

REPORT OF THE SERVICE DIRECTOR – CUSTOMERS, GOVERNANCE AND EMPLOYEES

APPRENTICESHIP LEVY UPDATE

Purpose of the Report

1. To seek approval from members to agree the proposed option for 25% transfer of the Council's unspent Apprenticeship Levy.
2. To agree the priority areas for focus on maximising the Levy to address identified business needs.

Information

Background

3. The Apprenticeship Reforms in May 2017 introduced the Apprenticeship Levy to all UK employers with a pay bill in excess of £3m. The Levy is paid at 0.5% of the employer's pay bill into a digital account that can only be used to pay for the training and assessment costs for Apprenticeships. Payments are transferred from this account to the training provider delivering the Apprenticeship in equal monthly instalments for the duration of the Apprenticeship.
4. Since the introduction of the Levy, the Council's Human Resources, Workforce and Organisational Development team (HRWOD) have continued to promote Apprenticeships as employment opportunities through the established recruitment processes and via attendance at a variety of career and job fairs across Nottinghamshire. Within the departments across the Council the Levy has been used to access qualification opportunities for the Council's current workforce to support the ongoing development of employees and therefore ensuring maximum usage of the Levy payment.
5. At a previous Personnel Committee meeting it was also agreed that access to the Council's levy funding would also be opened up to the schools across Nottinghamshire in order to maximise the benefits locally.
6. Organisations that pay the Apprenticeship Levy are now able to transfer a percentage of their Levy to another employer for the purpose of paying the training and assessment cost of Apprenticeships for their own workforce.

7. The initial transfer agreements were restricted to a transfer of up to 10% of the Levy to one employer. However, this arrangement changed recently to allow up to 25% Levy transfer to a number of employers, including a transfer to an Apprenticeship training agency.

Progress to Date

8. Since the last report regarding the Apprenticeship Levy to the November 2018 Personnel Committee, the HRWOD team have continued to promote Apprenticeships as routes into employment both within the Council and with maintained schools. Work has also continued to promote Apprenticeships as an opportunity for the current workforce to gain qualifications to support their professional development. Currently, there are 296 Apprenticeships being funded via the Levy with details by department and school district shown in the below table:

Apprenticeship by Department		School District	
ASCH	56	Ashfield	4
C&F	42	Bassetlaw	8
CHIEF EXEC	67	Broxtowe	15
PLACE	50	Gedling	4
TOTAL	215	Mansfield	26
		Newark & Sherwood	16
		Rushcliffe	8
		Total	81

9. A significant number of these Apprenticeships are in Catering, Cleaning and Landscapes and will provide an opportunity for those employees to increase their qualification levels. Other Apprenticeships include roles such as Improvement Practitioner, Project Manager and School Business Managers.
10. Work continues to be undertaken with managers across the Council and in Maintained Schools to build Apprenticeships into the workforce, converting existing qualification courses into Apprenticeships where possible and considering all vacancies as to their suitability for an Apprenticeship.
11. The range of Apprenticeship opportunities being identified are steadily increasing as new Apprenticeship Standards are being approved externally for delivery. However, there is still a nationally recognised challenge in the availability of higher-level Apprenticeships Standards which are applicable to work in the public sector.
12. The HRWOD team continues to work with colleagues across all departments to identify potential skills gaps. Managers have been proactive in utilising changes in staffing structure to allocate employment costs to Apprenticeships with a vision of the next generation of employees having appropriate skills to keep abreast of changing business needs.

Next steps

13. At this midpoint of the Apprenticeship Programme, the focus is on delivering the priorities outlined in the People Strategy to support the delivery of the commitments in the Council Plan. The HRWOD team have ambitious plans to ensure that the Levy payment is maximised and assist the Council in attracting and retaining talented individuals with skills and attributes that

will contribute to the overall success of the organisation. As part of those plans over the next two years, there is an aspiration to extend the range of Apprenticeships available and details of the proposed areas for development is attached as **Appendix 1** to this report.

14. The proposed areas for apprenticeships will assist the Council with recruitment to posts that are hard to recruit to and create career pathways for the workforce of the future. In addition to specific areas of skills shortage the Apprenticeship Standards suggested including core skills such as digital skills, transformation and change and people and relationship management.
15. As well as the detail provided on new apprenticeship standards over the next two years, the HRWOD team will continue to offer a “business as usual” approach to the provision of apprenticeship standards that have already been rolled out across the Council such as those in business administration and youth work.
16. Whilst the transfer of funds can be made to any employer that meets the criteria, Personnel Committee are being asked initially to approve transferring up to 25% of the Levy payment to Futures Apprentice Training Agency. Futures is an arm’s length Apprenticeship Training Agency established jointly by Nottinghamshire County Council and the City Council with a focus on career development and training opportunities for young people.
17. Futures will be asked to focus on the following priority target groups for the County Council using the levy funds transferred:
 - Nottinghamshire County Council looked after children or care leavers to enable them to undertake an Apprenticeship in a local business/organisation
 - Nottinghamshire Young People 16 – 25 who are in contact with a Council Early Intervention Service and are either currently Not in Education, Employment or Training (NEET) or vulnerable of NEET status (e.g. Youth Justice Service; Family Service)
 - Black and Minority Ethnic (BME) Young People aged 16-25 as this is a group who are currently under represented in the Council’s workforce.
18. If this approach is approved by Committee, a robust one-year contract will be put in place to set targets and monitor progress on a regular basis. The position will be reviewed after one year when further consideration can be given to whether to continue the transfer to one organisation or provide a further opportunity to spread the transferred levy funds across other organisations within the County.

Other Options Considered

19. There is the option to not transfer funds to other employers which would result in the unspent funds being removed from the account and used to fund the wider Government programme. Whilst it is still being spent on Apprenticeships, there is no guarantee that these funds will benefit employers and residents of Nottinghamshire.
20. The Council could request expressions of interest from any employer and not work through the Council’s arm’s length Apprentice Training Agency or not prioritise the areas above with which Futures is already supporting the County Council. The option to transfer funds for the

first 12 months and then review allows the levy funds to be spent in time and for the market to develop and other options to become available for consideration at a later date.

Reasons for Recommendations

21. Providing Apprenticeships and routes into Apprenticeships is an integral part of Nottinghamshire's wider Economic Development strategy and supports educational improvement priorities by helping to raise skills and aspirations, working with partners in the wider region to take a strong lead in harnessing the energy of communities and institutions to drive the skills agenda. It also enables the Council to ensure that it has access to the critical skills and experience it needs now and in the future.
22. Transferring the Apprenticeship Levy will support the Council's aim to help create prosperous places across the County and will benefit Nottinghamshire's residents and its businesses, particularly as the way we live, work and study and the kind of jobs we do and the skills we need to do them continue to evolve over the next decade.
23. The challenges of finding work are particularly acute for young people aged 16-25, as well as for care leavers, long term unemployed people, returners to the labour market and people with disabilities, as they try to compete against more experienced candidates. In transferring the Levy, the Council can support the growth of Apprenticeships and successful careers for those sectors of the community that find themselves with additional challenges in the labour market.
24. The priority of Apprenticeships for our Looked after Children and care leavers in careers outside the remit of the Council, supports our Local Offer for Care Leavers and our corporate parent responsibilities.

Statutory and Policy Implications

25. 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.

Data Protection and Information Governance

26. There are no implications arising directly from this report as no individual or personal data or information is used.

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 amount paid in by the Council varies but is on average approximately £131,000. All associated costs in this report are covered by the Apprenticeship Levy. The maximum amount of levy transfer of 25% is based on the previous financial year 2018-19, which equates to £388,528.

Human Resources Implications

28. 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.

Public Sector Equality Duty implications

29. The proposals in this report meet the Council's existing commitment to meeting, and where possible exceeding, the statutory requirements of the Equality Act 2010. The recommendation to transfer levy funds with a focus on delivering opportunities for under-represented and vulnerable groups of young people supports the Council in meeting its statutory obligations.

RECOMMENDATIONS

It is recommended that Personnel Committee:

- 1) Approve the transfer of up to 25% of the Council's Apprenticeship Levy to Futures Apprenticeship Training Agency for a 12-month period initially.
- 2) Approve the priority areas of focus to address identified business needs as set out in the report and Appendix 1.
- 3) Agree to receive an update on progress in six months' time.

Marjorie Toward

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Chief Executive's Department

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Constitutional Comments (GR 06/09/19)

30. Pursuant to Nottinghamshire County Councils Constitution this Committee has the delegated authority to receive this report and make the recommendations contained within this report.

Financial Comments (SES 13/09/19)

31. The financial implications are set out in paragraph 27 of the report. All costs arising from the proposals set out in the report will be funded using the Apprenticeship Levy.

HR Comments (JP 17/09/19)

32. The Human Resources implications are identified in paragraph 28.

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