

Report to: **Audit, Best Value and Community Services Scrutiny Committee**

Date: **14 March 2017**

By: **Kevin Foster, Chief Operating Officer**

Title of report: **Apprenticeship Levy**

Purpose of report: **To provide the Committee with an update on the implementation of the Apprenticeship Levy within the Council**

RECOMMENDATION: The Committee is recommended to note the significant progress made in putting in place the necessary infrastructure and arrangements to support the Council in maximising its return on the Apprenticeship Levy.

1. Background

1.1 At its meeting on 5 December 2016, the Committee received a report setting out the Apprenticeship reforms and the Council's proposed response, as an employer, to these.

1.2 By way of a high level reminder, from April 2017, the County Council will be required to pay an Apprenticeship Levy calculated at 0.5% of the paybill. This equates to a core business levy of approximately £554k per annum and a Schools levy of approximately £688k per annum. The Schools Levy will be passed on to Schools in accordance with recent DfE guidance.

1.3 In addition, the Government has set a statutory target for the public sector of 2.3% of the workforce being Apprentices. Based on current headcount, this equates to 239 in total i.e. 102 in the core business and 137 in Schools.

2 Supporting Information

2.1 Since the previous report, a significant amount of work has taken place. In particular, we have:

- established a Council wide Steering Group comprising representatives from all departments;
- put in place appropriate governance arrangements so that our work in response to the Levy is connected to other strategic workforce agendas across the organisation;
- established and successfully appointed to a new post of Strategy Manager, Apprentices;
- successfully registered our existing approved training centre (the East Sussex Qualification and Assessment Centre 'ESQAC') on the Register of Approved Training Providers (RoATP);
- developed a clear Procurement Strategy;
- developed a communication and engagement strategy;
- begun mapping of the current workforce (approximately 2,000 jobs) to identify current training needs that can in future be delivered via an apprenticeship;
- undertaken a high level analysis of turnover and wastage rates in order to understand where the greatest opportunities for apprenticeship training exist, and
- established a specific Schools Focus Working Group (as a sub-group of the Steering Group) to specifically work with Schools.

These are considered in more detail below.

Steering Group and Strategy Manager, Apprenticeships

2.2 The Steering Group has now met on two occasions. The purpose of the Steering Group is to provide strategic direction and oversight of the Council's approach. The work programme will be overseen by this group, ensuring robust accountability for the achievement of the agreed activities.

2.3 To drive the work programme forward, a Strategy Manager, Apprentices post has been established and appointed to. The successful postholder has significant knowledge and expertise in this area and is scheduled to commence in post on 20 March 2017. This role will clearly provide further capacity to the work programme.

Registration of ESQAC

2.4 As noted in the previous report, the County Council is in a unique position in that we have an existing approved provider in the form of ESQAC. The Centre has now successfully registered on the Register of Approved Training Providers and is going through the re-approval process. Having an approved training centre provides us with a real opportunity to build an offer that includes delivering apprenticeship training to our public sector partners.

Procurement Strategy

2.5 A clear procurement strategy will be a key element of our approach. Any training requirement with a value of more than £15k must go through an appropriate procurement route. Through the Orbis partnership, we have worked collaboratively with our neighbouring Councils and agreed to use the 'Dynamic Purchasing System' (DPS) which is currently being tendered by West Sussex County Council.

2.6 The DPS is a more flexible procurement route than a standard framework contract and will allow our local providers to tender for the work, thereby supporting one of our key priority outcomes around driving economic growth in the County.

Communication and Engagement

2.7 Managers will have a critical role to play in the delivery of apprenticeships across the Council; the new standards require a much greater level of employer involvement than the current frameworks. As such, it is essential that our managers understand the Apprenticeship reforms and the potential benefits they can offer such as access to training that was previously unaffordable, support for the development of career pathways thereby enhancing our employment offer etc.

2.8 A communication and engagement plan has therefore been developed and will include a range of methods, from the provision of information on the Intranet, through to drop-in sessions for managers and staff.

Mapping and Workforce Planning

2.9 Significant progress has been made on the workforce analysis to enable us to identify both current qualification training which in future can be delivered via an apprenticeship, as well as the job roles which again, in future, could be recruited to on the basis of an apprenticeship.

2.10 A key consideration of our approach is that it should be complimentary to the existing workforce development and training plans that are already in place in departments. Given the greater demands that the new standards will place on managers, from a service delivery perspective a balance needs to be struck between seeking to achieve the 2.3% target against distorting the composition of the workforce. Whilst it is right that the Apprenticeship Levy is used to support the Council's recruitment and retention aims, especially with 'hard to recruit to' roles, this cannot be at the expense of the need to have in place experienced and highly trained staff.

2.11 Once the mapping work has been completed the next step will be to convert this into clear plans with operational managers around either, conversion of current training into apprenticeships, or the identification of posts that can be recruited to on the basis of an apprenticeship.

2.12 At this stage therefore, it is too early to be able to confidently predict how much of our 'Levy pot' we will be able to spend in 17/18. A number of the higher level apprenticeships are still in development and will not be in place until September 2018 at the earliest. As these are the more expensive apprenticeships, this will clearly have an impact on our ability to recoup the Levy payments.

2.13 In addition, the composition of our workforce is approximately 62% part time, 38% full time. This will make the achievement of the 2.3% target more challenging, a point which was made by a number of organisations, including the LGA, in response to the Government consultation. Whilst the Government has acknowledged this, they have nonetheless retained the target as 2.3% of headcount. They have, however, introduced the concept of 'have regard' whereby as part of the annual information return, organisations will have the opportunity to explain any factors that have hindered the achievement of the target, including having a large number of part time staff.

Schools

2.14 At its previous meeting the Committee noted its concerns in relation to the impact of the Levy on Schools, especially for smaller Schools. In order to support Schools with the implementation of the Levy, a specific task group has been established. The group is currently progressing three key areas:

- Communication – a report setting out the key issues and opportunities of the Levy has been presented to the Bursars forum and Primary Schools Headteachers meeting, In addition, information has been provided to all Schools via the Virtual School Bag system;
- Financial modelling has been completed to identify the cost of the Levy for each School. A system for collecting this has been devised whereby it will be deducted from Payroll, thereby avoiding the need for Schools to be involved in a bureaucratic invoicing arrangement. Costs have also been modelled on the basis of the 'Education Improvement Areas' (ie the geographical clusters of Schools) as it is likely that Schools will get the most benefit from the Levy by working together collaboratively, and
- Workforce mapping – this is being done on a central basis, avoiding the need for each School having to undertake this separately.

2.15 In terms of next steps, a paper is currently being written that will set out for Schools the potential opportunities and benefits of the Levy with proposals around the way in which Schools can take advantage of these. In addition, a series of 'breakfast meetings' for all Headteachers will be set up. As well as providing clear advice and information to Headteachers, these meetings will also provide a networking opportunity for Headteachers to come together to discuss the issues and possible solutions.

3. Conclusion and Reason for Recommendations

3.1 Since the previous report, a considerable amount of work has been undertaken and good progress made in getting ourselves positioned to respond to the Levy in a way that is relevant and adds value to the delivery of the Council's services. From discussions with our neighbouring Councils, it is clear that all are at a similar stage in the development of plans and approaches.

3.2 The Committee is therefore recommended to note the significant progress made in putting in place the necessary infrastructure and arrangements to support the Council in maximising its return on the Apprenticeship Levy.

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