



Cabinet
23 October 2017

**Report from the
Strategic Director of Resources**

Wards Affected:
All

Apprenticeship Strategy 2017-20

1 Purpose of the Report

- 1.1 The Apprenticeship Strategy and associated action plan for 2017-20 sets out the key areas of activity the council will lead, often in partnership with external organisations, to increase the take-up of apprenticeships in Brent and to utilise the opportunity of the Apprenticeship Levy to support career progression.
- 1.2 To date the council has committed to supporting the generation of increased apprenticeship opportunities in both the council and the borough for 16-24 year olds, since the launch of the council's current apprenticeship scheme in 2014 and the externally facing apprenticeship offer via Brent Works since 2016. The introduction of the levy and no longer having an age limit on funding, gives opportunities to expand this approach across the council workforce in addition to creating new apprenticeships.
- 1.3 Apprenticeships are a source of development opportunities for staff and residents to both earn and learn, helping entry into careers and progression in the workforce. This is a key tool in addressing the 'low skills and low pay cycle' that exists in the UK, particularly in London, by enabling development of qualifications to higher levels of skills and pay.
- 1.4 The strategy formalises the council's approach and sets commitments for the coming 3 years, supporting quality employment opportunities for its residents, and supporting the Council's workforce development priorities.

2 Recommendations

Cabinet is asked to;

- 2.1 Endorse the Council's Apprenticeship Strategy.
- 2.2 Note the recommended new apprenticeship pay scales for the council's own apprentices.
- 2.3 Note the analysis of the council's skills gaps identified to date and to support the ongoing utilisation of the Apprenticeship Levy to support investment in workforce development and apprenticeships.

3 Detail

Background

- 3.1 The council has already made significant steps to support the growth of apprenticeships in the organisation and borough more widely.
 - 3.1.1 The council's internal apprenticeship scheme set-out to support the completion of 100 apprenticeships in 3 years, and has overachieved on this aim by recruiting 110 young people as apprentices. There are currently 30 apprentices (22 at level 2 and 8 at level 3). The apprenticeships are mainly in business administration and so far 54 have achieved level 2 (equivalent to GCSE) and 23 have achieved Level 3 (equivalent to A level) qualifications.
 - 3.1.2 Brent Works supported 30 apprenticeship placements in the 2016/17 and aim to support 50 young people into apprenticeships in 2017/18. This is a new aspect of the local recruitment offer provided by Brent Works. There will still be a focus on young people, NEET prevention and promoting apprenticeships amongst disabled residents and employees. Care leavers will also be supported through provision of "wrap around services" and this will include, where appropriate, apprenticeships. Apprenticeship opportunities will be utilised to support adult residents in key target groups such as "job ready" and long term unemployed. The council can also use its leverage in procurement and planning to generate additional apprenticeship opportunities, which Brent Works can then support through council contracts worth over £100k and Section 106 Policy.
 - 3.1.3 The Apprenticeship Levy was introduced in April 2017.
 - 3.1.4 In March 2017, the government said that local authorities would be responsible for holding levy monies in the council account for community schools. This has been problematic in Brent as the council does not manage the payroll for most community schools. So far, £37,750 (as at end of June 2017) has been collected from community schools. The council is working with community schools to see how it can support them to utilise their levy monies. Nineteen schools are making payments directly to HMRC despite being written to earlier this

year and thirteen schools have not confirmed if they will pay into the Council's digital levy account or not. At the time of this report's publication, only seven schools are paying into the council's digital levy account. The data collection exercise shows that approximately £350k levy per annum could be expected from 39 community schools. Although the standard for teaching assistants is still not approved, other standards such as business administration can be used.

Apprenticeship Strategy and Action Plan (the Council's approach)

- 3.2 The Apprenticeship Strategy and Action Plan outlines the council's aspirations to grow the apprenticeship workforce in Brent, both within the council and by supporting other Brent based organisations. It also proposes how the council will utilise the apprenticeship levy to support workforce development, and how this can also be promoted to large organisations across the borough who are paying the levy.

Growing the apprenticeship workforce in the council

The Strategy will:

- 3.2.1 Commit to paying apprentices in the council pay rates that will help to attract and retain them in the organisation, as well as enable fair employment so that they are able to complete an apprenticeship even if not living at home. The proposed rates of pay in the Strategy for council apprentices are as follows:

Current Apprenticeship Rates (Based on national apprenticeship rates)

	Basic pa	Hourly Rate	Bonus	Total Annual	Hourly Rate
Level 2	£8,500 to £9,500	£4.54 to £5.07	£1,500	£10,000 to £11,000	£5.34 to £5.87
Level 3	£12,168	£6.50	£1,500	£13,668	£7.30

National Living Wage & Apprenticeship Rates (April 2017)	Hourly Rate
Aged 25 and above	£7.50
21-24 yrs inclusive	£7.05
18-20 yrs inclusive	£5.60
Under 18 (but older than participation age)	£4.05
Apprentices 19 yrs and in first year	£3.50
Apprentices under 19 yrs	£3.50

Proposed Apprenticeship Rates (For new apprenticeships)

	Hourly Rate	Basic pa
Level 2	£7.50	£14,000
Level 3	£8.01	£15,000
Level 4 and above	£9.75	£18,252

Please see finance section for cost implications

- 3.2.2 National Living Wage for all apprenticeships is given above. The proposal is that for level 2 entry apprentices are paid at the highest rate shown i.e. £7.50 per hour, whilst Level 3 apprentices are paid at £8.01 per hour.
- 3.2.3 The current London Living Wage (LLW) is £9.75 giving an annual salary of £18,252 (36 hour week). Brent pays all its employees at the LLW or higher. It is not proposed to pay level 2 and 3 apprentices the LLW, as they would not be sufficiently trained to be on the same rate of pay as other members of the council's workforce at the London Living Wage salary level.
- 3.2.4 Although it is not proposed to pay London Living Wage to level 3 apprentices, the proposed salary is increased to reflect their level of training and skills and the reduced requirement upon managers to supervise their work.
- 3.2.5 It is proposed to pay level 4 apprenticeships and above London Living Wage. At this level it's anticipated that supervision required will be far lower. It's more likely that current employees will take up apprenticeships of level 4 and above, in which case, they will be on a minimum of the London Living Wage anyway or their current salary.
- 3.2.6 The last survey of apprenticeship rates across London shows that proposed rates are in the top half of pay rates, but since the levy introduction, the market place for apprentices is becoming more competitive. The highest payers, Hackney, Haringey, Harrow, Southwark and Tower Hamlets typically pay hourly rates of £7.20 to £9.91 with Harrow paying £8.52 per hour for level 2 and 3 apprentices.
- 3.2.7 The strategy supports the achievement of 350 apprenticeships by 2020, 200 within the Council and 150 through Brent Works.
- 3.2.8 Ensure that coordinated actions are taken to use apprenticeships to support care leavers. As Corporate Parent, the Council has an obligation to support education and employment prospects for this vulnerable group and apprenticeships are a particularly appropriate pathway to do this.

3.3 Utilising the Apprenticeship Levy to support workforce development - Council

- 3.3.1 There is a mixed picture of available standards with more now being approved. For example the standard for adult social care level 2 is ready, having a maximum funding allowance of £3,000. Other standards that are not available are for a social worker and those for planning qualifications to enable progression to senior management but these are in development.

3.3.2 In the recent Learning Needs Analysis (LNA) Survey, two questions related to apprenticeships:

“Have you considered a “grow your own approach” to utilising an apprentice or graduate?”

73% (120 responses) said yes and 27% (45 responses) said no

“Please indicate what opportunities you think you have in your area to create apprenticeships, this could be recruiting an apprentice or upskilling an existing employee”.

159 people responded to this question out of 230 people who completed the LNA.

Unsurprisingly, frequency of response clustered around the following areas:

	Activity	Number of respondents
	Business administration type roles	37
	Health and social care roles	21
	Saying they already have or did have apprentices in their areas e.g. IT, customer services,	20
	Customer Services	8
	Enforcement/Environment type roles e.g. food safety	7
	Housing roles	6
	IT	5
	HR	3
	Engineering	2
	Various individual services areas not falling into specific categories above including planning	20

The remaining responses were not specific or were simply making a comment. A draft cost projection linked to some of these training needs and other apprenticeships is given in appendix 2. The cost projection demonstrates that significant creation of apprenticeships will be required but a proportion of these could be used amongst existing employees. Recruitment of new apprentices will also take place. The cost projection has a tab for schools but at the moment, these suggestions are purely examples as the council will need to work with schools to support their levy utilisation.

3.3.3 One strand of future activity for Brent Works is about growing the apprenticeship workforce Brent-wide with partners. This will primarily be through engagement with schools and career services. Employers will also be encouraged to support the promotion of apprenticeships in their sector. Apprenticeships will be promoted via voluntary and community organisations and children’s centres to both young people and parents. Apprenticeship opportunities will be sought with business

partnerships (including but not limited to the Brent Business Board, Town Centre business associations and Park Royal Business Group).

- 3.3.4 The council will also work with the Partners for Brent group of organisations to explore collaboration, to take forward apprenticeships that can work across organisational boundaries, such as the Fire Service, Policy, NHS, education, and voluntary sector.

4 Financial Implications

- 4.1 Based on payments made to date, the amount of levy will be approximately £381k per annum for three years starting from April 2017 up to March 2020. Including the Government top up of 10%, £419k is estimated to be available to spend on training through the Digital Apprenticeship Account. If the money is not spent within 2 years the funds will be claimed back by the Government. Community schools are anticipated to contribute approximately £350k per annum to the levy fund.
- 4.2 It should be noted that the tables below show cost implications but if a funded vacant post is used for an apprentice, salary costs will already be in the budget. Higher level apprentices are more likely to be current employees who would retain their current salaries.
- 4.3 The table below shows the projected costs (without employer's on costs) for the proposed increase in apprenticeship pay scales. The costs are based on a) the costs of increasing rates of the current apprentice population and b) the cost of recruiting 30 new apprentices (assuming current employees will make up 20 of the remaining apprentice target of 50). This means that it will cost £92k to bring the current apprentice population up to new proposed rates and if the council were to recruit 30 new apprentices, the projected costs (excluding employer's on costs) would be £429k (please note comment in para 3.2.1 above).

Level 4 apprenticeships and above are not included in the projections below as the assumption is they would be current employees. It's worth noting that if the council were to pay London Living Wage to all current and new apprentices based on projected numbers below, the costs excluding employer's costs would be £757k.

Funding is to be found within existing budgets. The apprenticeship levy pays for training only, not salaries.

Current Apprentices

	Number of apprentices	NVQ level	Current Annual Costs	Annual Costs including bonuses	New total costs	Additional Costs
1	22	2	£198,000	£228,000	£308,880	£80,880
2	8	3	£97,344	£109,344	£120,000	£10,656
		Totals	£295,344	£337,344	£428,880	£91,536

5 Legal Implications

- 5.1 The funding for apprenticeship training is no longer restricted to younger age groups, although some additional funds are available for younger groups and 19-24 year old care leavers. The Council will need to advertise apprenticeship opportunities to every age group within of the community. The Council should avoid giving the impression that apprenticeships are just for young people even if in practice the majority of those applying for and being offered them are young. Leaflets and advertisements should also include images of older people; without a conscious effort to present these opportunities in this way the Council may be vulnerable to claims of age discrimination.
- 5.2 Although maintained schools are included within the council's apprenticeship target, it's unclear how the council can enforce this without the individual schools' cooperation. There are also challenges in respect of ensuring that individual community schools fund the levy in relation to their staff in the same way as other staff related costs such as national insurance contributions. Some commentary has envisaged councils employing the apprentices themselves, rather than expecting every community school to do so. This potentially could place a considerable administrative burden on local authorities which would be required to operate an apprenticeship scheme for maintained schools and ensure each school contribute their proportion of the levy.
- 5.3 Staff terms and conditions are not determined by Cabinet and if a member level decision is needed in respect of the pay rates for the council's own apprentices, then it would need to be made by the General Purposes Committee which is responsible for determining the overall framework of terms and conditions for employees.

6 Diversity Implications

- 6.1 This report provides an update on the Apprenticeship Levy and reforms, and highlights the implications for the Council both as an employer that trains apprentices itself, and for the Council's work to promote apprenticeships with other local employers. The report also highlights the potential opportunities and it is anticipated that these will lead to better outcomes for local residents and the existing workforce.
- 6.2 The availability of this new apprenticeship training fund, coupled with flexibilities introduced by the Apprenticeships Reforms provides opportunities for the council to fill skills gaps and introduce apprenticeships for hard to recruit roles, as well as to up-skill the existing workforce. The removal of age barriers to participation in apprenticeships will enable the council to up-skill a wide range of age groups, including older residents and employees.
- 6.3 There are some additional funds available for recruiting 16-18 year old apprentices, those with a Local Authority Education, Health and Care plan, and 19 -24 year old care leavers. The Council has already put a number of projects in place to support vulnerable local residents: e.g.

work is underway to support care leavers into employment in partnership with the Department for Work and Pensions, being delivered by Future Paths; a project commissioned to The Mencap Society will offer supported employment and apprenticeship opportunities to residents with learning difficulties and disabilities; a work placements scheme supporting local people with mental and/or learning disabilities is also in place.

- 6.4 Due to the diversity profile of the borough, it is anticipated that there will be a higher proportion of BAME residents benefitting from the apprenticeship opportunities because BAME individuals and groups (including White Other, Gypsies, Roma and Travellers, etc.) are more likely to live on low incomes or be unemployed.
- 6.5 Apart from the opportunity to offer apprenticeships to vulnerable and socio-economic individuals and groups, there is an opportunity for the Council to address occupational segregation by attracting more women in historically male dominated roles and vice versa, as well as BAME individuals in higher level apprenticeships.
- 6.6 The Council will also be able to further enhance its corporate social responsibility and support its supply chain and local businesses (including SMEs) to utilise the levy funding. While there will be resource implications for the Council, in the long-term this investment on return will improve the equality of outcomes for more local residents and significantly increase their chances of employment in and outside the borough.
- 6.7 In London operating costs for training providers are higher, particularly for employers who aim to recruit people needing additional support to succeed in an apprenticeship. One of the key issues and focus for the Council as an employer is how to maximise the benefits of using its 'virtual levy budget' without compromising the quality of training, including the ability to successfully support apprentices with additional training needs.
- 6.8 The Council must carefully consider the impact on staff and monitor any unintended consequences arising. The organisation also needs to equip the employees with a responsibility for apprentices with the skills to provide adequate level of support, particularly to the apprentices with additional needs and those who require reasonable adjustments.

7 Background Papers

None.

8 Contact Officers

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Appendices:

1. Apprenticeship Strategy
2. Council Apprenticeship Levy Cash flow 2017-19

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