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| Title of meeting: | Employment Committee |
| Date of meeting: | 28 th February 2017 |
| Subject: | Apprenticeship Levy project plan |
| Report by: | Jon Bell - Director of HR, Legal & Performance |
| Wards affected: | N/A |
| Key decision: | No |
| Full Council decision: | No |

1. Purpose of report

Following the Apprenticeships report presented at the Employment Committee on 29th November 2016, a further report detailing the city council's plan for using its apprenticeship levy allocation was requested.

2. Recommendations

Members are **recommended** to:

- (i) Note and agree the contents of the plan to maximise the use of the city council's apprenticeship levy allocation.

3. Background

- 3.1 The apprenticeship levy is being introduced in April 2017 and will require all employers with a pay bill of more than £3 million to pay into the levy at a rate of 0.5%. These employers will be able to access their levy funds through a digital account (DAS) to pay for approved apprenticeship qualifications and end point assessments for apprentices within their organisation. The apprenticeships report presented to the employment committee on 29th November 2016 contained further detail on the levy, how it will work and the implications for the city council.
- 3.2 The Government's response to the consultation for the proposed Public Sector apprenticeship targets was published in January 2017. The target of 2.3% of headcount (approximately 140 for the Council including maintained Schools) will be introduced from April 2017. The Government has taken into account all responses and decided on balance to retain headcount as the basis for the target. They will, however, introduce flexibility by making the target an average from 2017/18 - 2020/21 inclusive. The council's target will be set at the headcount for 31st March 2017 for the duration of this period and will include all

staff on its payroll. The public sector apprenticeships targets consultation and government response is attached as Appendix 3.

- 3.3 The following sections of this report detail the apprenticeship levy plan which has been broken down into its key components.

4. Communications and engagement

- 4.1 In order to raise awareness of the levy and the opportunities it presents for workforce development throughout the council a series of 'communication bursts' have been planned. The first was sent to Directors and senior managers in December with others following over the next three months. To support the communications further, a series of briefings during 'Apprenticeships Week' (6th - 8th March 2017) have been booked in order to provide face to face information sharing and an opportunity for managers and their staff to ask questions. A 'frequently asked question' bank will be produced and located on IntraLINK and updated as new queries arise.
- 4.2 A PCC Apprenticeships award ceremony is planned for 8th March 2017 and will coincide with the National Apprenticeships week. This will further support the communications plan and reinforce the advantages and opportunities that apprenticeships present. PCC has five apprentices nominated for 'Apprentice of the Year' in The News Business Excellence Awards, the outcome of which was not known at the time of writing this report, but should one of these win the award their success will be added to the planned communications.
- 4.3 HR Business Partners are supporting Directors and their senior management teams to identify areas of workforce development that could be funded through the apprenticeship levy. This information is being collated to identify common areas of interest across the council and provide early indications of the types and numbers of qualifications that will need to be sourced.
- 4.4 A statement about the apprenticeship levy has been added to the PDR template to ensure personal development through this route is considered alongside any other development methods. A catalogue of apprenticeship opportunities will be produced to support managers in identifying suitable development routes for their staff.
- 4.5 An apprenticeships levy working group has been in place since January 2016 and consists of representatives from HR, Procurement, Finance, Economic Regeneration and Schools. The group is working to an action plan in readiness for the launch of the levy in April 2017.
- 4.6 There have been briefings about the apprenticeship levy to the Secondary and Primary Headteacher meetings and there are now Headteacher representatives on the apprenticeship levy working group. A plan to appoint to a temporary coordinating post to support Schools in identifying apprenticeship opportunities, accessing training providers and funds through the Digital account have been put forward for approval by colleagues in Education.

- 4.7 A new field is being added to the HR self-serve system that will enable all staff to select their highest level of qualification from a drop down menu. This data will help HR Officers to further identify potential staff development areas and target communications accordingly.

5. Recruitment

- 5.1 As agreed at the Employment Committee of 29th November 2016, a hold on apprenticeship starts will take place from February 2017 enabling those recruited in the period between February and March to commence their apprenticeship under the new system and have their qualification and end point assessment funded through the levy.
- 5.2 The requirement for all vacant posts at pay band 5 and under to be considered for an apprenticeship as agreed at the Employment Committee of 15th December 2015 will remain in place. Recruitment officers will also be working with recruiting managers to identify opportunities for apprenticeships at higher pay bands e.g. where a career pathway may be applicable.
- 5.3 The introduction of the levy will open up opportunities to 'convert' existing employees to an apprenticeship where a clear opportunity to develop skills and knowledge at a higher level or in a new skill area has been identified; and where the staff member meets the eligibility criteria. The apprenticeships officer has commenced work on this and is collating information to inform the procurement process. The work detailed in 4.3 and 4.6 will also support this activity.
- 5.4 New models of recruiting to posts will be considered for example; the Chartered Surveyor Apprenticeship will typically take 5 years to complete. It includes a BSc (Hons) degree and qualification as a full chartered member of the Royal Institution of Chartered Surveyors (MRICS). Apprentices studying this qualification will be expected to attend university one day a week and in the first 2 years the apprentice will studying towards a level 4 qualification, years 3 and 4 will be at level 5 and the final year will be level 6 leading to a full degree. The maximum cost for a degree apprenticeship is £27,000 but this cost will be divided over 5 years in this example working out approximately £450 per month. Officers will support Directorates looking to recruit degree level apprentices to develop and agree a progression pathway, which will reflect the work apprentices are undertaking over the course of the degree apprenticeship.

6. Procurement and training providers

- 6.1 Work is underway to create a 'Dynamic Purchasing System' (DPS) for the council to ensure compliance with the Public Contracts Regulations 2015. PCC is leading on a DPS which other local authorities may join or add to. The DPS will ensure we have approved training providers in place to begin to use our levy allocation from April 2017.

- 6.2 Our in-house training provider 'The Community Learning Service' will deliver apprenticeship qualifications in Business Administration at levels 2, 3 and 4, and Customer Service at levels 2 and 3. The levy rules allow for the appointment of an in-house training provider without the need to use the DPS. Our in-house provider is registered as an approved apprenticeships training provider with the government.
- 6.3 Early indications show that Leadership and Management apprenticeships at levels 4 and 5 could be popular within the council and work is underway to identify the staff for which this would apply. If demand is as expected it is likely this will need to be managed in 'cohorts' to ensure fair access and avoid unnecessary pressures on services releasing staff for study. There are two workshops planned with 26 first line managers in Children's Social Care and Safeguarding to look at their management training needs as an example of work already underway in this vocational area.
- 6.4 All transactions regarding the payment of apprenticeship providers will be via the DAS and will enable officers to monitor the city council spend against the levy as well as the level and type of apprenticeships being funded.
- 6.5 Appendix 1 provides an example of the amount of levy the city council would have used based on the apprenticeships it delivered through 2016. The table shows the maximum funding bands the Government will apply to each qualification and the number of staff who have undertaken them. Using these figures the council would have used £130,232 of its levy allocation.
- 6.6 Appendix 2 shows the plan officers will follow to both increase the uptake of apprenticeships and develop a wider breadth of opportunities to maximise the city council's levy allocation.
- 6.7 Appendix 5 shows the number of apprenticeships that are in development, published and or approved for delivery. It is worth noting that not all of the qualifications listed in this document will be available locally however officers, through their procurement activity, will be encouraging local apprenticeship training providers to offer any that are particularly pertinent to roles within the city council.

7. Future development

- 7.1 The apprenticeship levy is likely to encourage the development of a range of new apprenticeships including degree apprenticeships. Apprenticeship Trailblazers as they are known are employer led and require the development of standards which must be approved by the Department for Education and any regulatory body. We are currently aware of Trailblazers for Social Work, Teacher Training, Occupational Therapists, Teaching Assistants and Schools Business Support, all of which will be of interest to PCC once they are in place. It is likely we will identify roles within the council for which there are no apprenticeship standards available and joining a trailblazer with other

employers will be one way for the council to increase the breadth of its apprenticeships offer (see Appendix 2 Phase 4).

- 7.2 The apprenticeships officer is working closely with the University of Portsmouth and sits on their apprenticeship advisory group which is looking at developing the University's apprenticeships offer for the future.

8. Points for consideration

- 8.1 All apprenticeships have a requirement for 20% of the working week to be allocated as study which could impact on the number of apprenticeship places a team or unit could manage. Staff will need to be enabled the time for study which may be away from the workplace or on the job depending on the type and level of qualification being taken but in either case it will impact on their capacity to fulfil all the requirements of their post. Whilst increasing apprenticeship numbers in line with the city council's target and spending our levy allocation are key drivers this needs to be balanced against the demands of service delivery.
- 8.2 There may be circumstances where development opportunities are identified but staff do not wish or are apprehensive about taking up an apprenticeship and will need to be managed sensitively on a case by case basis.

9. Legal implications

- 9.1 PCC must comply with the Public Contracts Regulations 2015 when commissioning training providers to deliver Apprenticeship qualifications. The work Officers have undertaken with regards to the DPS will ensure PCC's compliance in this area.

10. Equality impact assessment

- 10.1 A preliminary Equalities Impact assessment (EIA) has been completed (Appendix 6) and identified a full EIA is not required as the actions in this report do not have a potential negative impact on any of the protected characteristics as described in the Equality Act 2010.

11. Finance comments

- 11.1 Final clarification and confirmation from the Government has been received (see appendix 4) regarding the levy and the table below shows the city council's predicted annual levy payment as of 31st January 2017.

Employee Spend actuals for period April 16 to January 2017 - pro rata to 12 months + 1%

Apprenticeship Levy Calculation

| | |
|--------------|----------------|
| General Fund | |
| General Fund | £73,855,398.57 |
| HRA | £16,024,089.35 |
| School | £49,006,320.09 |

| | | |
|-----------------------|------------------------------------|--------------------|
| Total | £138,885,808.01 | £694,429.04 |
| 10% Government top up | | £69,442.90 |
| | Total predicted annual Levy | £763,871.94 |

- 11.2 The Government will provide a 10% 'top up' on every pound the council pays into the levy based on the figures above this adds an extra £69,442.90 to the annual figure. It is worth noting that a significant proportion of the payroll costs are in Schools so if these were to all move to academies there would be a significant impact on our available balance (if they all moved to academy status the value in our digital account would be just under half a million rather than £760k). The schools that have transferred so far this year have been excluded from the calculations to make them more accurate. As the council continues to make savings it is likely that this will further reduce the payroll costs in the General fund further reducing this amount going forwards.
- 11.3 The final Government levy rules and guidance documentation clearly states that employers cannot reclaim apprenticeship costs for any apprentices who leave their programme early (appendix 4 page 12, 52.4) nor ask them to contribute to the cost of their training and end point assessment.
- 11.4 If an approximate average cost of £2,500 per apprenticeship per year is applied the council would need to recruit around 305 apprentices each year in order to spend its current levy allocation.

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 Signed by:

Appendices:

- Appendix 1 - Exemplar table to show 2016 apprenticeship activity in relation to the levy
- Appendix 2 - Table to show plan for developing apprenticeships and maximise the levy
- Appendix 3 - Apprenticeship Targets for Public Sector Bodies - Government Consultation Response
- Appendix 4 - Apprenticeship Funding Rules and Guidance May 2018 - March 2018
- Appendix 5 - Apprenticeship Standards - January 2017 - Skills Funding Agency
- Appendix 6 - Preliminary Equalities Impact Assessment - Apprenticeship Levy

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| Title of document | Location |
|--|---------------------------------------|
| Shaping the Future of Portsmouth | Strategy Unit |
| Business Growth & Skills Plan | Strategy Unit |
| Apprenticeship Strategy | Strategy Unit |
| Apprenticeship Employment Committee Report 15 th December 2015 | Employment Committee |
| Apprenticeship Funding Rules and Guidance May 2017 to March 2018 | Skills Funding Agency (Appendix 3) |
| Apprenticeship Targets for Public sector Bodies - Government Consultation Response | Department for Education (Appendix 2) |

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

.....Signed by:

Appendix 1

| PCC Apprenticeship Name | Level | Funding band | Length of qualification with training provider | Monthly payment based on length of qualification | Sample amount based on 2016 employment | Age - 18 or under | Total | Cost for 1 year with current provision |
|--|-------|--------------|--|--|--|-----------------------------|----------|--|
| Accounting (AAT) | 3 | £2,000 | 12 months | £166 | 2 | 2 | £4,000 | £4,000 |
| Business and Administration | 2 | £2,000 | 12 months | £166 | 22 | 8 | £60,000 | £60,000 |
| Business and Administration | 3 | £2,500 | 18 months | £138 | 6 | 0 | £15,000 | £9,936 |
| Business and Administration | 4 | £4,000 | 24 months | £166 | 1 | 0 | £4,000 | £2,000 |
| Catering | 2 | £2,000 | 12 months | £166 | 2 | 0 | £4,000 | £4,000 |
| Customer Service | 2 | £1,500 | 12 months | £125 | 2 | 1 | £4,500 | £4,500 |
| Customer Service | 3 | £2,000 | 18 months | £111 | 3 | 0 | £6,000 | £3,996 |
| Facilities | 2 | £2,000 | 12 months | £166 | 1 | 1 | £2,000 | £2,000 |
| Health & Social Care | 2 | £1,500 | 12 months | £125 | 3 | 1 | £6,000 | £6,000 |
| Horticulture | 2 | £2,000 | 20 months | £100 | 2 | 2 | £8,000 | £4,800 |
| Housing | 2 | £1,500 | 12 months | £125 | 1 | 0 | £1,500 | £1,500 |
| Housing | 3 | £2,500 | 18 months | £138 | 2 | 0 | £5,000 | £3,312 |
| IT | 2 | £2,000 | 15 months | £133 | 2 | 0 | £4,000 | £3,192 |
| IT | 3 | £4,000 | 12 months | £333 | 1 | 0 | £4,000 | £4,000 |
| Legal | 3 | £3,000 | 24 months | £125 | 2 | 0 | £6,000 | £3,000 |
| Building Services Engineering Apprenticeship | 3 | £12,000 | 36 months | £333 | 1 | 1 | £12,000 | £3,996 |
| Engineering | 2 | £4,000 | 12 months | £166 | 1 | 0 | £4,000 | £4,000 |
| Procurement | 3 | £6,000 | 24 months | £250 | 2 | 1 | £12,000 | £6,000 |
| Supporting teaching & learning in schools*** | 2 | £2,000 | 12 months | £166 | 19 | Unknown | £38,000 | £38,000** |
| | | | | | 75 | £17,000 (money back to PCC) | £200,000 | £130,232* |

Appendix 1

**The number by schools assumes all apprentices are completing a level 2 business administration or level 2 teaching assistant apprenticeship.

*This figure shows the total costs of apprenticeship training and assessment if the levy funding caps were in place in 2016. A significant increase in apprenticeship recruitment or conversion of existing staff will therefore be needed if the council is to spend its allocation.

Table to show plan for apprenticeships delivery

| | Qualification | Duration of apprenticeship | Cost per year Per apprentice |
|---|---|----------------------------|------------------------------|
| Phase 1 Business as usual (existing PCC apprenticeships) | Accounting (AAT) Level 3 | 12 months | £2,000 |
| | Business Administration Level 2 | 12 months | £2,000 |
| | Business Administration Level 3 | 18 months | £1,666 |
| | Catering Level 2 | 12 months | £2,000 |
| | Customer Service Level 2 | 12 months | £1,500 |
| | Customer Service Level 3 | 18 months | £1,333 |
| | Facilities Level 2 | 12 months | £2,000 |
| | Health & Social Care Level 2 | 12 months | £1,500 |
| | Health & Social Care Level 3 | 18 months | £1,000 |
| | Horticulture Level 2 | 20 months | £1,200 |
| | Housing Level 2 | 12 months | £1,500 |
| | Housing Level 3 | 18 months | £1,666 |
| | IT Level 2 | 15 months | £1,600 |
| | IT Level 3 | 12 months | £4,000 |
| | Legal Level 3 | 24 months | £1,500 |
| | Building Services Engineering Level 3 | 36 months | £4,000 |
| | Engineering Level 2 | 12 months | £4,000 |
| | Public sector commercial professional (procurement) Level 4 | 24 months | £6,000 |
| | Supporting Teaching & Learning in Schools Level 2 | 12 months | £2,000 |

| | Qualification | Duration of apprenticeship | Cost per year Per apprentice |
|--|---|----------------------------|------------------------------|
| <p>Phase 2 Development areas identified for apprenticeships (minimal numbers) This is expected to grow as more apprenticeships come on line and Directorates engage in the process. NB: this list is dependent on availability through local apprenticeship training providers</p> | Business and Professional Administration Level 4 | 24 months | £4,000 |
| | Chartered Surveying Level 6 (Degree) | 60 months | £5,400 |
| | Chartered Management Level 6 (Degree) | 48 months | £6,750 |
| | Social Media & Digital Marketing Level 3 | 18 months | £2,666 |
| | Human Resource Management Level 5 | 12 months | £2,000 |
| | Care Leadership & Management (ASC) Level 5 | 12 months | £2,000 |
| | Recruitment Level 3 | 18 months | £1,000 |
| | Recruitment Level 4 | 12 months | £1,500 |
| | Learning & Development - Teaching & Lecturing Level 3 | 12 months | £2,500 |
| | Project Management Level 4 | 12 months | £3,000 |
| | Accounting Level 4 | 18 months | £1,666 |
| | Children and Young People - Residential Care Level 3 | 20 months | £1,500 |
| | Cultural & Heritage Venue Operations Level 3 | 12 months | £2,500 |
| | Youth Work Level 2 | 12 months | £1,500 |
| | Youth Work Level 3 | 12 months | £2,500 |

| Phase 3 Areas where there is the potential for Cohorts (higher volume) at planned times of the year. | Qualification | Duration of apprenticeship | Cost per year Per apprentice |
|--|--|----------------------------|------------------------------|
| | Management - Team Leading Level 2 | 12 months | £1,500 |
| | Management - Business Management Level 3 | 18 months | £2,000 |
| | Management - Business management Level 4 | 12 months | £2,000 |
| | Management - Business Management Level 5 | 12 months | £2,500 |
| | Lead Adult Care Worker Level 3 | 12 months | £3,000 |

| Phase 4 Trailblazer apprenticeships currently approved for development which PCC will monitor and could potentially use subject to availability and location. | Trailblazer group | Occupation |
|---|---------------------------------|--|
| | Animal Care | Animal Care & Welfare Assistant |
| | Education | Academic Professional |
| | | Teaching Assistant |
| | | School Business Director |
| | | Teacher (Degree) |
| | Healthcare Science | Occupational Therapist (Degree) |
| | Historic Environment | Historic Environment Practitioner |
| | Human Resources | Human Resources Advisor |
| | Leadership & Management | Senior Leader |
| | Maritime | Port Maritime Operations Officer |
| | Marine Pilotage | Marine Pilot |
| | Ports Operations & Supply Chain | Port Operative |
| | | International Supply Chain Manager |
| | Project Management | Project / Programme / Portfolio Manager (Degree) |
| | Rehabilitation | Rehabilitation Worker (Visual Impairment) |
| | Social Care | Rehabilitation Practitioner |
| Social Worker (Degree) | | |
| Youth Worker | | |