



Report To: Finance and Staffing Portfolio Holder
Lead Officer: Head of People and Organisational Development

20 June 2017

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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