

Agenda item:

Title of meeting: Employment Committee

Date of meeting: 29th November 2016

Subject: Apprenticeships - Progress and update report

Report by: Jon Bell - Director of HR, Legal & Performance

Wards affected: N/A

Key decision: No

Full Council decision: No

1. Purpose of report

To update members of the Employment Committee on the progress made in recruiting apprentices and to provide further information on the introduction of the Apprenticeship Levy, public sector targets and the financial implications for Portsmouth City Council.

2. Recommendations

Members are **recommended** to:

- (i) Note the progress in recruiting apprentices across the City Council
- (ii) Note the requirements of the Apprenticeships Levy, the planned public sector targets and the financial implications of these
- (iii) Place on hold the recruitment of apprentices from February 2017 in readiness for the introduction of the Levy from May 2017 thus enabling the City Council to make full use of the Levy from day one
- (iv) Require Directorates to check eligibility for Levy funding with HR (Apprenticeships Officer) prior to agreeing any funding to support staff development thus enabling the Levy to support workforce development across the City Council.

3. Background

- 3.1 Members agreed the content of the apprenticeships report presented to the Employment Committee on 4th November 2014 and since then Officers have been working with all Directorates within the City Council to identify apprenticeship opportunities and encourage the recruitment of apprentices to all posts advertised at pay band 5 and below.
- 3.2 The current pay bands for apprentices as previously agreed are pay band 1 for level 2 qualifications, pay band 2 for level 3 and where applicable pay band 3 for higher grade apprenticeships, where there would be difficulty recruiting at a

lower pay band, as detailed and agreed in the report presented to Employment Committee on 15th December 2015.

4. Progress to date

- 4.1 The PCC apprenticeships officer is linked with the PCC Post 16 Advisor and the work being undertaken within PCC is reflected in the Portsmouth Apprenticeships Strategy to ensure collaboration, consistency and sharing of best practice models.
- 4.2 There are currently 61 Apprentices in post and an additional 3 existing PCC staff working towards their vocational qualification under an apprenticeship making this month's total 64. We have a further 7 apprenticeship opportunities that are either in the recruitment stage or being developed which, when delivered, will bring the PCC figure to 71 apprentices. Appendix 1 has a breakdown of apprentices by Directorate, detailing the qualification being undertaken.
- 4.3 The first social care apprentices have been recruited into Adult Social Care Residential units with 3 apprentices undertaking direct care work and 2 in catering.
- 4.4 Apprenticeship 'ambassadors' have been recruited from amongst existing PCC Apprentices and have received training in presentations skills to support the marketing of apprenticeships in the City. The ambassadors have been delivering presentations in local schools; talking about their roles and have been extremely well received. Case studies from PCC apprentices are now available and are another useful resource for schools, colleges, businesses and the public in promoting apprenticeships.

5. Update on the introduction of the Apprenticeship Levy and Public Sector Targets

- 5.1 The responsibility for apprenticeships and the Apprenticeship Levy has now passed to the Department for Education (DfE) but the planned introduction for 2017 is still in place. The Levy will be introduced on 6th April 2017 with the first Levy funds appearing in employers' digital accounts after 22nd May 2017. As a result the new system for funding apprenticeships will come into force on 1st May 2017.
- 5.2 The latest information published by the DfE (October 2016) includes the agreed funding bands for apprenticeship qualifications and a consultation on the additional funding available to employers and training providers for 16-18 year olds, those with additional learning needs or who have been resident in local authority care. There will also be a payment for Apprentices living in the most deprived areas of the country as per the Index of Multiple Deprivation. The timescale during which Levy funds must be used has now been set at 24 months as opposed to 18 months which was in the initial proposals.

The latest details about the Levy can be found using this link;
<https://www.gov.uk/government/publications/apprenticeships-proposals-for-funding-from-may-2017>

- 5.3 The draft employer guidance clearly states; *'there must be a genuine job available after the apprenticeship is completed, unless the apprentice is employed by a recognised apprenticeships training agency.'* This will mean that any specific apprenticeship recruitment must be for a permanent position within the City Council unless an apprenticeships training agency is used.
- 5.4 The Apprenticeship Training Agency (ATA) model is intended to promote and support the delivery of apprenticeships involving employers who wish to use the services of an ATA to source, arrange and host their apprenticeships. This could be for a number of reasons including them not being able to commit to employment for the period of the full framework or short term restrictions on employee numbers. The ATA model requires the employer to pay a fee to the ATA as well as the apprentice salary costs; these cannot be met through the council's Levy pot and would present additional costs. The Levy can be used to pay the ATA for the qualification element. An ATA may be worth considering for apprenticeships that are related to specific projects or funding bids where there is no guarantee of a permanent post at the end of the funding stream.
- 5.5 The proposed Public Sector Apprenticeship targets consultation closed on 4th March 2016 and to date there has been no further information published detailing the outcome of the consultation or of any decisions made. We are still working on the basis that the target will remain at 2.3% of total headcount (inclusive of LA Schools).
- 5.6 The DfE will be releasing further information as follows;
In December 2016 there will be further employer guidance from HMRC on how to calculate and pay the apprenticeship Levy

6. Current work and development

- 6.1 The Apprenticeship Levy working group continues to meet to support the introduction of the Apprenticeship Levy and the Public Sector targets. The working group consists of representatives from HR, Finance, Procurement and Education. Appendix 2 lists the actions and the reasons behind them from the project plan.
- 6.2 A recruitment event was delivered on 30th June 2016 to promote careers in social care and support the introduction of apprenticeships in PCC Adult Social Care residential units. Funding secured from Skills for Care to support this event fully covered the costs of the venue and the marketing to supporting it. The event was successful in attracting people to be part of the Personal Assistants network coordinated in Adult Social Care, generating applicants for vacancies in provider organisations as well as promoting the social care apprenticeship opportunities available within the City Council.

- 6.3 The City Council has been selected to participate in a Pilot test of the Levy Digital Account along with the Community Learning team and an independent sector training provider. This pilot, starting soon, will enable officers to practise using the digital account and feed into any improvements that need to be made before its full introduction in 2017. The digital account will be the mechanism through which the City Council can access its Levy funds to pay for qualifications relating to its Apprenticeships.
- 6.4 Work is currently underway to enable staff to record their highest level of qualification in HR Self-Serve. This will support the identification of opportunities to enable staff to undertake a higher qualification or something that reflects more accurately their current job role and therefore convert to an apprenticeship via the City Council's Levy funding.
- 6.5 As a result the Levy presents the City Council with an opportunity to develop its workforce in a more planned and structured way. Potentially these opportunities will be available to staff at all levels (providing the eligibility criterion is met) as the Levy funding can be used for the development of higher level skills and knowledge or to develop them in new areas. For example; a member of staff with a Degree in History could undertake a Level 4 Leadership and Management Qualification. This links with the feedback from the Employee Opinion Survey where staff highlighted their desire for learning and development opportunities aimed at developing their careers within the Council.
- 6.6 It is worth noting the diverse nature of the qualifications eligible for funding through the Apprenticeship Levy. We currently have our largest numbers of apprentices undertaking qualifications at Level 2 and 3 notably, Business Administration, Customer Service and Health and Social Care (see Appendix 1) and will continue to support staff at this level. There are also many higher level qualifications available some of which are detailed below:
- Leadership & Management - Level 4 & 5
 - Chartered Institute of Management - Degree
 - Surveying - Degree
 - Project Management - Level 4
 - Digital & Technology Solutions - Degree
 - Solicitor - Degree
 - HR Resources Management - Level 5

In addition to those already in place there are a number of Apprenticeship 'Trailblazer' applications with the Department for Education (DfE) including; Social Work, Occupational Therapy, Teaching and Town Planning and we hope these will come 'online' over the next few years. Please note the Levy can only be used for qualifications approved by the DfE for apprenticeships.

- 6.7 Officers have worked with colleagues from Southampton City Council and Hampshire County Council to develop a Dynamic Purchasing System (DPS) across the area. The DPS will ensure the City Council is compliant with regards to the Public Contracts Regulations 2015 when the new arrangements for

funding come into place and enable local authorities to 'partner' on some qualification routes in order to increase and improve their availability. All local training providers are being encouraged to register on the DPS ahead of the introduction of the Levy.

- 6.8 The Apprenticeships Officer is currently undertaking a survey of higher education establishments across the south to identify the number of Higher / Degree apprenticeships available locally or in development and within a manageable travelling distance. The Apprenticeships Officer is a member of the University of Portsmouth Apprenticeship Advisory Board and is working closely with them to ensure the City Council's needs are being considered.
- 6.9 A communications plan is being prepared to ensure Directors, management teams and staff are aware of the opportunities the introduction of the Apprenticeship Levy presents.

7. Recommendations for consideration

- 7.1 In order for the City Council to make best use of its Levy contribution, members are asked to consider the following recommendations;
- to put a hold on the recruitment of apprentices from February 2017 in readiness for the introduction of the Levy from May 2017 thus enabling the City Council to make full use of the Levy from day one,
 - require Directorates to check eligibility for Levy funding with HR (Apprenticeships Officer) prior to agreeing any funding to support staff development, thus enabling the Levy to support workforce development across the City Council.

The recommendations detailed above would ensure the City Council is well placed to make the best use of its Levy pot in the early stages of introduction.

8. Legal implications

- 8.1 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.

9. Finance comments

- 9.1 As reported to the Employment Committee in June 2016, the introduction of the Apprenticeship Levy will place a financial burden on the City Council. In June, the cost of the Levy was estimated to be £740,000 per year. The current costs are estimated to be;
- General fund £372,000
 - HRA £ 80,000
 - Schools £227,000
 - **Total Levy £679,000**

This total levy cost will be reduced by a 'Levy Allowance' of £15,000.

- 9.2 Following provisional advice from HM Revenue and Customs (HMRC), the Schools Levy above has been reduced by £33,000 to cover Voluntary Aided (VA) Schools in Portsmouth. Where a VA School has a payroll bill of less than £3m, HMRC have indicated they can be excluded from the Levy. However we have one VA School in Portsmouth with a payroll bill in excess of £3m (St Edmunds) who will be liable to pay the Levy, and we will be required to set up a new payroll specifically for this School. The Schools Levy cost of £227,000 currently includes the St Edmunds Levy charge. Final HMRC advice on the rules surrounding the collection and payment of the Levy is due in December 2016.

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 Signed by:

Appendices:

- Appendix 1 - Tables showing the Apprenticeships in recruitment and recruited by Service, Qualification and Number.
 Appendix 2 - Apprenticeships Levy and Public Sector Targets; list of Actions

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
Enterprise Bill: Public sector apprenticeship	Department for Business Innovation & Skills https://www.gov.uk/government/collections/enterprise-bill



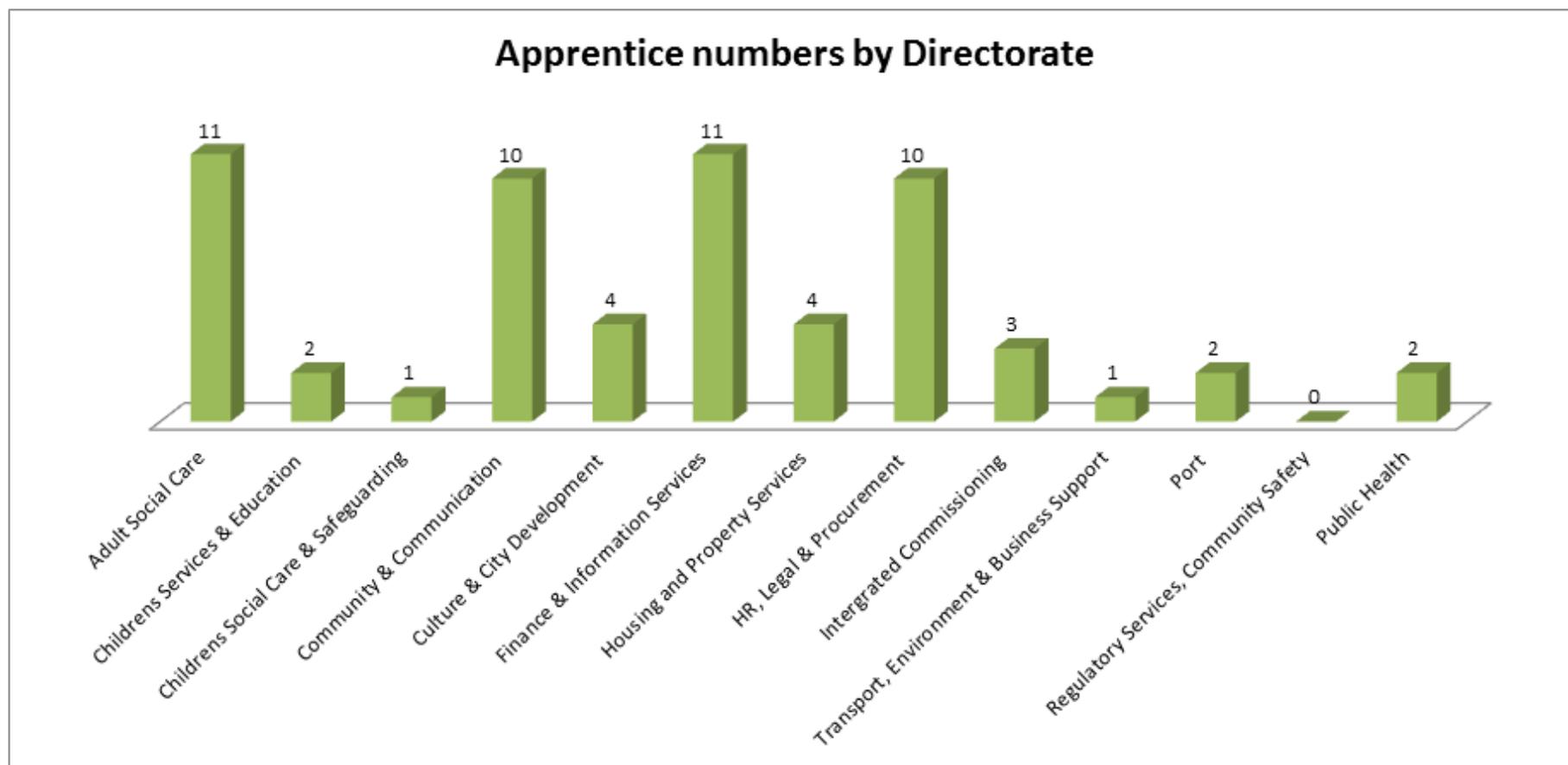
Title of document	Location
targets and preventing misuse of the 'Apprenticeship' term	
Apprenticeships Levy guidance for Levy-paying employers including qualification funding bands and proposed additional payments for 16-18 year olds, care leavers, those who have an Education, Health and Care plan and those from disadvantaged areas	Department for Education https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/562401/Apprenticeship_funding_from_May_2017.pdf https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/562442/Apprenticeship_funding_rules_May_2017_to_March_2018_EMPLOYER_DOC.pdf
Public Sector Apprenticeship Targets	Department for Business Innovation & Skills https://www.gov.uk/government/consultations/public-sector-apprenticeship-targets
Public Contracts Regulations 2015	Legislation.gov.uk http://www.legislation.gov.uk/uksi/2015/102/contents/made

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

.....Signed by:

Apprentice statistics

Portsmouth City Council currently has 61 Apprentices in post. The graph below shows which Directorates they are in.



Appendix 1

The vocational areas for the PCC apprentices are detailed in the table below.

Accounting	2
Business Administration	30
Catering	2
Customer Service	7
Engineering	2
Gym Instructor	2
Health & Social Care	4
Horticulture	3
Housing	2
IT	3
Legal	2
Procurement	2
	Total: 61

Apprenticeships Levy and Public Sector Targets; list of Actions

Action	Why we are doing this
Create a Dynamic Purchasing Framework of training providers that are approved to deliver Apprenticeship training	To enable PCC to show compliance with the Public Contracts Regulations 2015. Enables PCC to purchase apprenticeship training requirements effectively and in a transparent way from approved training providers.
Implement the payroll requirements for paying the Apprenticeship Levy to HMRC	It is a legal requirement to pay the Levy. The Department for Education will produce a specification to enable payroll software suppliers to update their systems in order for employers to pay the Levy; PCC cannot pay the Levy without this work being undertaken.
Identify Higher / Degree Apprenticeship Programmes that are available locally and on the approved list	This will enable PCC to identify opportunities for existing staff to undertake higher qualifications appropriate to their role (under an apprenticeship) using funding from the PCC Digital Account. This will enable staff a higher level of staff development. This action could also reduce the amount Directorates' spend on qualifications and make the best use of our Levy pot
Work with all PCC staff to get their current highest qualification recorded onto HR Self-Serve	This will support the action above and give a better picture of the skill levels of staff employed in PCC.
Develop a communications plan	To provide clear communication to staff and managers in PCC on the changes to apprenticeships and the opportunities this presents. To communicate clearly the requirements for Public Sector employers to work towards the apprenticeship targets set by Government.
Update the existing PCC Apprenticeships Policy.	To reflect the introduction of the Levy and the changes in procedure resulting from it.
Identify and commission relevant Business Information reports	To enable PCC to meet any reporting requirements that result from the introduction of the Levy and the Public Sector Employer apprenticeship targets.
Develop a plan to engage Local Authority Schools	To provide support, advice and guidance to Schools on the introduction of the Levy and Public Sector employer targets.