


Decision Record – Small Business Apprenticeship Support Programme: Making the Levy Count

Decision Made under Council's Urgency Procedure

Cabinet Portfolio Holder taking the decision	Cllr Izzi Seccombe Leader
Date of Decision (not before 5 March 2019)	05/03/2019
	

Decision Taken

That the Leader of the Council approves the creation of the Small Business Apprenticeship Support Programme.

Reasons for Decisions

An urgent Leader decision was required ahead of the launch of the scheme on 6 March 2019.

Background Information

- 1.1 Warwickshire County Council is required to pay an Apprenticeship Levy, which is set as 0.5% of our annual employee pay bill. Contributions are taken monthly, moved into a digital account, and can only be used to fund the training costs associated with the delivery of apprenticeships (i.e. it cannot be used to pay the wages of an apprentice). The funds will remain in the digital account for 24 months – after which, any unused funds that have been in the account for this period will be removed and taken by central government.
- 1.2 The introduction of the Apprenticeship Levy has led to significant sums of money being automatically transferred into a digital account, which can only be used to fund the training costs of apprenticeships (not the wider costs incurred to employers through wages). As such, it has been difficult for employers to fully utilise their levy funds. This has been equally true for Warwickshire County Council, which in the first full year (2017/18) we could only utilise 6% of the available funds, slightly less than the 8% national average in that year. This percentage is now rising as we are addressing the situation, but as of 31st December 2018, we have spent just £246,821 of the £1,990,364 available funds in our Digital Account (12.4%) since the Levy began.
- 1.3 We add approximately £100,000 per month into the account, but spend significantly less. While our levels of spend are increasing as we seek to continue to increase our utilisation of apprenticeships within the organisation, it is clear that it is not practically possible for the County Council to fully utilise our apprenticeship levy contributions. Without further action, a significant amount of this money will therefore be lost as the deductions start to take effect from April 2019.
- 1.4 Warwickshire County Council has already piloted a levy transfer with a social care provider. Expressions of interest were invited from care providing companies by the Council's Care Commissioning service, to effectively bid for the levy funds and justify how they could make use of the funds and invest them in training for staff within their business. The decision to make the funds available to care providers was based on the government advice that levy funds are made available to an employer's supply chain. A company called Unique Senior Care provided an excellent bid for the funds and an agreement is now in place to transfer £50,000 of levy funds to cover the training costs for apprenticeships in adult care provision and management.

1.5 There is an opportunity now to build on this pilot, and extend the concept to a wider small business apprenticeship support programme. We would be one of the first local authorities in the country to undertake such a pro-active and extensive levy transfer programme, and there is already significant interest from other local authorities on how we are looking at this issue.

2.0 Small Business Apprenticeship Levy Transfer Programme

- 2.1 It is proposed to ring-fence up to £300,000 per year of Warwickshire County Council's apprenticeship levy contained within our digital account to support a Small Business Apprenticeship Support Programme. We would ensure that this ring-fenced amount is monitored alongside our own current use of the apprenticeship levy, and would be reduced accordingly if our levels of spend increased significantly enough to impact on this (considered unlikely in the short and medium-term). The Autumn 2018 Budget introduced greater flexibilities for use of unspent levy funds, both by increasing the amount that can be shared (rising from 10% to 25%), and widening the range of third parties that can benefit from the levy transfer by enabling organisations to go beyond their immediate supply chains and support apprenticeship training costs in any non-levy paying third party. The £300,000 fund is therefore within our limit, and is considered a level that will not impact on the County Council's abilities to utilise the levy for our own staff, and those within our maintained schools.
- 2.2 This ring-fenced funding would be made available to support small businesses (who are non-levy payers) to fully fund their apprenticeship training costs. Currently non-levy payers enter a co-investment payment process, paying 10% of the costs of apprenticeship training while government funds the other 90%. In April 2019 this proportion will be reduced to a 5% contribution from non-levy payers and 95% from government. Whilst we recognise that this is actually a relatively small proportion of the costs, we do know from business engagement that this still represents a barrier (or a reason not to invest in apprenticeships), and that support to cover this would be welcomed. Furthermore, our approach through this programme would integrate the financial element with pro-active advice and support around the apprenticeship process, reducing bureaucracy and increasing confidence around the quality and appropriateness of apprenticeships to the company. This advice would be part of the wider package of support that the County Council can provide to businesses (i.e. property advice, access to finance, growth support) and so would be part of a longer-term engagement with the company as they go on their growth journey. The Small Business Apprenticeship Support Programme will therefore add significant value beyond the standard co-investment route.
- 2.3 As mentioned above, the programme would be integrated into the County Council's wider business support package, and part of the "offer" that can be provided. By working with our business support advisors, and particularly our Business Skills Advisor, the company would become eligible for securing the resources. We would not support any business that had not engaged with us, and had not gone through Business Skills Review with our advisor. This ensures that we have a good understanding of the business, how they are looking to grow, and what they are seeking to achieve through apprenticeships. The application, approval and monitoring process has been developed to enable an objective review of applications and monitoring of apprenticeship level spend by the County Council to ensure affordability. It is proposed that the County Council's existing Apprenticeship Board would provide the overarching governance for this programme.

Financial Implications

As set out in the report.

Report Author	David Ayton-Hill
Head of Service	Stuart Jackson
Joint Managing Director	Monica Fogarty
Portfolio Holder	Councillor Izzi Seccombe

Checklist

Urgent matter?	Yes. Programme to be launched 6 March 2019
Confidential or Exempt? (State the category of exempt information)	No
Is the decision contrary to the budget and policy framework?	No

List of Reports considered - please include link to report

Link to published proposed decision report:

<https://democratic.warwickshire.gov.uk/cm5/Calendarofmeetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/4637/Committee/473/Default.aspx>

List of Background Papers - please include a contact for access to background papers

N/A

Members and officers consulted or informed

Portfolio Holder – Councillor Izzi Seccombe

All Strategic Directors

Legal – Jane Pollard

Finance – Virginia Rennie

Equality – Keira Rounsley

Democratic Services – Paul Williams

Councillors Cockburn (for urgency), Chattaway, Roodhouse, Chilvers

