

PERSONNEL COMMITTEE – 4TH APRIL 2017

Report of the Head of Strategic Support

Part A

ITEM 5 APPRENTICESHIP LEVY

Purpose of Report

To provide an update on the Government's Apprenticeship Scheme following a previous update provided to Personnel Committee on 20th September 2016.

Recommendation

It is recommended that Personnel Committee note the updated position paper on the Apprenticeship Levy.

Reason

The Apprenticeship Levy will be introduced on 6th April 2017, requiring employers operating in the UK, with a pay bill over £3million each year, to invest in apprenticeships.

Policy Justification and Previous Decisions

The Council currently has an Apprenticeship Policy in place. A revised Charnwood Apprenticeship Policy to support the approach, once identified, will be developed.

Implementation Timetable including Future Decisions

The proposed update will be discussed at CMT on 5th April 2017. Any policy updates will be agreed through SMT, JMTUM and Personnel Committee.

Report Implications

The following implications have been identified for this report.

Financial Implications

There are no financial implications arising from this decision.

Risk Management

There are no specific risks associated with this decision.

Background Papers: None

Officer to contact: Adrian Ward
Head of Strategic Support
Telephone: (01509) 634573
Email: adrian.ward@charnwood.gov.uk

Part B

Background

1. Following a period of consultation the Government has provided some clarity regarding the Apprenticeship Scheme which is due to commence on 6th April 2017. The key points have been summarised in an LGA Advisory Bulletin (No. 644) and are set out below;
2. The target will be 2.3% apprenticeship starts each year per public sector body. This target is based on the organisation's headcount (with indications that headcount and levy calculations will also include temporary staff, Members, casuals, elections staff) as of 31st March each relevant year.
3. Based on the headcount rules outlined above the current headcount for Charnwood is 702 (end Jan 2017) therefore the number of apprenticeship starts in the first year will be 16 (the Council had a total of 64 new starters in 2016).
4. However, the 2.3% target is an average across the 2017-2021 period to give some flexibility to help manage fluctuations in recruitment.
5. Apprenticeships starts can include both existing employees who take advantage of apprenticeship funding as well as newly employed apprenticeship posts.

6. Reporting

- 6.1 Reports will be due within six months of the end of the reporting period, so by 30 September each year from 2018 to 2021.
- 6.2 Public bodies will be required to publish certain information annually on their progress towards meeting the target, and also send this information to the Secretary of State, by way of an electronic mailbox that will be set up.
- 6.3 The Government acknowledges the high number of part time employees in the local government sector and has suggested that if a body has a high number of part-time workers (Charnwood have approximately 40% part time staff) and its target is not met, it should report on both an FTE and headcount basis to help explain the under-achievement.
- 6.4 Government guidance is still to be provided which sets out what information will have to be reported and any format that may be required. However information released so far suggests that as a minimum the following information will have to be reported;
 - the number of employees whose employment by the body began in the reporting period in question
 - the number of apprentices who began to work for the body in that period and whose apprenticeship agreements also began in that period
 - the number of employees that the body has at the end of that period
 - number of apprentices who work for the body at the end of that period

- if that reporting period is the first reporting period in the target period, the number of apprentices who worked for the body immediately before that period

6.5 The Government also anticipates that the following will be required;

- Action that the body has taken to meet the apprenticeship target
- If the target has not been met then an explanation of why
- Information about action the body proposes to take to meet the apprenticeship target in the future
- From year 2 of the target onwards, cumulative headcount and starts information and the average percentage starts delivered

6.6 The Government has indicated that it does not intend to be prescriptive about how the information is published, but it should be accessible to the public.

6.7 If targets are not met the Government expects that the body should set out how they have considered their target, for example in recruitment exercises and workforce planning, and the results of that.

6.8 The body should then set out what their plans are to address the target in the future.

6.9 It is not envisaged that there will be any kind of penalty if the quota has not been reached in the early stages of this scheme but if a body cannot show it has had regard to the target the Government will work with them to see what support would enable them to meet the target.

7. The Levy and Digital Account

7.1 The Apprenticeships Levy is a payment that will be collected from large employers in both the public and the private sectors. The payment is paid to the HMRC via PAYE returns.

7.2 The purpose of the levy is to encourage employers to invest in apprenticeship programmes and to raise additional funds to improve the quality and quantity of apprenticeships.

7.3 Organisations with an annual wage bill in excess of £3m will be required to pay an apprenticeship levy that equates to 0.5% of their monthly salary costs. It is estimated currently that the Council will be expected to contribute approximately £48,000 annually to the levy. Charnwood BC will have to start paying into the levy from 6th April 2017 and payments will be made on a monthly basis. The first time they will see any funds in their digital accounts will be late May 2017 and therefore this is when we can commit to apprenticeships.

7.4 The council will get an allowance of £15,000 to offset against the amount they owe.

7.5 All businesses that pay the levy will be able to access their contribution in their **online digital apprenticeship service account**. This account can then be used to pay for apprenticeships training and assessment in England.

7.6 Funds that we accrue in our digital account will expire 24 months after they enter the account unless they are spent on apprenticeship training. Whenever a payment is taken from the account the service automatically uses the funds that entered the account first. This applies to the top-ups too.

7.7 The digital account funds can only be spent on training and assessment costs, not on wages, expenses or administration costs.

7.8 The digital account will also include searchable databases on qualifications, apprenticeship standards, training providers plus a recruitment tool for new apprentices.

8. What is an Apprentice?

8.1 An apprenticeship is a genuine job with an accompanying skills development programme.

8.2 The main rules governing apprenticeships, as set out by the Department for Education, are;

- The apprentice must be employed in a real job, they may be an existing employee or a new hire
- The apprentice must work towards achieving an approved apprenticeship standard or apprenticeship framework
- The apprenticeship training must last at least 12 months
- The apprentice must spend at least 20% of their time on of the job training – this training must be directly relevant to the apprenticeship framework or standard

9. Training and Qualifications

9.1 The Council will be able to negotiate with accredited training providers for the delivery of the apprenticeship qualifications and utilise the levy fund in order to pay for the learning via a digital voucher scheme.

9.2 To count as an apprenticeship the training must come from an approved English apprenticeship agreement, or an apprenticeship within the meaning of section 32 of the Apprenticeships, Skills, Children and Learning Act 2009. All training providers will be monitored by OFSTED.

9.3 Apprentices employed by a sub-contractor providing services to a public body cannot be counted towards the target.

9.4 Apprenticeships are already available at degree level in a number of areas but it is anticipated that this is likely to rapidly expand.

Proposals

10. SMT considered three options for the Council to consider going forward.

- a. Work towards meeting the quota through a proactive approach:
 - Likely to require service restructures so that roles can be redesigned as apprentice posts
 - It would probably be necessary to accept some degree of additional salary costs if the target is to be met
 - Also likely that additional resource / costs would arise to manage the apprentice recruitment and management processes both corporately and within services
- b. Carry on with apprenticeships where appropriate but acknowledge the quota probably will not be met:
 - Essentially the 'as-is' approach
 - Apprentices are recruited opportunistically as and when appropriate vacancies arise
- c. Stop providing apprenticeships and pay the levy only:
 - No advantage to adopting this approach versus option 2, above

11. All options will require us to pay the levy regardless.

12. At the SMT meeting on 2nd March 2017, a decision was taken to carry on with apprenticeships where appropriate but acknowledge the quota probably will not be met. However, this approach should be coupled with working towards meeting the quota through a proactive approach, in as far as that is possible for the Council to achieve.

13. SMT agree with the approach to obtain CMT feedback around how many apprentice posts services feel they could reasonably absorb, and to what extent this could be done within existing budgets. This will be scheduled for discussion at CMT on 5th April 2017.

14. HR will develop a Charnwood Apprentice Policy to support the approach once this has been identified.

Consultation

15. This report provides an update on the government's Apprenticeship Scheme following previous presentations to SMT on the 25 May 2016, CMT on the 14th September, Personnel Committee on 20th September 2016 and SMT on 2nd March 2017.

Appendices

None