

Agenda Item:

STAFFING COMMITTEE

Insert
Item
No.

Dorset County Council

Date of Meeting	30 January 2017
Officer	Head of Human Resources and Organisational Development
Subject of Report	Apprenticeship Scheme from April 2017
Executive Summary	<p>Apprenticeship reforms for England have been highlighted to Staffing Committee in a paper to its March 2016 meeting and two further presentations in September and November setting out the County Councils' current position with regard to Apprentices and progress made to date with developing proposals for a new Apprenticeship offer. During 2016 Government set out its ambition to increase the quality and quantity of apprenticeships with an aim to address professional skills shortages and stimulate local economic growth.</p> <p>This report outlines the Apprenticeship reforms and sets out what they mean for Dorset County Council. The report covers our existing Apprenticeship offer and includes a proposal for a new Apprenticeship scheme aimed to meet the challenge of the reforms at the organisational level.</p> <p>The report sets out how we can use levy funding to support the training and upskilling of existing staff by using apprenticeship frameworks and a way to support disadvantaged young people in to employment through a recognised Traineeship and Apprenticeship route.</p> <p>From April 2017 the Council will be required to pay an annual apprenticeship levy, estimated at £476K excluding maintained schools. This amount will be increased by 10% from Central Government funding, providing the authority with access to levy funding for Apprenticeship training in excess of 1 million pounds. The Public Sector Duty will require DCC to increase its number of apprentices from the current level of 42 to a minimum of 92 (203 including maintained</p>

	schools). These figures are based on 2016/17 projections of pay bill and employee numbers.
Impact Assessment:	<p>Equalities Impact Assessment: The proposals set out in this paper are made in response to legislation. Apprenticeships will be available to all. Those with special educational needs or disabilities will be able to apply for Access to Work funding and reasonable adjustments will be made by training providers and assessors in respect of the qualifications</p>
	<p>Use of Evidence: Data relating to workforce numbers and the Council's pay bill have been taken as at November 2016.</p>
	<p>Budget: An annual Apprenticeship Levy will be collected by the Government from April 2017. This is estimated at £476k excluding maintained schools. Any supernumerary apprentices would need to be funded at a cost of c. £6,560 per annum per apprentice which would have to be met from existing staffing budgets.</p>
	<p>Risk Assessment: Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: LOW Residual Risk MEDIUM</p>
	Other Implications:
Recommendation	<p>It is recommended that Staffing Committee:</p> <ul style="list-style-type: none"> i) Note the Council's new obligations from April 2017 to pay an Apprenticeship levy and employ additional apprentices. ii) Approve the proposed scheme for implementation from April 2017.
Reason for Recommendation	To ensure that the Council complies with new Apprenticeship legislation while deriving optimum benefit from the required changes.
Appendices	DCC Apprenticeship 2017 Proposals
Background Papers	<p>The Future of Apprenticeships in England: Next Steps from the Richard Review, March 2013: https://www.gov.uk/government/uploads/system/uploads/attachment_data</p>

	<p>ta/file/190632/bis-13-577-the-future-of-apprenticeships-in-england-next-steps-from-the-richard-review.pdf</p>
Report Originator and Contact	<p>Name: Alison Crockett, HR & OD Service Manager Tel: 01305 224349 Email: a.crockett@dorsetcc.gov.uk</p> <p>Name: Helen Sotheran, Learning & Organisational Development Lead (Core) Tel: 01305 22 Email: h.sotheran@dorsetcc.gov.uk</p>

1. Introduction

- 1.1 As initially reported to the Staffing Committee in March 2016, Apprenticeships in England are in the process of undergoing a dramatic transformation. As a result of Government reforms, a new style of apprenticeships has been designed to meet the changing needs of employers, learners and providers, supported by an entirely new funding model.
- 1.2 The Government has set a target of 3 million apprenticeship starts by 2020, achievement of this target is underpinned by two key reforms:
- The introduction of an Apprentice Levy on all large organisations with a pay bill greater than £3 million. For the Council this is £476k excluding maintained schools.
 - The introduction of a target of 2.3% of workforce to be employed as Apprentices in all public sector bodies in England with 250 or more employees. For the Council this equates to approximately 92 apprentices excluding maintained schools and 203 including maintained schools. This is more than double our existing number even if schools are excluded.
- 1.3 The reforms will:
- Give employers control in designing apprenticeships
 - Increase the flexibility of delivery
 - Simplify the funding system
 - Increase the effectiveness of training
- 1.4 The Government's ambition to increase both the quality and quantity of Apprenticeships in England through its Apprenticeship reform programme, is now underpinned by legislation in part 4 of the Enterprise Act 2016 and part 6 of the Finance Act 2016. Clarity has been provided on the implementation and the expectation on employers for delivery of the reforms.
- 1.5 This report outlines our current apprenticeship programme and the proposal to meet the new requirements as far as they are known.

2. Our Current Position

- 2.1 The Council has operated apprenticeship schemes for over 30 years. Our current apprenticeship scheme was approved by the Staffing Committee in September 2013 in response to greatly reduced budgets. It incorporates:-
- Apprentices directly employed on a contract for training for the period of their apprenticeship (typically 12 months)
 - Payment at the Apprentice National Minimum Wage (£3.40 per hour)
 - Apprentices recruited when a suitable vacancy becomes available
 - A small Corporate apprentice support team provides expertise and experience
- 2.2 The Council's existing apprenticeship offer includes Environmental Conservation, Business Administration, Children & Young Peoples workforce, Vehicle Maintenance and Repair, Creative and Cultural. The apprentice employment profile is set out below:

Directorate/Department	16- 18 years old	19 – 24 Years	24 years +
Adult & Community Services	3	2	1
Children’s Services	3	1	
Environment and the Economy	8	5	7
Chief Executives	7	5	
42 in Total	21	13	8

2.3 At present Apprenticeship support and scheme management is provided through 1 FTE at Grade 7 and approximately .2 FTE at Grade 13. This resource also provides support to all aspects of work experience within the authority including schools work experience, Supported Internships, placements for vulnerable adults, placements for Looked After Children, the National Graduate Trainee Programme and Graduate internships.

2.4 The existing corporate resource can meet the needs of the current Apprenticeship numbers, however there is not capacity to support an extended offer as outlined in the report or to work with Directorates on using the reforms and associated funding to meet workforce planning demands to best effect.

3. The Apprenticeship Reforms 2016

There are three main aspects of the reforms that will impact directly on the county council:

3.1 New Apprenticeship standards and quality transformation.

3.1.1 The Government’s ambition is that all current Specification of Apprenticeship Standards for England (SASE) frameworks will be replaced during the life of this parliament by new Apprenticeship standards. The design, development and assessment criteria for these new standards are led by employer groups, with a standard for each occupation, approved by the Dept. for Education.

3.1.2 New standards are already in place for over 200 occupations with many more in development. Apprenticeship standards are available at levels 2 to 7, where level 6 holds the academic equivalent of a first degree.

3.1.3 Apprenticeships are available to individuals of any age and irrespective of qualifications held, providing any existing qualification is not of a higher level in the same occupational area. E.g. a Graduate with a sports science degree could be funded for a level 2 Apprenticeship in countryside conservation linked to a career change. With the potential for apprenticeships at higher levels and across a wider occupational range, there is scope over time to address existing or anticipated skills gaps through this route.

3.1.4 Apprenticeships will therefore be available to existing Council staff where a requirement for upskilling is identified and there are available standards or frameworks at the appropriate level. However, it should be noted that all apprenticeships funded through the new schemes require 20% ‘off the job training’ and this requirement will need to be carefully factored in to the cost of an apprenticeship.

3.2 The Apprenticeship Levy and Creation of the Digital Apprenticeship Service.

- 3.2.1 The Levy is calculated at 0.5% of pay bill for all employers with a pay bill of over £3 million. The levy will be collected from May 2017 by HMRC on a monthly basis and will be held in a digital account which will be topped up by a further 10% by Central Government. Each levy payer will also receive an additional allowance of £15k.
- 3.2.2 Levy funds can only be used for accredited Apprenticeship training delivered by an approved Apprenticeship training provider. Levy funds may not be used for other apprenticeship scheme costs, e.g. administration, management, apprenticeship salaries or expenses. Unused funds remaining in the account after 24 months will be removed from the account and redistributed to fund apprenticeship training for non-levy paying organisations.
- 3.2.3 A further requirement in order to draw funding from the digital account is that apprentices have an employment contract (Contract of Service) with their employer and that the employer, training provider and apprentice all sign a Statement of Commitment setting out the expectations of all the parties.
- 3.2.4 Access to the digital account to authorise payments will be restricted and secure.

3.3 Public Sector Apprenticeship Duty.

- 3.3.1 Public bodies with more than 250 employees will have a new statutory target to engage 2.3% of their workforce in apprenticeships.
- 3.3.2 Maintained schools, where the Council is the ultimate employer, are to be aggregated with the Council as one employer for this purpose, which significantly increases the overall target number of apprentices to be employed from 92 (excluding maintained schools) to 203. This approach is also being taken in identifying the Council's total pay bill for levy calculations and as a result, even smaller schools with an individual pay bill below £3m will be required to contribute to the levy.
- 3.3.3 DCC maintained schools were notified of the Apprenticeship levy following an initial discussion at the Dorset Schools Forum in July 2016. Additional guidance was issued in the December HR &OD schools bulletin. Further discussion with the Dorset Schools Forum will take place in January 2017.

4. The Strategic Context

- 4.1 The proposals as set out in this report and shown in the diagram at Appendix 1 are positioned in line with the DCC Corporate Outcomes Framework and our People Plan. Within the 'prosperous' strand of the Outcomes Framework two specific outcomes are identified in these proposals:
 - Increase the rate of Apprenticeships
 - Increase the rate of traineeshipWhilst our people plan identifies, Right people, right time, right place.
- 4.2 The proposals for the new Apprenticeship scheme includes a route to employment within the County Council whereby Apprenticeship Levy funding can be legitimately used for training new recruits to existing roles or for training existing staff by using the Apprenticeship framework. This provides us with the opportunity to upskill existing

staff and address our people Plan commitment to having the right people with the required skills and knowledge, at the right time as part of succession and workforce planning.

- 4.3 Having access to Apprenticeship Levy funding provides us with the opportunity to achieve this at a time when our finances are severely limited and need to be focussed on delivering front line services.
- 4.4 Using Apprenticeship Levy funding to train only existing staff and new recruits to established roles within the County Council limits the opportunity for the recruitment of Apprentices who may not hold the necessary entry requirements for the role. Therefore the proposals include a route to universal employment, where we would continue to use the apprenticeship rate of pay for a small group of supernumerary apprentices.
- 4.5 There is an established model of supernumerary apprentices in the countryside service of the Environment and the Economy Directorate, as part of their flexible workforce model and this would be maintained. Apprentices have a fixed term contract for the period of their apprenticeship and work as assistants, fully supervised within the countryside service. On completion of their apprenticeship they move to employment in the wider environmental conservation and horticulture sector.
- 4.6 In addition to the supernumerary countryside apprentices, it has been suggested that a further small group of up to ten supernumerary apprentices be recruited across all services to provide entry to employment for those who would not meet the requirements to apply for existing roles in the organisation. This offer would be targeted at disadvantaged young people who may be Looked After or have an Education, Health and Care plan, where their education has been interrupted and academic outcomes for basic skills including maths and English may not have been met.
- 4.7 While this offer would enable the Council to meet its obligations as a “Corporate Parent” the salary cost of a supernumerary Apprentice is £6,559 per annum, with a duration of one year. These Apprentices would have a fixed term contract for the period of the Apprenticeship. They would not be undertaking the responsibility of a full job role, but would work across roles in a supervised capacity to develop the skills and knowledge required to enable them to gain employment at the end of the Apprenticeship either within or external to the County Council.
- 4.8 The cost of the salary aspect of this route could not be drawn from the levy funds and if the Council wished to take this proposal forward it would need to be met from existing service budgets. In total for a group of 10 supernumerary Apprentices the cost will be circa £65,590 and no funds have been identified to meet these costs.

5. Progress towards implementing the Apprenticeship reforms.

- 5.1 The March 2016 report to staffing committee set out an initial broad timeline of activity. We have now identified which occupations employed by the Council have apprenticeship standards in place and identified the qualification levels available for these occupations. These standards have been mapped against known areas of skill shortage within the Council.
- 5.2 We have shaped proposals (shown at Appendix 1 and described at 6. below) designed to integrate apprenticeships into our workforce planning while maintaining

wider opportunities to support individuals transitioning from education or unemployment into work. We have shared the proposals with the Trade Unions and sought their views and consulted with Directorate management teams, Service management teams and the One Council group.

- 5.3 There is an established demand in areas such as Countryside, Business Administration and ICT. There are also identified areas where recruitment and retention are known issues such as Highways and Construction and the Directorate are working with Learning and Development to explore options. However, feedback from service managers indicates concern in some areas regarding the requirement for 20% off the job training, which effectively increases the cost of the qualifications. HR & OD will be working with managers to assess the full costs of the new apprenticeships compared to existing approaches such as AAT to understand comparative benefits.
- 5.4 A Dorset Apprenticeship Forum has been set up, bringing together the County Council with representatives of the District and Borough Councils, to establish areas for collaboration across the public sector. This forum is chaired by Cllr Deborah Croney.
- 5.5 To implement the apprenticeship reforms for DCC will require us to consider the use of apprenticeships in our wider workforce planning. It will not be financially viable to expand the workforce to accommodate apprentices solely as new recruits, and therefore we need to consider how the new arrangements can be used to upskill the existing workforce through the apprenticeship route. In offering apprenticeships to our existing staff it has been necessary to consider any potential equal pay issues. We have sought legal advice regarding the risk of any equal pay challenges.
- 5.6 The legal advice provided to date indicates the importance of articulating justifiable differences between routes one and two, with a clear rationale for the separate approaches. Further advice is being taken to confirm that the rationale and differences between the two routes provide sufficient defence should a challenge arise.
- 5.7 The scale and complexity of the new apprenticeship schemes will also require an increase in management and administration time from our Learning and Organisational Development teams. The need to reshape the resources to meet this demand is being addressed through the current review of Learning and Organisational Development

6. The Proposed Apprenticeship Scheme from April 2017

- 6.1 The proposed Apprenticeship scheme (*shown at Appendix 1*) comprises three main strands which incorporate all aspects of apprenticeship training and work experience placements to bring consistency to our workplace learning offer.
- 6.2 Strand one will be the main route for Apprenticeships within the Council. This provides an **apprenticeship route for both new recruits and the upskilling of existing staff**. Apprentices will be in, or **recruited to an existing role on the structure**. The salary will be within the range for the role and may provide for career grade progression. The Apprentice will have a contract of employment and the entry requirements will be appropriate to the post as identified by the business. This route will bring value to the business through the development of 'grow our own' pathways

to skilled employees. This strand has the potential for addressing ‘hard to recruit’ and ‘hard to retain’ workforce issues.

- 6.3 Strand two offers an apprenticeship route to enable the **transition from education/unemployment to work**. It is planned for a small group of new recruits to the work place and has the potential for providing a route to employment not necessarily within the Council. The recruitment will be to specific apprenticeship posts which will be **supernumerary** to the existing structure. The Apprentice will have a contract for training, in-line with the current apprenticeship scheme. These posts will have minimal entry requirements and be paid at the National Apprenticeship rate. Salaries will be paid by the employing area of the business.
- 6.4 Strand three encompasses all aspects of **work placements** to offer initial opportunities towards being work ready. These work experience placements range from school based year 11 work experience through to graduate internships. There is no payment for any work experience placements. Graduate placement payment is dependent on the role and post requirements.
- 6.5 Strands two and three have been included in recognition of the Council’s role as community leader and corporate parent to Looked After Children.

7. Summary

- 7.1 The Government’s commitment to the Apprenticeship reform programme to develop world class skills through the apprenticeship route and positioning Apprenticeships at the heart of economic development, signifies a transformation to workplace learning and the way in which organisations train their staff. Nevertheless, this represents a significant increase in scale at a time when the council is seeking to reduce costs and achieve efficiencies across all areas of the business.
- 7.2 Our aim is to optimise the potential benefits including the use of levy funding. While, the Apprenticeship reforms are new for everyone and therefore we cannot learn from others we have sought to share our knowledge and expertise through the Dorset Apprenticeship Forum with public sector partners.
- 7.3 Approval is sought from the Staffing Committee to take forward the new approaches set out in this report, recognising the need to monitor the implementation and report back to Staffing Committee as the scheme develops and matures.

Sheralyn Huntingford
Head of HR and OD

January 2017

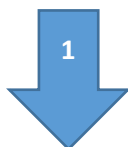
DCC Apprenticeship Scheme 2017 Proposals

Appendix One

Greater Independence
Healthy

Smarter Services
Safe Independent

Empowering People
Prosperous



Route to DCC employment

Right people, right place, right time
(DCC People Plan)

New recruits to DCC workforce

Up-skilling existing staff

Salary rate for the job

Contract for employment

Part of broad workforce plan

Mandatory 20% 'off the job' training

Creation of development pathways to professional status

Link to 'hard to recruit' or 'hard to retain'

Route to universal employment

Rate of apprenticeships (prosperous)

New recruits to the workforce

National Apprenticeship rate pay

Contract for training, fixed term employment for period of Apprenticeship

No guarantee of future employment with DCC

Supernumerary to business area

Provides entry level opportunities

Creates transition route to employment

Local workforce requirements

Route for social responsibility

Rate of traineeships (prosperous)

Focus on work experience and transition to employment

Work experience opportunities

Traineeships

Supported Internships

Placements for vulnerable adults

Placements for LAC and young people with an Education, Health & Care plan

National Graduate Trainee Programme

Graduate Internships