



Derby City Council

**PERSONNEL COMMITTEE**  
**4 September 2018**

**ITEM 7**

Report of the Strategic Director of Corporate Resources

**Managing the Apprenticeship Levy - Update**

**SUMMARY**

- 1.1 This report is intended to provide an update on the progress of the Apprenticeship Levy Project Group, on the key work streams below:
- financial systems relating to Levy and apprenticeship funding
  - training business needs analysis and identification of priority areas
  - training provider procurement
  - quality assurance process for training providers
  - development of Apprenticeship Strategy.
- 1.2 The D2N2 Public Service Compact is presenting the Public Services Apprentice Conference in November, which will include Apprentice of the Year awards. The Council intends to make nominations for these awards.
- 1.3 The first Public Sector Target report has to be submitted to the Government by 30 September 2018, which confirms the number of apprenticeships in place for the period 1 April 2017 to 31 March 2018.

**RECOMMENDATION**

- 2.1 To note that the Project Group are progressing on the key work streams identified above.
- 2.2 To note that the Council is intending to nominate Apprentices for the D2N2 Apprentice of the Year Award.
- 2.3 To note the first mandatory public sector 2.3% target report has to be submitted to Government by 30 September 2018.

**REASONS FOR RECOMMENDATION**

- 3.1 To ensure that the Personnel Committee has the current position as part of the strategic project. The Apprenticeship Levy Project Group report regularly to the Council's Apprenticeship Project Board.

## SUPPORTING INFORMATION

### 4.1 Financial systems relating to Levy and apprenticeship funding

HR is currently monitoring and reconciling the payments in and out of the Digital Apprentice Service on a monthly basis, tracking the Levy spend, by training provider and individual Apprentices enrolled with each provider. HR is also tracking the incentive payments which are required to be paid from training providers to employers for Apprentices aged between 16-18 years of age.

4.2 As at the 20 August 2018 the Council has paid a total of £1,082,392.84 into the levy pot and has drawn down £88,553.26 for apprenticeship programmes.

4.3 The Educational Skills Funding Agency – ESFA – has recently released an upgrade of the financial recording tool on the Digital Apprentice Service. This will enable the forecasting of Levy spend for current apprentice programmes.

4.4 The Department for Education – DfE - is currently conducting research with levy paying employers regarding their experience estimating the cost of future apprenticeships to enable them to develop their service offer. The DfE have a particular interest on how employers manage the cost of taking on apprentices. We are taking part in this research and have an interview scheduled for 6 September.

### 4.5 Training business needs analysis and identification of priority areas

OD and HR visited all 17 Senior Management Teams in June and July to explain the Apprenticeship Levy and request Heads of Service to complete the Business Needs Analysis (BNA) template in order to identify key development needs or skills shortages in their services. For HR and OD to analyse the development needs of the Council as a whole, it is intended that the Levy will be used as much as possible to fund the Council's training provision.

4.6 Currently 60% of Services have returned their BNAs; reminders have been sent to Heads of Service with the aiming of a 100% return for our 30 September return to Government.

4.7 Heads of Service were also asked to put forward nominations for the leadership standards. There has been a very positive response to this request, and approximately 120 managers have been nominated at levels 2, 3, 5, 6 and 7. Level 4 is only available as part of the Level 6 degree. There are a number of qualifications on leadership and management available through the Levy, some of the older Framework qualifications are still available for now, and there are new Standards that are gradually replacing them.

4.8 OD and HR are working with the Adult Learning Service (at Level 2 and 3) and the University of Derby (at levels 5, 6 and 7) to develop the leadership courses.

4.9 We intend to launch leadership standard courses in the autumn and in January 2019 as there is a high demand and need for these qualifications which the levy can fund.

4.10 From September 2018, we will concentrate on more specific Apprenticeship Levy standard requests, identifying providers and agreeing start dates.

#### 4.11 **Schools**

Communications have also been sent out to our Council maintained schools asking for their training requirements; we have had a small number reply. Once the Schools have returned for the Autumn term HR and OD will send out further communications and plan to attend the Strategic Headteacher and School Business Manager meetings to encourage engagement.

#### 4.12 **Training provider procurement**

The Council is continuing to access the 'Nottingham Directory of Approved Apprentice Providers' (DAAP), to support with the procurement of training providers in line with the reformed funding rules.

4.13 As part of the DAAP terms and conditions, we agreed to supply Nottingham City Council with information about any contracts we enter into on a quarterly basis. We have just supplied the April – June 2018 monitoring information.

4.14 The external training providers that we are working in partnership with currently are:

- Derby College
- University of Derby
- Babington College
- 3aaa

#### 4.15 **Quality assurance process for training providers.**

HR is currently developing a quality assurance and contract management process in line with the Nottingham Directory Call Off contract. The aim is to have this in place by the end of September.

4.16 HR will be organising meetings with current and any new training providers to agree the quality assurance measures and monitoring process.

4.17 Once the assurance measures and monitoring of key performance indicators have been agreed, HR will hold regular meetings with training providers to ensure robust contract management.

#### 4.18 **Development of Apprenticeship Strategy**

A draft Apprenticeship Strategy will be the subject of a separate report for the Apprenticeship Levy Board, and is anticipated to cover aspects such as review of apprenticeship salary; length of apprenticeship; development of traineeships, internships and graduate programmes to enable pathways into professional roles.

#### 4.19 **Public Services Apprentice Conference**

The D2N2 Public Service Compact is presenting a high Profile 'Public Service Apprenticeships Conference' event on 12 November at the Nottingham Conference Centre sponsored by The East Midlands Apprenticeships Ambassador Network, Precise HR and Nottingham Trent University. A cornerstone of the Conference is the presentation of the D2N2 Public Service 'Apprentice of the Year' awards. The awards are in two categories: (i) newly recruited Apprentices and (ii) professional development Apprentices i.e. existing staff who have enrolled on an apprenticeship programme.

The deadline for submissions is 12 October. HR will be contacting managers in the near future for nominations to put forward for the awards.

#### 4.20 **Public Sector Reporting**

Public sector bodies including local authorities and schools with 250 or more staff as of 31 March 2017 to 31 March 2021 have been given a target to employ an average of at least 2.3% of their staff as new apprentice starts. The first public sector report for the 1 April 2017 and 31 March 2018 period has to be submitted to DfE by 30 September 2018.

4.21 It should be noted that there are major concerns nationally amongst public sector bodies in scope that the target of 2.3% of staff as new apprentice recruits appears unachievable. The Education and Skills Funding Agency has advised that from the data they have collated to date, early indications are that public sector bodies are in line to achieve 30% of the target.

4.22 The number of people beginning an apprentice training programme with the Council between 1 April 2017 and 31 March 2018 was 60. This includes both existing staff and new starts, and therefore we are running at 33.3% of the 2.3% target which reflects the national average.

### **OTHER OPTIONS CONSIDERED**

5.1 Do nothing. The Council could choose to pay the Levy amounts to the digital account, as it is required to do by law, and then choose not to access the funds for the apprenticeship training. This is not considered a viable option.

**This report has been approved by the following officers:**

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| <b>Legal officer</b><br><b>Financial officer</b><br><b>Human Resources officer</b><br><b>Estates/Property officer</b><br><b>Service Director(s)</b><br><b>Other(s)</b> | Paul McMahon<br><br>Liz Moore, Head of HR<br>Not applicable<br>Don McLure |
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| <b>For more information contact:</b><br><b>Background papers:</b><br><b>List of appendices:</b> | Tania Hay 01132 643453 <a href="mailto:tania.hay@derby.gov.uk">tania.hay@derby.gov.uk</a> or Liz Moore 01332 643730 <a href="mailto:liz.moore@derby.gov.uk">liz.moore@derby.gov.uk</a> Appendix 1 – Implications |
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## IMPLICATIONS

### Financial and Value for Money

- 1.1 The Council has no option other than to pay the 0.5% apprenticeship levy from April 2017.

Therefore our total Levy cost will be based on £167.3m salary bill and based on the 0.5% calculation this will equate to £836.6k with approximately £500k being apportioned to our non-schools based workforce and the remaining £336.6k being apportioned to our Maintained Schools.

### Legal

- 2.1 This is a mandatory levy introduced under the Enterprise Act 2016 which applies to all employers who operate in the UK in any sector with a pay bill of more than £3 million a year.

### Personnel

- 3.1 The HR service is taking the lead for developing and implementing an Apprenticeship Strategy. Maximising the use of the Levy payments has the potential to add value and upskill the workforce in all areas of the Council, including maintained schools.

### IT

- 4.1 The Levy is being administered as an on line digital service provided by HMRC, and the Council is registered with the service.

### Equalities Impact

- 5.1 An equalities impact assessment will be undertaken as part of the project plan being developed by the Project Group.

### Health and Safety

- 6.1 None directly arising.

### Environmental Sustainability

- 7.1 None directly arising.

## **Property and Asset Management**

8.1 None directly arising.

## **Risk Management and Safeguarding**

9.1 Managing the project in a timely and robust manner minimises the potential to lose the money paid into the digital account after the rolling 24 month period.

## **Corporate objectives and priorities for change**

10.1 A skilled and motivated workforce.