

**REPORT OF THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND
EMPLOYEES****NOTTINGHAMSHIRE COUNTY COUNCIL'S RESPONSE TO THE
APPRENTICESHIP LEVY AND PUBLIC SECTOR DUTY****Purpose of the Report**

1. To update Personnel Committee on the Council's self-assessment and to seek approval for the publication of the Public Sector Head Count Target Data and the proposed future actions to be undertaken in relation to the Apprenticeship Levy and associated Public Sector Duty.

Information**Background**

2. The recruitment of apprenticeships into the workforce is a critical part of the Council's overall offer of work-based learning programmes aimed at attracting new employees into the Council's workforce to improve the age profile of the workforce and ensure that the Council has the people and skills it requires for the future. The Council Plan also identifies links to the Council's wider Economic Development agenda to encourage skills development and improve the employability and social mobility of people across the County. This includes maximising the opportunities available given the Council's position as one of the largest employers in the area.
3. The Council's Partnership Strategy for Looked After Children and Care Leavers 2018-21 reinforces the requirement to undertake our corporate parent responsibilities by ensuring those children and young people in our care are afforded opportunities to enable them to achieve their aspirations. This includes accessing training, apprenticeships and employment. The Council's approach is set out in more detail in a separate report elsewhere on the agenda for this meeting.

Progress to Date

4. Work has been undertaken with managers across the Council and in Maintained Schools to create, develop and build apprenticeships as part of the workforce, converting existing qualification courses into apprenticeships where possible. In addition, consideration is given to all vacancies to determine their suitability to be an apprenticeship. Apprenticeship standards and frameworks have been mapped across job roles in the

Council and skills gaps and progression routes have been identified.

5. Employees are encouraged to consider an apprenticeship as a way of continuing their professional development through the “In Post Apprenticeship Programme”. Existing Council employees can now apply for apprenticeships via the recently launched online form which allows employees and their managers to identify appropriate apprenticeship opportunities and submit an application, the progress of which can be tracked.
6. Apprentices that are additional to the staffing establishment have been recruited across the Council, particularly for those roles that offer entry to employment and provide apprentices with the opportunity to gain employment after their apprenticeship ends. These apprenticeships include Business Administration, Supporting Teaching and Learning, Customer Service, Supporting PE and School Sport and Youth Work.
7. Whilst the range of Apprenticeship opportunities being identified is steadily increasing as new Apprenticeship Standards are being approved nationally for delivery, there is still a nationally recognised challenge in the availability of higher level apprenticeship standards which are applicable to work in the public sector.
8. Work has been undertaken across Council services to identify potential skills gaps in the workforce. Where possible teams have been proactive in utilising changes in their staffing structures to allocate employment costs to Apprenticeships to meet future needs. This is to ensure that the next generation of employees have appropriate skills to keep abreast of changing business and service needs. Some of these key apprenticeships are in data analysis, infrastructure technology and software development.

Current position of Apprenticeships at the Council

Employment costs

9. The Budget used to fund Apprenticeship opportunities that promote social mobility for vulnerable and minority groups, including those young people for whom the Council acts as Corporate Parent is £300,000 per annum and currently funds approximately 15 additional apprentices.

Training and Assessment costs

10. Members will be aware that Levy contributions are taken at source by HMRC and placed in a digital account for the Council to pay approved training providers directly for the delivery of Apprenticeship training and assessment costs. The Council's monthly contribution to the Levy is on average **£131, 000**. Training provider payments are automatically taken from the account on a monthly basis and spread across the term of the apprenticeship. 20% of the costs are held back for the end point assessment.
11. The amount held in the Council's Apprenticeship Levy account as of the end of September 2018 was approximately £2m.

The current total Apprenticeships Levy commitment for apprenticeships is detailed below:

Total forecasted costs (over the length of the apprenticeships) for all Apprenticeship starts Comprising: Cost of Corporate Apprentice starts: £347,647 Cost of School Apprentice starts: £133,617	£481,264
Total forecasted costs for those awaiting enrolment	£330,450
Total commitment of the Levy for all apprenticeships	£811,714

12. Under current arrangements, HMRC will remove any unspent Levy after 24 months of it being in our account. Whilst this is due to commence in May 2019, the Local Government Association is currently lobbying to have this timescale extended.
13. The Council intends to use significant amounts of the unspent levy to fund the new Leadership and Management Development Programme launching in the new year. The detail of the programme will be the subject of a further report to Personnel Committee. Indicative costs are identified later in this report in relation to recently approved standards which will be able to attract levy funding.

Reporting the Public Sector Target

14. Public sector bodies with 250 or more employees in England have a target to employ an average of at least 2.3% of their employees as **new apprentice starts** over the period 1st April 2017 to 31st March 2021. The Government considers the duty to 'have regard' to the target to mean that, in making workforce planning decisions, apprenticeships should actively be considered for either new recruits or as part of career development for existing staff. Apprentices will only count to the target as 'new apprentice starts' in the year in which they begin their apprenticeship.
15. An annual report is required by Government within six months of the end of each reporting period, i.e. by the 30th September each year from 2018 – 2021. The report is in two parts – data publication and future plans.
16. The data publication includes figures which will enable the Government, the public and wider stakeholders to understand the Council's headcount and the number of apprentices they employ set within a wider context. The Council's Public Sector Report from April 2017 to March 2018 can be found in Appendix 1 and will be published on the Council's website.
17. In compiling the information for the public sector target, we have been able to identify a number of the challenges we face in meeting the target and will amend the current action plan to ensure that there is greater flexibility in the implementation of the apprenticeship programme in relation to contractual arrangements and the duration of apprenticeship standards.

Update on the Local Government Maturity Model

18. As agreed by Personnel Committee on 18th April 2018, the Local Government Association (LGA) Maturity Model has been used to assess progress being made in relation to the Council's Apprenticeship programme and to identify further actions to address some of the emerging issues and ensure the Council's programme is sustainable.
19. The results of the self-assessment can be seen in the table below with each area of activity assessed as being at an early, developing, maturing or mature stage. The Council overall is at a maturing/mature stage in respect of in-house apprenticeships.

Area	Assessed Status	Reason for assessed status
Leadership and Culture	Maturing	Further development is planned to establish Council Apprenticeships in the wider economic community – especially in relation to the transfer of the levy to SMEs. LGA recommend the creation of a delivery board steered by an elected member or senior/corporate director – this will be considered as part of wider discussions. Support from Managers and Department heads is developing to ensure that all services are actively engaged in the apprenticeship programme.
Procurement	Mature	Developed processes are in place to ensure the required apprenticeships can be delivered
Workforce Development	Developing/Maturing	Mapping exercises have taken place. However, we still require wider engagement from departmental leads in order to identify all current and future skills gaps and the best way to address these.
Planning, Delivery Structures and Processes	Maturing	This area requires further development of long-term spending plans to be in place over a five-year period to ensure that levy spending is maximised on a rolling programme. Identification of needs based, realistic goals focussing on priority apprenticeships and skills gaps are under development.
Engagement	Mature	Engagement with appropriate organisations is in place to ensure delivery of effective apprenticeships.

Future Plans

20. The Council's training programme has been mapped against the available apprenticeship standards and where possible the training route has been transferred. The following table illustrates where some of those changes have been implemented:

	Original Qualification	Apprenticeship	Levy Spend
Graduate Development Programme	ILM Level 5- provided by Warwickshire University	Level 5 Operations/Departmental Manager Apprenticeship	£46,710
Adult Social Care	Diploma in Adult Care Level 2	Level 2 Adult Care Worker	£55,000
	Diploma in Adult Care Level 3	Level 3 Lead Adult Care Worker	£60,000
Children's Residential Social Care	Diploma in Residential Children's Care Level 3	Level 3 Children and Young People's Work-force: Residential Care	£150,000

21. Apprenticeship Standards have also been mapped against the Council's management structure and this has been formulated into a Leadership and Management Qualification offer due to be launched in the new year.

These standards include:

Level within organisation	New and Aspiring Managers	Team Managers and Aspiring Group Managers	Group Managers and Aspiring Service Directors	Corporate Leadership (Service Directors and above)
Qualification Level	Level 3	Level 5	Level 6	Level 7
Professional Qualification	ILM and/or CMI	ILM and/or CMI	ILM and/or CMI	ILM and/or CMI
Duration	12 – 18 months	Two and half years	4 years	Two to Two and half years
*Potential numbers	680	345	69	19
Max. Cost per Apprenticeship from Levy	£5,000	£9,000	£27,000	£18,000

* These figures are based on Full Time Equivalent (FTE) posts at relevant tiers across the Council and are not indicative of the actual number of potential candidates.

Opportunity to Transfer Apprenticeship Levy

22. In July 2018 the Government made it possible for levy paying employers who have unused apprenticeship funds to transfer up to 10% of those funds to other employers for the delivery of apprenticeship standards in the workforce. This figure will increase to up to 20% of the unspent Levy from April 2019 as announced in the October Budget.

23. There are guidelines published by the Government on the processes and the criteria associated with the levy transfer that both the Council and the receiving employer must satisfy before the transfer can be approved. The Council could consider using this funding to encourage local businesses to employ a looked after young person or care leaver or to offer apprenticeships in our supply chain including adult care and children's social care providers. The Council could also use these funds to address wider skills gaps across Nottinghamshire. Further work will be undertaken to explore the range of options and bring a report before members for further consideration.

Other Options Considered

24. Consideration was originally given to engaging an apprenticeship management consultancy to deliver the programme on behalf of the Council, however the decision was taken to respond to the implementation of the levy in-house in order to reduce costs.

Reason for Recommendations

25. Approval from members of the Personnel Committee will enable work to continue to embed the Apprenticeship Levy and associated actions to maximise the use of the funding and to ensure that all public sector duties are complied with.

Statutory and Policy Implications

26. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

27. HMRC deduct the levy on a monthly basis and place it in the Council's digital account, set up by the National Apprenticeship Service. The forecast commitments to date are as detailed in paragraph 10 and amounts to **£811,714**.
28. The HR, Workforce Planning and Organisational Development (HR W&OD) team hold a budget of £300,000 towards employment costs of those apprentices recruited to posts which are additional to the staffing establishment. All other apprenticeships recruited to are funded via the recruiting department.

Human Resource Implications

29. The use of the Apprenticeship Levy enables the Council to maximise career development opportunities and to expand the offer of in-work training to ensure its workforce has the right skills and knowledge required in a modern, public service organisation.

RECOMMENDATIONS

It is recommended that Members:

- 1) Approve the publication of the Public Sector Target data as set out in Appendix 1 on the Council's public website.
- 2) Consider the self-assessment outcome and approve amendments to the action plan as set out in Appendix 2 to ensure progress is monitored and new actions are added to make the most effective use of the levy.

Marjorie Toward
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Constitutional Comments (KK 05/11/18)

30. The proposals in this report are within the remit of the Personnel Committee.

Financial Comments (SES 20/11/18)

31. The financial implications are set out in paragraph 27 and 28 of the report.

Human Resources Comments (SJ 20/11/18)

32. Any HR implications are identified in paragraph 29.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All