

Shared Services Joint Committee Wednesday 26th October 2022

Report Title	Disaggregation Change Request: Learning and Development Phase 2
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Executive Member	WNC Cllr Mike Hallam, Portfolio Holder for HR & Corporate Services. NNC Cllr Jason Smithers, Leader of the Council and Portfolio Member for Governance and HR.

Key Decision	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	None

Contributors/Checkers/Approvers

Approver	Officer Name	Date Officer Approved Report
North MO West MO	Adele Wylie Catherine Whitehead	21 ST September 2022
North S151 West S151	Janice Gotts Martin Henry	21 ST September 2022

List of Appendices

None

1. Purpose of Report

- 1.1 This report seeks approval of a change request to reprofile the disaggregation of L&D Apprenticeship Training Provider function and the Employer Apprenticeship Digital Account Service (DAS) from October 2022 – March 2023 to October 2023 - April 2024. The change request recommends that these functions remain hosted for an additional year, provided by North Northamptonshire Council (NNC) to West Northamptonshire Council (WNC).

2. Executive Summary

- 2.1 Recommendations to disaggregate Learning and Development via a two phased approach were presented to and approved at the Shared Services Joint Committee on 27th April 2022.
- 2.2 Phase 1 of the disaggregation, which includes Leadership and Digital, Adults Communities and Wellbeing and Children's (excluding NCT) is underway and on target to be delivered by the approved completion date of 30 September 2022.
- 2.3 Phase 2 disaggregation from October 2022 – April 2023 includes:
- ILearn (digital / learning management system)
 - The L&D business support function
 - Apprenticeship Training Provider function
 - Apprenticeship Employer Digital Account Service (DAS) (Management of the Apprenticeship Levy)
- 2.4 This report seeks approval of a change request that recommends extending the disaggregation of the L&D Apprenticeship Training Provider function and the Apprenticeship Employer Digital Account Service (currently in Phase 2) by a further 12 months, commencing in October 2023 as opposed to October 2022.
- 2.5 This will mitigate the key risks identified in Section 5 of this report.
- 2.6 Section 6 of this report notes that the financial considerations of this change request will be factored into the 2023/24 Learning and Development budget.

3. Recommendations

That the Shared Services Joint Committee:

- 3.1 Approve the recommendation to retain the functions listed below in a hosted arrangement for an additional year from April 2023 – March 2024, delivered by North Northamptonshire Council (NNC) to West Northamptonshire Council (WNC)
- The Apprenticeship Training Provider function.
 - Apprenticeship Employer Digital Account Service (DAS).

3.2 The key reasons for these recommendations:

- To ensure the safe and legal disaggregation of training provision, with minimal disruption to service delivery across North Northamptonshire Council (NNC) and West Northamptonshire Council (WNC) and mitigate the key risks detailed within this report.

4. Report Background

4.1 The recommendation noted in 3.1 relates to two of the functions that are due to disaggregate in Phase 2, detailed below:

- **The Apprenticeship Training Provider function**
This function is responsible for the in- house delivery of apprenticeships including Team Leader Level 3, Business Administration Level 3, and Lead Adult Care Worker Level 3 (this includes the CQC Required Care Certificate Training funded by the Apprenticeship Levy). Training is tailored to each organisation's priorities and objectives.
- **Apprenticeship Employer Digital Account function**
This function manages the digital apprenticeship accounts for NNC, WNC, NCT and Milton Keynes Council in accordance with Education & Skills Funding Agency rules and regulations. It is also responsible for the procurement and commissioning of external training providers and consultancy support to increase apprenticeship take up and ensure all levy funds are utilised.

4.2 Detailed fact checks relating to the above functions have been completed by the relevant service leads and the information gathered has been used to inform the recommendations in this report.

4.3 The main risks associated with disaggregating the apprenticeship functions from October 2022 – March 2023 include the financial / viability risks of running a 'single' in house service for NNC only, the risk of enforced closure of the NNC apprenticeship provider service, and risks to the quality and consistency of service delivery to learners and statutory compliance for both authorities.

These are highlighted in more detail in the next section.

5. Issues and Choices

5.1 Continuing with a hosted service arrangement long term is not an option, as it fails to align to the Blueprint and the agreement to separate L&D services for WNC and NNC.

5.2 One of the choices that has been considered in depth is to continue with the current proposed timeline of disaggregating **all phase 2** L&D functions by April 2023, rather than the recommended reprofiled approach put forward in this report. At the time when the original disaggregation timetable was agreed, the full impact of disaggregating the phase 2 functions had not been undertaken.

As a result of this more detailed analysis, it has become evident that commencing disaggregation of the Apprenticeship Training Provider and DAS in October 2022 poses a number of key risks to North and West Northamptonshire Councils.

- 5.3 One of the key risks for the NNC apprenticeship service is the financial risk. The current delivery of Apprenticeships and Digital Apprenticeship Service (Levy Account Management) operates as a **joint** risk model with any under or overspends split 50/50 between the two authorities. The service is a net cost to the authority with a budgeted IAA recharge to WNC of £195k for apprenticeship functions.
- 5.4 If the apprenticeships functions were to disaggregate and NNC move to a customer supplier model with WNC, then assuming the West continue to use NNC as their principal supplier of apprenticeships, NNC would maintain the same income and delivery expenditure but would lose any additional monies from WNC as detailed in 5.3. This would cause a pressure in the NNC budget.

The finance business partner has advised that if WNC chose not to use NNC as their supplier then this would likely make the apprenticeships function in NNC financially untenable.

The most financially viable option, if NNC is to continue to deliver apprenticeships to WNC, would be through a joint risk model. In the future and in conjunction with finance colleagues, further work will need to be undertaken to demonstrate whether or not this is the most efficient way of procuring apprenticeships for NNC moving forward.

- 5.5 Continued viability of delivering the service is another significant risk.

The current learner profile for apprenticeships equates to 55% of learners based in NNC and 45% based in WNC. If NNC were to withdraw delivery of apprenticeships to WNC, this would result in the withdrawal /transfer of 45% of the current learner base within the hosted service. There is a significant risk therefore that NNC would fail to meet the minimum success rate for its learners, which is 70%, as currently that is only achievable with the 'joined' hosted learner profile. Failure to meet the minimum success rate is likely to trigger an enforced 'closure' of the service by the Department for Education. The closure would be publicised on their website and would trigger an Ofsted inspection upon the Adult Learning Services team due to the fact they share a UK Provider Reference Number with the Apprenticeship Training Provider team. Reputationally, this would not promote NNC as an Employer of Choice or support our goal to grow and nurture talent from within our organisation at NNC.

- 5.6 As has been noted in previous reports, there is also a risk to West Northamptonshire Council in regard to apprenticeship delivery. In January 2022, the Government announced that it will no longer be accepting applications from organisations to become their own 'in-house' apprenticeship provider; unless there is clear evidence that no other provider can supply the apprenticeships in question. NNC is currently a registered 'in house' apprenticeship service provider, delivering a range of apprenticeship

qualifications across NNC, WNC, and NCT. Disaggregation of this function will mean that WNC have no ability to continue to deliver in-house apprenticeships to its employees. If employees from the apprenticeship delivery service are disaggregated from October 2022 and transfer to West Northamptonshire Council, they will not be able to carry out their role as WNC are not a registered provider and have no mechanism to become one in the near future. This will render their roles redundant. Any redundancy costs would be a shared cost between NNC and WNC. There is also a reputational risk to the quality and consistency of learning for those apprentices who are currently completing their qualifications and an increased risk of 'non completions,' which impacts funding from the Department for Education and Skills Funding Agency.

WNC have approached NNC to continue with the provision of apprenticeship functions by NNC to WNC via a hosted arrangement for a further twelve months to mitigate this risk.

- 5.7 Furthermore, the Education and Skills Funding Agency (ESFA) do not actively support training providers who are working with less than 50 Apprentices in training at any one time. Disaggregating the Apprenticeship Training Provider service would potentially mean NNC are unable to meet these minimum learner requirements in the short to medium term, without the inclusion of the WNC learner numbers. The NNC delivery model would need to be reviewed to decide if the Council is able to compete within the open market to ensure viability of learner numbers; or if it is no longer sustainable to retain in-house delivery. Should it be concluded the in-house delivery is no longer sustainable that would mean relinquishing the current NNC Apprenticeship Provider status, which once yielded, would not be obtainable at any point in the future as the register is closed, unless you can demonstrate that you are the only provider that can deliver the apprenticeship that you require. It is currently not possible for WNC to apply for such status as all apprenticeships the Council requires are available in the open market from other providers. In discussions with the Department for Education, there is no consideration for the apprenticeship register to reopen at any point in 2023 or 2024.
- 5.8 Apprenticeship Training delivery in 2021-2022 drew an income of £101,326 in levy funding back into the Councils. In addition to this 16 schools and departments also received £3000 grants each for employing an Apprentice. It is established that with the development of the new Team Leader Apprenticeship (including ILM Diploma) and two new apprenticeship programmes (Level 5 Operations/Departmental Manager and Level 2 Adult Care Worker) due to be launched in January 2023, future incomes will increase by £22,500 within 2022-2023 without any significant increases in workforce establishments.
- 5.9 The apprenticeship training team has started to implement the use of Traineeships and T-level qualifications across the North and West Councils. The purpose of these programmes, launching in September 2022, is to fill hard to recruit workforce vacancies and entry level posts to encouraging local candidates between the ages 19-24 to consider long-term careers within the Council.

Disaggregating the Apprenticeship service provider team is likely to have a detrimental impact on the roll-out of Traineeships and T-Levels in both authorities. This is due to the fact the vital roles supporting and co-ordinating these new development programmes sit within the apprenticeship delivery team and there would no longer be sufficient resource to support these new initiatives. For clarity, T levels are new qualifications for 16–19-year-olds that are an alternative to A levels. They are designed by employers to train students for highly skilled jobs and help them to meet the skill requirements for the future either via employment or an apprenticeship route. Traineeships provide work experience for students that prepares them for work or an apprenticeship. Both these government initiatives are closely aligned to our apprenticeship offering. The government and funding arrangements will promote this blended offering in the future. If the North is no longer a viable Apprenticeship provider for the reasons noted above, this will have a significant impact on T-Levels and Traineeships.

- 5.10 Consideration also needs to be given to the delivery of stand-alone programmes (provided at a loss compared to income generated), such as Diploma in Adult Care, ILM Level 3 Diploma in Management and ILM Level 5 Diploma in Leadership. These stand-alone programmes can be integrated into the apprenticeship delivery, allowing substantial cost savings to the Council. To allow NNC to continue to deliver a hosted service will enable re-investment of Apprenticeship Levy funding back into the Council for the delivery of these programmes; with only registration and certification costs to pay. Disaggregation would result in a potential loss of income to NNC, as WNC can choose to spend this Levy money on another external provider. NNC are well placed to deliver this and have subject matter experts that can provide tailored training to both organisations.
- 5.11 In addition, any considerations in regard to changing the current status of the apprenticeship delivery team must also be reviewed in the context of the wider Adult Learning Services team. The apprenticeship in-house delivery team share the same 'registered training number – known as the UK Provider Reference Number with the Adult Learning Service and therefore the link between the two services is influential in how we are viewed by external regulatory authorities. Actions taken by one team could trigger an Ofsted inspection on the other team with only 24 hours' notice provided.
- 5.12 The L&D function currently delivers the apprenticeship functions to the Northamptonshire Children's Trust, through a service level agreement. Presently, this agreement is due to expire on 30 September 2022, pending ongoing discussions with NCT. NCT have indicated that they would like to continue accessing the apprenticeships levy management services via a new/revised service level agreement with the Councils. As WNC cannot be an apprenticeship provider this will be the responsibility of NNC to provide whilst they are a registered provider. Any disaggregation decision will need to factor in the necessary resources to deliver this.
- 5.13 Considering the key points raised above, reprofiling the disaggregation of the apprenticeship functions across 2023/24 will serve to mitigate the majority of the risks and issues that have been identified. It will also provide sufficient time for new initiatives to be launched such as T-Levels and Traineeships, and the completion of a full financial viability study to be undertaken by the NNC

Apprenticeship service lead and finance colleagues, to inform the future operating model for NNC.

- 5.14 As the apprenticeship digital account function is so closely aligned to the apprenticeship delivery, it makes sense not only financially to mirror the recommendation to reprofile the disaggregation until 2023-2024, to avoid disjointed delivery and compliance / levy funding issues.

6. Next Steps

- 6.1 Pending agreement to this change request, the next steps will be to proceed with the disaggregation of the remaining phase 2 functions (iLearn / learning management system and L&D business Support) and commence formal consultation with impacted employees and recognised trade unions.

7. Implications (including financial implications)

7.1 Resources and Financial

- 7.1.1 The impact of this change request will be factored into the 2023/24 Learning and Development budget. If the change request is approved, then there will be no impact on the 2023/24 Learning & Development Budget.
- 7.1.2 The WNC Inter Authority Agreement (IAA) contribution is in place for 2022-23 for all seven L&D service areas. The IAA income to NNC will reduce by the associated amounts for the disaggregating service areas at the point of disaggregation. In addition, if this change request is approved the IAA income from WNC to NNC will remain in place for the Apprenticeship Training Provider and DAS functions for an additional year.

7.2 Legal and Governance

- 7.2.1 The L&D service level agreement that is in place with the Northamptonshire Children's Trust is due to expire on 30 September 2022. The Trust have indicated that they would like to continue commissioning their apprenticeships from NNC through a revised service level agreement.

7.3 Relevant Policies and Plans

- 7.3.1 Not applicable

7.4 Risk

- 7.4.1 There are no significant risks arising from the proposed recommendation, it does however mitigate several key risks. The period of disaggregation would be extended by twelve months for two of the seven functions within L&D.

7.5 Consultation

- 7.5.1 Not applicable.

7.6 Consideration by Executive Advisory Panel

7.6.1 Not applicable.

7.7 Consideration by Scrutiny

7.7.1 Not applicable.

7.8 Equality Implications

7.8.1 Not applicable.

7.9 Climate Impact

7.9.1 Not applicable.

7.10 Community Impact

7.10.1 Not applicable.

7.11 Crime and Disorder Impact

7.11.1 Not applicable.

8 Background Papers

8.1 Not applicable.