeship being in Sheffield.
10. The introduction of the levy has particularly impacted on our maintained and voluntary controlled schools. In addition to the lack of availability of relevant proposed new apprenticeship standards such as the Teaching apprenticeship, budget pressures and staffing reductions are making it difficult for Schools to meet salary costs or justify the engagement of an apprentice. The impact that the levy is having had on schools is a regional and national issue which has been raised with the Local Government Association.

The Council’s Apprenticeship Levy

11. Between April 2017 to March 2018, the total Apprenticeship levy which has been paid into our levy account by the Council is **£497,763.89**. This can be broken down into £328,241 from the Council’s central budget and £169,522 from individual School budgets. In addition to this, the Council receive a 10% top up from the government (£49,776.39), meaning a total Levy to spend on Apprenticeship Training for 2017/18 of **£547,540.28**.

It has been agreed through the Schools Forum that the Schools levy payment will initially be ring fenced for School apprenticeship opportunities.

	0.5% Pay bill	10% Gov top up	Total
Corporate	£328,241.59	£32,824.15	£361,065.15
Schools	£169,522.30	£16,952.23	£186,474.23
TOTAL	£497,763.89	£49,776.39	£547,540.28

12. During April 2017 to March 2018, 60 Employees have started an apprenticeship qualification at a total committed cost of **£254,603**. Each Directorate has apprenticeship new starts for existing and new employees covering a range of apprenticeships including Health and Social Care, Leadership and Management, Team Leader/Supervisor, Public procurement and supply, Data Analyst, Social Media and Digital Marketing, HGV technician. A full list of apprenticeships which have commenced in 2017/18 are outlined below.

Apprenticeship	Number of Apprenticeship	Total Cost
Operations Delivery Manager – Level 5	6	£46,158
Leadership & Management – Level 5	6	£15,000
Care Leadership & Management – Level 5	4	£8,000
Team Leader / Supervisor – Level 3	8	£31,640
Public Procurement & Supply – Level 4	6	£54,000
Social Media & Digital Marketing – Level 4	1	£4,000
Data Analyst – Level 4	1	£15,000
Business Administration – Level 2 / 3	7	£13,500
Customer Services – Level 2	1	£1,500
Health & Social Care – Level 2 / 3	12	£18,000
Adult Care Worker – Level 2	1	£3,000
HGV Workshop Technician – Level 3	2	£36,000
Teaching Assistant (SCHOOL) – Level 2 / 3	4	£9,000
Activity Leadership (SCHOOL) – Level 2	1	£2,000
Grand Total	60	£256,798

13. It must be noted that the levy can only be used to fund the cost of apprenticeship training and end-point assessment. All other costs associated with apprentices or wider training, for example wages, statutory licences to practice, travel and subsistence costs, managerial costs, traineeships, work placement programmes must be met by the Employer.
14. The funds in the apprenticeship service account expire 24 months after they enter the account (on a month by month basis). Further opportunities to provide apprenticeship new starts continue to be explored and paragraph 21 below details apprenticeships new starts after 31st March 2018 and at paragraph 23 further apprenticeship opportunities that are being explored.

Public Sector Apprenticeship Target

15. All Public sector employers with 250 or more employees in England have a target to employ an average of at least 2.3% of their staff as new apprentice starts over the period of 1 April 2017 to 31 March 2021. Although target is set annually, the requirement is to aim to achieve 2.3% as an average over 4 years.
16. The target is for new apprenticeship “starts”. It includes both newly employed apprentices and existing employees who have started an apprenticeship after 1st May 2017.
17. The Council will be required to publish information annually on their progress towards meeting the target and send information on steps they have taken to meet the target to the Department for Education within 6 months of the reporting period ending. Currently there are no proposed penalties for failing to meet or work towards the apprenticeship target. The first reports for the period 1 April 2017 to 31 March 2018, will be due by 30 September 2018.
18. The Council’s public sector target for 2017/18 is 112 based on an average Headcount of 4,877 (including maintained and voluntary controlled schools). During this period the Council have taken

on 60 apprenticeships broken down into corporate and schools below.

	Average Headcount	2.3% Target	Actual Apprenticeship 2017/18
Corporate	3,139	72	54
Schools	1,738	40	6
TOTAL	4,877	112	60

19. Whilst the 2.3% public sector apprenticeship target for 2017/18 has not been met the Council corporately has performed well against our target, (75% of the target), despite the issues recognised nationally and in particular the lack of availability of relevant local authority apprenticeship standards. The Council's agreed approach to the apprenticeship levy was to up skill our existing workforce but also and very importantly to identify quality apprenticeship opportunities to meet skills gaps and assist with succession planning but the lack of apprenticeship standards in key areas, such as social work, has hindered progress. Clearly our Schools are also struggling with the apprenticeship levy and target, as is reflected regionally and nationally, and we will continue to try and support our Schools to develop their apprenticeship offer whilst continuing to raise their concerns at a regional and national level.
20. It is proposed to continue with the Council's approach to delivering apprenticeship opportunities in order to develop our existing workforce and to address skill gaps and succession planning.

Future Apprenticeship Opportunities

21. In addition to the breakdown of apprenticeship new starts outlined in paragraph 12, the following apprenticeships have commenced after 31 March 2018 for new or existing staff or are due to commence shortly:

Apprenticeship	Number of Apprenticeship	Total Cost
Team Leader / Supervisor – Level 3	2	£7,910
Operations Delivery Manager – Level 5	2	£15,386
ICT – Level 3	2	£18,000
Adult Care Worker – Level 2 / 3	1	£3,000
Business Administration – Level 2 / 3	7	£17,500
Children & Young Peoples Workforce – Level 2	3	£6,000
Construction Operations and Civil Engineering Services – Highways Maintenance – Level 2	2	£10,000
Customer Services – Level 2	1	£1,500
Facilities Operative (SCHOOL) – Level 2	1	£1,500
Hospitality – Café Worker – Level 2	4	£20,000
Teaching Assistant (SCHOOL) – Level 2	1	£2,000
Plumbing & Heating – Level 2 / 3	2	£14,000
Grand Total	28	£116,796

22. Team Leader / Supervisor Level 3 apprenticeships and Operational Manager Level 5

apprenticeship opportunities provided by the Council's Learning & Skills service will also be offered to new and existing managers and supervisors as part of a Management Development programme.

23. Ongoing work is taking place to identify further apprenticeship opportunities to support succession planning, skill gaps and hard to recruit jobs across the organisation and the following opportunities are or will be further explored:

Apprenticeship	Directorate
Social Workers	Adults & Children's
Project Officer – Level 4	Adults Services
Rehabilitation Worker	Adults Service
Building Control Surveyor	EDGS
Accountant – Level 6	Finance Services
Para Legal – Level 4	HR Legal & Comms
HR Support Officer	HR Legal & Comms & Xentrall
Teachers	SCHOOLS

Children in our Care

24. The Council have secured £85,864 in grant funding from the Middlesbrough & Teesside Philanthropic Foundation to support Children in our Care to gain an Apprenticeship opportunity. It is proposed to use this funding to help support up to 16 of our young people and the grant will provide funding of up to 50% of salary costs for up to 12 months or other support as appropriate.
25. It is particularly pleasing that we have successfully appointed 5 children in our care to apprenticeship positions across the Council in 2018.

Transferring Apprenticeship Funds to another Organisation

26. New funding rules have been introduced for the apprenticeship levy from April 2018, which allows the Council to transfer up to a maximum of 10% of our annual apprenticeship levy to one other organisation. It is anticipated that the number of organisations able to benefit from a transfer of funding will increase over time and following feedback from the first phase of implementation.
27. The receiving organisation can use the funds to pay for the training and assessment costs of the apprenticeships agreed with the Council which is paid monthly via the Digital Apprenticeship account for the duration of the apprenticeship. The levy cannot be used for apprenticeships for existing employees nor to meet salary costs or other costs associated with the apprenticeship.
28. Subject to levy funds being available, the transfer of up to 10% of our levy would enable us to support another organisation and increase apprenticeship opportunities.
29. It is proposed that subject to levy funds being available, the Director of HR Legal and Communication in consultation with Cabinet Member, can identify an organisation to use up to 10% of the apprenticeship levy as part of our approach to delivering apprenticeship opportunities.

COMMUNITY IMPACT IMPLICATIONS

30. No changes to policy or service delivery are proposed as part of this report. New apprenticeship opportunities will be recruited to in accordance with the Council's recruitment policy and procedure.

FINANCIAL IMPLICATIONS

31. 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 but will be initially ring fenced for school apprenticeship

opportunities.

32. The Council has two years to spend the levy from the funding entering the apprenticeship digital account.

LEGAL IMPLICATIONS

33. There are no specific legal implications arising from this report.

RISK ASSESSMENT

34. 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 POLICY PRINCIPLES AND PRIORITIES

35. Delivering apprenticeship opportunities potentially impacts across all Council Plan policy principles and particular supports the following key objectives:

- Continuing to improve the efficiency and effectiveness of our services
- Attract, develop and support capable and resilient employees
- Better outcomes for children in our care or leaving care.

CORPORATE PARENTING IMPLICATIONS

36. 5 children in our care have been appointed to apprenticeship positions across the Council in 2018 and we will continue to support Children in our Care in obtaining appropriate opportunities.

CONSULTATION INCLUDING WARD/COUNCILLORS

36. None

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Education related?

Yes

Background Papers:

None

Ward(s) and Ward Councillors:

All

Property:

None