

Annex B: LGA response to the flexi-apprenticeship consultation, 1 June 2021

Background

As leaders and trusted conveners of place, local government has brought real added value by coordinating action to support local businesses and residents throughout the pandemic. Recovery interventions must be locally tailored recognising that every area has different demographics, economic strengths and weaknesses. Fundamental to the success of all of this is how different interventions (national/local, existing/new) are coordinated nationally and locally. This is essential to the levelling up agenda.

Apprenticeship provision and maximum flexibility to use it alongside other interventions will be critical to addressing localised employment and training challenges and opportunities, both within local government and across the wider local economy. To this end, we are keen to be involved in further discussions with the Government about the future of the Apprenticeship Levy and submit our views on the proposed flexi-apprenticeship (FA) approach.

Wider and more localised application of flexi-apprenticeship

Since the introduction of the Apprenticeships Levy in 2017, local government has got behind the policy in the following ways:

- Created almost 55,000 apprenticeship opportunities within their own authorities. Despite this, the sector continues to face skills challenges, with three quarters reporting they experience recruitment and retention issues and 51 per cent telling the LGA that they were experiencing significant difficulties recruiting for some posts.
- Supported many local employers to navigate the system to create even more across the local economy. Alongside this, the sector has made effective use of the recent Levy transfer flexibilities by committing funds to help create a further 1,900 more apprenticeships with SMEs, charities and other employers across England.

In this context, the flexi-apprenticeship (FA) approach is welcome. However, we believe it could have a wider application beyond the proposed target sectors identified by the Government and even greater impact across place including through the following ways:

- Local government as a sector has significant scope to benefit from flexi-apprenticeships within our own workforce, the maintained schools' workforce, and those of partner organisations such as employers in our supply chains. Between May 2019 and March 2020, local government saw approximately £23m returned to the Treasury in unspent Levy funds at a rate of over £2m per month. The LGA estimates this figure has risen by £3m during the 2020/21 financial year, so there is significant unspent Levy funds within local government that could be redirected to support the creation of apprenticeships in key skills shortage areas – both within our sector and with partner organisations – which the portable and flexi-apprenticeships models could facilitate.
- Portable and flexi-apprenticeships would be of particular benefit to maintained schools. Many of these schools, for which local authorities remain the employer for apprenticeship purposes, are small primary schools. Often these schools have

limited resources, find it challenging to find the funds to employ an apprentice full time and do not have the capacity to undertake the administration needed to access the apprenticeships system. Previous attempts by some of these primary schools to 'share' an apprentice between two or more schools have not always been successful due to the difficulty of getting one of the participating schools to be willing to 'bear the risk' of being the full-time employer of an apprentice that is working part-time for other schools. This could be overcome by an Apprenticeship Training Agency (ATA) acting as the employer through a flexi-apprenticeship model thereby removing some of the risk administrative burden away from individual schools and on to the ATA. Roles like apprenticeship teaching assistants specialising in physical education, which are not typically full-time in a primary school but could be full-time if spread across two or more schools, would be strong candidates.

- Local authorities have a high proportion of part-time staff compared to other sectors and there may be scope to use flexi-apprenticeships to create full-time roles shared across two or more councils – something that may be useful in particular for district councils. If a full-time role can be advertised instead with the individual placed with two geographically close authorities, it may allow those councils to address some of their skills shortages and attract higher-quality candidates.
- Across a local area, it may make sense for an apprentice to move between two or more employers that do not fall within the same sector. One such example is an off-mooted rotational apprenticeship in social care that would see the apprentice split their time between working in a local authority and working with the NHS. Government should ensure that innovative solutions to pressing problems in our country, like tackling the recruitment and retention difficulties within social care, are not excluded from this policy.
- The Government should consider a business case for employers that also operate project-based roles that may be specific to localities and regions including micro businesses who may not have representative bodies to support them.
- There is also an important role that we can play as leaders of place. Local government economic development teams work closely with the business community and play a vital role in identifying existing and future skills challenges and opportunities. With the right resources, local government could help coordinate flexi apprenticeship schemes across place.

Three other areas of the consultation we specifically wanted to make reference to in our response concern entry criteria for the new register (Q8), the closure and withdrawal of the existing dormant register of ATAs (Q11) and the issue of funding (Qs 12-15).

New register and ATAs

Delays enforced by administration burdens placed on existing and prospective ATAs wanting to access the flexi-apprenticeships model must be kept to an absolute minimum. This is especially the case for those that are live running and have placed apprenticeships with employers. In these instances, ATAs should be allowed to continue to operate with no 'gap' created between the discontinuation of the current register and the establishment of a new one where they are not considered to be 'registered' and restricted from operating.

This is particularly necessary in some parts of local government due to the ongoing issue we face around the use of Pooled PAYE systems. Some operate these systems on behalf of non-maintained schools in their areas, for which they are not the employer. Non-maintained schools would typically access apprenticeship funding independently from the council, but as they share a PAYE number with the council, the schools cannot create their own digital apprenticeship service account to access the funding. This has left these schools functionally cut off from creating apprenticeships.

The use of ATAs to employ an apprentice is one solution that has been put forward by the Education and Skills Funding Agency (ESFA) to partially solve this problem (it is only a partial solution as it will only work for new starters and not existing staff that wish to undertake an apprenticeship) so it is vital that there is no disruption to ATAs' ability to operate lest this remove one of the small number of potential options to address this problem.

Funding

On funding, we broadly agree with the parameters set out in the consultation for what the £7m fund can be spent on. However, we would urge the Government to think more broadly about the opportunities flexi and portable apprenticeships could bring, particularly in tackling chronic existing skills shortages of national significance, such as in the social care and environmental/public health workforces, as well as new opportunities such as the net zero jobs.

If the Government were to consider where other funding streams could align, such as apprenticeship incentives (which could be extended past the 30 September expiry date for specific sectors with acute skills shortages), or repurposing the 10% top up to apprenticeship Levy funding as a grant to Levy paying employers for use on a range of apprenticeships related costs, not just the cost of apprenticeship training, significant additional apprenticeship starts could be realised.

Broader apprenticeship reforms needed

More broadly while we welcome the Government's incremental changes to the Levy since 2017 (increased incentives, ability to transfer the Levy etc), the piecemeal approach has led to more confusion on the ground, as well as unspent Levy monies which have been returned to the Government. We believe that a more fundamental root and branch reform of the apprenticeship Levy is needed.

The fact that individual employers within a local area are encouraged to plan their own Levy activity with minimal read across to what other local employers are doing means that there is limited opportunity to join up across place. We believe opportunities like this should be unlocked so that employers are encouraged to collaborate, whether that be to transfer and pool funds or develop a business cases for the flexi approach.

This could be facilitated if local government, as leaders of place and conveners of partnerships, had a lead strategic role across a local area to plan provision and more local freedom and flexibility to use these funds. This could enable us to more effectively use the Levy to address supply and demand issue, target sectors to support the local business

community and widen participation to disadvantaged groups and specific cohorts and more local freedom and flexibility to use the Levy. Planning in this way should also wrap in unspent Levy and non-Levy funding. Alongside this we are calling for a proportion of the Levy to subsidise apprentices' wages and administration costs which to date has been a real challenge for employers.

The LGA is keen to discuss the issues contained in this paper with colleagues from relevant Government departments and agencies and councils and combined authorities.

End

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