

REPORT TO: Corporate Services Policy and Performance Board

DATE: 4th June 2019

REPORTING OFFICER: Strategic Director, Enterprise, Community & Resources

PORTFOLIO: Resources

SUBJECT: Halton Borough Council Update on Apprenticeship Policy / Apprenticeship Levy & Public Sector Target

WARD(S) Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 To provide the Policy and Performance Board with an update on Apprenticeships in Halton Borough Council. Reference has also been made to both the regional and national pictures.

2.0 RECOMMENDATION: That the Policy and Performance Board notes the information.

3.0 BACKGROUND

- 3.1 The Apprenticeship programme, in broad terms, is the outcome of The Richard Review of Apprenticeships, published in 2012. The review report made several recommendations for simplification of the apprenticeship system and enabling employers to drive apprenticeship programmes to meet business need.
- 3.2 The Government's key changes were around Standards replacing Frameworks and the introduction of the Apprenticeship Levy, from April 2017, which required employers with a wage bill of £3 million or more to pay 0.5% of their pay bill to invest in apprenticeship training. For Halton Council this equates to £259,696 per year (2018/19). Maintained schools in Halton pay a Levy of £111,174 per year (2018/19). The Council does not use the schools element of the levy to fund training for Council apprentices, it is accounted for separately.
- 3.3 An accompanying 3 million target for apprenticeship starts was also established. When applied across UK employers, this results in target of 2.3% of an organisations headcount. For the Council, in the financial year 2018/19 the 2.3% target equates to 87 apprentices.
- 3.4 An Apprenticeship is a job that combines work with training. Apprentices can be new or existing employees. Apprenticeships are open to people over the age of 16 and are available at a range of levels, from the GCSE equivalent Level 2 up to degree equivalent at Level's 6 and 7.

- 3.5 An apprenticeship must last for 12 months and the apprentice must spend at least 20% of their paid hours doing off-the-job training. This training has to be delivered by an authorised provider. The levy sum contributes to the cost of the apprenticeship training and assessment, but not their wages.
- 3.6 The national apprenticeship programme is intended to help address two important economic issues; firstly poor productivity in the UK compared with many of its international competitors and secondly, a significant fall in employer investment in training in recent decades.
- 3.7 The Department for Education (DfE) is the Government department accountable for the apprenticeship programme, including value for money.
- 3.8 The Education and Skills Funding Agency (ESFA) is responsible for apprenticeships policy and funding, and for overseeing the delivery of apprenticeships.
- 3.9 In response to the changes, the Council developed and implemented an Apprenticeship Policy. The policy provides a clear framework within which Council services can set up and manage apprenticeships.
- 3.10 Developing and delivering apprenticeships is challenging in the prevailing financial climate. Whilst the Apprenticeship Levy is available to be drawn down to fund training, no funding is provided to the Council to fund the salary of an apprentice, it must be sourced within existing budget.

4.0 POSITION STATEMENT

- 4.1 The development of apprenticeships under the new regime has been successful, with apprenticeship placements operating across a wide range of service areas. Summarised below are the key statistics outlining the Council's performance in the development and delivery of apprenticeships across Council services;
- 4.2 Number of Current Apprentices: **16** (12 male and 4 female)
- 4.3 Number of Apprenticeship starts since the Apprenticeship Levy regime began (April 2017): **67**
- 4.4 Number of new apprentices who have acquired a permanent position with the Council during the last 2 years: **15**. These positions are in the following service areas:

Administration Service, 1
Public Health, 1
Audit & Operational Finance, 1
ICT Services, 1
Waste Management, 6
Open Spaces, 2

Open Spaces – Cemeteries, 3

4.5 4 apprentices didn't complete their apprenticeship, or did complete and subsequently left the Authority.

4.6 Number of 'New' Apprentices currently in the process of being recruited to: **4**

Two of these positions are in the Logistics service (Plant Engineer & Heavy Goods Engineer) and will start in the coming weeks. Two are in Children's Services (Children Centres) and will be advertised in the coming weeks.

4.7 A number of Council services have expressed an interest in developing new apprenticeship placements in the near future. These include ICT, Administration Services, HR / Learning & Development / Payroll, Children's Services (Children in Care), and Environmental Health (Pest Control).

4.8 Development of apprenticeships within the Council's existing workforce (more commonly known as conversions) is being used to address skills development, succession planning, skills shortages, and recruitment issues in service areas where the local labour market does not readily provide the numbers of recruits to posts that the Council needs to meet service demand.

4.9 The Council is currently utilising the Levy to promote Continuous Professional Development (CPD) within the existing workforce, with 50 employees currently in apprenticeships. These range across a diversity of service areas and role types, as outlined below;

Business & Administration (Level 4) – 3 employees

Business & Administration (Level 3) – 4 employees

Customer Service (Level 3) - 1 employee

Lead Adult Care (Level 3) – 8 employees

Adult Care Worker (Level 2) – 18 employees

MBA Masters Degree (Level 7) – 2 employees

Children & Young People Workforce Early Years Educator (Level 3) – 2 employees

Catering & Professional Chef (Level 3) – 2 employees

Food Production (Level 2) - 8 employees

Care Leadership & Management General Adult Social Care (Level 5) – 2 employees

4.10 The Council's performance against the 2.3% target has developed well. In 2018/19, 65 apprenticeship starts were achieved (1.72%). Whilst this is below the government target, within the financial constraints that the Council faces, it is

a significant achievement.

- 4.11 Within the scope of the Apprenticeship Policy, the Council plans future development of its existing workforce via the Apprenticeship Levy, again across a diverse range of roles and service areas to meet growing service demand and to maintain a professional and qualified workforce;

Social Work Degree (Level 6) x 4

Health & Social Care (Level 2 Adult Care Workers) x 15

Children & Young People & Families Practitioner (Level 4) x 14

Business & Administration (Level 4) x 1

MBA Senior Leaders Master Degree (Level 7) x 10

- 4.12 An integral element of any apprenticeship funded qualification is a mandatory requirement for each employee to spend 20% of their working week undertaking 'off the job' training. This can include teaching of theory, practical training, learning support, and time spent writing assessments and assignments. Whilst this presents challenges, it is considered that the longer term return on investment outweighs the short term loss of productivity and this is well managed within the services where apprenticeship placements exist.
- 4.13 In order to utilise the Council's Learning & Development Budget more effectively, where existing employees seek to access Post Entry Training (PET), the growing availability of apprenticeship qualifications is explored. Where compliant levy funded qualifications are available and eligibility criteria are met, this route to employee development is used.
- 4.14 The Council is engaging with Apprenticeship Recognition schemes and awards. Riverside College recently selected a Council apprentice to receive their 2019 Apprentice Award for Catering, a Catering Supervisor working in the service to provide catering to Widnes Academy. In addition, the Council is encouraging entries to the National Apprenticeship Awards 2019.

5.0 SUB-REGIONAL UPDATE: LIVERPOOL CITY REGION

- 5.1 In order to promote the concept of apprenticeships, the Council works collaboratively within the Liverpool City Region (LCR) to develop publicity materials, such as the Apprenticeship Engagement Toolkit – 'Changing Perceptions'. Apprenticeship vacancies are now advertised on the newly established LCR apprenticeship website – 'BeMore', a one-stop web portal for apprenticeships, as well as utilising other social media platforms such as Facebook.
- There has been a presence at various career events within the Borough of Halton to promote apprenticeships and advise people how opportunities are advertised and can be accessed.

5.2 Within the Liverpool City Region, Local Authority Apprenticeship Support has been commissioned to further develop and embed collaborative working. Work commissioned in 2017 considered the potential for future collaboration and has resulted in a number of initial recommendations being implemented – underpinned by additional brokerage support which has helped to facilitate greater efficiencies.

This has included:

- Providing technical knowledge and guidance
- Providing additional capacity to LAs, where required, in their work with schools to maximise the levy draw-down
- Extending partnership working arrangements including regular reporting and tracking of levy spend and progress towards the 2.3% target
- Collating collective demand in line with common need to generate viable cohorts for delivery
- Engaging with the provider base to articulate demand and raise awareness of procurement opportunities
- Supporting the development of new apprenticeship standards

5.3 In addition to this the Heads of HR across the LCR identified the following 3 key priorities:

- Supporting the planning, positioning and mapping of apprenticeships as a career pathway for key public sector job roles;
- Exploring the innovative use of the apprenticeship levy, including utilising 10% with supply chains or supporting delivery through an Approved Training Agency (ATA) model; and
- Sourcing and sharing of best practice to increase apprenticeship penetration across the workforce and facilitating the future commissioning of provision.

5.4 There is an Apprenticeship Levy Leads Group in existence to support collaborative apprenticeship activity across the LCR, and to maximise performance against Public Sector apprenticeship targets and levy spend.

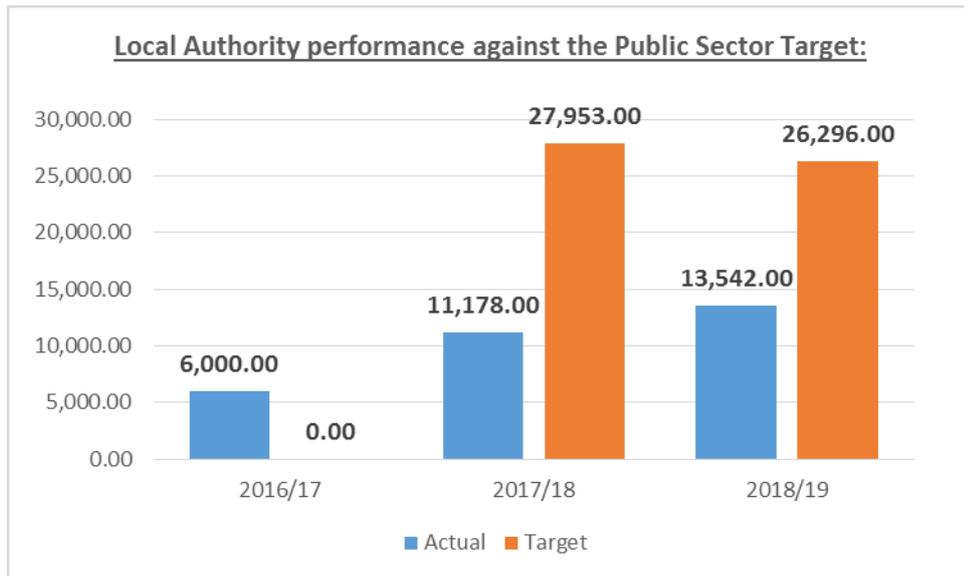
5.5 The collaborative work outlined above has proved successful and a proposal is currently being considered for the LCR Chief Executives to extend this additional support until the end of 2019.

6.0 THE NATIONAL PICTURE: LOCAL GOVERNMENT SURVEY (2019)

6.1 The national picture can be presented using the key findings of a recent survey of apprenticeships in the local government sector:

- Local Authority performance against the Public Sector Target is a major challenge, largely because salary payments for apprentices are funded from existing budget. This is illustrated in the graph showing

apprenticeship starts below.



- Only 24% of upper and single tier council`s expected to meet their Public Sector Target in the year 2018/19
- Based on data received Councils have spent just 12-15% of their total levy funds so far.
- 64% of council`s will lose levy funds by September 2019.
- On-going challenges include:
 - Improving candidate`s literacy levels
 - Not being able to use the levy for salaries
 - Complex system for Council`s to manage
 - Lengthy wait for standards and providers
 - Tight budgets in schools
- 73% of Councils who responded reported that schools had access to the whole levy pot and that the 2 main barriers were the 20% off the job requirement and lack of resources.
- There was a 64% survey response rate overall (North West: 65%).

7.0 APPRENTICESHIPS IN HALTON SCHOOLS

7.1 The development of apprenticeships in schools has proved particularly challenging for a range of reasons, the key ones being listed below;

- Lack of available teaching and learning standards for schools

based apprentices

- A new concept for schools – many have not delivered apprenticeships to their own workforce before
- Perception of apprenticeships as low quality training and inferior to Higher Education routes
- Lack of resources and shrinking budgets in the schools sector.
- A target that doesn't reflect capacity – lots of small Primary Schools are included, but cannot realistically develop an apprenticeship placement of their own
- 20% off-the-job training reduces resources day to day
- There exist many other pathways into teaching that are viewed as more cost effective for schools

7.2 To meet these challenges, the Council has worked to support schools and a designated Head Teacher has become part of Halton's project team which works to maximise the return on the apprenticeship levy. This has led to further engagement.

7.3 A variety of briefings and awareness sessions have taken place to engage schools in the apprenticeships agenda. These have been supported by the Local Government Association through a programme of non-chargeable support.

7.4 Best practice has emerged in the Greater Manchester sub-region around the establishment of apprenticeships in schools. Collaborative discussions are in progress to establish if learning from that area can be used to develop

7.5 apprenticeships in Halton and the LCR.

In a national context, based on an analysis of the 93 Councils that responded to a LGA data collection survey in Autumn 2018, apprenticeship starts in maintained schools was around 20% of the local government total, whereas the levy contribution from schools is around 30% of the local government total.

8.0 POLICY IMPLICATIONS

8.1 The Council's Apprenticeship Policy was last updated in April 2019 in light of new HMRC Regulations related to National Minimum Wage Rates, NJC Payscales & Allowances as well as taking into account continued guidance from key bodies, such as The National Apprenticeship Service, Local Government Association and the Education & Skills Funding Agency. It is kept under regular review.

8.2 After 2 years of operation the Government, via the National Apprenticeship Service, have recently been canvassing opinions regarding the Apprenticeship Levy, specifically what improvements can be made. An outcome is awaited.

- 8.3 Other reports and surveys, for example the National Audit Office: the Apprenticeship Report, (March 2019) have reviewed the progress made on apprenticeships since 2016. Amongst its key findings were that in 2017/18 levy paying employers used only 9% of the funds available to them to pay for new apprenticeships and that the Government is very unlikely to meet its target of 3 million apprenticeship starts by 2020.
- 8.4 The Council will continue to review policy decisions at a national level, and adapt local policy as appropriate.
- 8.5 Developing policy to reflect future Workforce requirements will influence the direction of apprenticeships within the Council. The LCR Apprenticeship Levy Group commissioned the Local Government Association to analyse key workforce data from 2018 and the key findings provide some considerations for the future utilisation of apprenticeships;
- Staff turnover at 8.3% was one of the lowest in the LCR.
 - Age Profile – more than 30% of the Council workforce is aged 55 or over and will be expected to retire at some stage in the next 10 – 12 years.
 - Vacancies – during 2018 there were 118 that could have been mapped to an Apprenticeship Standard, suggesting that there could possibly be a greater pipeline of Apprenticeship starts if the Council were to adopt an ‘Apprenticeship First’ approach to recruitment.
- 8.6 The above points highlight the range of factors that are relevant to the wider resourcing agenda, of which apprenticeships are one element. This provides opportunity for the organisation to consider talent and succession planning, the possibility of career grades linked to qualification attainment and/or career progression, and the introduction of schemes such as a Graduate Apprenticeship Scheme. Such considerations inform the Council’s regular review of its Organisational Development Strategy.
- 8.7 From May 2018 all levy paying organisations had the option to transfer up to 10% of their levy in order to fund an apprentice in another organisation, whether that be in the private or voluntary sectors and within their local area. Transfers were introduced to give levy-paying employers more flexibility in how they spend the apprenticeship service funds. Funds would be transferred monthly for the duration of the apprenticeship. Within the LCR this remains a point for discussion, however no transfers have taken place.
- 8.8 The transfer allowance was increased to 25% as from April 2019, this has not proved popular and actual transfers are low, nationally and regionally.

9.0 FINANCIAL IMPLICATIONS

- 9.1 Costs incurred to-date (April 2017 – March 2019) by the Council through the

Apprenticeship Levy is as follows:

Halton Borough Council (excluding Schools): £473,773

Government 10% top up: £47,377

Total £521,150

Total Levy spent as at March 2019: £57,140

Money in the levy account is live for 24 months, following which it is recovered by Government on a monthly basis. From August 2019 (providing no additional monies are spent) then we will begin to lose levy monies.

HBC Levy Account balance at the end of March 2019 (including LA Maintained Schools) and including the Government 10% top up amounts to £770.402

- 9.2 Halton Borough Council pays year 1 apprentices 75% of the bottom of the Council's grade HBC 3, (SCP 5), which from April 1st 2019 equates to £7.31 per hour.

In year 2 (12 months after their commencement) and subsequent years (if applicable) apprentices will be paid the National Minimum Wage appropriate to their age, unless 75% of SCP 5 is greater, in which case this rate will continue to be paid.

This ensures that the Council continues to pay above the National Apprenticeship Wage.

- 9.3 The Council currently allocates £200,000 per year from existing budget to pay 'new' apprentices wages. This is at a level consistent with employing 15 'new' apprentices at any one time.

10.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 10.1 The policy continues to support two corporate priorities, namely Employment, Learning and Skills in Halton and Environment and Regeneration in Halton.
- 10.2 As outlined above, Apprentices are employed across a broad range of service areas and therefore contribute to the delivery of all Council priorities.

11.0 RISK ANALYSIS

- 11.1 A number of risks exist to the effective engagement of apprenticeships within the Council, as well as restricted drawdown of levy funds. These are outlined below.
- 11.2 Limited resources to promote and manage apprenticeships within the organisation as a result of ongoing reductions in grant funding and reduced management capacity.
- 11.3 An agreed desire to provide 'meaningful' apprenticeship opportunities which

could potentially lead to employment within the organisation upon completion, rather than apprentices leaving at the end.

- 11.4 The lack of specialist school apprenticeships and training providers.
- 11.5 Limited internal employment market due to the Council possessing a relatively static and professionally qualified workforce.
- 11.6 When vacancies do arise within the Council certain posts do require a high level of experience, knowledge and qualifications which therefore do not lend themselves as a viable apprenticeship opportunity.
- 11.7 If levy spending remains constant, the Council will start to see levy recovered by government from August 2019, a risk that is more significant in relation to the schools element of the levy.

12.0 EQUALITY AND DIVERSITY ISSUES

- 12.1 Equality and diversity was considered in the formation of the Apprenticeship Policy in 2017, as well as in any subsequent updates. No new issues have been identified.