



**SENIOR OFFICER AND APPOINTMENTS STAFFING SUB-COMMITTEE
WEDNESDAY 13 OCTOBER 2021**

REPORT TITLE:	APPRENTICESHIP LEVY AND STRATEGY
REPORT OF:	DIRECTOR OF RESOURCES

REPORT SUMMARY

This report provides an update on the work undertaken to date and the plan to gain best value from the apprentice levy and seeks approval of the Council's apprentice strategy.

It sets out how apprenticeships support the recruitment of new staff and provides progression pathways and opportunities for existing staff to build an inclusive talented workforce to deliver the council plan.

RECOMMENDATION/S

The Senior Officer and Staffing Appointments Sub-Committee are requested to;

- a) Note the report and the work undertaken to date and the ongoing plan to gain best value from the apprentice levy to support the people strategy and council plans.
- b) Approve the Council's Apprentice Strategy and supporting action plan.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To update the Senior Staffing and Appointments Committee on the Council's position in relation to apprentices and seeks endorsement of the approach going forward.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 There were no other options considered. It is appropriate to update the Committee on apprentice levy spend and for the Council to have an apprenticeship strategy in place.

3.0 BACKGROUND INFORMATION

- 3.1 The Apprenticeship Levy was introduced by the UK government in April 2017, for all employers paying a wage bill of more than £3 million per year. Employers that meet this criterion are now required to pay 0.5% of their payroll each month as a levy tax.
- 3.2 This levy can then be reinvested back into the workforce in the form of Apprenticeship training. Public sector employers with at least 250 employees were set a target too employ an average of 2.3% of their organisation's headcount as new apprentice starts each year between 1 April 2017 and 31 March 2021. Employers have 24 months to use their funds once they enter their apprenticeship service account, after this point, their funds will expire.
- 3.3 Since 2017 the, the entire apprenticeship landscape has changed, with new apprenticeship standards being created by employer groups and traditional frameworks becoming obsolete within England.
- 3.4 An apprentice standard contains a list of the skills, knowledge, and behaviours an apprentice will need to have learned by the end of their apprenticeship. Standards are occupation-focused; they are not qualification-led. The learning happens throughout the apprenticeship, and the apprentice is assessed at the end (known as end point assessment).
- 3.5 Apprentices need to prove that they can carry out all aspects of their job. These standards are being developed from level 2 (GCSE) up to Level 7 (Master's degree). Many of them also include valuable professional qualifications. No longer are apprenticeships for school leavers. Anyone can enrol on an apprenticeship with the support and commitment of the employer. As part of the apprenticeship employees must be provided with 20% off the job training.
- 3.6 Under the apprentice framework the employers are not permitted to spend the levy on apprentice salaries. This has a significant impact on the number of new 'entry' level apprentices we can afford to recruit.
- 3.7 Over the past three years, the council (including maintained schools where the local authority is the employer), have contributed and utilised the levy as follows:-

	2018/19	2019/20	2020/21	2021/22 to Sept
Levy contribution (0.5% of salary bill) £	£744k per annum (£62k per month)	£768k per annum (£64k per month)	£804k per annum (£67k per month)	£371k to date (£74k per month)
Annual Levy spend £	£324k per annum (£27k per month)	£464k per annum (£39k per month)	£343k per annum (£29k per month)	£138k to date (£23k per month)
Annual expired funds £	None	None	£267k pa	£179k
Number/% of apprentice starts per year. Target 2.3%	133 (1.91%)	114 (1.16%)	46 (0.51%)	n/a

- 3.8 Over the past 2 years the Council's expired levy funds equate to £446k. The Council's position in relation to a proportion of funds unspent is similar to many large employers.
- 3.9 The LGA estimates the Apprenticeship Levy costs local government £207 million a year. At the outset many standards were not ready to use when the Levy was introduced. Nationally more than £1 billion of apprentice levy expired between May 2020 and Feb 2021. The number of apprenticeship starts across the country has also halved during the pandemic.
- 3.10 The Government has recently introduced changes with the aim of simplifying the transfers process, enabling employers to make strategic decisions over where their levy funds are spent. Levy-paying employers can transfer up to 25 per cent of the annual value of funds in their apprenticeship service accounts to other employers.
- 3.11 From August 2021, employers can pledge funds for transfer, and there be a new national online matching service, making it quicker and simpler for levy-payers to find employers that share their business priorities to transfer funds to. The Government has said that it does not anticipate that all employers who pay the levy will need or want to use all of the funds available to them, but they are able to do so if they wish. Funds raised by the levy are used to support the whole apprenticeship system.
- 3.12 The following table shows the number apprentice active in the past three years as at September each year:-

Apprentice Standard Level	Number apprentices active Sep 21	Number apprentices active Sep 20	Number apprentices active Sep 19
7 - Post Grad	5	2	2
6 - Degree	3	1	1
5 - 2nd year degree	56	58	36
4 - HNC/1st year degree	8	17	37
3 - A Levels	16	31	61
2 - GCSE	1	4	13
Total	89	113	150

- 3.13 Appendix Three provides more detail on the apprentice standards undertaken and numbers active. As a council we have invested a lot of the levy in the Leadership and Management apprentices at Levels 3 and 5.
- 3.14 In September 2019, the Council recruited a cohort of new entrant care leave Apprentices on a two year programme. From this two have gained a substantive role within the Council; two are still on the programme and two have left.
- 3.15 In September 2021, the Council has recruited a further seven Care Leaver apprentices, two of which are funded by the service. The Council will be eligible to claim the government incentive payment of £4k (normally £1k) per apprentice for this cohort. The Council are also in the process of recruiting two Traineeships as part of the Apprentice First approach.
- 3.16 Within Children's Families & Education, we have recently introduced a Social Worker degree apprenticeship as part of the long term strategy of staff retention within this role. This Degree apprenticeship will be funded by the apprenticeship levy and completed in collaboration with Liverpool John Moores University. The apprenticeship is due to start in January 2022 with a cohort of 4 staff. The selection of the cohort will be taken from our current family support workers, as they have the pre requisite experience for entry onto the qualification.

Apprentice strategy and action plan 2021-23

- 4.0 In April 2021 the Council Apprentice strategy and action plan was developed. These are attached at Appendices One and Two.
- 4.1 The overall aim of this strategy is to 'develop a diverse, ambitious, and skilled workforce to deliver the Council future plan'. Within this there are three key aims: -
- Skills for now and the future
 - Creating a diverse workforce
 - Providing equity and equality of opportunity
- 4.2 The Council will achieve this by:
- Having the ambition to identify and increase the number of apprenticeships available in the council, for existing workforce and our local people.

- A commitment to reduce inequalities; create brighter futures; develop our people for the future; and meet our statutory target.

4.3 Within the action plan there are clear themes, measures, and timescales to enable the council to deliver on the strategic vision. In 2021/22 the key focus areas are:

- Workforce planning – how we support the council to develop workforce plans, identify current and emerging skills gaps and retention concerns, put in place career pathways and opportunities, utilise the levy to support the development.
- Apprentice first approach – encourage services to appoint a trainee role to vacancies as they emerge and utilise the apprenticeship levy to support the learning and development to become competent.
- Improve understanding and use of apprenticeships with LA maintained schools.
- Utilise other government programmes, T-Levels, traineeship, internships to provide valuable work experience and gateway opportunities into employment.
- As part of our corporate parent role continue to provide opportunities for current and future care leavers to gain work experience and opportunities via apprenticeships.

4.4 We have implemented an apprentice first approach whereby each new role that is created or vacancy arising from turnover is considered for an apprenticeship if recruited to. This is not confined to entry level posts.

5.0 FINANCIAL IMPLICATIONS

5.1 The council is required to pay 0.5% levy tax per annum. If we do not use our levy funds **within** 24 months of them entering our account, they'll expire. Expired funds are used by the government to support existing apprentices to complete their training, pay for apprenticeship training for smaller employers and additional payments to support apprentices.

5.2 Over the past 2 years the Council expired levy funds equate to £446k.

5.3 Achieving our action plan targets will enable the council to maximise the use of levy funds and mitigate the amount of expired funds. This will require a whole council approach.

6.0 LEGAL IMPLICATIONS

6.1 There is a statutory requirement to ensure that the apprenticeship levy scheme is operated within the rules and regulations set out by Education, skills, and funding agency (ESFA). A local internal audit will take place this year to ensure that the council processes comply.

7.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

7.1 To achieve the Council apprentice strategy and action plan and maximise the spend of the apprentice levy requires dedicated support within the OD/Learning and Inclusion teams. It should also be noted all apprentices require 20% off the job learning to enable them to complete an apprenticeship as well as ongoing coaching and support from their manager. This should be factored into the business case by services.

8.0 RELEVANT RISKS

8.1 A failure to support the Apprentice strategy and action plan would lead to increasing levels of expired funds. More importantly it would lead to a future workforce skills gap, retention issues of key skills and talents and potential increase in recruitment costs and salaries to compete in the marketplace.

9.0 ENGAGEMENT/CONSULTATION

9.1 The strategy and action plan has been shared with the joint Trade Union. CMT and Directorate management teams have been consulted and been made aware of the future plan.

10.0 EQUALITY IMPLICATIONS

10.1 The stated aims of the Apprentice Strategy appended to the report is to create a diverse workforce and to provide equity and equality of opportunity. The Council also has an ageing workforce and implementation of a successful apprenticeship strategy is one of the ways to help address that.

11.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

11.1 The content and recommendations contained within this report are expected to have no impact on emissions of greenhouse gases or environmental implications.

12.0 COMMUNITY WEALTH IMPLICATIONS

12.1 There are no community wealth implications.

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APPENDICES

Appendix One	Apprentice strategy
Appendix Two	Action plan 2021-2023
Appendix Three	Apprenticeships by Apprenticeship

BACKGROUND PAPERS

The Finance Act 2016

[Apprenticeship funding in England from April 2019 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Business and Overview Scrutiny Committee	23/01/20
Cabinet	26/11/18