



Derby City Council

PERSONNEL COMMITTEE

12 April 2018

ITEM 7

Report of the Interim Strategic Director of
Corporate Resources

Managing the Apprenticeship Levy

SUMMARY

- 1.1 After carrying out a procurement exercise in 2017 to procure a service provider to manage the implementation of the Apprenticeship Levy, the Council has recently taken the alternative decision to manage the Apprenticeship Levy and Apprenticeship Service internally. This means that a number of actions that had been on hold awaiting the procurement process outcome are now being progressed.
- 1.2 An Apprenticeship Levy Board, and a separate Project Group, has been established to provide a governance framework for the management of the Levy and Apprenticeship Service.
- 1.3 The Council also needs a clear Apprenticeship Strategy and managing internally the implementation of the Apprenticeship Levy, (referred to as the Levy) provides an opportunity to develop and launch the strategy which has the potential to add value and upskill the workforce in all areas of the Council, including maintained schools.

RECOMMENDATION

- 2.1 To note that the management of the Apprenticeship Levy and the Apprenticeship Service will be provided internally.
- 2.2 To note that an Apprenticeship Levy Board and separate Project Group have been established to provide a robust governance framework.

REASONS FOR RECOMMENDATION

- 3.1 An Apprenticeship Levy Board, and also a separate Project Group, has been set up to provide a robust governance framework for the management of the Levy and the Apprenticeship Service. The Board will provide strategic direction so that the Council can start to maximise the usage of the Levy.

SUPPORTING INFORMATION

4.1 Apprenticeship Levy Payments

The Apprenticeship Levy was introduced in April 2017. All organisations with an annual pay bill in excess of £3m are required to pay the Levy, which equates to 0.5% of their monthly salary costs. The Government provides an annual allowance of £15,000 to each employer, and it also pays a 10% top up to the fund which can be accessed by the employer.

- 4.2 Based on a combined salary bill of over £167million, the Council started making the Levy payments on 22 May 2017. The Council's schools are also paying the Levy from their own budgets into the Council's Levy account. Access to the payments we are making expires after a rolling 24 month period. This means that after 24 months the first month's payment is no longer available to the Council if it hasn't been spent, and after 25 months the second month's payment is no longer available. This continues on a rolling basis. The Levy funds are accessed via the Education and Skills Funding Agency (ESFA) on-line digital Apprenticeship Scheme.
- 4.3 The Levy can only be used for Apprenticeship training programmes, of both existing staff and new recruits, and also for end point assessments. Any salary costs for apprentices or for any employees accessing training through the Levy will have to be borne by the Council, as well as the costs of administering an apprenticeship programme.
- 4.4 The HR and Derby Adult Learning Service (DALs) teams have continued with "business as usual" to engage new apprentices and to support the retention of apprentices within the Council, enabling them to study the next level of training programme where appropriate, in the absence of a corporately agreed strategy. There are currently 60 apprentices in training with the Council.

4.5 Apprenticeship Levy Governance

The recently established Apprenticeship Levy Board will oversee the implementation and administration of the Levy in the Council, and will act as the key decision-making body in relation to the Levy. It will also review and approve options presented by the Apprenticeship Levy Project Group. Members of the Board include the Cabinet Member for Finance and Governance; the Acting Chief Executive; the Interim Strategic Director of Corporate Resources; and senior officers from Peoples Directorate and also from HR.

- 4.6 The Project Group has been established to understand the opportunities and implications for the Council arising from the Government agenda on the Levy. The Group will take forward a number of work streams, and it will report progress to the Board on a monthly basis. A number of key work streams are being developed, including:

- financial systems relating to Levy and apprenticeship funding
- training business needs analysis and identification of priority areas
- quality assurance process for training providers
- development of Apprenticeship Strategy.

4.7 **Development of Apprenticeship Strategy**

An Apprenticeship Levy Board was initially established in 2017 to consider how best to maximise the Levy, and comprised two Cabinet members and senior officers. The Board disbanded, but had agreed the following high level principles for spending the Levy:

- The Council will seek to maximise drawdown of the Levy and will encourage maintained and voluntary aided schools to do the same.
- The Council will initially prioritise the Levy to support the care leavers for whom the Council is the corporate parent, if they become an apprentice at the Council, wherever possible, notwithstanding the overall aim of maximising the Council's drawdown.

- 4.8 A draft Apprenticeship Strategy will be the subject of a separate report for the Board, and is anticipated to cover aspects such as apprenticeship salary being the national minimum wage for the age group; length of apprenticeship; development of traineeships, internships and graduate programmes to enable pathways into professional roles.

4.9 **Training provider procurement**

The Council is registered as a main training provider, as the Derby Adult Learning Service (DALs) within the Peoples Directorate are an Ofsted inspected training provider. DALs can deliver training provision internally to our employees and to external bodies.

- 4.10 Nottingham City Council has worked with public sector partners across the region to develop a new Directory of Approved Apprentice Providers (DAAP) that is accessible to public body employers seeking apprenticeship training in England. Access to the approved list is free for Local Authorities, Police, Fire and NHS services who register for this. A number of local and national training providers are listed in the DAAP, including the Derby Adult Learning Service.

- 4.11 In order to source appropriate apprenticeship training delivery, the Council will be accessing the Nottingham DAAP, and this approach will support the procurement of training providers in line with the reformed funding rules.

4.12 **Schools**

The Council's maintained schools are paying the Levy out of their own budgets into the Council's Levy account.

There has been little communication with the schools to date about accessing the Levy whilst the procurement process was underway, as the Council has not been in a position to confirm the next steps. HR colleagues have attended the Strategic Headteacher and School Business Manager meetings to give updates, and the HR and DALs teams have been supporting some schools on an ad hoc basis.

- 4.13 However there is a clear need to consider schools in the development of a Council Apprenticeship Strategy, and to confirm the governance arrangements for accessing the funding. In addition, as an increasing number of schools convert to become academies, financial governance arrangements will be needed regarding funding accessed via the Levy account.

4.14 **Public Sector Apprenticeship Target**

Public sector bodies including local authorities and schools with 250 or more staff as of 31 March 2017 to 31 March 2020 have been given a target to employ an average of at least 2.3% of their staff as new apprentice recruits up to 31 March 2021. Progress against the target has to be reported to the Department of Education.

- 4.15 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.
- 4.16 The number of people beginning an apprentice training programme with the Council between 1 April 2017 and 31 March 2018 is 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.
- 4.17 The Council will need to take into account the target when refreshing the Council's Workforce Development Plan. In addition, the target will need to be considered in the development of an Apprenticeship Strategy.

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:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Olu Idowu, Head of Legal Services Liz Moore, Head of HR Not applicable Ann Webster, Lead on Equality and Diversity
For more information contact: Background papers: List of appendices:	Liz Moore 01332 643730 liz.moore@derby.gov.uk None Appendix 1 – Implications

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.