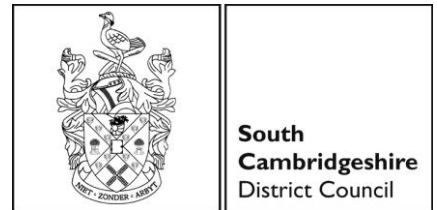


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14 June 2017

To: Councillor Simon Edwards, Portfolio Holder

Doug Cattermole

Philippa Hart

Hazel Smith

John Williams

Opposition Spokesman

Opposition Spokesman / Scrutiny and
Overview Committee Monitor

Opposition Spokesman

Opposition Spokesman

Dear Sir / Madam

You are invited to attend the next meeting of **FINANCE AND STAFFING PORTFOLIO HOLDER'S MEETING**, which will be held in **SWANSLEY ROOM A, GROUND FLOOR** at South Cambridgeshire Hall on **TUESDAY, 20 JUNE 2017** at **6.00 p.m.**

Yours faithfully

Alex Colyer

Interim Chief Executive

Requests for a large print agenda must be received at least 48 hours before the meeting.

AGENDA SUPPLEMENT

4. Apprenticeships

For the Portfolio Holder to consider the Council's strategy for Apprenticeships over the next four years, in line with the Government's Apprenticeship scheme

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1 - 12**

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Agenda Item 4



South
Cambridgeshire
District Council

Report To: Finance and Staffing Portfolio Holder

20 June 2017

Lead Officer: Head of People and Organisational Development

Apprenticeships

Purpose

1. To present the Council's 4 year strategy on Apprenticeships:
 - a) Provide details of the levy and Government allowances
 - b) Provide details of the Council's approach to meeting the Governments targets for Apprenticeships which were introduced in April 2017.
2. This is a key decision because it results in the authority incurring expenditure which is, or the making of savings which are, significant having regard for the Council's budget for the service functions to which the decision relates.

Recommendations

3. It is recommended that the Finance and Staffing Portfolio Holder:
 - a) Notes the content of the report,
 - b) Approves the Council's 4 year Apprenticeship Strategy

Executive Summary

4. The Government's new Apprenticeship scheme commenced in April 2017 with some employers being required to contribute to a new apprenticeship levy, along with changes to the funding for apprenticeship training for all employers.
5. The new apprenticeship levy requires all employers with a least 250 staff, operating in the UK, with a pay bill of over £3 million each year, to make an investment in apprenticeships.
6. The Government has also placed a duty on all public bodies which sets a target of a minimum of 2.3% apprentices each year (of a total headcount) for 3 years commencing April 2017.

Background

7. Government's ambition is to create three (3) million apprenticeships by 2020. The Chancellor announced the Apprenticeship Levy in the summer 2015 budget.
8. Government also introduced Apprenticeship targets to expand the number of apprenticeships in the public sector to ensure that the sector is a model employer to develop a skilled workforce for the future.

Considerations

9. **Summary of the Levy**

The following is a key summary of Government's current proposals in relation to the apprenticeship levy:

- a) The levy came into effect in April 2017. It is payable by employers in the UK at 0.5% of their pay bill if it is in excess of £3 million per year. The levy is payable through Pay As You Earn (PAYE) and will be payable alongside income tax and National Insurance by employers.
- b) Each employer has two years to use their levy funding before it expires. The levy funding is to be used for direct training and assessment costs for an apprentice. The levy funding will not support apprentice wages.
- c) All employers will receive an allowance of £15,000 to offset against payment of the levy.
- d) Each employer will receive one allowance to offset against their levy payment. There will be a connected persons rule, similar to the Employment Allowance connected persons rule, so employers who operate multiple payrolls will only be able to claim one allowance. This will not affect our shared payroll service with Cambridge City Council as there are distinct payroll reference numbers for each Council.
- e) The levy applies to employers across all sectors, including South Cambridgeshire District Council.

10. Other details about the Levy

- a) Employers who pay the levy and are committed to apprenticeship training will be able to get out more than they pay in to the levy, through a 'top up' to their Apprentice Digital accounts. It is currently unclear how this will work but it is expected that employers will bid for additional funding which will be based on certain criteria.
- b) Where employers choose not to use the funds in their Digital accounts the Government will make these available to other employers.
- c) There will be an approval mechanism for training providers and a system that maximises value for money, prevents abuse and ensures the legitimacy of the apprenticeship training being delivered.
- d) The Government has moved towards an assurance model that works for employers who chose to work with lead training providers and for those employers who want to take on key functions themselves.

Apprenticeship targets for public sector employers

- 11. The expected target is a minimum of 2.3% apprenticeship starts each year based on the headcount of employees working for the Council.. The target applies to public sector bodies that have 250 or more employees.
- 12. The Council will have a duty to publish progress towards meeting the apprenticeship targets to the Secretary of State.
- 13. Existing staff can be trained as apprentices in NVQ Levels 2, 3, 4 & 5 and this can also count towards the Councils apprenticeship target. Apprenticeship Training

Providers anticipate an increase of existing employees undertaking Leadership and Management qualifications which will help Councils meet their targets. This will enable the Council to offer management level apprenticeships.

What does this mean to South Cambridgeshire District Council?

14. For South Cambridgeshire District Council, based on headcount of 426, 2.3% minimum target equates to 11 apprentices to start, each year for the next three years.
15. The financial aspect of the Levy is set out in 20 below – Financial Implications.

Recruitment and skills shortages

16. The 2016 report from the Director of Health and Environmental Services set out the skills landscape for the district. The report considered the wider issues for businesses and employers in the context of driving economic prosperity and growth for South Cambridgeshire.
17. The Council, as an employer, also faces recruitment issues. The cost of living in the Cambridge area, transport issues and marketplace forces (pay, high demand in some professions and housing shortages) all affect the council's ability to attract and retain the staff it needs. In particular, Planning, Care (visiting support), Customer Service, Finance are all areas where there will be suitable apprenticeship frameworks available.
18. The Council will endeavour to work with its partners and to take advantage of opportunities arising from Greater Cambridge City Deal Skills funding initiatives. The challenge is to link constructively with the other partners such as GCGP LEP, which is part of the City Deal Partnership, the Cambridgeshire and Peterborough Combined Authority and Accelerate East.

Partners will also include 3C's partners, other local authorities, East of England Local Government Association and trade unions.

Implications

19. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

Financial

20. Based on a 0.5% levy of our current gross salary bill (£15,220,285) the levy would cost the Council £66,686 which takes into account £15,000 rebate to offset the payment of the levy.

- Annual paybill for SCDC is £16,337,209
- Levy sum: £16,337,209 x 0.5% = £81,686
- Allowance from government = £15,000
- Therefore, annual levy payment is: £81,686 - £15,000 = £66,686

This works out at £5,557 contribution per month

Legal

21. There is no legal requirement placed on employers to participate in the scheme as such. However, the levy will still have to be paid into the Government's Digital accounts fund. There does not appear to be any other actions that the Government can take against employers.

Staffing

22. Positive impacts for employees and new apprentices participating in the scheme, which is included as an action within the Council's Organisational Development Strategy and Action Plan. Improved opportunities for development of new skills and knowledge as well as personal growth.

Risk Management

23. Set out in 30 above. There is also a risk of reputational damage in terms of published lists of employers participating in the scheme and an impact on the Council's ambition to achieve Platinum Investor in People Standard.

Equality and Diversity

24. The Council will apply fair processes to recruit apprentices in line with the current Recruitment and Selection Policy.

Consultation responses (including from the Youth Council)

25. There was no consultation taken on this report.

Effect on Strategic Aims

26. Connecting Communities
Innovative and Dynamic Organisation

Background Papers

Where [the Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) require documents to be open to inspection by members of the public, they must be available for inspection: -

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

www.gov.uk/government/publications/apprenticeship

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Apprenticeship Levy and Public Sector Targets for Apprenticeships

Strategy for South Cambridgeshire District Council

2017 - 2021

Document Control	
Date of Last version	May 2017
Latest review	
Name of Reviewer	L Smith
Consultation	
Approved by	
Next Review due:	May 2020

Purpose

The purpose of this paper is to:

- present a strategic plan for South Cambridgeshire District Council to optimise use of its apprenticeship levy contributions from April 2017 for the next four years.
- identify what the levy means for the Council, a proposed approach, key challenges and actions required to optimise the levy.
- set out how SCDC can meet the Government's public sector apprenticeship targets.

Background

The UK Government introduced the Apprenticeship Levy from 6 April 2017. The levy requires all employers operating in the UK, with a pay bill over £3 million each year, to make an investment in apprenticeships.

The levy is paid at a rate of 0.5% contribution of the total salary bill into a new apprenticeship levy.

Contributions are paid on a monthly basis to HMRC through the PAYE process. Monies are held in an individual employer Digital Apprenticeship Account.

Employers will have an allowance of £15,000 to offset against their levy payment.

Employers can use their apprenticeship levy contributions to purchase apprenticeship training and assessment from Government approved Apprenticeship Training Providers.

The Government also requires public sector organisations with over 250 employees to have an average of 2.3% of their workforce to be apprentices over the period 1 April 2017–31 March 2021.

Executive Summary

The aim of the apprenticeship strategy is to optimise use of the Council's levy contributions whilst providing a high quality 'South Cambridgeshire Apprenticeship Scheme'.

Based on a total estimated salary cost of £16,337,209 as of 1 April 2017, the Council will be required to pay £66,686 divided into monthly payments to HMRC.

This is calculated as follows:

- Annual paybill for SCDC is £16,337,209
- Levy sum: $£16,337,209 \times 0.5\% = £81,686$
- Allowance from government = £15,000
- Therefore, annual levy payment is: $£81,686 - £15,000 = \mathbf{£66,686}$
- This works out at **£5,557** contribution per month.

In addition, the Government will apply a 10% top-up to the funds for spending on apprenticeship training. Therefore for every £1 that enters an employer's Digital Apprenticeship Account, employers get another £0.10 from Government. The monthly top-up will be applied at the same time the funds enter the digital account.

With the additional monthly 10% Government top-up, there will be a sum of **£69,898** pa credited to our Digital Apprenticeship Account. Each monthly contribution and Government top up will expire after 24 months if not used to purchase apprenticeship training and assessment.

If take up of apprenticeships is higher than the funds in our Digital Account, then a different set of funding rules are applied which require employers to invest 10% of the cost of training and assessment and Government will cover the remaining 90% of the cost. This is above and beyond levy payments which still have to be paid.

Public Sector target

The Government has set a target for public sector organisations with 250 or more staff in England, to employ an average of at least 2.3% of their staff as new apprentice starts over the period of 1 April 2017 to 31 March 2021. Based on the current headcount this equates to around 12 apprentices in training over this period.

As a first priority, the Council's levy fund should focus on providing existing employees with opportunities to take apprenticeships as part of their own career development.

As the funds from the apprenticeship levy can only be used for training and assessment and not salary costs, the Council should only recruit new apprentices into vacant posts or if there is an identified business reason to do so.

We can only use payments from our apprenticeship levy to purchase apprenticeship training and assessment from May 2017.

It is proposed that our Digital Apprenticeship Account accrues a sufficient sum of money prior to purchasing apprenticeship provision, as exceeding our account balance will create additional costs for the Council.

We will look to reduce the costs of training and assessment, where possible, by working with other local authorities when purchasing apprenticeship provision from training providers. We have met with Cambridge City Council and have a follow up meet with Cambridge and Peterborough City Councils to discuss a joint approach.

We currently have 3 apprentices employed at the Council undertaking Business and Administration apprenticeships. However, as they commenced employment before May 2017, they fall outside the arrangements and remit of the apprenticeship levy. These apprentices will continue to be funded directly from service areas until they complete their current apprenticeships.

The Council currently provides staff with a range of training and development opportunities which are funded from the corporate training budget or individual service areas. It is proposed that by optimising the apprenticeship levy to fund training and assessment, this will reduce the amount of funding drawn from the individual service areas.

The corporate training budget will still be required to provide a programme of corporate training covering a range of subject areas such as soft skills training, project management training, leadership and development programme.

Individual service areas will still be required to fund professional training for their employees who do not qualify for an apprenticeship.

Apprenticeship Strategy

The Council needs to ensure it plans a rolling programme of apprenticeships whilst optimising its levy contributions, ensuring that monthly levy contributions are used in the 24 months before they expire.

As a first priority, the Council's levy fund will be focused on providing existing employees with opportunities to undertake apprenticeships as part of their own career development.

As the funds from the apprenticeship levy cannot be used for salary costs, and the Council does not wish to increase its paybill, the Council will aim to recruit new apprentices into vacant posts unless there is an identified business reason to do so through separate funding.

If Managers do feel there is a justified need to recruit a new apprentice, they should consider the following criteria:

- A suitable government approved apprenticeship framework or standard exists
- The apprenticeship framework or standard must meet needs of Service
- Be affordable within bands and overall apprenticeship budget
- Be able to recruit suitable apprentices
- Have competent managers to supervise the apprentice with the appropriate skills to work with and support young people in the workplace
- A real opportunity exists for the apprentice where they can undertake meaningful work leading to the attainment of their apprenticeship
- The apprentice is provided with appropriate time to attend off the job training and study for their apprenticeship.

Managers should also consider that incentive payments of £1,000 are available directly from training providers which will need to be claimed;

- For each 16-18 year old apprentice
- For apprentices aged 19-24 who have previously been in care or who have a Local Authority Education, Health and Care plan and may need extra support

Existing Staff

Managers should use the Performance Development Review (PDR) process to discuss apprenticeship opportunities with their staff. This will provide Managers with an opportunity to identify those staff interested in taking up an apprenticeship.

The types of apprenticeships available that we could consider for our current employees are:

- Accountancy
- Business and Administration
- Customer Service
- Contact Centre
- Leadership and Management
- Housing Management
- Housing Support
- Property Services
- Town Planning

HR will lead the Council wide approach to the levy. Managers should work with HR to identify and arrange apprenticeships for their staff.

Where we are able to, we will work closely with our neighbouring local authorities on our apprenticeship scheme when procuring and purchasing and training provision.

Working with Partners

The Council will endeavour to work with its partners and to take advantage of opportunities arising from Greater Cambridge City Deal Skills funding initiatives. The challenge is to link constructively with the other partners such as GCGP LEP, which is part of the City Deal Partnership, the Cambridgeshire and Peterborough Combined Authority and Accelerate East.

Partners will also include 3C's partners, other local authorities and trade unions.

Working with schools and colleges

The Council will actively work with local schools and colleges to ensure that apprenticeship opportunities are communicated to young people.

The Council will:

- Attend appropriate career fairs
- Support school events aimed at promoting career choices and interview skills
- Ensure that the SCDC website and job pages highlight apprenticeships
- Use social media and other media to promote apprenticeship opportunities

Training Providers

In order to comply with the Government's requirements and to be able to fully utilise the levy funds, the Council will only use approved and accredited training providers.

Apprentice Pay

The Council will seek to recruit and retain apprentices with the aim of enabling apprentices to seek future permanent employment.

Apprentice pay rate will not be lower than Grade 1 of the SCDC payscale.

Key Challenges

Managers and staff will be provided with clear information about the apprenticeship scheme and what they need to do to develop existing staff or to employ a new apprentice.

HR will monitor that a sufficient number of individuals within the existing workforce take up apprenticeship training.

Match apprenticeships to meet business needs, skill gaps and succession planning.

Identify approved training providers who are able to deliver value for money apprenticeships.

Identify Frameworks and Standards for the different types of apprenticeships that are most suited to our needs i.e. those with no fixed start/end dates which offer greater flexibility.

Optimise our apprenticeship levy to fund training and assessment, working with neighbouring Councils where possible to procure training providers.

Actions Required

What	When	Action	By Whom?
Integrate apprenticeships into the Performance Development Review (PDR) process (see Appendix 1 for types of apprentices)	May-July	Managers to discuss with their existing staff opportunities to take up an apprenticeship	Line managers
Managers to nominate existing staff for apprenticeships	May-July	Identify suitable apprenticeships frameworks and standards	Line managers/ HR Advisor
Identify approved training providers who can deliver apprenticeships	May-August	HR to identify training providers	HR Advisor
Managers to identify vacant posts suitable for apprentices	On-going	Managers to complete request to recruit for consideration by EMT	Line managers
Vacant posts to be recruited as apprentices	On-going	Recruitment Co-ordinator to work with manager to recruit apprentice	Recruitment Co-ordinator/ Line managers

Appendix 1

Apprenticeships currently available which may be suitable for SCDC employees

Title	Level	Duration (in months)	Cap on funding	Standard (S)/ Framework (F)
Accounting	2	12	£2,000	F
	3	18	£2,000	F
	4	18	£2,500	F
Business and Admin	2	12	£2,000	F
	3	18	£2,500	F
	4	24	£4,000	F
Town Planning Technical Support	3	18	£9,000	F
Contact Centre Operations	2	12	£1,500	F
	3	12	£2,000	F
Customer Service	2	12	£1,500	F
	3	12	£2,000	F
Facilities Management	2	12	£1,500	F
	3	12	£2,000	F
	5	12	£1,500	F
Housing Management	2	12	£3,000	S
	3	18	£9,000	S
	4	18	£9,000	S
Leadership and Management	3 (Team leader)	18	£2,000	F
	5 - (Operations/ Departmental manager)	30	£9,000	S
	6 (Chartered Manager Degree Apprenticeship)	48	£27,000	S
Property Services	2	12	£1,500	F
	3	12	£2,500	F