

# HR Committee

8<sup>th</sup> November 2018



**Report of:** Jacqui Jensen, Director, Adults, Children and Education Directorate

**Title:** Apprenticeship Levy Sharing Proposal

**Ward:** Citywide

**Officer Presenting Report:** Darren Perkins, Apprenticeship Manager

**Contact Telephone Number:** 0117 3521960 or 07795446211

## Recommendation

That HR Committee Members consider and endorse the Apprenticeship Levy Sharing Proposal as outlined in the report.

## Summary

Bristol City Council apprenticeship recruitment is accelerating as planned – however our levy spending is currently below target. As part of our remedial action plan, we are proposing to share up to 25% of our fund with SME partner employers through a new Levy Sharing scheme.

## The significant issues in the report are:

1. BCC apprenticeship recruitment is increasing – but our levy spending is currently below target (see Appendix 1 Breakdown of current BCC Apprenticeships).
2. From April 2019 BCC can share 25% of our levy with SME partner employers.
3. This option enables us to utilise 100% of our levy, contribute to inclusive growth in priority communities/sectors and also support more diverse recruitment.
4. To maximise levy sharing benefits, we are proposing to establish a levy sharing scheme in line with BCC procurement best practice by December 2018.

## Policy

This proposal aligns with and contributes to Corporate Plan commitments to improve economic and social equality by offering opportunities to all, and making apprenticeships available to every young person. It also supports commitments to connect people to jobs and opportunities.

This proposal benefits the city and improves outcomes for citizens by sharing levy resources to open up new and varied apprenticeship opportunities that will support SME businesses to thrive and grow, and also provides accessible skills development and good employment opportunities in a wide range of local companies for people are most excluded from current apprenticeship opportunities.

## Consultation

### 1. Internal

- Jacqueline Miller, Category Lead - Performance & Strategy Development, Procurement and Commercial Solutions
- Steph Griffin, Head of Internal Communications & Organisational Development
- ACE Executive Directors

### 2. External

Steve Nicholson, National Account Manager (South and South West), National Apprenticeship Service, Education and Skills Funding Agency.

Stephen Bashford, Head of Business & Skills, West of England Combined Authority

## Context

3. Since May 1st 2017, Bristol City Council has been required to pay 0.5% of its pay bill into a £1.5 million levy fund to meet the government quota for 2.3% of the public sector workforce to be an apprentice by 2020. This has required a tripling of our apprenticeships from 86 to 276. In late 2017, the Apprenticeship Service was established – including recruitment of a dedicated Team Leader and development of new commissioning processes.

4. Following a relatively slow start, new apprenticeship starts and existing BCC staff has gained momentum and we now have a pipeline of over 50 for autumn enrolment. Programmes offered are from Level 2 to 7 and cover staff competency and skill development in Leadership & Management, Business Admin, Health and Social Care, Accountancy, Schools/Early Years Education, Civil Engineering and ICT (see Appendix 1 for current list). Targeted recruitment has also resulted in 32.4% new recruits from priority communities, including BAME communities (8); Care Leavers (4); Disabled People (3); parent/carers returning to work (2).

5. Although apprenticeship recruitment is accelerating as planned, our levy spend is currently below target. This is because our first tranche of recruits has largely been onto entry level apprenticeship programmes. To achieve £1.1 million spend by August 2019, we need to be spending approximately £68K per month on apprenticeship training – by the end of October, our levy spend was averaging £28K per month.

6. To drive up our levy spending, we are building on our joint work with HR and Learning and Development teams so that apprenticeships are more embedded into all core HR recruitment, leadership and professional development activities. We are also developing an internal marketing and

communications campaign, with support from a dedicated communications officer to help us push out key messages across the organisation to encourage apprenticeship growth.

**7.** In the recent Autumn budget statement, it was announced that levy paying employers can share up to 25% of their levy with partner SME employers from April 2019. Through this mechanism, Bristol City Council can achieve 100% levy spend in Bristol, contribute to inclusive growth in priority communities and sectors, and also support diverse recruitment.

**8.** Following the budget announcement on 29<sup>th</sup> October we have been seeking technical advice from the National Apprenticeship Service and other key stakeholders. To optimise benefits from the new levy sharing rule, we need to move as quickly as possible to establish a new levy sharing scheme before December. This has meant bringing an urgent paper to HR Committee in November as the next meeting is not until January 2019.

**9.** The maximum amount of levy we could share between now and 2021 is £300K. Allocations can be closely monitored and adjusted to ensure Bristol City Council retains sufficient funding to cover costs of all internal apprenticeship recruitment.

**10.** To make maximum benefit from this rule change, we will need to develop and implement a new levy sharing process, based on procurement best practice. This scheme could operate on a rolling basis, with a rigorous three stage quality assurance process:

**Stage 1:** Employers submit an Expression of Interest against published criteria (e.g. commitment to diversity; key sector; genuine quality employment opportunities; commitment to skills and workforce development)

**Stage 2:** Approved employers linked with a quality training provider that carries out further in-depth pre-recruitment checks

**Stage 3:** Bristol City Council will work with providers and employers to support targeted apprenticeship recruitment.

**11.** Regular reports to HR Committee will be updated to include SME levy sharing updates including employers selected, apprenticeships created, priority learners recruited, apprenticeship outcomes.

## **Proposal**

**12.** To get our Levy spending on track, and also to achieve our apprenticeship diversity targets, we are proposing to:

- Establish a new levy sharing process and procedure – end of November 2018
- Establish an SME Levy Panel – with delegated authority to approve initial expressions of interest (potentially including Elected Member representation) – end of November 2018
- Implement first round, including promotion at Supplier Event with SME businesses in the inner city (December 2018), leading to recruitment events as part of National Apprenticeship Week (March 2019)

- Continue with rolling programme until full review and evaluation in 2021

### **Other Options Considered**

**13.** As mentioned above, the Apprenticeship Service has considered and is also progressing with other remedial actions to optimise Apprenticeship Levy spending on Bristol City Council existing workforce and new recruits. The implementation of a new levy sharing scheme would be managed in a flexible way to ensure Bristol City Council retains sufficient funding to cover costs of all internal apprenticeship recruitment.

### **Risk Assessment**

**14.** The strengths of the proposed levy sharing scheme are:

- The new ruling and proposed scheme means that Bristol City Council can use 100% of our Levy fund to expand apprenticeships in the city
- By sharing a proportion of our fund with SME organisations, we can contribute to inclusive and sustainable economic growth in priority sectors where there are recruitment challenges and skills gaps e.g. health and social care; construction; digital/creative arts etc.
- We can also support increased diverse recruitment through the proposed scheme by prioritising levy funding for employers that can recruit apprentices from priority groups, e.g. Care Leavers.
- There is scope for levy sharing to form a key strand of Bristol’s Apprenticeship Diversity Hub – being developed as part of the government’s ‘5 Cities Initiative’ to tackle under-representation of BAME and other groups facing barriers to recruitment. This means we have an opportunity to work with the other four cities to exchange best practice and develop a strong working model together.

**15.** The potential risks of not proceeding with this proposal are:

- We may be in danger of returning unspent levy funds to central government
- We will lose the opportunity to build the capacity of valued SME businesses that are in a strong position to provide great apprenticeships and jobs for some of our most excluded young people and adults.

### **Public Sector Equality Duties**

- 8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
  - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular,

to the need to --

- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
  - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
  - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
- tackle prejudice; and
  - promote understanding.

This proposal will have significant opportunities and positive impacts on individuals from equalities communities with protected characteristics through the broadening of our apprenticeship offer in partnership with valued SME partners that are able to make a strong commitment to the recruitment of young people and adults from Bristol's diverse communities, and to support their progression to good, sustainable jobs in the future.

In addition to positive action targeting of potential apprenticeships from equalities communities, there is also scope to use our apprenticeship levy sharing scheme to prioritise SME businesses that are led by people with protected characteristics – for example, BAME-led companies. These businesses will benefit from additional resources to increase their capacity as well as helping achieve inclusive growth through targeted recruitment of diverse apprenticeships.

Through this proposal, it is anticipated that apprenticeship roles will be created across a wide range of employers and a wider range of sectors and occupational/professional areas providing greater career progression opportunities. It is also anticipated that the Council's Apprenticeship Service will be able to support employers to link up with quality training providers, and also contribute to positive action recruitment events and activities to ensure that people with protected characteristics are well supported to benefit from new apprenticeship opportunities across local communities.

There are no significant negative impacts on community members, customers or staff members from priority equalities groups associated with the delivery of this proposal.

Due to time constraints and tight turnaround with producing this report, it is intended that a more detailed equality impact assessment will be completed by 16<sup>th</sup> November, in consultation with the Equalities Team, to help inform and shape the new levy sharing process and protocols.

## **Legal and Resource Implications**

### **Legal**

The Apprenticeship levy sharing is currently set at 10%. The Council will need to await clarification of the Governments proposal to increase the limit to 25% in April 2019 before a formal decision can be made on how this will operate in relation to the Council's Apprenticeship scheme.

**Legal advice provided by Husinara Jones, Team Leader/Solicitor 7 November 2018**

### **Financial**

#### **(a) Revenue**

The service believes that the existing Apprenticeship Levy is not expected to be fully spent by August 2019. The report outlines that increases in apprenticeship numbers have been slower than expected, but is now back on track. One of the ways of delivering targets for Bristol is to share the levy with small and medium businesses in the city. Up to £0.300m from the overall levy would be subject to a bidding process. The funding is available. (NB if this report is going on to CLB or Cabinet, I will need to confirm some of the numbers and the details of the option for sharing the levy - DET).

#### **(b) Capital**

Not applicable

**(Financial advice provided by David Tully, Finance Business Partner, 7th November 2018**

### **Land**

Not applicable

### **Personnel**

Great opportunities across the City to encourage and engage with our diverse population and address key workforce issues in priority areas which could have a very positive impact on our workforce not only in BCC but right across the City

**(Personnel advice provided Lorna Laing, HR Business Partner, 8<sup>th</sup> November 2018 )**

### **Appendices:**

Appendix 1: BCC Apprenticeship Levy Commitments, October 2018

### **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

#### **Background Papers:**

None