

Committee:	Schools Forum
Meeting Date:	24 November 2016
Title:	Funding the Apprenticeship Levy
Author:	Gavin Bultitude
Decision making / consultative / information:	Decision Making
Who can vote	School Members (i.e. representatives of maintained schools) only. Academy members and Non-School members cannot vote on this issue.

What is the Forum being asked to decide?

1. Schools Forum is being asked to agree to top slice funds to cover the costs of the apprenticeship levy. This is estimated at a full year cost £1.14 million equating to approximately £23 per pupil for each maintained school. However, in recognition of the level of pressures schools will face in 2017/18, Suffolk County Council will make 50% of this available non-recurrently from corporate reserves, reducing the impact to around £12 per head in 2017/18, and rising to the full £23 per head in 2018/19.
2. This will only apply to maintained schools as academies will need to meet this cost directly. Only academies with a pay bill over £3 million will face additional costs.
3. Forum is also being asked to note the opportunities available to all schools, including academies, to benefit from the funding pot created by the levy to meet the costs of training apprenticeships of different types.

Reason for recommendation

4. The apprenticeship levy is in effect a new tax on employment and there is no option not to pay this. As the local authority is the employer it must collect the funds from schools to meet the costs of the levy.
5. The LA recognises the pressures that schools are facing, and that Schools Forum has already agreed to transfer £3 million from the schools block to the high needs block and has therefore agreed to make half of the first years costs available from reserves to reduce the impact on schools. However, LA reserves are only available non-recurrently and cannot be relied upon to meet the costs in the longer term.

Alternative options

6. As this is in effect a new tax burden, there are no alternative options. The LA cannot refuse to pay the levy and no additional funding has been made available from central government to meet these costs.

Who will be affected by this decision?

7. The apprenticeship levy will affect all employers with a pay bill of over £3 million, so all maintained schools, and large academies will be affected.
8. However, the recommendation to top slice funding for this levy only applies to maintained schools, as academies will need to meet this cost themselves.

Main body of the Report

Background

9. Plans for an apprenticeship levy were announced by the Chancellor in the July 2015 budget.
10. The government apprenticeship reform programme aims to deliver more apprenticeships of a better quality to benefit employers, individuals, and the economy. UK GDP / per hour worked is significantly lower than other countries and the government want to use apprenticeships to boost the skills of the UK workforce and help improve economic productivity as well as providing an opportunity for more individuals to pursue a successful career and increase social mobility.

To achieve these aims the apprenticeship reform programme will focus on three main areas:

- a) A new approach to funding, with greater employer contributions through the introduction of an **apprenticeship levy** for employers with a pay bill in excess of £3m per year. The levy is set to be 0.5% of the pay bill and there will also be an additional top up of 10% from Government. The levy contribution an organisation makes will then be available but is restricted to apprenticeship training costs only and only for apprentices within the organisation.
- b) Changing the way apprenticeship training is designed with a shift from apprenticeship frameworks to new employer led **apprenticeship standards** which offer employers and apprentices a more robust and relevant training experience.
- c) The introduction of a new **Digital Apprenticeship System** which will host the whole apprenticeship process from the management of a digital levy account to advertising apprenticeship vacancies and identifying learning providers.

11. In addition, for public sector bodies there will also be the introduction of a **workforce target** to have 2.3% of the workforce as new apprenticeship starts each year. For maintained schools, the target number of apprenticeship starts each year equates to 225; there are currently approximately 50 apprenticeships in schools.
12. Current indications are that although public bodies will be expected to give 'due regard' to the target there will not be a financial penalty for not meeting it; although annual reporting on progress and remedial action will be mandatory.
13. Further and more detailed guidance around some of the reforms is shortly expected from central Government.
14. Additional information about apprenticeships is included in Annex A.

Impact on maintained schools' budgets

15. The levy will be deducted from the relevant schools' budgets. To be transparent and consistent, it is proposed to recoup the funding from schools on a per pupil basis which will be approximately £12 per pupil in 2017-18 but will increase to £23 per pupil in subsequent years.
16. It should be noted that it is currently not clear whether Voluntary Aided and Foundation schools will be included in local authorities' levy calculations and confirmation is awaited regarding their status as employers.

Response to reforms

17. Schools can access the fund to pay for the training of an apprentice but it will not cover the salary. There is therefore an opportunity to maximise the recovery of our levy contributions by using the levy fund to develop skills and address key skills shortages and gaps within schools.
18. It should be noted that the schools' workforce will be affected both in terms of having increased development opportunities for staff but also the additional work needed to identify and manage an increase in the number of apprenticeship opportunities offered.
19. It is therefore recommended that the strategy for schools to respond to the reforms is managed with the intention to identify and maximise any opportunities to work jointly with the local authority on areas of mutual benefit.

Timescales

20. The apprenticeship reform programme is to be implemented by the government from April 2017 to increase the number and quality of apprentices over this parliament.
21. The apprenticeship levy will be calculated monthly in arrears and so the first levy payment will be made in May 2017.

Annex A

Additional information about apprenticeships

There are many benefits to increasing the number of apprenticeships offered in schools, including:

- Addressing skills gaps and shortages over the long term by growing talent and expertise internally.
- Creating additional capacity in specific areas.
- Ensuring the workforce is representative of the wider community.
- Apprenticeships can help reduce staff turnover, by increasing employee satisfaction and loyalty.
- They can be a great way of attracting enthusiastic talent with fresh ideas.
- Learning can often be done in your workplace, minimising disruption, and maximising impact.
- They can be a good way to re-train or upskill existing staff.

Embracing the reforms and looking to increase the number and range of apprenticeships offered will be a good way to maximise the return on investment of the levy.

The type of apprenticeships already offered in Schools in Suffolk include:

- Teaching Assistant / Learning Support Assistant
- IT
- Administration
- Reception
- PE
- Early Years

Other potential pathways that may be of benefit for schools include

- Qualified Teacher Status
- Business Management in Schools
- Family Support Practitioner

There are already registered trailblazers to develop apprenticeships in these areas.

At present it is estimated that it takes at least 12-18 months to develop a trailblazer standard and have it approved for delivery so these are areas where

schools could start workforce planning to create opportunities in these areas in the longer term.

It is recommended that the School to School Support Partnership engage in early discussions about these trailblazer apprenticeship standards and where possible are involved in the development of them through Teaching Schools.

It is also recommended that SCITT are engaged at an early stage to give them an opportunity to consider becoming an approved provider for the Qualified Teacher Status apprenticeship standard.

There could be other areas that schools may wish to consider and explore proposing trailblazers going forwards including behaviour support, speech and language services, play therapy, lab technicians.

Further Information

The list of apprenticeship standards currently approved for delivery can be found at the following link

<https://www.gov.uk/government/publications/apprenticeship-standards-ready-for-delivery>