

Shared Services Joint Committee Wednesday 25 October 2023

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

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	

List of Appendices

None

1 Purpose of Report

- 1.1. To seek approval on the disaggregation and next steps regarding the North hosted Apprenticeship Service

2 Executive Summary

- 2.1. Prior to unitary, it was agreed that all functions within the hosted Learning and Development (L&D) service would be disaggregated by October 2022.
- 2.2. In April 2022, the Shared Services Joint Committee agreed a reprofiled disaggregation date of 31 March 2024 for the Apprenticeship function, due to

the significant service risks to NNC and WNC posed by an earlier disaggregation date.

- 2.3. This paper seeks agreement of the recommended option for disaggregating the Apprenticeship function by March 2024 and outlines the key considerations and impacts of this decision.
- 2.4. A detailed impact assessment and separate financial appraisal have been undertaken to inform the recommendations in this report.

3 Recommendations

3.1. It is recommended that the Shared Services Joint Committee:

- a) Approve the disaggregation of the L&D Apprenticeship DAS team by 31st March 2024.
- b) Approve the withdrawal of the Apprenticeship Provider Service within the HR service*
*(*WNC are not legally able to continue this provision; For NNC, refer to recommendation c)*
- c) For NNC only, approve the transfer of the management of the NNC Apprenticeship ROAPT status to Adult Learning Services by 31st March 2024.
- d) For NNC only, note the Councils commitment to continue to deliver Service Level Agreements to Milton Keynes Council and Northamptonshire Childrens Trust.
- e) Grant delegated authority to the Monitoring Officers for North and West Northamptonshire Councils to put into place a deed of variation to the Inter Authority Agreement (IAA) for the service to exit the IAA.
- f) Approve that both WNC and NNC will act in accordance with Service Plans and Exit Plans agreed by both WNC and NNC service leads and approved by Monitoring Officers until such time as a formal Deed of variation has been completed.

3.2. Reason for Recommendations:

- Ensure the safe and legal disaggregation of Learning and Development functions, in line with the Local Government Reform Blueprint.

- Enable each authority to tailor their apprenticeship provision to their organisational/corporate priorities and service delivery model.
- For NNC only, enables the NNC Apprenticeship Training Provider function to be financially self-sustaining.
- Ensures that any changes to the Inter Authority Agreement arising from disaggregation are correctly enacted with proper authority.

3.3. Alternative Options Considered

3.3.1 **Option 1** – Do Nothing, Remain as a Hosted service.

3.3.2 **Option 2** – Disaggregate both Apprenticeship functions with a c50/50% split.

3.3.3 **Option 4** – Cease the Apprenticeship Training Provider function and disaggregate the DAS function (including Quality).

Section 5 provides further details on these Options.

4. Report Background

4.1. The North hosted apprenticeship function is due to be disaggregated by 31st March 2024. As well as delivering a hosted service to WNC through the Inter Authority Agreement, the function also delivers apprenticeship services to Northamptonshire Children’s Trust and Milton Keynes Council (MKC), through separate service level agreements; and maintained schools across NNC, WNC and MKC.

North Northamptonshire Council has Service Level Agreements with Milton Keynes and NCT and the Council is keen to maintain the positive working relationship with both organisations and for them to receive apprenticeship services for the longer term.

4.2. Detailed disaggregation fact checks, and an impact assessment were completed, and a number of options were considered regarding the future L&D Apprenticeship service. A financial appraisal of the service, in liaison with finance colleagues, has also been undertaken and the outcome of these pieces of work has led to the recommendations noted in this report.

4.3. The NNC Apprenticeship service comprises of the two key operational areas:

- An in-house Apprenticeship Training Provider team who deliver a limited number of apprenticeships internally; and

- An Apprenticeship DAS team, who manage the levy accounts, procure, and source external apprenticeship courses, and quality assess learner experience and providers.
- 4.4. In order to fully utilise their apprenticeship levy, organisations can choose to source their apprenticeships internally, externally, or a combination of both, depending on need and the type of apprenticeship required.
 - 4.5. The in-house Training Provider team currently offer 3 apprenticeships as part of the hosted service arrangements. There were 56 learners on programme in 2022/23 and there are currently 31 active learners on programme in 2023/24 across NNC, WNC and NCT.
 - 4.6. The NNC Apprenticeship DAS team, who support the sourcing of apprenticeships from external providers, commissioned and procured 257 externally delivered apprenticeships in 2022/23 across NNC, WNC and NCT.
 - 4.7. Employees within both of the above teams are in scope of the disaggregation.
 - 4.8. To deliver apprenticeships 'in-house', it is a legal requirement that all apprenticeship providers be officially recognised by the Register of Apprenticeship Training Providers (RoATP). NNC's Apprenticeship RoATP status was renewed in April 2022 which means it is able to continue delivering in-house apprenticeships until the academic period 2026-2027. However, there is currently no option available for WNC to become an apprenticeship training provider due to the register remaining closed indefinitely for new providers. This risk was highlighted in the Shared Service Joint Committee report on 26th October 2022 and was a key consideration that led to reprofiling of the original Apprenticeship service disaggregation date.
 - 4.9. The fact that the register remains closed means that WNC are not able to continue to deliver in house apprenticeships like NNC. In employment terms, this means that a disaggregation /TUPE situation cannot apply to the team who deliver in-house apprenticeships as part of the IAA. Consequently, the amount of work carried out by this team will diminish. This may trigger a redundancy situation if no suitable redeployment options exist. Disaggregating the Apprenticeship Training Provider team is not an option in this case. Any potential redundancy costs related to this process would however be subject to a 50/50 split between NNC and WNC, as per the IAA shared risk agreement.
 - 4.10. However, it is possible to disaggregate the Apprenticeship DAS team (including Quality) between North and West as this service does not require registration.

- 4.11. At present the IAA arrangement with WNC includes a recharge to WNC for 50% of the net cost of service delivery. The net budget for the whole Apprenticeship Service, including the IAA contributions in 2022/23 was £192k for NNC. However, the whole Apprenticeship Service, had a net cost to NNC of £210k in 2022/23 creating a budget pressure of circa £18k. Therefore, the recharge to WNC for the Apprenticeship Training Provider & DAS functions was also £210k for the period 2022/23.
- 4.12. Once the Apprenticeship service disaggregates the IAA income from WNC would no longer be received by NNC and the shared risk arrangement would no longer be applicable. NNC will no longer be able to offset the cost of internal delivery through the 50% net cost share with WNC. This would create a material budgetary pressure within the service.
- 4.13. Following a financial appraisal of the whole apprenticeship service (In-house Training Provider function and the DAS function), supported by finance colleagues, the Apprenticeship Training Provider function, in its current form, was deemed to be non-viable and unsustainable as it is not currently delivering value for money.
- 4.14. The in-house apprenticeship provider team only has capacity and expertise to deliver a limited type and number of apprenticeships internally. This means that it is highly unlikely that NNC will be able to generate sufficient learner numbers to become financially self-sustaining in regard to its 'in-house' apprenticeship training.
- 4.15. The 2022/23 in-house learner numbers show that 56 learners completed one of the three internal apprenticeships across NNC and WNC. Based on the current delivery model, approximately 400 learners on average would be required 'on programme' at any one time to break even. The three apprenticeship programmes that can be offered internally, coupled with the fact that there are only a finite number of vacant roles across NNC and WNC that align to those programmes, means that the internal market is quite saturated. A much wider audience of learners is needed to be able to recruit the substantial number of learners required to be financially viable. This would require a move to offering the apprenticeships to the external market and a review of the delivery model, resources and budget.
- 4.16. If the Apprenticeship in-house Training Provider function continued as is, with the same business model post disaggregation, there would be a potential pressure of £146k for NNC in 2024/5. This comprises of £130k loss of IAA income from WNC and c£16k overspend, based on the outturn figures for 2022/23. This is not sustainable.

- 4.17. It is already recognised that WNC cannot become a training provider. If NNC decided to rescind its apprenticeship provider registration by ceasing the in-house delivery service, there is currently no option to re-register due to the indefinite closure of the register for new providers. This could impact the capability of the NNC Adult Learning Services longer term in regard to potential future funding streams. The Good rating from Ofsted and the green / safe assessment; coupled with the close synergies with the Adult Learning service, provide a solid foundation on which to build options for a future apprenticeship delivery model.
- 4.18. The impact of disaggregation has been factored into the 2023/24 Learning and Development budgets. To ensure continuity of service delivery, both authorities will need to review operating structures as part of the disaggregation consultation process. Any future service redesign will be carried out in accordance with the respective governance processes for each Council. WNC and NNC will meet future funding requirements through the realignment of existing budgets and structures.

5 Issues and Choices

5.1. The following options have been considered:

- **Option 1** – Do Nothing, Remain as a Hosted Service.
- **Option 2** - Disaggregate both Apprenticeship functions with a 50/50% split.
- **Option 3** – Disaggregate the hosted DAS Apprenticeship Service, withdraw the delivery of in-house apprenticeships within the HR service. Consideration will need to be given to the delivery of existing SLA commitments as part of the disaggregation process.
For NNC only, this option would be accompanied by a recommendation to transfer the Apprenticeship RoATP number and the ability to deliver apprenticeships to an internal and external market, to NNC Adult Learning Services ALS).
- **Option 4** - Cease the Apprenticeship Training Provider function and disaggregate the DAS Apprenticeship function.

The key benefits and dis-benefits of these options are summarised below:

5.2. **Option 1 (not recommended) – Do Nothing (Remain as a Hosted Service)**

5.2.1 The option to do nothing would mean continuing with a hosted delivery arrangement for the Apprenticeship Training Provider and the Apprenticeship DAS services.

All 11.5 fte employees in total (18 posts/ 16.15 fte including 4.65 vacancies) would remain employed by the hosted service at NNC.

5.2.2 Financial summary

The apprenticeship service as a whole operated at a net cost to NNC of £210k in 2022/23, creating a budget pressure of £18k on the £192k net budget. The recharge to WNC was also therefore £210k for the period of 2022/2023.

Based on 2022/23 outturn figures and in house apprenticeship learner numbers, remaining as a hosted service for both apprenticeship services would continue to create a budget pressure and increase in costs for NNC and WNC respectively.

5.2.3 Advantages

- No disruption to the team, service, training programmes, reporting or customer service experience.
- Consistency of training provision for all staff.
- Consistency of management capacity.
- Retention of specialist roles and skills.
- Economies of scale between DAS, Employer and Quality.

5.2.4 Disadvantages

- Does not align with the Corporate Strategies and vision/ agreed blueprints of WNC and NNC.
- Conflicting priorities between WNC and NNC may compromise / weaken a continued joint delivery model.
- The Apprenticeship Training Provider function alone ran at a net cost of £260k in 2022-23 and is therefore not financially self-sustaining in its current delivery format.
- Based on the current Apprenticeship Training Provider delivery model in order to deliver the function in a cost neutral way there would need to be c 400 learners on programmes at any one time, dependant on the apprenticeships offered.
- With the current list of apprenticeships offered there is not enough of an internal market to increase uptake from 31 learners to the numbers required.

- To deliver a self-sustaining internal provider service the Council would have to deliver to the external customer market.
- If the training service was not operating at a profit, this would require the service to be subsidised, taking money from elsewhere in the organisation and also supplementing external organisations.

5.3. **Option 2 – (not viable) Disaggregate both Apprenticeship functions with a c50/50% split.**

5.3.1. This option is to disaggregate each of the in-scope services (Apprenticeship Training Provider services, DAS services) with a c50/50% split of staff, operating independently in NNC and WNC.

5.3.2 However, we have already highlighted the fact that there is **no** option available for West Northamptonshire Council to become an Apprenticeship Training Provider and register on RoATP due to the register being closed indefinitely for new providers. This means that the West are not able to continue to deliver in house apprenticeships like NNC. In employment terms, a TUPE situation does not therefore apply.

5.3.3. Disaggregation of both apprenticeship functions therefore is not a feasible option. Therefore, Option 2 is not a feasible option.

5.4. **Option 3 – (recommended) Disaggregate the hosted DAS Apprenticeship function, withdraw the delivery of in-house apprenticeships within the HR service.** *Consideration will need to be given to the delivery of existing SLA commitments as part of the disaggregation process.*

5.4.1 This option is to disaggregate the DAS function (DAS Levy Management /commissioning and quality function) between NNC and WNC and discontinue the delivery of in-house apprenticeships within the HR service.

5.4.2 This option is a feasible option for WNC because they cannot be an apprenticeship provider.

5.4.3 For NNC only, this option would be accompanied by a recommendation to transfer the Apprenticeship RoATP number and the ability to deliver apprenticeships to an internal and external market, to NNC Adult Learning Services (ALS). There are close synergies with the funding streams and the overarching Adult learning Strategy and transferring the training registration number to ALS will enable NNC to retain its training services registration, as well as having access to the external and internal markets; required to ensure a viable service. This may also provide some potential redeployment options for staff who are currently undertaking provider services as part of the hosted service arrangement.

5.4.4 ALS have written a Business Case to support the transfer of the NNC Apprenticeship Training Provision. A proportion of this work can be absorbed into the existing team and ALS are in the process of defining what additional roles / potential structure changes would be required moving forwards if this recommendation is approved. This would form part of the employee consultation for impacted staff.

5.4.5 As stated, WNC is not a registered Apprenticeship Training Provider so the function cannot be disaggregated to West. However, at least c50% of the provider work will cease. Every effort will be made to redeploy staff where possible but there may be potential redundancies, the cost of which would be shared 50/50 between NNC and WNC.

5.4.6. NNC and WNC could choose to become a customer of ALS for the provision of apprenticeships, but this would not be under an IAA/ shared risk model.

5.4.7. Furthermore, under this option, only the DAS Apprenticeship team would be disaggregated. This would be a proportional split as near to c50/50 as possible, between NNC and WNC. Consideration will need to be given to the delivery of existing SLA commitments as part of the disaggregation process.

5.4.8. Financial summary

If this option is implemented, a review and consultation on the remaining NNC Apprenticeship Service structure will need to be undertaken to ensure efficient and sustainable delivery, within budget.

5.4.9 Advantages

- Partial alignment with the corporate vision and blueprints for each Council to disaggregate within the agreed timelines, by disaggregating the DAS/Quality function.
- Enables each Council to review and where appropriate, redesign their DAS Employer Engagement/Quality service. This is considerably more difficult to achieve working in a hosted arrangement.
- For NNC, the Apprenticeship delivery will become pertinent to the Adult Learning Services strategy within the next 3-5 years as funding moves from community learning into the arena of skills, supporting employability and progression into employment. With the aim to support the destination of their learners from employability training to end point employment via Apprenticeships.
- For NNC, the Apprenticeship Provider Team and Adult Learning Services currently interdepend on each other due to the shared Training provider

number. This means that the actions of one service could trigger intervention by the Department for Education; including Ofsted inspections. Delivering training in one service mitigates this intervention.

- NCT care leavers have complex needs meaning many remain in long-term unemployment and therefore struggle to support themselves financially, with up to 40% becoming homeless. Many commercial training providers do not accept care leavers onto Apprenticeship programmes as they do not immediately meet their standard entry criteria. ALS have demonstrated their ability to focus on the long-term prosperity of care leavers, rather than financial returns and are currently targeting care leavers for their Study Programmes. Apprenticeships provide a natural progression to this work, supporting the Corporate Parenting Responsibility of NNC and WNC if required.
- For NNC, retaining the In-house Apprenticeship delivery means NNC would be drawing Apprenticeship levy funds back into the Council.
- For NNC, it would be economically prudent to try and redeploy employees from the internal delivery team from Learning and Development to Adult Learning Services to target delivery at the external markets as well as internal markets, giving a much larger audience to meet break event targets.

5.4.10. Disadvantages

- Potential redundancies for the staff within the Apprenticeship Training Provider function and associated costs, split 50 /50 with WNC. This is not expected to exceed £156 k in total (c£78k per council) including any pension strain costs.
- For NNC, the financial risk transfers to ALS with the Apprenticeship Training Provider function. However, ALS have produced a business case addressing financial viability.
- If NNC continue to provide the Apprenticeship Training Provider function via ALS and WNC withdraw their current learners on apprenticeships with NNC then this would trigger a cause for concern with the Department for Education. A clear transition plan will mitigate this concern.

5.5. **Option 4 – (not recommended) Disaggregate the DAS function and cease the Apprenticeship Training Provider function.**

5.5.1 This option would disaggregate the DAS Apprenticeship services team as planned but cease the In-house Apprenticeship Training Provider function. All councils would move to a commissioning model, with the focus on procuring external apprenticeships that maximise the levies and meet the needs and priorities of each organisation.

5.5.2. This option is a feasible option for WNC because they cannot be an apprenticeship provider.

5.5.3. Financial summary

Implementation of this option may potentially result in a greater number of staff redundancies due to a total cessation of service with the HR service.

Ending the Apprenticeship Training Provider function and moving to a commissioning only model would reduce the financial risks by removing delivery volume-based income targets.

5.5.4 Advantages

- Removal of delivery /volume-based targets, reduction of financial risks and greater stability of income amounts to be received each year.
- Enables WNC and NNC to shape their own DAS apprenticeship service to meet needs and priorities.

5.5.5. Disadvantages

- Potential redundancies for the staff within the Apprenticeship Training Provider function and associated costs, split 50 /50 with WNC. This is not expected to exceed £156 k in total (c£78k per council), including any pension strain costs. There may also be an additional cost to NNC for potential redundancies of former KBC employees who also undertake this work but are not part of the disaggregation (c£20k) pending redeployment opportunities.
- If the Apprenticeship Training Provider delivery ceases, the department for education would need to be notified and the RoATP registration surrendered with no re-application/obtainment of Apprenticeship delivery status permitted again in the foreseeable future for NNC.
- No ability to tailor programmes in-house meaning they will be delivered as off the shelf programmes.
- Many commercial training providers do not accept care leavers onto Apprenticeship programmes as they do not immediately meet their standard entry criteria.

Recommendations

The recommended option is Option 3:

Disaggregate the hosted DAS Apprenticeship Service with as near to c50/50 split as possible, between NNC and WNC. Consideration will need to be given to the delivery of existing SLA commitments as part of the disaggregation process.

This option aligns with the Corporate Strategic goals of WNC and NNC. It is in line with the disaggregation Blueprint, within which the Shadow Authorities agreed in 2020 to establish separate L&D services for WNC and NNC.

For NNC only, this option would be accompanied by a recommendation to transfer the Apprenticeship RoATP number and the ability to deliver apprenticeships to an internal and external market, to NNC Adult Learning Services ALS).

WNC is not a registered Apprenticeship Training Provider so the function cannot be disaggregated to West. However, at least c50% of the provider work will cease. As such, a full review and employee consultation on the remaining NNC Apprenticeship Service structure will need to be undertaken to ensure efficient and sustainable delivery, within budget. Every effort will be made to redeploy staff where possible but there may be potential redundancies, the cost of which would be shared 50/50 between NNC and WNC.

6 Next Steps

- 6.1. Engagement and formal consultation with in-scope staff and recognised union representatives will take place following approval of the recommendations in this report.
- 6.2. An exit plan would be developed in accordance with the requirements of the Inter Authority Agreement (IAA) for the hosted provision of functions and services between NNC and WNC.

7 Implications (including financial implications)

7.1. Resources and Financial

- 7.1.1 Resources will be required from the enabler services in both authorities to support the disaggregation and TUPE of staff.
- 7.1.2 Formal consultation with employees will take place in accordance with agreed policies and principles agreed with recognised trade unions.
- 7.1.3 The impact of this disaggregation will be factored into the 2024/25 Learning and Development budgets.
- 7.1.4 The IAA income from WNC to NNC will reduce to zero once the Apprenticeship DAS service has disaggregated and the in-house provider service is withdrawn from the HR Service, by 31st March 2024.

7.1.5 NNC and WNC will meet future funding requirements through a review and realignment of existing budgets and structures across the teams as required.

7.1.6 As per IAA agreement, any potential redundancy costs in relation to in scope employees due to withdrawal of apprenticeship provider services within HR, will be split 50/50 between West and North. These costs are not expected to exceed £156k in total (c£78k per council) including any pension strain costs and will be dependent on redeployment opportunities.

7.2. **Legal and Governance**

7.2.1 The Shared Service Joint Committee is responsible for ensuring there are robust plans for any disaggregation of services and that there is a smooth transition to new service delivery arrangements. The Committee is also responsible for ensuring that statutory arrangements are in place for each Council.

7.2.2 The L&D service is currently hosted by NNC and provided to WNC. Upon the termination of this hosted Inter Authority Agreement, an exit strategy will be put in place.

7.3. **Relevant Policies and Plans**

7.3.1 The disaggregation of the L&D functions complies with the requirements of the approved Blueprint, which outlines the hosted services in each authority that require disaggregating.

7.4. **Risk**

7.4.1 The split of the structures and staff would need to ensure a balance of skills, knowledge, and experience, if this is not achieved there is a risk of disruption to the service.

7.4.2 There is a risk of potential redundancies arising from the proposed recommendations in this report.

7.4.3 Any project management risks will be managed through the project governance process.

7.5. **Consultation**

7.5.1 Consultation with affected employees and recognised trades unions will commence in November 2023 for a minimum period of 45 days, subject to the approval to proceed.

7.6. **Consideration by Executive Advisory Panel**

7.6.1 No considerations arising from this report.

7.7. **Consideration by Scrutiny**

7.7.1 No considerations arising from this report.

7.8. **Equality Implications**

7.8.1 Any equality impacts will be considered as part of the formal employee consultation process.

7.9. **Climate Impact**

7.9.1 As part of the disaggregation some staff will TUPE from NNC to WNC, there may be reduced or additional travel considerations for some members of staff.

7.10. **Community Impact**

7.10.1 No implications arising from the proposed recommendation.

7.11. **Crime and Disorder Impact**

7.11.1 No implications arising from the proposed recommendation.

8 Background Papers

None