

## Schools Forum

November 2019

<b>Title:</b> Schools' Apprenticeship Levy Funding Arrangements
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<b>Summary</b>  This report notifies the Forum that there are potentially uncommitted and unspent levy budgets that will be returned to central government and asks the Forum to agree arrangements from a range of options.
<b>Recommendation(s)</b>  The Forum is asked to consider the options set out in this report and confirm the preferred arrangements for future unspent resources.

### 1. Introduction and Background

- 1.1 The apprenticeship levy came into effect on 6 April 2017. The levy applies to all employers with a pay bill of £3 million or more and is charged at a rate of 0.5% of an employer's annual pay bill.

Working under the national arrangements, for Community and Voluntary Controlled maintained schools, all staff have been added to the total pay bill of the council, with the levy equivalent to 0.5% of the overall pay bill for the local authority. Schools have been included in the council's calculation, regardless of whether the school uses the council's Schools HR payroll service. Levy contributions are collected and paid into a digital account with HMRC on a monthly basis.

- 1.2 The levy arrangements are highly prescribed and regulated. Levy funds can only be spent on apprenticeship training (no other training programmes including short courses are permitted), with central government approved training providers. The funding cannot be used to pay for employee costs including salaries, or the infrastructure required to set up purchasing, promotion or recruitment costs. All apprentices must have 20% off the job training and it is unsuitable for part-time employees.
- 1.3 Each month the levy allocation is transferred from an individual school's budget to a digital account. The draw for apprenticeship scheme funding is deducted monthly for the duration of the apprenticeship – this can be 12 months upwards, with some programmes 4 years. If funding is not spent within 24 months the council has no choice but to hand the funding back to central government.

- 1.4 The council is not entitled to use the schools' proportion without consent. The Schools Forum agreed when the levy first came into effect that school resources would be shared across schools as it was recognised that needs would vary – with some schools making greater use of the levy funding than others at different times.
- 1.5 Funds will be returned to government this month and from this point onward unless there is a significant increase in apprenticeship starts.
- 1.6 Schools continue to make good progress in making use of the levy, but it is problematic due to a number of factors:
- A high number of part-time staff in schools affecting eligibility to join a programme
  - The funding can't be used to pay for employee salaries, and school budgets can't support an increase in headcount.
  - Teacher apprenticeships have been slow to be released, and availability of providers are likely to be initially more limited.
  - Forecasting requirements
- 1.7 It is worth noting that borough schools are top performing across London for the recruitment of apprenticeships. A chart showing the current number of school apprenticeships is attached (**Appendix A**).

## **2. Levy transfer arrangements**

- 2.1 Currently the schools' proportion is expected to be underspent by £24,017 this month. This will continue to be returned to central government on a monthly basis, unless more apprenticeships are started. It has been difficult for employers to forecast the level of draw on the apprenticeship levy pot and nationally some employers started returning funds in May 2019. National clawback figures were £37million in the first two months.
- 2.2 The council is spending its own levy pot at the level required to avoid a return to central government, but we have considered contingency arrangements should there be any delays with starting apprenticeships in the pipeline.
- 2.3 Under the apprenticeship arrangements it is now possible for a levy paying organisation to transfer up to 25% of their levy to other employers. Currently, non-Levy paying employers can access apprenticeship training, but they must fund 10% of the training costs. If an organisation decides to transfer the levy funds it will be funding 100% of the training cost for the whole period of the apprenticeship.

The financial advantage for non-levy paying employers will be relatively small if entry level qualifications are funded (e.g. around £200) but if it is used to fund higher level apprenticeships the saving could be as much as £2700 per apprentice, if for example it is funding a degree apprenticeship.

Transferring levy funds provides an opportunity help reduce unemployment in the borough and increase incomes for residents. This will be achieved by encouraging more local employers to offer apprenticeships and setting an expectation that these should be high quality training with clear employment and wage gains for local residents.

2.4 In anticipation of a need to transfer the council's own share of the levy pot, transfer criteria has been agreed:

- Apprenticeships must be at Level 3 or above, or Level 2 with confirmed progression to Level 3
- Only available for Barking and Dagenham residents
- Priority given for Care Leavers
- Demonstrable employment and wage progression upon successful completion.

Organisations have been prioritised as follows:

- Local voluntary organisations
- Care City and the council's care providers
- Wholly owned council companies/part-owned companies and their supply chains
- Other local organisations including those in growth sectors such as construction, care and the creative and digital sectors

Specific apprenticeship posts must be identified. The transfer can only be used for apprenticeship training and whoever the funding is transferred to will be responsible for paying the apprentice salary. Applications would be assessed by a panel.

### **3. Options**

3.1 The Schools Forum is asked to consider options for the unspent allocation of the schools' proportion of the levy pot:

- i) Continue as is, recognising that funds will be returned to central government on a monthly basis, should the number of new apprenticeships continue the same trend.
- ii) Increase the level of higher-level apprenticeships for example at level 7 or 6, to upskill the school workforce, which will use the funding at a faster rate (teacher apprenticeships are £9000 and chartered management apprenticeships 4-year programme £22000).
- iii) Agree to the transfer of unspent levy using the criteria set out in 2 above, delegating the arrangements to the council and confirm the level of monitoring required.
- iv) Agree to the transfer of unspent levy using alternative criteria. Arrangements to be run by schools/groups of schools.

# Apprenticeship Data 1<sup>st</sup> November 2019

# Appendix A

Apprentice Starts	Total Apprentice Starts (April 2017 – 1 <sup>st</sup> April 2019)
LBBD	88
Schools	110
<b>Total (LBBD &amp; Schools)</b>	<b>198</b>

## Types and Levels of Apprenticeships Schools

Level 2 Apprenticeships	Count
Activity Leadership	2
Business Admin	15
Children and Young People's Workforce	2
Customer Service	1
IT Application Specialist	1
Supporting Teaching and Learning in Schools	29
<b>Total</b>	<b>50</b>

Level 3 Apprenticeships	Count
Children and Young People's Workforce	2
Infrastructure Technician	1
IT Application Specialist	1
Leisure Management	1
Supporting Teaching and Learning in Schools	33
Teaching Assistant	3
Team Leader	3
Learning Mentor	2
<b>Total</b>	<b>46</b>

Level 4 Apprenticeships	Count
IT, Software, Web and Telecoms Professionals	1
<b>Total</b>	<b>1</b>

Level 5-7 Apprenticeships	Count
Operations / Departmental Manager Level 5	5
Senior Leader Master's Degree Apprenticeship Level 7	5
<b>Total</b>	<b>10</b>



One borough; one community; no one left behind



**Note: figures above exclude early leavers**