

EXECUTIVE BOARD – 21st March 2017

Subject:	Apprenticeship Levy
Corporate Director(s)/Director(s):	Candida Brudenell, Corporate Director Strategy & Resources Richard Henderson, Director HR & Transformation David Bishop, Corporate Director Development & Growth Chris Henning, Director Economic Development
Portfolio Holder(s):	Cllr Nicola Heaton - PH for Community Services (lead) Cllr Sam Webster - PH for Education, Employment and Skills Cllr Graham Chapman - Deputy Leader/PH for Resources & Neighbourhood Regeneration
Report author and contact details:	Josie Guynan, Resourcing & Reward Consultant Josie.guynan@nottinghamcity.gov.uk Ext 63748 Nicola Stevens, Employment & Skills Strategy Officer Nicola.stevens@nottinghamcity.gov.uk Ext 63931
Subject to call-in: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Key Decision: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Criteria for Key Decision:	
(a) <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	
and/or	
(b) Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No	
Type of expenditure: <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
Total value of the decision: Up to the amount of levy draw down available, annually. This was calculated as £1,019,700 based on the 2015/16 pay bill and will vary year on year.	
Wards affected: None	
Date of consultation with Portfolio Holder(s): 21/02/2017, 23/02/2017	
Relevant Council Plan Key Theme:	
Strategic Regeneration and Development	<input type="checkbox"/>
Education, Employment and Skills	<input checked="" type="checkbox"/>
Planning and Housing	<input type="checkbox"/>
Community Services	<input checked="" type="checkbox"/>
Energy and Customers	<input type="checkbox"/>
Business, Growth and Transport	<input type="checkbox"/>
Adults and Health	<input type="checkbox"/>
Early Intervention and Early Years	<input type="checkbox"/>
Leisure and Culture	<input type="checkbox"/>
Resources and Neighbourhood Regeneration	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
<p>This report requests:</p> <ol style="list-style-type: none"> 1. An ongoing delegation to be granted to the Director for HR and Transformation to draw down Apprenticeship Levy Funds from the Council's Digital Apprenticeship Service Account. Annual spend will be reviewed and reported on annually. 2. Authority to undertake a competitive procurement exercise to develop and set up an Approved Apprenticeship Training and Assessment Provider List for the Council and open to access by other partner Council's. 3. An ongoing delegation be granted to the Director of Economic Development to enter into contracts with approved providers and award call off contracts to winning providers for Council apprenticeship training and assessment. It is proposed that the Approved Provider List will initially be in place for 2 years, with the possibility of extending use thereafter. 	

Exempt information: State 'None' or complete the following

The Appendix to this report is exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial affairs of the Council and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

It is not in the public interest to disclose this information because disclosure could prejudice the competitive procurement exercise by revealing the Council's planned expenditure of its Apprenticeship Levy. This information is exempt from publication prior to the procurement exercise, during and while the framework is open.

Recommendation(s):

- 1** To delegate ongoing authority to the Director for Human Resources and Transformation to draw down apprenticeship levy funds from the Council's digital Apprenticeship Service Account from May 2017 up to the amount of levy paid, annually. This was calculated as £1,019,700 based on the 2015/16 pay bill and will vary year on year.
- 2** To delegate authority to the Director of Economic Development to undertake a competitive procurement exercise to set up an Approved Apprenticeship Training and Assessment Provider List for the Council and open to access by other partner Council's.
- 3** To delegate authority to the Director of Economic Development to enter into contracts with approved providers and also to award call off contracts to winning providers on the framework for training and assessment services for Council employed apprentices.

1 REASONS FOR RECOMMENDATIONS

- 1.1 Delegated authority to draw down and spend the apprenticeship levy funds on an ongoing basis will ensure that contracts can be placed with providers and payments made from the Council's digital account in a timely manner.
- 1.2 Apprenticeship Levy funds held in the apprenticeships service account can only be spent on training and assessment via a government approved training provider. Public Sector bodies must comply with the Public Contracts Regulations 2015 when selecting both a training provider and an assessment organisation from the approved registers. In order to comply with the Regulations the Council proposes to run a competitive procurement exercise under the Light Touch Regime to select appropriate providers. The establishing of an Approved Provider List open to other public bodies is considered to be the best option to achieve value for money over the next 2-4 years, whilst ensuring compliance with the Regulations. It will also enable the set up of value added services as set out in paragraph 2.5. The specification for provider services will address quality standards, barriers to hiring apprentices and aims to lower the costs of these activities.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**Apprenticeship Levy**

- 2.1 The Government is introducing a levy on employers to fund apprenticeships from April 2017. It will be collected monthly from employers with a pay bill in excess of £3 million through the Pay-As-You-Earn system (PAYE) and applies to both the public and private sectors across the UK.

- 2.2 The rate for the levy is set at 0.5% of an employer's pay bill and based on the 2015/2016 pay bill would result in an annual draw down available of £927k (including maintained schools). A 10% top up will be also be provided by central government when funds are sent to the digital account providing a total available draw down amount of £1,019,700 per annum. As the Council's and school's salary bill increases or decreases the amount of the levy available will vary so this figure can go up or down. The intended Council salary spend is at Appendix 1. The funding can only be drawn down from the digital account and spent on apprenticeship training and assessment with an approved Skills Funding Agency (SFA) provider and any unspent funds will expire after 24 months.
- 2.3 In addition, there will be a public bodies target for apprentices set at 2.3% of the overall workforce headcount as from 7 April 2017. This provides an additional incentive to maximise our apprenticeship levy spend.
- 2.4 The City Council is committed to continuing our existing entry-level apprenticeship scheme and, in order to maximise the levy spend and meet the public sector target, will maximise the number of existing employees undertaking apprenticeship study by identifying skills shortages and developing career pathways. As a significant local employer and community leader, the Council will be helping to tackle youth unemployment and supporting our workforce planning activity by attracting young people into council jobs and improving qualification levels within the existing workforce.
- 2.5 Set out in the exempt appendix to this report are details on the Council's planned expenditure for the Apprenticeship Levy.

Apprenticeship Training and Assessment - Approved Provider List

- 2.6 By establishing and maintaining an apprenticeship approved provider list for the Council and other public bodies there is an opportunity to gain efficiencies in officer time in terms of apprentice training placements and also to enable better value and quality in training provision. The Council is currently consulting with potential partners who may also want to use the Council's approved provider list which may include organisations such as other neighbouring local authorities and their maintained schools, Police and Fire and NHS services.
- 2.7 A business case for funding a fixed term post and set up costs to support the managing of the approved list will be the subject of a separate Delegated Decision. Councillors are not being asked for a decision on these aspects as part of this paper, however the information in paragraphs 2.8 - 2.10 below is provided for context.
- 2.8 The services that will be available to any partners accessing the approved provider list will include:
- a) Access to providers of apprenticeship training that meet a Local Apprenticeship Quality Standard, thereby assuring value-for-money and quality.
 - b) An ongoing account management function between employers and training providers which quality assures performance, addresses learner provision issues, and other administrative tasks associated with purchasing apprenticeship training.

- 2.9 It is proposed that a fee will be attached to each service. Councillors are not being asked for a decision on those costs within the current report.
- 2.10 Although not part of this decision, it is further proposed that the Council's Economic Development's Jobs Hub services will be aligned with the services being procured and delivered as a result of the framework. It is envisaged that the Council will in the future work with SME's to assist with apprenticeship training procurement and with services such as end-to-end recruitment and management of apprentices. SME's will be further supported by advice and guidance on apprenticeships generally.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 There is an existing Provider Framework in place which is due to expire at the end of March 2017. This could be retained, however, this option is not considered to be cost-effective or flexible enough to respond to the rapidly changing apprenticeship landscape. Purchasing through a new procurement framework in the way proposed will enhance buying power for the organisations signed up to it and bring best value and consistency to contracts.
- 3.2 The alternative option is to wait to see the actual impact of the apprenticeships reforms and then respond accordingly. By taking a more proactive approach the City Council will be better placed to leverage potential benefits.

4 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 The purpose of this report is to give delegated authority to spend funds in the Council's apprentice levy fund and to set up an approved provider list which will enable the procurement of new training contracts using the levy. It is anticipated that the approved list will be in place on an ongoing basis, initially for two years, and this and spending will be subject to annual review. A Delegated Decision process will be completed to approve the detailed business case for resource to support the operation of the approved provider list.
- 4.2 The cost of the apprentice levy has been factored into the medium term financial plan which was considered by Executive Board in February. It is anticipated that the apprentice levy charged to the City Council will be around £0.927 million in 2017/18. The general fund's levy will be around £0.650 million. The maintained school element will also be reclaimed from the City Council and this will be drawn down from the same levy account managed by the City Council. With the additional government 10% top up there will be funds in excess of £1m per annum available to draw down. The average annual cost of training, based on table 2 in the appendix, is around £5,500 per apprenticeship.

Comments provided by Ian Greatorrex, Finance Project Manager – Corporate Finance

5 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

5.1 Procurement Observations

The Procurement Team has been consulted on these proposals to ensure compliance with the requirements of the Council's Financial Regulations and Contract Procedure Rules and the Public Contract Regulations 2015. The team will support the development of the service specification and will conduct a compliant procurement process to establish an approved list of training providers which secures best value for the Council and other partners. On that basis the proposals are supported from a procurement perspective.

Comments provided by Jo Pettifor, Category Manager – Strategy and People.

5.2 Legal Observations

The Apprenticeship Levy is a new measure. Legislation will be introduced with the new apprenticeship levy effective from 6 April 2017. The Council needs to plan and have its processes in place to respond to the new legislation.

Apprenticeship Levy funds may only be spent on SFA approved training providers. When selecting training and assessment providers from the approved register all Public Sector bodies must comply with the Public Contracts Regulations 2015. In order to comply with the Regulations, this report requests approval to run a competitive procurement exercise under the Light Touch Regime to set up a an approved provider list and select appropriate providers. It is proposed that the provider list being established will also be open to other partner contracting authorities. The Council's Legal Services section has been consulted on the proposals and will continue to support this procurement process.

This report also requests ongoing delegations for both the Director of HR and Transformation and the Director of Economic Development as follows:

1. The Director of HR and Transformation requests an ongoing delegation to be able to draw down levy funds up to the threshold stated, from the Council's digital account in order to be able to authorise payments to approved Apprenticeship Providers and Assessors in a timely manner.
2. The Director of Economic Development requires authority to run a competitive procurement exercise to set up an approved provider list and award contracts to winning training and assessor providers and also an ongoing delegation to award call off contracts to providers who will be training and assessing individual Council employed apprentices.

The delegations requested are supported.

Comments provided by Connie Green, Solicitor, Contracts and Commercial Team

6 STRATEGIC ASSETS & PROPERTY COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

6.1 Not applicable.

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 Nottingham City Council's Business Charter will apply for our local training providers.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 Not applicable

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 Has the equality impact of the proposals in this report been assessed?

No

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An EIA is not required because:

(Please explain why an EIA is not necessary)

Yes

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Attached as an Appendix and due regard will be given to any implications identified in it.

10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 10.1 Not applicable

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- 11.1 SFA Guidance: 'Apprenticeship Funding from May 2017', available on line at: <https://www.gov.uk/government/collections/apprenticeship-changes>

- 11.2 Nottingham City 'Council Plan 2015-2019', available online at: <http://documents.nottinghamcity.gov.uk/download/2305>.

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

- 12.1 Not applicable