
Cabinet Member for Strategic Finance and Resources

12 October, 2017

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director Approving Submission of the report:

Deputy Chief Executive (People)

Ward(s) affected:

All

Title:

Apprenticeship Levy – Progress Report

Is this a key decision?

No

Executive Summary:

Since April 2017 Coventry City Council has been required to pay the Apprenticeship Levy. This Levy is 0.5% of the Council's pay bill which is in the region of £1m per year.

On the 23rd March 2017 the Cabinet Member for Strategic Finance and Resources considered a report outlining the requirements around the Apprenticeship Levy. The Cabinet Member approved the proposals in respect of how the Apprenticeship Levy should be utilised and asked that officers submit a further report detailing progress on the issue.

This report, in line with that resolution, details progress made since the introduction of the Levy and outlines proposals moving forward to effectively utilise the Council's Levy contributions.

Recommendations:

The Cabinet Member Strategic Finance and Resources is recommended to:

- 1) Note the progress made in utilising the Apprenticeship Levy for the benefit of new recruits, existing staff members and the City Council.
- 2) To endorse the proposed actions detailed in paragraph 3 of the report and continue to maximise the Council's Levy payments and to utilise the opportunities available.

List of Appendices included:

N/A

Other useful background papers:

Apprenticeship Levy Cabinet Report - 23rd March 2017

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

1. Context

- 1.1 In April 2017, the way the government funds apprenticeships in England changed with the introduction of the Apprenticeship Levy. The Levy is paid at 0.5% of the pay bill minus a Levy allowance of £15K for each tax year.
- 1.2 The Levy is collected monthly by HMRC via the PAYE system and converted into digital vouchers accessed through a new digital apprenticeship service account (DAS). Levy funding can only be spent on Apprenticeship training.
- 1.3 The Employment & Skills Funding Agency (ESFA) previously funded Apprenticeship training by paying training providers directly. Depending on the amount of funding a provider receives for a qualification they may pass some of the costs on to the employer.
- 1.4 Prior to the introduction of the Apprenticeship Levy, payment for corporate Apprenticeship training was previously, on average less than £5000 per year in total.
- 1.5 The yearly cost of the Levy to Coventry City Council is the region of £1m which is made up of approximately £600K from the corporate wage bill and £400K from maintained schools. The government also tops this up by a further 10%, making the total amount of funding available circa £1.1m.
- 1.6 Levy funding lasts for 24 months and if it is not spent in this period it is reabsorbed by the Skills Funding Agency.
- 1.7 The Cabinet Member for Strategic Finance and Resources approved a report regarding the Apprenticeship Levy on 23rd March 2017. This report contains an update of the progress made since March 2017 and identifies future actions to maximise use of the Apprenticeship Levy for the benefit of new and existing staff and the City Council.

2. Progress to date

2.1 Upskilling Existing Staff Using Apprenticeships

The Apprenticeships and Early Careers Team which form part of the Workforce Transformation & OD Team is exploring the use of the following Apprenticeship Standards to upskill existing staff:

- Leadership & Management Development:
Designed by the Chartered Management Institute (CMI) at Levels 3 to 6.
We are also investigating the added value delivery of Digital and Mentoring training aligned to our Organisational Development plans.
This will be launched across the Council from January 2018
- Project Management for Non-Project Managers:
Designed by Association of Project Management (APM) at Level 4
This work is planned to take place from January 2018
- Human Resources:
Designed by CIPD – at Level 3 (HR Support) and Level 5 (HR Consultant Partner)
A number of staff across the HR & OD teams have been identified as requiring this

qualification and as a result of the Levy staff will be able to utilize the Levy funds in 2018 to support this development ambition. Providers have been identified and the first

The portfolio of Apprenticeship training for existing staff will evolve significantly over Q4 2017/18 upon completion of the appraisal and skills gap analysis which will be undertaken by attending Directorates and Divisional Management meetings to identify staff development training opportunities.

2.2 Analysing current training spend

An analysis of Corporate training spend has been undertaken with several areas identified where it may be viable to use apprenticeships to replace current training. Further scoping and engagement work will be undertaken by the Apprenticeship Levy Co-ordinator, the Learning and Development Team members and other relevant Directorates/Services across the Council.

2.3 Engaging with schools

A range of information relating to the Apprenticeship Levy has been sent to all schools that contribute to the Council's Levy funds, including those schools who currently are not working closely with the Apprenticeship Team.

2.4 Monitoring quality

The Apprenticeships and Early Careers Team have been undertaking quality checks on Training Providers that currently deliver Apprenticeships to benchmark and ensure the service we receive is of the highest quality.. This will ensure that Coventry City Council only works with Training Providers on the Register of Apprenticeship Training Providers (RoATP). We will also be reviewing the expertise of the staff from each provider and also consider Ofsted grades and learner success rates when making provider decisions. All providers of apprenticeship training must also register and be approved through our internal Dynamic Procurement System (DPS) and its associated processes.

3. Recommendations

3.1 As outlined in the Apprenticeship Levy Cabinet Report of 23rd of March 2017, it is recommended that the Council continue to fund the existing Apprenticeship programme in line with the Council's Apprenticeship Strategy.

3.2 In addition to this, the following future actions are proposed to continue to maximise the Council's Levy payments and to utilise the opportunities available:

3.2.1 Succession Planning for new Apprentices

Working with Service Managers when setting the 2018/19 budgets to identify and implement new apprenticeship posts utilising Levy funding.

3.2.2 Offering Apprenticeships to existing members of staff.

Through engagement with Service Managers and in relation to other available data via appraisals and corporate skills gap analyses, opportunities for training and development can be identified for staff that can be met via Apprenticeships and paid for via the Apprenticeship Levy. Priority areas such as Leadership and Management have already been identified with this due to launch in January 2018.

3.2.3 Offer Apprenticeships to natural 'new hires'

Aligned with the Council's Talent Management and Recruitment strategies, to

explore the use Apprenticeship training via the Levy funding to meet the development needs of new hires after completing their probationary period.

3.2.4 Continuing to work with schools

Continuing to develop relationships with schools that contribute to the Council's Levy fund and offering advice and guidance to allow them to maximise their contributions and the benefits.

A newsletter will be developed in Q4 2017/18 and communicated to all Schools to further increase engagement and raise awareness of the opportunities presented by the Levy.

The Apprenticeships and Early Careers Team will be visiting schools to discuss the opportunities available. Schools will not be limited to their own contributions in accessing funds due to the large amount of overall funding in the Council's Levy account.

In Q1 2018/19 Coventry Council are leading on a collaboration with Warwickshire Council to engage with schools. Schools will be invited to an open breakfast morning in Coventry where a Levy Seminar will be held along with the event being attended by various training providers to showcase the Apprenticeship opportunities available.

The Head of Workforce Transformation and the, Apprenticeship Levy & Development Co-ordinator will be attending the Primary Head Teacher Partnership & Secondary Head Teacher Partnership meetings on 4th and 5th October to discuss the Levy progress and opportunities.

3.2.5 Utilising the Employer Incentive

There is currently an Incentive of £1000 available from the Government to support employers who recruit Apprentices aged 16-18 (or 19-24 with an Education, Health & Care plan). This £1000 cashback is paid via the Training Provider on month 3 (£500) and the end of the programme (£500). This does not enter back into our Levy account and is a cash incentive. Further work will be undertaken to forecast the number of eligible Apprenticeship starts and the potential amount of money that can be reclaimed this way.

3.2.6 Process for managing internal Apprentices

A new online system to track and manage all Apprenticeships across the Council as well as relevant Schools is required. We currently operate using a number of spreadsheets; however with the volume and additional information required due to the Levy this will not be workable moving forwards. Therefore, it is planned to begin work in 2018 with our colleagues in the HR systems team to design a bespoke solution.

3.2.7 Support for our Care Leavers

We currently have 7 Care Leavers on Apprenticeship programmes across the Council. To further assist our Care Leavers for the world of work we will be launching a new Work Experience programme with the support of Route 21, which will provide a variety of upskilling opportunities for our Care Leavers in addition to our Apprenticeship offer. See Appendix A

4. Results of consultation undertaken

- 4.1 Various meetings have taken place with colleagues from Employment Services, Finance and Adult Education to consult on the implications of the Apprenticeship Levy.
- 4.2 Directorate and Service Managers have welcomed the opportunity to develop staff via the Apprenticeship Levy where previously budgets haven't been available.

4. Timetable for implementing the recommendations

- 4.1 Continuing to fund the Council's existing Apprenticeship programme in line with the Councils' Apprenticeship Strategy – Ongoing
- 4.2 Effectively utilising the levy funding and implementing succession planning of new Apprentices across the Council – To start April 2018
- 4.3 Effectively utilising Apprenticeships to developing existing members of staff – End of Q4 2017
- 4.4 Offering natural new hires the opportunity for development as part of the recruitment and probationary period – Q2 2018
- 4.5 Working with schools to benefit from utilising the Levy – By April 2018
- 4.6 Forecasting eligible 16-18 year olds regarding Employer Incentive payments- By December 2017
- 4.7 Online Apprenticeship candidate tracking system- Work to start Q1 2018/19
- 4.8 Launch Work Experience week- March 2018

6. Comments from the Director of Finance and Corporate Services

6.1 Financial implications

The Levy has an estimated annual cost of £1m. The £600K which relates to the corporate wage bill is an additional cost to the Council and has been reflected in the Council's Budget Setting Report. The £400K which relates to maintained schools will be funded by the schools themselves.

The funds in the digital account will be more than sufficient to cover the training costs of the current level of apprentices plus potential further increases in line with the Apprenticeship Strategy. However salary costs relating to increases in apprentice numbers will need to be funded from current service budgets as the Levy cannot be used to fund salaries.

The digital account will also contain sufficient resources to fund some of the training costs of "Apprenticeships" for current staff. If this replaces training which is already funded (either corporately or within the service) then this could release budget to be taken towards the Council's overall savings targets.

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via the Training Provider on month 3 (£500) and the end of the programme (£500). This does not enter back into our Levy account and is a cash incentive. Further work will be undertaken to forecast the number of eligible Apprenticeship starts and the potential amount of money that can be reclaimed this way. This will represent a cashable saving and will offset some of the Levy costs incurred.

From April 2018, levy-paying employers will be able to transfer funds to another employer or apprenticeship training agency through the apprenticeship service. This will initially be set at 10% of the annual value of funds entering the levy account. This will have implications for Coventry City Council should we not spend all of our available funding and it is at risk of being reabsorbed. However, funding lasts for 24 months so this will not start having an impact until April 2019. This issue will be further explored in 2018 when we have a clearer understanding of forecast future spend.

6.2 Legal implications

The Apprenticeship Levy was introduced under Part 6 of the Finance Act 2016 and has taken effect from 6th April 2017. Anti-avoidance and penalty sections form part of the legislation and the Government has issued guidance on its implementation.

The Apprenticeship Levy and Development Co-Ordinator is currently working alongside the Procurement team across Coventry, Solihull & Warwickshire to make sure that the Council has a contractual agreement document that complies with the ESFA and that we can issue to Training Providers.

7. Other implications

7.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

Coventry City Council's vision is to increase apprenticeship opportunities by offering high quality apprenticeship programmes across all service areas of the Council, affording access to a broad range of training and development at multiple levels. The apprenticeship programme will attract participation and raise the aspirations of the widest possible range of young people, and will enable the Council to benefit from a skilled, motivated and flexible workforce.

In addition to this, the utilisation of Apprenticeships for existing staff members will provide training and upskilling to staff in relation to the Workforce and Talent Management Strategies.

7.2 How is risk being managed?

The HR & OD Division has recruited an Apprenticeship Levy and Development Co-ordinator whose role it is to ensure that:

- utilisation of digital account resources is led by organisational need
- staff and management expectations regarding training are managed
- impact on workload of any increases in training are managed

7.3 What is the impact on the organisation?

Additional funding will be available to staff via the Apprenticeship Levy to undertake training and development.

7.4 Equalities / EIA

N/A

7.5 Implications for (or impact on) the environment

N/A

7.6 Implications for partner organisations?

Adult Education are currently the preferred provider for many apprenticeships at Coventry City Council. In order to continue this relationship with Adult Education we have been in consultation with them throughout the decision making process regarding the Levy.

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Appendix A- Outcome for Care Leavers

