



People, Performance and Development Committee
17 February 2017

Apprenticeship Reforms Update

Purpose of the Report:

The People, Performance and Development Committee (PPDC) acts as the Council's Remuneration Committee under delegated powers, in accordance with the constitution of the County Council. The purpose of this paper is to update members on the changes to the Council's Apprenticeship Scheme as a result upcoming Apprenticeship Reforms. This includes an update on Government policy as well as information on communications and engagement.

Recommendations

The People, Performance and Development Committee is asked to note updates on the Apprenticeship Reforms.

Introduction

Delivering three million apprenticeships by 2020 is a key priority for the Government. Apprenticeships are a great way to progress in work and for employers to improve the skills base of their organisations.

The Government is actively encouraging large and small businesses in the private sector to employ apprentices. They also want to ensure that the public sector is a model employer in this regard and leads by example.

Expanding the number of apprenticeships in the public sector will support growth in the overall apprenticeship programme.

The Enterprise Act 2016 amended the Apprenticeships, Skills, Children and Learning Act 2009 (the 2009 Act) to allow the Secretary of State to set apprenticeship targets for prescribed public bodies. The apprenticeship target relates to the number of apprentices working for a public body in England.

On 26 September 2016, the People Performance and Development Committee were briefed on the Government's planned apprenticeship reforms and the Council's strategy in delivering their requirements. The proposals were noted by members and since then things have progressed.

Update

Schools

1. Schools who come under the Council's payroll will be liable to pay towards the levy. The Leader has written to the Secretary of State for Education, Justine Greening, addressing Surrey's concerns over the additional financial and bureaucratic burdens which the government's apprenticeship levy will impose on state maintained schools and the consequences thereof.
2. Legislation gives all state maintained schools a significant level of independence in respect of financial and staffing matters. They have the right to manage their own budgets, decide their own staffing establishment and decide on their own appointments and training priorities and the Council's influence on those issues is strictly limited. They are not equivalent to subsidiaries of a plc. However, legally the Council is the employer of staff in community and voluntary controlled schools, and for that reason the Government has included staff in these schools with those of the Council for the purposes of calculating the apprenticeship levy. This imposes an additional cost of 0.5% of payroll on community and controlled schools for which neither schools nor SCC will receive any additional funding. SCC has no option but to pass these costs on to individual schools.
3. Apart from being an additional burden the levy unfairly discriminates between schools according to status.
4. The responsibility of paying the Apprenticeship Levy is that of the employer. In order to clarify where this responsibility sits in relations to schools, please see the extract from <https://www.gov.uk/guidance/pay-apprenticeship-levy> which is also summarised below:
 - For other maintained schools, the Local Authority is the employer. The Local Authority remains legally responsible for payment of the Apprenticeship Levy for schools under their control even if they've delegated responsibility for payroll including payment of Class 1 secondary NICs. A community school with a pay bill of less than £3m (most schools) will be liable under SCC's PAYE for the levy.
 - For voluntary-aided schools, foundation schools, free schools and academies the governing body is the employer. Should a local authority maintained school converted to a free standing academy SCC would no longer be liable as they would be their own governing body (but this option is unlikely to be viable for a small school).
 - if it then joined a multi academy trust (in line with what appears to be government policy) it would be liable.
 - The employer for faith schools will be the Local Authority if the school is voluntary-controlled, otherwise it will be the governing body.
 - If a school becomes a voluntary-aided school, foundation school, free school or academy part way through a tax year, the academy's governing body will be responsible for the Apprenticeship Levy from this point
5. Many small schools have a stable workforce and it may not be easy for them to employ apprentices or to find existing members of staff who may be upskilled via apprenticeships. Additionally, HMRC will hold the levy proceeds for the Council and community/controlled schools in the same account and thus SCC will need to administer training claims for community and controlled schools which will impose additional costs and bureaucracy both on schools and on the Council.
6. The Government response to the apprenticeship targets for public sector bodies was released on the 20 January 2017 and can be found in Annex 2.

Maximising the Levy

7. There are benefits to the levy in that it brings increased support for training where training budgets were previously small or unavailable. It can be seen as a solution to

the skills gaps within services by hiring new apprenticeships and it can also boost the skills of the current workforce by using the levy to offer degree-level or higher professional apprenticeships to existing staff.

8. Annex 1 shows the current standards that are ready for delivery or in development. There is the opportunity for services to engage with their sector to create new standards to address any perceived gaps within the current apprenticeship qualification offer by partnering to form a Standard Trailblazer for approval by the Skills Funding Agency.

Apprenticeship Targets

9. Schools and corporate targets can be separated in our annual report to Government.
10. 2.3% target based on headcount and annual apprenticeship and apprenticeship qualification starts over one year, starting May 2017.
11. The Government considers the duty to 'have regard' to the target to mean that, in making workforce planning decisions, a body subject to the duty must actively consider apprenticeships, either for new recruits or as part of career development for existing staff.
12. Workforce Planning Data Packs prepared by HR to help services consider their future needs will include apprenticeships and apprenticeship qualifications for consideration

Communications and Engagement

Internal Communications and Engagement

13. Apprentice Champions are being identified in each service to support the changes and promote apprenticeships
14. Workshops have been organised from February to March to brief managers on the changes and what they need to do as a result of them.
15. Roadshows and Drop-in sessions organised to inform all staff of the development opportunities available via apprenticeship qualifications.
16. Service-level conversations taken place to explore options around apprenticeships.
17. Working with colleagues in Schools on communications and will be seeking support from the Schools Forum, Educational Partnership Programme and Schools & Learning Management Team to ensure that schools are aware of the levy and its implications.

External Engagement

18. An event will be hosted on the 23 March where training providers are invited in to showcase their apprenticeship and apprenticeship qualification offers and plans for delivery ahead of levy implementation. Apprenticeship Champions, District & Borough Representatives have been invited together with HR&OD as well as Learning & Development Teams.

Partnership Working

19. The south east local authorities; West Sussex County Council, East Sussex County Council, Brighton & Hove Council are working in partnership on the commissioning of apprenticeship training providers via the Dynamic Purchasing System.
20. Districts and Boroughs are invited to the Training Provider Event to network and source apprenticeship training providers.
21. Information and best practice is shared with Districts and Boroughs via the Surrey Training Offices Group.
22. The Career Development Team and Adult Community Skills are working together to develop their apprenticeship provision, ensuring best use of the apprenticeship levy.

Next steps

Monitoring Methodology

23. Work with Finance and Payroll Teams to agree the appropriate method for monthly calculations on levy payments.
24. Understand how the Government's Digital Account Service (still in pilot) will be administered and what resources are required to for ongoing monitoring of the DSA for SCC.
25. Establish a process of monthly monitoring and reporting of levy spend and workforce target results for apprenticeship and apprenticeship qualifications by Directorate.
26. Put in place an annual reporting process.

Contact: Ken Akers, Head of HR&OD

Contact Details: 07792 511083

Annexes:

Annex 1 – Apprenticeship Standards

Annex 2 – Apprenticeship Targets for Public Sector Bodies: Government Consultation Response