

Item



Revised Cambridge City Council Apprenticeship Strategy

To:

Executive Councillor for Finance and Resources
Strategy and Resources 06 July 2020

Report by:

Vince Webb, Organisational Development Manager
Tel: 01223 458108 Email: Vince.webb@cambridge.gov.uk

Wards affected:

All Wards

KeyDecision

1. Executive Summary

This paper proposes a new revised Cambridge City Council 'Apprenticeship Strategy 2020' to replace the existing Apprenticeship Strategy approved at the Strategy and Resources Scrutiny Committee and published in March 2017 as a response to the introduction of the apprenticeship levy.

The proposed Cambridge City Council Apprenticeship Strategy 2020 maintains the same overall aims and principles as the current strategy of; providing quality apprenticeships; optimising the Council's Apprenticeship levy payments; and meeting our public sector target for 2.3% of the workforce.

The report proposes new provision to utilise the levy to run a pilot programme beginning in 2020/21 which would see the transference of up to 10% p.a. (approx. £12,000) of the Council's apprenticeship levy to local businesses, charitable and not for profit organisations.

The paper identifies a set of recommended measures designed to strengthen and build on the current successes of the Council's Apprenticeship Scheme. These include a move

away from management apprenticeships for existing employees as our main core corporate apprenticeship programme to measures which include broadening the types of apprenticeships available to existing employees and new apprentice recruits. To utilise apprenticeships more to support succession planning, filling hard to fill vacancies, and attracting more younger people to the work for the Council.

The report also recommends measures to set out more clearly the role and responsibilities of line managers when procuring apprenticeship training and employing apprentices.

2. Recommendations

To consider the proposed measures for a revised Cambridge City Council Apprenticeship Strategy 2020 as set out in this report.

To consider a new provision for the transference of up to 10% p.a. (approx. £12,000) says £12k above in 1.3 of the Council's apprenticeship levy to local SMEs, charitable and not for profit organisations as a pilot during 2020/21. This can be achieved by either working directly with external organisations or through the exiting schemes such as the Cambridge & Peterborough's Apprenticeship Levy Pooling Service which supports local business to take on apprentices.

3. Background

National Context

At the time of writing this report COVID-19 is having a significant impact upon apprenticeships and apprenticeship provision across the UK. While we have supported many apprentices to continue with their learning online, those apprentices taking management apprenticeships have been put on a 'break in learning' and will resume once Government relaxes social distancing regulations. When apprentices are put onto a 'break in learning' funding ceases to training providers.

As many training providers are not able to offer training because of COVID-19 restrictions, employers are unable to spend their levy with them. Government has not confirmed whether it will extend the expiry date for apprenticeship levy contributions beyond the current 24months. The long-term implications for apprenticeship training providers remain unclear, however the economic fall-out from COVID-19 will have a detrimental economic impact for training providers and end point assessment organisations. Designed to put employers at the heart of apprenticeships Government launched the apprenticeship levy funding model in May 2017. Three years after introducing the apprenticeship levy Government announced that they will look at how to improve the working of the Apprenticeship Levy, to support large and small employers in meeting the long-term skills needs of the economy.

The majority of levy paying employers across the country are unable to fully utilise their levy funds. 2018/19 levy paying employers spent around 30 per cent of what was in their account. The £2.5 billion budget for 2019-20 and "final end-of-year out-turns will be published in the 2019-20 annual report and accounts", says the DfE (Department for Education). Skills Minister, Anne Milton said, "We do not anticipate that all employers who pay the levy will need or want to use all the funds in their accounts, however they are able to do this." Over £37m of employers' levy funds expired in May/June 2019, these were the

first 2 months that Government were able to clawback funds from employers. ONS data highlights in 2018/19 there were 393,575 apprenticeship enrolments approximately 100,00 down on 2016/17 enrolment figures of 494,822.

DfE analysts' description of the first quarter of this year: "Starts by under 19s have seen a fall of 11.2 per cent from 2018/19. In contrast, starts by those age 19 and over fell by just 1.3 per cent and there has been a small rise for those aged 25 and over of 1.2 per cent. Since 2017/18, starts by adults (19+) have grown by over a quarter (25.6 per cent), while those for under 19s have fallen by 12.8 per cent. The 25 and over group have seen an increase of 44.8 per cent over this period."

Government has acknowledged the number of employers engaged in higher level apprenticeships has exceeded their initial estimations. Government are now considering stopping the use of some higher-level apprenticeships for over 25-year olds. If this happens it will restrict employers from using apprenticeships to upskill many of their existing employees.

Proposed Cambridge City Council Apprenticeship Strategy 2020

The overall aims of the proposed Apprenticeship Strategy

- Optimise the Council's levy contributions
- Provide a high quality 'Cambridge City Apprenticeship Scheme' for existing employees and new recruits
- Achieve our public sector target of 2.3% apprentices within the Workforce (approx. 19 apprentices based on council head count)
- To trail a pilot scheme involving the transference of up to 10% p.a. (approx. £12,000) of the Council's apprenticeship levy to charitable or non-profit making organisations.

Proposed revised measures for the Council's Apprenticeship Strategy 2020

To broaden the scope and level of apprenticeships offered for both existing employees new apprentice recruits. Less emphasis on corporately led management apprenticeships as there are now fewer people in the Council requiring these apprenticeships and potential changes to apprenticeship funding rules could restrict management apprenticeships to those under 25 years old.

Each Council service to identify where vacant roles, including hard to fill vacancies which could be converted into apprenticeship roles, where this is appropriate and there is an approved apprenticeship standard published. As with the Council's existing Apprenticeship Strategy 2017, the Council should only recruit new apprentices if there is an identified business case to do so.

Services to budget for new apprentice salaries in keeping with their plans, ensuring the full costs of salary can be covered for the duration of the apprenticeship programme. Each Council service to identify appropriate apprenticeship opportunities for existing members of staff, for skills, career and professional development. We will welcome interest from existing staff employed on part-time contracts to take apprenticeships. Recognising that a significant number of staff are employed on part time hours within the Council.

Estates and Facilities have a strategy in place to employ 6 new apprentices in areas such as Plumbing, Plastering, Carpentry and Business Administration in 2020/21. Environmental Services are looking to see how they can support and develop Apprenticeships within their Streets and Open Spaces teams. Commercial Services are looking to take on a new apprentice Vehicle Maintenance Engineer in the Garage at Waterbeach and a Horticulturalist with the Bereavement Service. There is also potential for growth within Housing Service where there is scope to develop apprenticeship opportunities in HRA funded roles such as Assessment & Support Officer, Assistant Housing Officer and Housing Officer roles.

Corporately there is scope to develop council wide Project Management apprenticeships with existing employees.

The Council would welcome more candidates from under-represented groups including BAME candidates and those with disabilities to apply.

We will continue to use our existing criteria for making a business case:

- Suitable Government approved apprenticeship framework or standard exists and is available
- Apprenticeship framework or standard must meet needs of Service
- Be affordable within overall apprenticeship budget
- Be able to recruit suitable apprentices
- Have competent managers to supervise the apprentice with the appropriate skills to work with and support young people in the workplace
- A real opportunity exists for the apprentice where the apprentice can undertake meaningful work leading to the attainment of their apprenticeship
- The apprentice is provided with appropriate time to attend their minimum requirement of 20% off the job training and study for their apprenticeship.

In keeping with the current annual cycle of performance management it is recommended that Managers continue to use the performance management process to discuss apprenticeship opportunities with their staff. This will provide Managers with an opportunity to identify those staff interested in taking an apprenticeship. In recognition of the Council's ageing workforce profile, Human Resources will actively work with Services to promote the Council's apprenticeship opportunities for younger people. Where applicable there will be selection assessments for new apprentice recruit applicants commensurate with the level of apprenticeship role applied for. This provision will support both the Council and the apprentices to make better informed recruitment decisions when employing apprentices.

Where the Council does not hold a current contract with an apprenticeship training provider which is required to deliver an apprenticeship the recruiting manager from the service to take the lead to procure an appropriate apprenticeship training provider. Human Resources and Procurement teams to provide advice and guidance. The Organisational Development Manager to lead on the procurement of larger corporate council wide apprenticeship programmes.

Where a manager recruits an apprentice, they will be required to identify a suitable workplace mentor the apprentice can contact for support and guidance during their

apprenticeship. This should not be viewed as the same as the role of the apprentice's line manager. Line managers to agree a workplace plan for their apprentices to support the learning they receive from their apprenticeship training provider. Ensuring they can accommodate the 20% off the job apprenticeship learning requirement.

Line managers to be responsible for the ongoing performance management, including holding regular 'one to one' meetings with their apprentices and their annual performance review. Line managers to ensure that probationary meetings are conducted to ensure that the apprentice is settling in to working life at the Council and to listen to feedback from the apprentice as to highlight any performance or punctuality issues or concerns.

We will continue to work closely with our neighbouring local authorities on our apprenticeship scheme to find economies of scale and value when procuring and purchasing and training provision.

Proposed provision to transfer apprenticeship levy funding

A new provision for a pilot to trial the transference of up to 10% p.a. (approx. £12,000) of the Council's apprenticeship levy to local businesses, charitable and not for profit organisations. This can be achieved by either via application from interested external organisations or handled through existing schemes such as the Cambridge & Peterborough's Apprenticeship Levy Pooling Service which supports local business to take on apprentices.

This cannot be used to cover salaries for apprentices.

The Levy Pooling Service is a service offered by the Cambridgeshire and Peterborough Combined Authority and endorsed by the Mayor, James Palmer. The aim of the Levy Pooling Service is to support levy employers to utilise their Apprenticeship levy and to enable non-levy paying employers to recruit apprentices. Large employers who pay the Apprenticeship levy can pledge to share their surplus funds with other organisations in the area to access Apprenticeship training.

Non-levy employers or Apprenticeship providers can use this service to register their interest in receiving funding. Impartial support will be provided by the CPCA to match funds, calculate the levy pot, support in administering the digital account, help with sending or receiving a transfer and identifying an Apprenticeship Provider.

Employers receiving transferred funds will only be able to use them to pay for training and assessment of apprenticeship standards, not frameworks and can only be used for new starts. Transfers can be made to any employer. Except where the employer transferring funds is also the training provider. The employer transferring funds and the employer in receipt of funds will agree the specific apprenticeship standard to be funded. Transfers cannot fund employers eligible for full government funding (less than 50 employees 16-18-year olds or 19-24-year olds with a care package). Employers receiving funding from a transfer need to create an account on the apprenticeship service to receive the transfer and pay for apprenticeship training.

They will need to sign an agreement with the Education and Skills Funding Agency.

Transfer payments will be made monthly from the sending employer to the receiving employer apprenticeship account. If the apprenticeship stops then the funding will stop too. They would not be required to pay any funds back to the sending employer.

Human Resources will continue to take the lead to initiate the Council wide approach to apprenticeship and overseeing any transfer of funds to external organisations.

4. Implications

a) Financial Implications

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The Council will be expected to contribute 0.5% of its annual salary bill, minus a £15,000 Government allowance into the apprenticeship levy p.a. This equates to approx. £120,000 annual levy contribution p.a.

The apprenticeship levy cannot be used to pay for apprentices' salaries. Any salaries will need to be paid for by the apprentice's Service.

A proposed transfer to up to 10% of the Council's apprenticeship levy p.a. to charities, and non-profit making organisations looking to employ apprentices.

b) Staffing Implications

No additional staffing resource will be required to implement and manage the Apprenticeship Scheme.

The Organisational Development Manager will be responsible for managing Cambridge City Council's Apprenticeship Scheme, the Learning and Development section will oversee the day to day operation of the scheme.

If Council Services would like to employ an apprentice, they will be required to make a business case to HR to review and make a decision on the case.

c) Equality and Poverty Implications

An Equality Impact Assessment was undertaken for the existing apprenticeship programme. This new apprenticeship strategy expands on the current programme and we will keep the EQIA under review.

We welcome interest from existing members of staff including those staff on part-time contracts. For new apprentice recruits, we will continue to adhere to the Council's employment and recruitment policies.

d) Environmental Implications

The Apprenticeship Scheme cannot be seen to have any direct or detrimental indirect impact on the environment, waste, or energy use.

e) Procurement Implications

If a Council Service would like to employ an apprentice on an apprenticeship for which the Council does not have a contract with an apprenticeship training provider, the recruiting manager from the service will lead on the procurement exercise, supported by Procurement & Human resources. The Organisational Development Manager will lead on the procurement of corporate apprenticeship initiatives, such as Management development Community Safety Implications

5. Consultation and communication considerations

There has been consultation with Heads of Service and East of England Local Government Association, as part of the council's wider workforce planning exercise and specifically for the revised Apprenticeship Strategy 2020.

6. Background papers

No background papers were used in the preparation of this report.

7. Appendices

Appendix 1. Apprenticeship Summary of Accounts from 2017/18 to 2019/21

Appendix 2. Update of Cambridge City Council's Apprenticeship Scheme

Appendix 3. Summary of the Apprenticeship Levy

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Vince Webb, Organisational Development Manager, email: Vince.Webb@cambridge.gov.uk.

Appendix 1. Apprenticeship Summary of Accounts from 2017/18 to 2019/21

Year 1: Apprenticeship Levy 2017/18

Opening Balance		£0
<i>Income:</i>		
Council's levy contribution	£107,202	
Government top-up	£10,380	
Total Income		£117,582
<i>Outgoings:</i>		
Training/Assessment	£0	
Total Expenditure		£0
Closing Balance March 2018		
		<u>£117,582</u>

Year 2: Apprenticeship Levy 2018/19

Opening Balance		£117,582
<i>Income to levy balance:</i>		
Council's levy contribution	£114,828	
Government top up	£12,759	
Total Income		£ 127,587
<i>Outgoings:</i>		
Management Apprenticeships	£ 6,720	
Business Administration Apps	£ 571	
Property Maintenance Apps	£19,384	
Total Expenditure:		£ 26,675
Closing Balance March 2019		£
<u>218,494</u>		

Year 3: Apprenticeship Levy 2019/20

Opening Balance		£ 218,494
<i>Income to levy balance:</i>		
Council's levy contribution	£ 125,930	
Government top-up	£ 12,582	
Total Income	£ 138,512	

<i>Outgoings:</i>	
Apprenticeship expenditure	£ 55, 956
Expired funds for the financial year were	£ 35, 134
Total Expenditure:	£ 91, 093

Closing levy balance March 2020 **£ 265, 916**

***Apprenticeship levy projection 2020/21**

Opening Balance **£265, 916**

Income to levy balance:

Total Incoming funds £129,998

Outgoings:

Commitments for existing apprentices £ 55, 776

Additional forecast expenditure £ 30, 000

Total Forecast Expenditure: £ 85, 776

Current forecast expired funds £ 30, 000

Forecast closing levy balance March 2021 **£**
280,138

*This projected forecast does not take into account potential government measures or implications as a result of Covid-19 on employers or training providers.

Appendix 2. Update of Cambridge City Council’s Apprenticeship Scheme Progress Since May 2017

The Council has made significant progress against our Apprenticeship Strategy 2017, which aims to optimise use of the Council’s levy contributions whilst providing a high quality ‘Cambridge City Apprenticeship Scheme’.

At end of financial year 2020/21, the Council had a total of 38 people engaged in a range of apprenticeships including Management, Building Control, Building Surveying, Property Maintenance and Customer Service. These apprenticeships span from level 2 apprenticeships to level 7 Masters.

In line with our Apprenticeship Strategy 2017, apprenticeship growth in the Council has predominately been driven by existing members of staff undertaking ILM Management Apprenticeships Programmes as a response to identified gaps in management and supervisory skills within the council.

Table 1: Apprenticeship Growth March 2020.

Year	At Start of Year		*Enrolments in Year	At End of year			
	Non-levy Apprentices	Levy Apprentices	Levy Apprentices	Non-Levy Apprentices	Levy Apprentices	Completions & Leavers	Total
2017/18	10	0	0	7	0	3	7
2018/19	7	0	19	3	19	4	22
2019/20	3	19	19	0	38	3	38

** Since April 2017 all apprenticeship enrolments were required to be levy funded*

- 5.1 The Council has achieved its public sector apprenticeship target of 2.3% of apprentices in the workforce in both 2018/19 and 2019/20, with 19 apprenticeship enrolments in each of these years.
- 5.2 All our apprentices are now funded from the levy payments, with the final 3 legacy apprentices funded from the Anti-Poverty budget and Service’s own budgets have now all completed their apprenticeships during 2019/20. Two of whom are now in full-time employment with the Council in Building Control and Estates & Facilities.

Table 2: Cambridge City Council Apprenticeship Scheme March 2020.

TITLE OF APPRENTICESHIP STANDARD	APPRENTICESHIP LEVEL	NUMBER ON PROGRAMME
TEAM LEADER (MANAGEMENT)	3	15
DEPARTMENTAL MANAGER (MANAGEMENT)	5	11
PROPERTY MAINTENANCE	2	5
CUSTOMER SERVICE	3	1
BUSINESS ADMINISTRATION	3	1
BUILDING CONTROL SURVEYOR DEGREE	6	3
BUILDING SURVEYOR DEGREE	6	1
LEADERSHIP IN PUBLIC SECTOR MASTERS (LEADERSHIP)	7	1
TOTAL APPRENTICES		38

There are now 27 members of staff enrolled and benefiting from both leadership and management apprenticeships as part their career development (levels 3 to 7). Management development has been further supported by a corporate management development programme delivered during 2019/20 within the council, currently being evaluated.

Furthermore, in October 2019, we have enrolled 3 Building Control Surveyors onto the new Building Control Surveying Degree apprenticeship with the University of Wolverhampton. This supports the development of talent within the Building Control team and is key part of strategy for the Building Control team as it has become increasing difficult to recruit qualified Building Control Surveyors.

In other areas we have enrolled an existing member of the Customer Service team on to a level 3 in Customer Service, supporting their development.

We also have apprentices nearing the end of their apprenticeships. This includes the five existing members of staff taking the Level 2 Property Maintenance apprenticeship within Estates & Facilities. Unfortunately, their training provider has withdrawn from delivering apprenticeship programmes. Human Resources is supporting Estates & Facilities to contract a new training provider and end point assessment organisation to complete their apprenticeships.

Finally, our Level 3 Business Administration apprentice working as with the Fraud team within Revenues and Benefits is due to complete in July 2020.

At the time of writing this report the Coronavirus is having a significant impact on all face to face training and assessment, where possible training providers are providing online support for apprentices.

5.3 Summary of accounts for 2019/20*

• <i>Opening levy balance</i>	£ 218, 494
• <i>Total Council levy contribution</i>	£ 125, 930
• <i>Government top-up</i>	£ 12, 582
• <i>Apprenticeship expenditure</i>	£ 55, 956
• <i>Expired funds for the financial year were</i>	£ 35, 134
• <i>Closing levy balance</i>	£ 265, 916

**Subject to final adjustments*

Appendix 3. Summary of the Apprenticeship Levy

Designed to put employers at the heart of apprenticeships Government launched the apprenticeship levy funding model in May 2017.

The apprenticeship levy is applicable for employers with a wage bill of over £3m.

Employers pay the levy monthly to HMRC. The amount is based on their entire pay bill at a rate of 0.5% (minus £15,000 allowance). Government contributes an additional monthly 10% top-up to employers' levy accounts. For every £1 that enters an employer's digital account to spend on apprenticeship training and assessment government pays £0.10.

Payment to training providers for the training and assessment of apprentices is made monthly via the Digital Apprenticeship Service online platform.

If not spent on apprenticeship training and or assessment an employer's monthly levy contributions and the Government's 10% top-up payments will expire after 24 months. Government claws-back the money to support (smaller) non-levy paying employers.

Apprenticeship levy funding can only be used to purchase the training and or assessment of apprenticeships and cannot be used to pay the wages of apprentices.

Levy funds can only be spent with Government approved and registered training providers and end point assessment organisations, able to draw down funding from employer's levy accounts.

Apprenticeship levy can be used to purchase apprenticeship training for existing members of staff as well as newly recruited apprentices.

The cost of apprenticeships is highly regulated by Government, which sets maximum funding caps for each apprenticeship standard based on the average cost of delivery. This had developed a quality-led, rather than a price-led market for apprenticeships.

Levy paying employers are now permitted to transfer up to 25% of their levy payments per annum to external organisations to support with funding training and assessment of apprenticeships.