

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan

**Joint report of the Executive
Directors of Place and Core
Services**

Implementation of the Apprenticeship Reforms

1. Purpose of report

- 1.1 To highlight and note the effect of the Government's reforms to apprenticeships and to support their implementation within Barnsley Council and its maintained schools.
- 1.2 To seek approval to put in place processes and provision to support the apprenticeship reforms, including:
 - A procurement process, and;
 - Strategic management and co-ordination through existing Future Council governance arrangements.

2. Recommendations

It is recommended that:

- 2.1 Cabinet agrees a procurement exercise be undertaken to identify apprentice training and assessment providers in line with Barnsley Council's duties under the apprentice reforms as set out in Appendix 1.
- 2.2 It is proposed that the Executive Director Senior Responsible Officer, tasked with chairing the Organisational Improvement Board will approve the award of the contract to the successful providers on the basis of the tender evaluation criteria.
- 2.3 Cabinet agrees that responsibility for the strategic management and co-ordination of the apprenticeship reform is through the Organisation Improvement Board. An operational group will be established to provide support to the Board consisting of key officers from across the council and representation from the Council's maintained schools.

3. Introduction – Apprenticeship reform overview

- 3.1 The Government is committed to increasing the growth of apprenticeships as a viable and significant option for developing skills and employment opportunities. There is a commitment to 3 million apprenticeship starts in the UK economy by 2020 and to facilitate this there are major changes in apprenticeship national policy and the introduction of some significant reforms. These reforms are covered in the Government's proposals and legislation, including:

- The Queens Speech 2105
- Further Education and Training, June 2015, Department for Business, Innovation and Skills
- Welfare Reform and Work Act 2106
- Enterprise Act 2016.

3.2 One of these reforms is the introduction of the apprenticeship levy. In November 2015 the then Chancellor announced he would introduce a new apprenticeship levy of 0.5% on company payrolls which are in excess of £3m to raise £3bn a year, funding three million apprenticeships.

3.3 This report will take forward the work and outcomes of the Apprenticeship Reform Implementation Group which was established by a previous Senior Management Team (SMT) report.

3.4 For the Council, this means that the levy, combined with central government's 10% top-up, will be approximately £705,000 per year (£345,000 core council plus £360,000 maintained schools). This will be available in its digital apprenticeship account (DAS) to commission apprentice training and assessment. Berneslai Homes will have its own DAS.

3.5 The apprenticeship funding rules will require all employers to adhere to the procurement requirements. For the Council, this will mean that we can no longer continue the current arrangements with our apprenticeship training providers i.e. Barnsley College. They will be invited to participate in the procurement exercise described at Appendix 1.

3.6 Other apprenticeship reforms include:

- All public sector organisations will have a legal duty to support apprenticeship starts and will be set a target of a minimum of 2.3% of their workforce. The target will come into force in April 2017, with first reporting due in 2018. This gives a national recruitment target of 200,000 more apprentices by 2020;
- Employers will be expected to be more directly involved in investing and supporting apprenticeship activity and developing new standards and frameworks;
- The value of apprenticeships is to be realigned. The term is to be protected by law and there is an expectation that the apprenticeship route can be used to achieve knowledge and skills up to an equivalent of Masters Level. A significant growth in the number of higher level apprenticeships is anticipated;
- Promotion of apprenticeships as a significant source of workforce development training for existing employees in addition the more traditional view of their use as entry into employment for young people and adults.

4. Proposal and justification

4.1 That Cabinet approves the apprenticeship training provider procurement process. This will allow the Council to procure, contract with and have in place apprenticeship training and assessment provision in support of its apprenticeship programmes. Under the apprenticeship funding rules there is no other option, we must follow the procurement process.

4.2 As outlined in Appendix 1, it is proposed to manage the procurement process using a Dynamic Purchasing System (DPS). Successful applicants through this process will be included on the DPS having gained inclusion on the RoATP and evidenced a suitable business structure and successful experience in delivering training of this type. This process is to be managed by the Procurement Team as there is no spend being guaranteed at this point.

4.3 When specific apprenticeships arise, a further competitive process with all providers awarded to the DPS will be undertaken. Evaluation at this stage will focus on:

- Completion rates of the previous candidates of the type of course
- Learner satisfaction rates to ensure the positive progression of those starting courses
- Provider continuity to ensure consistency in delivery of the training
- Knowledge and expertise of the provider in this field and how this will provide a benefit to the Authority
- Flexibility in terms of delivery of the training to meet the specific needs of the organisation and the type of candidate
- Providers ability to engage with, and support, the development of vulnerable groups in the community
- Cost of training provision in line with government bandings

4.4 It is proposed that the Executive Director Senior Responsible Officer, tasked with chairing the Organisational Improvement Board will approve the award of the contract to the successful providers on the basis of the tender evaluation criteria.

4.5 By doing this the Council will be able to:

- Continue to offer apprenticeships from the 1st May 2017 onwards, aiming to meet the public sector target imposed on it, and;
- Maximise the use of its levy and avoid underspend, or ultimately, the loss of this funding.

4.6 That Cabinet approve the establishment of the 'Apprentice Programme Board' to ensure that the Council, and its maintained schools, has in place a robust and effective process to support the implementation and on-going coordination and performance management of the apprenticeship programme.

4.7 By doing this the Council will be able:

- To provide a cohesive strategy to ensure the apprenticeship reforms are implemented effectively across the Council and maintained schools;
- To influence the retention of talent and develop higher level skills within the existing workforce;

- To contribute to the delivery of the the Council's Key priorities and outcomes within the corporate plan, as described in 11.1 below, and;
- Award contracts to suitable training and assessment providers.

4.8 It will also allow the Council continue exploring models of support and engagement with employers through the; Sheffield City Region (SCR), Local Enterprise Partnership (LEP), Combined Authority, Enterprising Barnsley, together with the production of option appraisals to address the key challenges. This will support the:

- Creation of accessible and aspirational apprenticeship route ways for young people and adults within the SCR (including those already in employment);
- Achievement of apprenticeship growth across all employers, with an emphasis on LEP priority sectors and a focus on higher levels across all sector subject areas, and;
- Successful management of the transition of the apprenticeship reforms in the SCR, supporting all relevant stakeholders through the process.

4.9 Apprenticeship opportunities within the Council and its maintained schools will also include the existing workforces. Therefore, apprenticeships will be used to support workforce development strategies and plans. The strategic board will determine the workforce development needs and priorities and link these to the appropriate apprenticeship standards, see Appendix 2. This will mean that the levy can be utilised to support corporate aims and identified individual development needs.

4.10 It is recognised that implementation of the apprenticeship reform and levy will require additional support to ensure it is managed effectively. This will be dealt with by a separate delegated report.

5. Consideration of alternative approaches

5.1 In relation to the procurement of training and assessment providers, no other approaches are possible. Without the procurement process, the Council and its maintained schools will be unable to contract providers to deliver apprentice training. If this were the case it would be possible to offer any apprentice starts with the consequence that the Council would fail to achieve its public sector target for apprentice starts.

5.2 It is essential that the Council puts in place performance management and governance arrangements.

6. Implications for local people / service users

6.1 The apprenticeship programme will provide opportunities for local people, including the disadvantaged, vulnerable and those not represented in the workforce. It will also provide development opportunities for our existing workforce.

7. Financial implications

7.1 Consultations on the financial implications have taken place with representatives of the Director of Finance, Assets & IT.

- 7.2 The Chancellor of the Exchequer in his 2015 autumn budget announced that from 1st April 2017 all businesses with a pay bill in excess of £3 Million would be required to set aside 0.5% of its total pay bill to be set aside as a levy to support the training of the apprentices it employs.
- 7.3 This levy is to be paid into the Council's HMRC digital account. This levy can then be drawn down during each financial year to pay the associated training costs. Apprentice service account funds will expire after 24months. Whenever a payment is taken from the account, the service automatically uses the funds that entered the account first to minimise the amount of expired funds..
- 7.4 Provision for the Council's core proportion of the apprenticeship levy (£0.345M pa) has been included within the 2017/18 budget setting process recently approved at Council.
- 7.5 In addition to the above the Council will also be responsible for collecting and administering the apprentice levy on behalf of maintained schools. It is estimated that the total levy for all maintain schools will be in the region of £0.360M per annum. This will be collected from individual schools budgets resources and paid into the Councils digital account. Schools will then be required to provide the Council with information on monies spent in order to be reimbursed up to the amount paid.
- 7.6 The financial implications are shown on the attached appendix A.

8. Employee implications

- 8.1 Part of the levy will be ring-fenced to fund training and assessment of existing Council employees undertaking an apprenticeship as part of the corporate workforce development offer. This annual programme will be developed to support the business and development needs of the Council together with the identified personal development needs of our employees.
- 8.2 It expected that approximately 30% of the levy will be used to support new starts. This will contribute to the achievement the 2.3% public sector target. It will also allow the continuation of the existing Pathways to Success programme. The other 70% will be utilised for the Councils workforce development programme.

9. Communications implications

- 9.1 Internal and external communications will be an important part of the roll out of the apprenticeship programme. A communications and marketing plan will be developed and implemented in conjunction with the internal provision. Successful training providers will also be required to have in place a communications plan.

10. Consultations

- 10.1 These proposals have been developed by the Council's Apprenticeship Reform Steering Group. The steering group is comprised of representatives of:
- Employment and Skills
 - Organisation and Workforce Improvement

- Financial Services
- Strategic Procurement and Commissioning Support
- Berneslai Homes

10.2 The relevant directorate management teams and the Senior Management Team have been consulted.

10.3 The Schools Forum has received a presentation and will continue to receive updates.

10.4 The Service Director, Education, Early Start and Prevention has been consulted.

10.5 The Principal, Horizon Community College and Chair of the Schools Alliance Board has been consulted.

10.6 The Trade Unions have been consulted.

10.7 The Equality and Inclusion Manager

11. The Corporate Plan and the Council's Performance Management Framework

11.1 The proposals in this report are consistent with Council's Corporate Plan, Thriving and Vibrant Economy 2020, as it directly contributes towards the following outcomes:

- Outcome One - Create more and better jobs and good business growth
- Outcome Two - Increase skills to get people working.

By doing so it will also support the following Council strategies:

- Jobs and Business Plan
- Employment and Skills Strategy – More and Better Jobs
- Workforce Development Strategy
- The Local Plan.

This will lead to people achieving their potential, and a thriving and vibrant economy by raising aspirations, increasing skills and supporting people to access more and better jobs.

11.2 Apprenticeships are currently measured within the Council by performance indicator OC16 Number of apprenticeship opportunities created by the council, but not necessarily on the payroll, as a percentage of the total workforce. The current target is 2.5% of the workforce.

11.3 New Public Sector target is 2.3% of workforce on payroll as apprenticeship starts each year. This is a significantly different calculation to the one currently in use by the council and hence it has been proposed to add this indicator from April 2017. Using the new calculation, the council's performance is currently at 1.2%. This lower performance is due to:

- The apprenticeships created through Area Councils not being eligible as the apprentices are not on council payroll;

- The current performance measure includes apprentice opportunities some of which are vacant and can't be classed as a start.

Achieving our Public Sector target of 2.3% will require an increase in apprenticeship starts in order to achieve the 75 starts required across core council and the 40 required across maintained schools. It should be noted that the 2.3% target as an average over four years could mean that underachievement in any one year could adversely affect achievement in subsequent years.

12. Promoting equality, diversity, and social inclusion

12.1 The proposal includes proactive support to promote social inclusion and to support people to address barriers to labour market participation and access to employment.

12.2 Some people face significant barriers to employment and skills development. The apprenticeship reforms will enable the Council to support the needs of these groups by; identifying any gaps in current service delivery, providing appropriate priorities for future focus and activities to ensure the recruitment benefits all sections of the community. In particular the strategy will consider the needs of:

- Disabled people
- People with long term health conditions
- People recovering from mental health
- BME people, including refugees and new arrivals to the Borough
- Young people leaving care
- Young People not in Education, Employment or Training (NEETs)
- Those involved in youth justice.

12.3 The recruitment of apprentices will be pro-active, supporting the Council's targets for workforce equality and inclusion. The procurement process will look at how potential training providers will encourage and support the recruitment of apprentices and their learning programme from those areas that are under represented. The Board will monitor and report this area on an on-going basis.

12.4 The procurement exercise will include a robust approach in this area to ensure that training and assessment providers can actively support equality, diversity and social inclusion. See Appendix 1.

13. Tackling the Impact of Poverty

13.1 Apprenticeships will be open to all, including those from disadvantaged and vulnerable groups. The positive impacts of personal development and employment on poverty and health are well documented, including building; independence, self-esteem and confidence which is often lacking in people in these groups.

14. Tackling health inequalities

14.1 Apprenticeships will be open to all, including those from disadvantaged and vulnerable groups. The positive impacts of personal development and employment on poverty and health are well documented.

15. Reduction of crime and disorder

- 15.1 Helping people to progress their skills at all levels and to gain employment will provide an indirect benefit to reducing crime and disorder.

16. Risk management issues

- 16.1 Barnsley starts from a low base position in terms of its key economic and skills indicators, namely; to reduce the numbers of people with no qualifications to and increase Level 2 and Level 3 achievement in order to reach the Yorkshire and Humber average. Moving forward however, the borough needs to accelerate skills development in order to keep abreast of wider change such as the introduction of the living wage.
- 16.2 Central budgets for skills are diminishing with increasing emphasis being placed on self-funding for higher level skills. It will be important to maintain and build engagement with city region partners to ensure the borough continues to access the funding to support skills progression, but also to ensure financial capacity remains to enable people to develop from a low skills and wage base.
- 16.3 The Council's Apprenticeship Reform Steering Group has produced a risk register covering the first year of the apprenticeship reforms. These are monitored on a regular basis and mitigations are put in place to address the identified risks.

17. Compatibility with the European Convention on Human Rights

- 17.1 The proposal is fully compliant with the European Convention on Human Rights.

18. Glossary

DAS – Digital Apprenticeship Service
BME – Black Minority Ethnic
DPS – Dynamic Purchasing System
OJEU – Official Journal of the European Union
SMT – Senior Management Team
NEETs – Not in Education, Employment or Training
SCR – Sheffield City Region
LEP – Local Enterprise Council

19. List of appendices

Appendix A – Financial Summary
Appendix 1 – Procurement of apprenticeship training providers

20. Background papers

- 22.1 Apprenticeship Funding, Department for Education, October 2016
22.2 Employer Provider Guide, Department for Education, October 2016
22.3 Supporting Quality and Employer Choice Through a New Registration of Apprenticeship Training Providers, Skills Funding Agency, October 2016
22.4 Joining the Register of Apprenticeship Training Providers – Application Instructions, Skills Funding Agency, October 2016

- 22.5 The Register of Assessment Organisations, Skills Funding Agency, September 2016
- 22.6 Apprenticeship Funding, National Apprenticeship Service, September 2016
- 22.7 Apprenticeship Targets For Public Sector Bodies, Department for Education, January 2017
- 22.8 Apprenticeship Funding: Rules and Guidance for Employers, Skills Funding Agency, January 2017

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Financial Implications /
Consultation
*(To be signed by senior Financial Services officer
where no financial implications)*