

**Report to the City of  
Nottingham and  
Nottinghamshire Economic  
Prosperity Committee**

**23<sup>rd</sup> September 2016**

**Agenda Item: 7**

**REPORT OF THE CHIEF EXECUTIVE OF RUSHCLIFFE BOROUGH  
COUNCIL**

**N2 JOINT APPRENTICESHIP STRATEGY**

**Purpose of the Report**

1. To gain agreement for the development of an N2 wide policy on apprenticeships that responds to the changing national policy on levies and public sector recruitment targets.

**Background and information**

2. A previous report presented at the June 2016 Economic Prosperity Committee outlined some of the statistics and challenges faced by the introduction of the Apprenticeship Levy, and these can be summarised below;
3. From April 2017 all large employers (those with an annual wage bill of over £3m) will have to pay an apprenticeship levy, equivalent to 0.5% of the annual pay bill. The levy payments will go into an account which can be used to fund the training and assessment of apprentices through a digital apprenticeship service account. Funds in the levy account will expire after 18 months.
4. Public Sector employers have an additional target for 2.3% of their workforce headcount as apprenticeship starts each year, to support the government's key priority to deliver three million apprenticeships by 2020. Across the N2 Local Authorities that would equate to a minimum target of 753 apprenticeship starts per year.
5. The funds in the levy account do not have to be used only for the training of new apprentice recruits. The funds can also be used to fund the apprenticeship training of existing staff who are eligible to undertake an apprenticeship (currently those who have qualifications below Level 4, although this is the subject of consultation and review) and for higher level apprenticeships (up to degree level). Existing staff undertaking apprenticeships would not be included in the 2.3% headcount target as detailed in point 4 but would provide further opportunities to utilise the levy funds.
6. Apprenticeship recruitment and administration will be supported through the Digital Apprenticeship Service. Employers will be able to choose from a range

of approved training providers to deliver and assess each apprenticeship framework (or new standard), funded from their levy account, within a number of funding bands (according to the level and complexity of the apprenticeship framework). Employers are encouraged to negotiate and agree a price with the training provider for the apprenticeship framework.

7. At the EPC on 22<sup>nd</sup> June members requested further information and a draft strategy on apprenticeships across N2 for consideration at this meeting.
8. The latest guidance on Apprenticeships was released in August 2016 and confirmed that there will be fifteen funding bands that all apprenticeships will be aligned to, ranging from £3,000 to £27,000. These costs will be funded from the employer's levy account. The guidance also confirmed that for non-levy paying businesses, 90 per cent of apprenticeship training costs will be met by Central Government, with the other 10 per cent being met by employers. A £1,000 grant will be made available for small employers who recruit apprentices and there will be no training costs for apprentices aged 16-18 or 19+ with additional needs.
9. There are two final sets of guidance that will be published prior to the Levy going live; one in October 2016 outlining final detailed funding and eligibility rules, and another in December 16 from HMRC which will confirm how to calculate and pay the apprenticeship levy.

### **Current apprenticeship activity**

10. N2 Local Authorities are already offering apprenticeships, under differing arrangements;
  - a) Nottinghamshire County Council currently offers apprenticeship placements through an ATA (Apprenticeship Training Agency) model, where the apprentice is employed by the ATA. This is delivered through Futures Advice, Skills and Employment.
  - b) Nottingham City Council employ their apprentices directly, for the duration of the apprenticeship.
  - c) Nottingham City Council currently employ 82 apprentices through their Apprentice Hub approach which includes external employees, and Nottinghamshire County Council have 60 apprenticeships placed directly with NCC annually. Further apprenticeships are hosted within District and Borough councils with a mixture of directly employed and ATA models.
  - d) The introduction of the levy and the public sector apprenticeship targets will necessitate increased apprentice recruitment within all local authorities, further analysis of current and emerging skills needs and to the development of new provision through joint working.
11. To use the levy funds, and to count as part of the public sector headcount duty, all apprentices will have to be employed directly by their employing Local

Authority although Government are seeking views on proposals to allow employers to transfer 10% of their funds to an ATA's digital account from 2018.

12. Further decisions will need to be made regarding the employment status and associated employment rights and the implications for local authorities, particularly in light of recent staffing reductions and efficiency measures in service delivery.

## **N2 Local Authority analysis of skills**

13. Many levy-paying employers, including local authorities and other public bodies, are seeking to align their workforce strategies to the apprenticeship levy through a combination of recruiting apprentices to projected areas of workforce growth, and by converting existing job roles in to apprenticeships to up-skill the existing workforce.
14. Further work will need to be undertaken within each Authority to ascertain appropriate skills areas for apprenticeships. Nottingham City Council currently run a procurement framework for apprenticeships, which when combined with other common job roles provides an indication of the types of apprentices local authorities may employ:

Accounting (AAT)	Cleaning and Support Services
Business Administration	Environmental Services
Customer Service	Construction Technical
Support functions in e.g. HR and procurement	Planning
Leadership and Management	Horticulture
IT User/IT User Skills	Construction Civil Engineering
Marketing	Fashion and Textiles Technical
Professional Cookery	Health and Social Care
Plumbing and Heating and Ventilation	
Principles of the Creative and Cultural Sector	
Diploma in Specialist Support for Teaching and Learning in Schools	

15. Additional profiling will identify areas where higher and degree level apprenticeships can be offered, and the corresponding effect on the number of apprenticeship places, as higher and degree level apprenticeships may be more costly.
16. There are also some areas where apprenticeships could be used to "grow your own" talent to fill skills gaps and support future skills needs; further collaborative work will need to be done to identify gaps in existing apprenticeship standards and training provision as well as gaps in the skills of our potential workforce. This will dovetail with work currently being undertaken across the D2N2 area to analyse and shape service provision. Priority areas where skills gaps have already been identified include children's services, health and social care, social work, teaching, planning and IT.
17. EPC previously requested that the N2 apprenticeship strategy includes measurable targets for each of the levels of apprenticeships, and further work to inform these targets will need to be carried out. The N2 strategy will need to

allow for individual underpinning strategies within each organisation, in recognition of the differing functions and services, size (and associated headcount target) and geographical diversity, of each Local Authority.

### **Maximising the use of the levy funds**

18. The levy will be a significant cost to all local authorities, and it will be imperative to ensure that it is utilised as effectively as possible. Promotion of opportunities to young people, parents, managers and existing staff will be needed to ensure the funds in the levy account are maximised.
19. Close collaborative working between local authorities will be needed to identify areas where apprenticeship frameworks may not exist and to align workforce strategies. Skills gaps areas, once identified, could become the basis for the design and development of new apprenticeship standards tailored to local authority roles.
20. Close local involvement with designing and monitoring apprenticeship delivery will also provide an opportunity to improve skills levels and improve the quality and appropriateness of apprenticeship provision.
21. Given the wide range of local authority roles and the complex task of identifying appropriate apprenticeship frameworks at different levels for young people and existing staff, it is unlikely that all of the levy funds will be fully utilised by the 18 month deadline. It is therefore proposed to jointly prepare a case to lobby government to allow these funds to be carried over and used for a longer period, during the first 2-3 years of the levy operation.

### **Apprenticeship Provider Framework**

22. Local Authorities will be subject to EU procurement rules when choosing training providers for their apprentices. Building on Nottingham City Council's existing framework for apprenticeship training, the sectors / skills outlined in point 14 are likely to be the basis of the majority of Local Authority apprenticeship training needs, with the addition of more specialist fields, areas not served by current apprenticeship frameworks and those where higher and degree level apprenticeships are appropriate.
23. Nottingham City Council have developed a proposal for a collaborative framework for apprenticeship training (attached as appendix B) and are now working towards a more detailed and costed model. Further opportunities exist to develop the framework to include other local authorities and public bodies across D2N2, and initial consultations have taken place to confirm their interest in this approach.
24. It is important to maximise the use of the apprenticeship levy and get the most value for money. By taking a collaborative approach to procurement across local authorities (and potentially other public bodies), the buying power of several large customers will be combined which will enable provision to be designed to meet local needs. Where an apprenticeship framework does not

already exist, local authorities can work with providers to develop their own tailored framework.

25. A collaborative Provider Framework (framework of pre-approved training providers) will be established through a procurement process requiring potential providers to demonstrate both quality and value for money, through a pre-qualification process. Local Authorities will then be able to select the most appropriate training provider from a limited group, through a process of mini-competition. Details of this approach are illustrated in appendix A and B.
26. Further efficiencies can be generated from this approach by collective negotiation to reduce the price and ensure quality, through combined buying power. The amount of administration and staff time in identifying and choosing training providers will also be reduced.
27. A collaboration between organisations will also enable greater ability to influence provision suited to local needs, and support the development of new tailor made apprenticeship standards. There is a considerable opportunity for the development of standards to fill in the significant number of gaps that exist in apprenticeship provision across the public sector, which could be achieved through collaborative working across local authorities
28. The Provider Framework model will need to be flexible and dynamic to respond to changing needs and to ensure further standards can be developed to local authority requirements where these do not already exist. A hub and spoke model should be developed, where smaller specialist providers can be contracted for training and assessment which cannot be provided by some of the more generic providers.
29. The model would also include a process to regularly monitor and review the provision to ensure that it is still fit for purpose and to identify any emerging development needs.
30. The model should also require that providers work together to ensure the provision is matched to local authority needs.
31. The inclusion of the wider public sector in the collaborative approach should be the subject of further discussion with the following considerations;
  - a) This would ensure an even greater ability to influence provision especially relating to locally tailored standards;
  - b) A much broader range of provision would be required to include e.g. health, police and fire and rescue competencies;
  - c) Not including the wider public sector at an early stage could result in a missed opportunity if other arrangements are made.
32. It is envisaged that a Managing Agent will need to be appointed as the main point of contact and to procure and manage the Provider Framework. Nottingham City Council have expressed an interest in taking on the role of managing agent and are well placed in terms of market engagement and capacity to carry this out, and have already consulted on the collaborative framework model with a number of other local authorities and public bodies

across D2N2. However the lead body role could be further discussed to establish if there is any interest amongst other N2 LAs in carrying out this role.

33. It is important to note that all organisations that access the Framework will need to commit to resourcing it jointly, and that these costs cannot be met from the Apprenticeship Levy. The development of a resourcing model for the framework is underway and EPC Members that wish to access the Framework will need to commit to this.
34. Once established, the model could be extended to support SMEs (Small and Medium-sized Enterprises) to access apprenticeships, building on the Nottingham Jobs Hub, which is planned to be rolled out across the N2 area if a European funding bid (Employ Local) is successful. This would provide support to SMEs to navigate the range of choice of providers and complexity of the apprenticeship provision, increasing the take up of apprenticeships and opportunities for young people locally. The support for SMEs could focus initially on the D2N2 priority sectors.
35. An indicative timeframe for this process is included at Appendix C.

## **Proposals**

36. That N2 local authorities work together to prepare a joint statement to lobby the Government, asking for the timescale for the use of levy funds to be extended beyond the proposed 18 months deadline, during the first two to three years.
37. That N2 local authorities work collaboratively to develop an N2 Apprenticeship Strategy which reflects their current and future skills needs and apprenticeship targets through;
  - a) Joint working between local authority HR functions to identify skills gaps areas and future workforce needs, align individual workforce strategies and identify where suitable provision does not already exist
  - b) The development of a shared resourcing model for the collaborative Provider Framework to purchase apprenticeship training
  - c) Using joint purchasing power to influence and design apprenticeship provision to meet local authority requirements
  - d) Working with D2 Local Authorities and other public sector organisations to investigate the potential to extend the collaborative approach
  - e) Once live, the development of a process to expand the Framework to include provision for SMEs within the N2 or D2N2 area

## **Reason(s) for Recommendations**

38. The apprenticeship levy and associated public sector targets present a number of challenges to ensure the funds are maximised and used effectively to increase skill levels and plan for future workforce needs. Collaborative working between local authorities will provide a stronger platform from which to influence provision, raise standards and ensure value for money.

39. By working collaboratively, the N2 Local Authorities will be able to influence the design and delivery of the apprenticeships that are delivered to both existing staff and new apprentices.
40. Collaborative framework agreements have been used successfully by Local Authorities to combine buying power and effect cost efficiencies and quality control for a number of years. They ensure pre-qualification checks and can reduce officer time in procuring for individual lots, by allowing mini competitions between a limited number of approved providers.
41. Flexibility will be required within the Frameworks to ensure that the individual and varied nature of many Local Authority roles are provided for, and current skills gaps can be addressed.

### **Other Options Considered**

42. Each Local Authority could deliver their own apprenticeship framework but this would result in fewer economies of scale and more duplication.
43. Training providers could be selected as and when needed but this is likely to be more time-consuming and could result in duplication and difficulty in ensuring quality.

### **Statutory and Policy Implications**

44. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and adults at risk, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **RECOMMENDATION**

45. It is recommended that committee approves the proposal;
  - a) To develop a joint N2 apprenticeship strategy for Local Authorities, including the potential and opportunity for a shared resourcing model;
  - b) To jointly develop a case to lobby Government to extend the 18 month deadline for use of the funds in the levy account
  - c) That N2 local authorities work collaboratively to analyse existing and future workforce needs and
    - I. procure apprenticeship provision to meet these needs and
    - II. work with providers to design appropriate apprenticeship provision tailored to meet skills gaps areas
    - III. continue to analyse existing and future needs, and develop a timetable to address these requirements
  - d) That local authorities within the N2 EPC confirm their commitment to the development of a collaborative framework and their interest in accessing this to procure apprenticeship training from 2017;

- e) To continue discussions with wider public sector organisations and consider their inclusion within the Framework;
- f) Develop a process to extend the framework to enable SMEs to access apprenticeship training;

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### **Background Papers**

Report: The Future of Apprenticeships (EPC 22<sup>nd</sup> June 2016)

### **Electoral Division(s) and Member(s) Affected**

All



## **Appendix A – Framework Agreements**

A Framework Agreement is an arrangement recognised under the European Union (EU) public procurement regulations. It allows customers to place orders for a range of goods and / or services under pre-determined terms and conditions. In essence, Framework Agreements are a set of pre-competed agreements with single or multiple suppliers on the basis of objective and non-discriminatory criteria for the most economically advantageous result against which individual contracts are placed or through which further competition can be held. Procuring goods and associated services under Framework Agreements can reduce the time and costs associated with procurement by offering a pre-tendered call off facility.

A framework agreement will generally allow a purchaser more flexibility around the goods or services contracted for under the framework, both in terms of volume and also the detail of the relevant goods and services. A multi-supplier framework allows a contracting authority to select from a number of suppliers for its requirements, helping to ensure that each purchase represents best value. Suppliers are not usually guaranteed any work under a framework agreement

## **Appendix B – Apprenticeship Provider Framework**

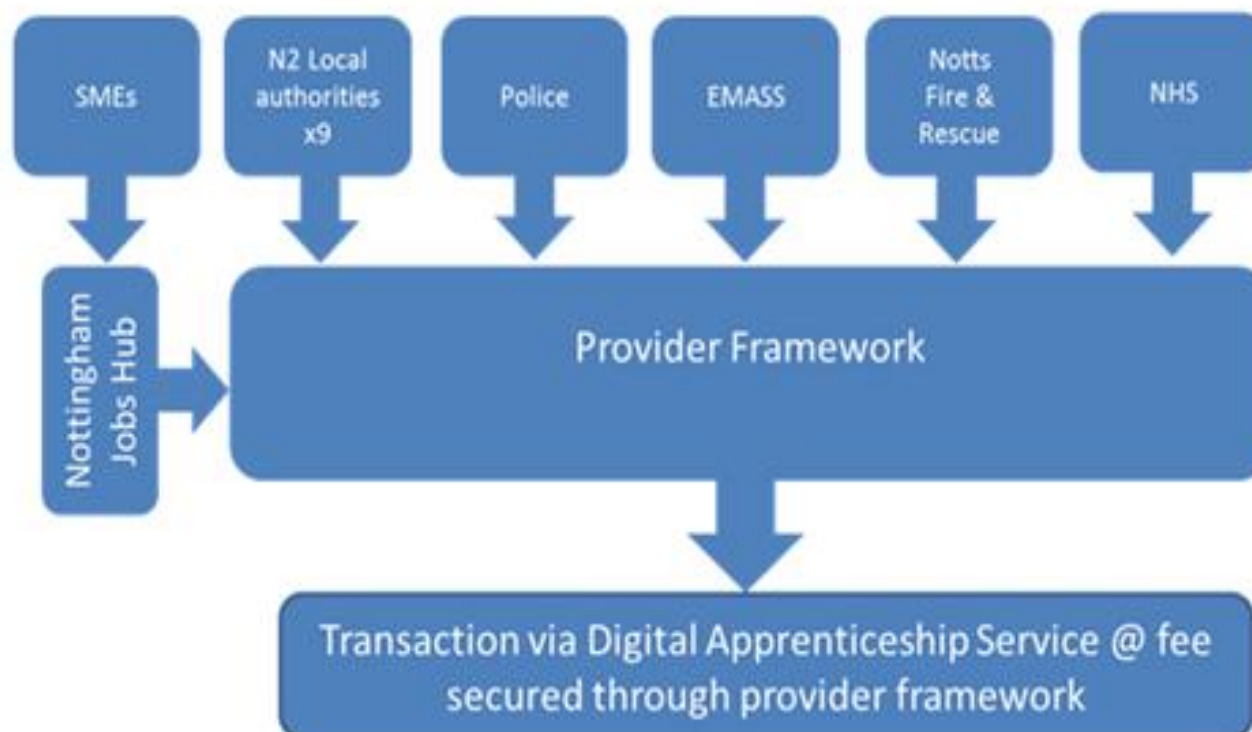
A collaborative provider framework would include local training providers who are able to deliver apprenticeship training for all employers in the area. An initial two year framework is proposed with an option to extend, in order to provide marketplace stability and prevent continuous procurement exercises.

The framework would only include Skills Funding Agency approved providers and ensure engaged public sector employers (and potentially SMEs) are able to easily access training provision for apprenticeships without undertaking procurement exercises or needing to navigate an increasingly complex marketplace.

A dedicated role to manage the framework will be needed initially and this may grow in line with demand. All organisations that access the framework will need to provide resources for its management. A resourcing model is in development.

A provider charter would also be developed and in order to be on the framework, providers would need to sign up to this. This will provide an additional layer of quality assurance.

## Apprenticeship Provider Framework Model



### Benefits to employers of accessing framework

- Single procurement process
- Costs reduced through collective negotiation
- Choice providers to maintain quality
- Single management process
- Providers give primacy to arrangements via framework due to significant collective value
- Collaborative approach will enable sharing of learning and assessment of the best providers in this space

**Appendix C**  
**Timeline to Deliver Procurement Framework**

Timeline	Activities	
<b>July to September 16</b>	<ul style="list-style-type: none"> <li>Agreement across interested public bodies to initiate provider framework</li> </ul>	Analysis of workforce needs and skills gaps
	<ul style="list-style-type: none"> <li>Agree lead organisation</li> </ul>	
	<ul style="list-style-type: none"> <li>Agree resourcing model</li> </ul>	
	<ul style="list-style-type: none"> <li>Determine type &amp; length of framework</li> </ul>	
	<ul style="list-style-type: none"> <li>Workforce needs across employers completed to inform lot requirements</li> </ul>	
<b>October to November 16</b>	<ul style="list-style-type: none"> <li>Agreement from participating local authorities &amp; public bodies to purchasing their apprenticeship training via the collaborative framework (agreements signed)</li> </ul>	
	<ul style="list-style-type: none"> <li>Market Engagement Events with providers</li> </ul>	
	<ul style="list-style-type: none"> <li>Develop tender documents</li> </ul>	
	<ul style="list-style-type: none"> <li>Dispatch Contract Notice to OJEU</li> </ul>	
	<ul style="list-style-type: none"> <li>30 days for receipt of tender proposals</li> </ul>	
<b>December 16</b>	<ul style="list-style-type: none"> <li>Tender evaluation</li> </ul>	
<b>January 17</b>	<ul style="list-style-type: none"> <li>Award Contract &amp; allow for 10 day standstill period</li> </ul>	
<b>February 17</b>	<ul style="list-style-type: none"> <li>Draw up final contract</li> </ul>	
	<ul style="list-style-type: none"> <li>Agree process for framework call-offs</li> </ul>	
<b>Feb to March 17</b>	<ul style="list-style-type: none"> <li>Provider Framework in place</li> </ul>	
<b>April to May 17</b>	<ul style="list-style-type: none"> <li>Develop offer to SMEs and communicate via Jobs Hub</li> </ul>	