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| Committee: Establishment Committee | Date: 9 June 2016 |
| Subject: New Apprenticeship Levy and Target | Public |
| Report of: Director of Human Resources | For Information |
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Summary

The Government is introducing two separate but related apprenticeship policies – the Apprenticeship Levy, and the Apprenticeship Target. These policies complement local initiatives around employment opportunities for younger workers. A Task and Finish Group working on behalf of the Directors of Human Resources and Community and Children Services is looking at the implications of these policies on the City Corporation as an employer. Work is underway with departments to identify suitable opportunities for apprentices and the costs and staffing implications are being considered. The opportunity to look at how we address the levy and target in light of other work priorities, agendas and work streams is also being considered.

Recommendation

Members are asked to note the report.

Main Report

Background

1. The City Corporation will be subject to both the Apprenticeship Levy and the Apprenticeship Target. The mandatory Apprenticeship Levy will come into effect in April 2017. The levy will be 0.5% of gross payroll and collected on a monthly basis via PAYE. All employers will have an allowance of £15000, and will thereafter pay the levy on the pay bill over £3m. A central budget to pay for this has already been identified and will not affect departmental budgets. The City Corporation will draw against this to pay for training costs for apprenticeships but this levy cannot be used to cover the other costs such as salary.
2. The City Corporation will also be subject to an annual target for the number of apprenticeship starts. The current guidance is that the annual target for apprenticeship starts will be equivalent to 2.3% of the workforce but this would only apply to the City Corporation's local authority functions.
3. The Town Clerk has suggested that the City Corporation should be an exemplar in the employment of apprentices and to this end has discussed with Chief Officers a target of delivering 100 apprenticeship starts across all of its functions not just its local authority ones. To achieve this all departments would be expected to participate in the delivery of this target.

4. A Task and Finish Group, sponsored by the Director of Community and Children's Services and the Director of Human Resources, is developing the City Corporation's approach to implementation especially around meeting the target. Detail around the levy is being considered in collaboration with the Chamberlain.
5. An apprenticeship is not a work placement or internship. It is an agreed and formal course of training leading to a recognised vocational qualification. It has to be delivered against an appropriate apprenticeship standard as set out by the Department for Business, Innovation & Skills. It must last for at least 12 months for at least 30 hours per week and include at least one day a week off-the-job-training. It is not limited to the most junior roles and can range from GCSE to degree level.
6. Training costs will be met from the levy. Salary costs will be in addition to this and options regarding how these costs could be met are being considered.

Current Position

7. Each Chief Officer has been asked to nominate senior member of staff from within their department to identify where apprentices can be placed. Work is currently underway with them and their HR Business Partner to identify where suitable opportunities will be made available within each department. On current workforce estimates it is expected that this would involve departments placing between 1 and 9 apprentices a year depending on their number of employees.
8. Meeting the target raises issues around the recruitment, pay, training and support of apprentices. The City Corporation will need to be able to recruit apprentices of suitable calibre and offer them appropriate training. Our aim is to have a range of apprenticeships available across professions and to support the City Corporation's agenda of supporting young Londoners into employment which has recently been launched in the city.
9. The Apprenticeship Levy and target also raises issues around the support available to managers across the organisation in training and delivering apprentices and in generally managing an increased number of apprentices, with different and more diverse skills levels.
10. There are other existing traineeships and City Corporation initiatives schemes and ad hoc arrangements in place for work experience which will need to be considered in light of the Apprenticeship Levy and Target as outlined below.
11. Departments of the City Corporation are already looking at workforce development and succession planning and the apprenticeship targets can be built into these plans.
12. Corporate HR recently commenced a project to look at "Attracting Talent" and will include recruitment of apprentices as part of its recruitment strategy.

Corporate & Strategic Implications

13. The Apprenticeship Target presents a number of opportunities to meet both immediate skills needs as well as taking a longer term and more strategic view of the skills needs of the City Corporation.
14. With a potential 100 new apprenticeships this may impact on our ability to support other voluntary recruitment and work placement schemes. There is a need to explore how this stream of work interfaces with other agendas and work streams of the City Corporation to ensure a coordinated approach and ensuring that appropriate priority is given to this initiative. The following provides an overview of some of the other City Corporation activities and work streams:
 - The City Corporation already offers a number of different types of work experience placement including School Placements, City Business Traineeship Scheme, Student Holiday Placements, Student Training Placements and Adult Placements.
 - The City Corporation receives many requests for work experience. These include requests: directly from individuals; via the Economic Development office for those students who attend one of our city Corporation sponsored academies or from other umbrella organisations trying to secure work placement places.
 - The City Corporation has also had a permanent Graduate Scheme since 2014.
 - The City Corporation has an Education Strategy which has the following vision “To educate and inspire children and young people to achieve their full potential”. The Education Strategy has five strategic objectives one of which is to “promote the effective transition from education to employment” and work experience is known to develop employability and key skills. The Education Strategy refers to “the City Schools” which are then defined as “City of London Academy, City of London Academy (Islington), City of London Freeman’s School, City of London School, City of London School for Girls, Sir John Cass Primary School, The City Academy, and any other school or academy which enters into a formal federation with one of these schools or is otherwise sponsored by the City as a further City school”.
 - The Corporate Responsibility Advisory Group recommends that focus should be given to support disadvantaged young people.
 - The Summit Group and Policy and Resources Committee recently discussed and approved an Employability Framework which focuses on 5 areas: i) greater diversity in the City workforce; ii) City has the skilled workforce it needs; iii) widened access to low-skilled jobs; iv) better prepared Londoners secure more jobs; v) Corporation is a model practitioner and change leader.
 - In November 2013 the City Corporation signed an Armed Forces Community Covenant which encourages local communities to support the armed forces

community in their area and promote understanding and awareness among the public of issues affecting the armed forces community.

- The City Corporation has also been approached by the Recovery Careers Service an organisation who helps ex-armed forces personnel with significant barriers to employment due to their medical conditions back into civilian employment. They are keen to find out what support the City Corporation can offer and also what the City Corporation can do to encourage other City businesses to do to support these individuals.
- The Livery Companies are also very involved in skills and employment training and this would be an opportunity to look at how we could join up with the work that they do.

Conclusion

15. The apprenticeship policies provide the City Corporation with the opportunity to take a longer term and more strategic view of skills needed. Given the potential numbers involved, there will need to be a clear strategy around identifying and recruiting to suitable positions set against a back drop of service based review savings, low turnover, and a number of other schemes and initiatives that the City Corporation supports or would like to support. An overarching strategy will enable and facilitate a joined up approach and ensure we are able to deliver on commitments made or being considered.

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