

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**23 February 2016**

**Report of the Strategic Director of Corporate Resources**

**FUTURE DELIVERY OF THE INTERNAL APPRENTICESHIP SCHEME  
(Council Services)**

**1. Purpose of the Report**

To consider the future delivery of the Internal Apprenticeship Scheme.

**2. Information and Analysis**

At its meeting on 26 May 2015 Cabinet agreed to extend the contract with Learning Unlimited as a result of delays in the Government announcing the details of its changes to apprenticeship funding via the apprenticeship levy and public sector apprenticeship targets. Although full details of how the levy and public sector targets will operate have yet to be clarified, the headline changes have been announced.

These developments will impact directly upon the Council and influence our approach to future apprenticeship provision.

- The Government's apprenticeship levy, to be introduced in April 2017, will radically alter the apprenticeship funding regime by redirecting the funding for apprenticeship qualification delivery to the employer rather than to the training provider. Organisations with an annual wage bill in excess of £3m will be required to pay an apprenticeship levy that equates to 0.5% of their monthly salary costs. It is estimated currently that the Council (excluding schools) will be expected to contribute approximately £900,000 annually to the levy.

The Council will be able to negotiate with accredited training providers for the delivery of the apprenticeship qualifications and utilise the levy fund in order to pay for the learning via a digital voucher scheme.

- The public sector targets will require all public sector bodies with a workforce of 250 or more to provide apprentice opportunities that equate to a minimum of 2.3% of their workforce. For the Council this will equate to 340 apprentice opportunities per year (not including schools). The inclusion of schools in the target is an issue that remains to be clarified. It is likely that reporting on progress against this target will commence in the autumn 2016.

In both cases it is likely that existing employees undertaking apprenticeship routes as part of their workforce development will be eligible to be funded from the levy and count towards the apprenticeship targets. Further reports will be presented to Cabinet when the implications for the Council of the introduction of both are more fully understood.

There continues to be a strong business case for supporting apprenticeships in the Council with organisational benefits including

- Being able to meet potential skills shortages through planned intakes of apprentices
- Enhances the Council's reputation as an employer of choice within the local community
- Brings new ideas and innovation to the Council
- The opportunity to take young, highly skilled, motivated employees who understand the organisation, into established roles
- The Council's investment of time and effort in furthering the Apprentices' personal development means that the majority of Apprentices will demonstrate high levels of commitment and engagement with the organisation
- Redress an ageing workforce in the Council

### **Internal Apprenticeship Scheme (ATA model)**

In 2011 Derbyshire County Council committed to significantly increasing the number of apprenticeship opportunities with the Council. At the point the Council confirmed this commitment we did not have the capacity, funding or expertise to deliver a project of this size internally. Consequently a partnership arrangement with an Apprenticeship Training Agency (ATA) was agreed.

After a tendering process, Cabinet approved awarding the ATA partner contract to Learning Unlimited, a subsidiary but separate legal entity from

Chesterfield College. Under this model the ATA are the employer of the apprentices with the Council acting as the placement host.

Since the first cohort was recruited in June 2012 we have offered 324 placements. All those who have successfully completed their apprentice with the Council have gone on to positive destinations with 75% gaining employment within the Council or with another organisation

Evaluation of the partnership in January 2015 indicated that Council based apprenticeships provide positive experiences of both apprentices and line managers. Some of the headline outcomes include;

- 95% of apprentices were either very satisfied or satisfied by their placement within the Council,
- 90% said they either very satisfied or satisfied with the support from their line manager,
- 86% indicated they were either very satisfied or satisfied with the balance of work experience and training within their apprenticeship

Managers were also positive about the outcomes for their team and the organisation;

- 98% said they believe completion of an apprenticeship framework gives young people skills the council values
- 100% believed that apprentices developed new skills which enabled them to become more effective in their work roles
- 96% thought the apprenticeship programme gave young people the relevant skills and knowledge to make the step into employment with the council

The current contract with Learning Unlimited expires on 30th June 2016. At the point the contract expires there will be up to 79 apprentices still on placement with the Council. We will therefore need to implement a Legacy agreement with Learning Unlimited to enable those apprentices still on programme to complete their apprenticeships. The detail and implications of this agreement will be the subject of further discussion and an agreement with Learning Unlimited.

At this stage, a legacy agreement is likely to be required until 30 September 2019, as outlined below:

At 30 <sup>th</sup> June 2016:	79
At 30 <sup>th</sup> September 2016:	71
At 30 <sup>th</sup> September 2017:	12
At 30 <sup>th</sup> September 2018:	8
At 30 <sup>th</sup> September 2019:	0
<i>(5 due to complete 5/9/2019)</i>	

### **Future Apprenticeship Provision within the Council**

The core principles of the internal scheme will remain, ensuring that apprenticeships support the achievement of Council priorities based on workforce planning requirements, supporting economic regeneration. Importantly seeking to support the Council in meeting its corporate parenting responsibilities and providing employment opportunities for young adults and socially excluded groups. As such the scheme will continue to contribute to the Employment and Skills Board for Young People aim of delivering strategic leadership in developing improved access to employment for young people.

In view of the level of expertise gained in managing the ATA contract, previous experience in directly employing apprentices, the expiry of the ATA contract and the funding changes outlined above, it is recommended that the Council employs apprentices directly as the most effective approach to delivering against its apprenticeship targets.

Implementing a directly employed apprenticeship model will make it easier to maximise the Council's use of levy and will contribute towards addressing the requirements of the Public Sector targets.

This will build on the experience gained from the ATA to ensure that all apprentices and their managers receive a high standard of support by guaranteeing consistency in recruitment, development and management practice, terms and conditions etc. It will also provide a single point of contact for dealing with all issues relating to management of apprenticeship scheme and levy. It will allow the development of clear channels of communication and facilitate easier internal and external reporting on apprentice related issues. It will also, by September 2019, reduce complexity and confusion for managers by removing the issue of managing employees and apprentices on different conditions, working patterns etc.

Placements would be identified in areas where our turnover and future skills requirements indicate that there is an expectation that there will be an employment opportunity at the completion of the apprenticeship albeit the

vacancy may not be identified at the time the placement is advertised or recruited to. This will require careful management in a period of workforce reductions, consequently any future apprentice recruitment will continue to be supported by rigorous workforce planning principles to avoid the tensions around this agenda whilst managing the budget reductions. The Trade Unions through the CJC have indicated their support for the development of an in-house Apprenticeship programme, there will be further consultation with the Trade Unions on the detail of the report.

In order to design and implement a directly employed model there are a number of issues to be considered:

- Apprentice contract to be developed – this should be a fixed term training contract based on Derbyshire Package terms and conditions to meet legislative and employment law requirements, with access to the Council's sickness and pension scheme.
- In 2013 the new administration increased the apprenticeship salary rate from the national apprenticeship rate, currently £3.30, to national wage (for age). From October 2015 the National Minimum Wage for age equates to:

16 – 17 year olds: £3.87 per hour

18 – 20 year olds: £5.30 per hour

21 – 24 year olds: £6.70

25+ year olds: £7.20 (with effect from 1 April 2016)

If the Council is going to realise its ambition to continue to offer a wide range of high quality apprenticeship opportunities and meet the requirements of the public sector targets it is recommended that their pay, under the revised scheme, remains at this level.

- Development of an apprenticeship mentoring scheme. Experience of the current scheme indicates that apprentices believe they would benefit from having a mentor who is independent from their immediate line management. This view is shared by CIPD whose policy guidance and research also emphasises the benefits of mentoring, stating that *"to ensure success, the apprentice needs to be placed at the heart of the apprenticeship programme and employers must provide ongoing support, pastoral care and mentoring"*. A mentoring programme would require the identification and upskilling of individuals to undertake a mentoring role.
- Introduction of enhanced briefings / mentoring / coaching programmes to provide support for line managers along the lines of 'small bite' qualifications previously offered (eg 2 day NCFE level 2 Mentoring). These programmes should be expanded to ensure that all apprentice line managers benefit from appropriate development / effective support.

- The development and introduction of appropriate governance arrangements to directly engage and manage the relationship with colleges and training providers who will deliver the off-site element of the apprentices' development
- The apprenticeship programme will continue to give the Council's care leavers priority interviews as part of the development of a revised approach to recruitment onto the scheme. The programme will be developed to complement the paid internship scheme under consideration elsewhere on this agenda, as part of an enhanced range of opportunities for care leavers to gain work experience and employment within the Council.

### **3. Financial Considerations**

The current costs charged by Learning Unlimited for their management fee under the ATA contract is approximately £60,000 per annum in addition to apprentice's salary costs

Apprentice salary and associated on costs will continue to be met from departmental budgets.

The mechanism for funding of levy contribution of £900,000 will be subject to a future Cabinet report.

### **4. Human Resources & Legal Considerations**

A fixed term apprentice agreement will be developed in conjunction with Legal Services to ensure that the apprentice contract meets legislative and employment law requirements.

### **5. Other Considerations**

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, environmental, health, property and transport considerations.

### **6. Key Decision?**

No

### **7. Is it necessary to waive the call-in period?**

No

## **8. OFFICER'S RECOMMENDATION**

That Cabinet;

- 1) Notes that the current Apprenticeship Training Agency contract expires on 30 June 2016 and the proposed development of a legacy contract.
- 2) Notes the introduction of the Apprenticeship Levy and Public Sector Apprentice Targets.
- 3) Considers the introduction of a directly employed internal apprenticeship model as detailed in the report.
- 4) The Trade Unions will be consulted on the proposals through the CJC.

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