

Briefing Note

27th June, 2017

Apprenticeship Levy and Targets 2017

1. Summary

1.1 This briefing note provides an overview of the Apprenticeship Levy which was implemented by the Government in April 2017. For Walsall Council and local authority maintained schools this represents an opportunity to support sustainable economic growth within the Borough by:

- Improving skills within the existing workforce
- Supporting local people into jobs with training
- Meeting the workforce development and skills needs of the council at a time of significant transformational change linked to the new corporate plan and emerging corporate workforce plan
- For schools it could represent an alternative to traditional academic routes for students

It represents an opportunity to link into existing good practice within the council in promoting and offering apprenticeships and to demonstrate social responsibility as an employer and a provider of local services to the community.

2. Detail

2.1 The Government published English Apprenticeships: Our vision 2020 in December 2015 summarising progress on its apprenticeship reforms and plans to grow the number of apprenticeships to 3 million by 2020. It sees apprenticeships as a key mechanism to address the growing technical and professional skills shortages in the workforce to boost productivity and support growth.

2.2 The planned growth in apprenticeships will be funded through the introduction of an Apprenticeship Levy. Organisations with an annual wage bill in excess of £3m will be required to pay the levy that equates to 0.5% of their monthly salary costs (total employer earnings subject to class 1 secondary National Insurance contributions). There will also be a levy allowance of £15,000 per year to be calculated on a month by month basis of £1,250 per month.

2.3 It is estimated currently that the Council (including local authority schools sharing the same PAYE reference as the Council) will contribute approximately £700,000 per annum, around £59,000 per month. The levy amount will, however, fluctuate as it is calculated from monthly pay bill.

2.4 As of January 2017 there are also targets which require all public sector bodies with a workforce of 250 or more to provide apprentice opportunities that equate to a minimum of 2.3% of their workforce (including local authority maintained schools). Employers will, at 31st March each year, record their headcount and will work out the apprenticeship figures required to meet 2.3% average annual starts. This average target will enable public sector bodies to achieve an average annual target across the years 2017/18 to 2020/21 giving flexibility to organisations to manage peaks and troughs in recruitment.

Walsall has estimated a target for financial year 2017/18 of c174. For information the total number of 'identified' apprenticeships in the Council is currently 18.

- 2.5 The introduction of the levy has financial and workforce development implications for the council as an employer. It will also have implications for local learning institutions and for local public and private sector employers. It will radically alter the apprenticeship funding regime by redirecting the funding for apprenticeship qualification delivery to the employer rather than to the training provider.
- 2.6 The Council has a track record of supporting businesses within Walsall through the Walsall Works Programme to create apprentices but has not managed its own corporate Apprenticeship Scheme since 2010. The introduction of the levy and targets will therefore require creation of the right infrastructure to manage the Scheme including new posts in order to bring in and develop new talent and raise the skill levels of the existing workforce.
- 2.7 An apprenticeship is a job (minimum 30 hours per week) with an accompanying skills development programme. It allows the apprentice to gain technical knowledge and real practical experience, along with functional and personal skills, required for their immediate job and future career aspirations. These are acquired through a mix of learning in the workplace, formal off the job training and the opportunity to practice and embed new skills in a real work context. On completion of the apprenticeship, the apprentice must be able to undertake the full range of duties, in the range of circumstances appropriate to the job, confidently and competently to the standard set by that particular industry.
- 2.8 Apprenticeships are available across a number of sectors and job roles and can be undertaken at the following levels:
- Intermediate apprenticeship – level 2
 - Advanced apprenticeship – level 3
 - Higher apprenticeship – level 4-5
 - Degree apprenticeship – level 6-7
- 2.9 The Council will be able to negotiate with accredited training providers for the delivery of the apprenticeship qualifications and utilise the levy fund in order to pay for the learning via a digital account/voucher scheme.
- 2.10 Funds will expire 24 months after they enter the digital account unless they are spent on apprenticeship training with a training provider.
- 2.11 The need to respond to the 2.3% target presents a challenge but also an opportunity to invest in the Council's workforce to raise skill levels to meet changing business needs; plan for replacement needs arising from an ageing workforce; and to improve workforce diversity to better reflect the communities we serve. To achieve this, services will need to be more creative about the workforce mix and adopt a culture that supports more 'trainees', in particular young people with limited experience of the workplace. Taking positive action to recruit our recent care leavers/looked after children as apprentices will be a practical demonstration of our corporate parenting responsibilities.
- 2.12 In developing and recruiting to an apprenticeship offer, the Council/schools need to give further consideration to progression routes and the longer term careers people can have within their respective organisations. The introduction of the levy is likely to lead to significantly increased demand for good quality apprentices from employers and the Council/schools will need to demonstrate that they have a compelling offer and are

attractive places to work. The Council will want to ensure that its apprenticeship scheme is recognised as an exemplar and a career entry point of choice for young people.

3. What have we done so far (phase 1)?

3.1 A cross directorate working group which included a schools representative, led by the Council's Learning and Development Manager, has been investigating best utilisation of the Levy including identification of resource requirements/implications, both operational and financial of establishing a Walsall Apprenticeship Scheme '*Endless Possibilities*' (phase 1). Activity has included:

- benchmarking approaches with other local authorities, via the National Apprenticeship Service and undertaking some soft market testing with two providers namely Walsall Adult and Community College and Walsall College.
- considering the balance between new apprentices and use of the levy for existing employees based on skills gaps/transformation journey of the Council and using business intelligence from the following sources: agency usage over last 12 months, recruitment advertisements placed in last 12 months, our most recent Employment Monitoring Report and information shared by key managers in terms of perceived skills gaps/apprenticeship possibilities within their own area in order to prioritise use of the Levy. Initial thoughts were for a 75%:25% split in favour of existing staff to acknowledge the difficulty in creating 174 new posts due to budget constraints whilst respecting the original intention of the Government to grow the number of apprentices to 3 million by 2020. 25% new job starts equates to 43 new apprentices across the Council/schools
- considering any priority groups for Walsall, namely care leavers/ex-looked after children as a practical demonstration of our Corporate Parenting responsibilities, Walsall young people, Walsall residents with possibly some positive action having regard to the current composition of the workforce as per the most recent Employment Monitoring report.
- starting to consider how the requirement for 20% off the job learning might be managed
- starting to engage Procurement colleagues in order to make preparations to select either a lead provider to partner with or a number of providers in order to meet the anticipated requirement for diversity of Standards and levels.
- considering HR policies and procedures which may need to be introduced/amended in support of the Levy including levels of pay and the timeline for implementation in Walsall.
- recruiting a project lead to lead on phase 2 – Implementation. The lead will draw up appropriate project management documentation including a Gantt Chart/roadmap broadly similar to the timetable below. The lead will work with a range of key stakeholders across a number of organisations to further shape and implement an Apprenticeship Scheme for Walsall. An effective communication strategy will also need to accompany the project.

4.0 What are our next steps?

4.1 The project lead commences late June/early July. For those managers/schools considering recruiting an apprentice/using the Levy to upskill existing staff they should make contact using the following shared email box: Learning and Organisational Development@walsall.gov.uk The project lead will then contact interested stakeholders and respond to any questions they may have, including in the case of a school, their individual Levy contribution. For Council Managers and indeed schools, individual staff

appraisals and 1-2-1's should inform use of the Levy for CPD/staff development purposes.

- 4.2 In terms of rates of pay for new apprentices, for Council roles it was decided that the national minimum wage for age rate would apply. This will hopefully help in mitigating any attrition from the apprenticeship scheme on the grounds of affordability. We would hope that our schools would do similarly.
- 4.3 Directorates and schools must liaise with the Project Lead before committing the Levy fund (local training providers are aware of this requirement). Where urgent job starts are required prior to September, 2017, two quotes must be sought to ensure best value. A full compliant procurement process will commence shortly.

Outline Timeline and activities (phase 2)

Activity	By when	By whom
Report to CMT suggesting best use of Levy/resources needed to manage it	16th March, 2017	Corporate Apprenticeship working group
Report to Cabinet	28 th March, 2017	Learning and Development Manager
Register for Digital Account	During May/June 2017	Payroll Manager
Providers/End Point Assessors receive outcome of their Skills Funding Agency application to become an approved Provider	End of March, 2017	Providers and Skills Funding Agency
Continuation of Apprenticeship Working Group	Meet bi-weekly to monitor progress.	Project Manager to chair
Final decisions in terms of balance between number and type of new apprentices and development for existing staff for 17/18	June/July, 2017	Directorates/schools and Project Lead
Identify appropriate standards available	June/July, 2017	Project Officer/Managers/schools
Launch procurement exercise to identify providers/lead provider.	Middle/end of July, 2017	Procurement team/Project Lead
Decision taken in terms of resources needed to manage the Levy as business as usual – provider versus in-house and as necessary commence recruitment of resources to support management of the Levy	September/October, 2017	Project Lead Payroll and Learning and Development Manager
Considerations for any HR policy changes including drafting of Learning Agreements and compliant Contracts of Employment	June/July, 2017	Project Lead

Engage Learning Providers	September, 2017	Lead Provider /Project Lead
Confirm appropriate standards to be used for 17/18 apprenticeships.	End of July 2017	Lead Provider / Project Lead /Learning & Development Manager
Engage internal apprentices and issue Learning Agreements	Quarter two/three, 2017	Directorates/Project Officer
Engage external apprentices and issue Learning Agreements	Quarter two/three/four, 2017/18	Directorates/Recruitment team/Walsall Works
Apprentices commence	Quarter two/three/four 2017/18	Recruitment Team/Directorate Managers/schools
Business as Usual (Phase 3)	September onwards	L&D Manager / Payroll Manager

5.0 Citizen Impact

Walsall residents will be positively targeted to access apprenticeship opportunities as would Walsall's care leavers/looked after children. The Scheme will also aim to link in with other initiatives such as schemes in operation within Adult Social Care designed to support adults with learning and physical disabilities and sensory impairments into work.

6.0 Equality Implications

The Levy also provides an opportunity for the Council to undertake some positive action having regard to the most recent Employment Monitoring Report and schools may wish to do similarly.

Age profile of the Council – 48% of the workforce are between 40 and 54 with just 2.31% of the workforce being under 25. It therefore makes good business sense to target younger people for any new entry level opportunities.

Disability profile of the Council – just 4.4% of the workforce have declared a disability. In terms of supporting people with a disability/long term health condition into work it would again make sense to work with colleagues in Adult Social Care and those registered with the Impact Programme locally to support this group to access entry level opportunities.

Gender profile by grade – the annual pay gap between women and mean across the Council is £3,571 despite women making up over 68% of the workforce. In terms of access to apprenticeships for the existing workforce we may consider prioritising women particularly in relation to accessing leadership and management programmes.

BME profile by grade – at the highest level within the organisation G14 and above BME staff are under-represented despite their overall representation within the Council of 18.45%. Again we may wish to prioritise this group when considering use of the Levy in relation to accessing leadership and management programmes.

7.0 Further Reading

CMT Report dated 17th November, 2016.

CMT Report dated 16th March, 2017

<https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work>

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