



To: Executive Councillor for Finance and Resources
Report by: Vince Webb, OD Manager
Relevant scrutiny committee: Strategy and Resources Scrutiny Committee
Date: 20 MARCH 2017
Wards affected: All

Preparing for the Apprenticeship Levy, Public Sector Targets Apprenticeships for 2017 and an Update on the Current Apprenticeship Programme

1. Introduction

- 1.1 This report presents recommendations and a strategic plan for Cambridge City Council to optimise use of its apprenticeship levy contributions of £100,000 per annum from April 2017, and deliver the government's plans for public sector organisations to have an average 2.3% of the workforce as apprentices over a 4 year period whilst providing a high quality '*Cambridge City Apprenticeship Scheme*'.
- 1.2 The report identifies what the apprenticeship levy will mean for the Council; a proposed approach; and actions to take to optimise the levy.
- 1.3 The Council's current apprenticeship programme has seen 12 apprentices start work at the Council since it commenced in 2014. We propose to deliver a new high quality rolling '*Cambridge City Apprenticeship Scheme*' with up to 19 apprentices.

2. Recommendations

The Executive Councillor is recommended:

- 2.1 To agree the proposed approach as set out in this report for the use of the Apprenticeship Levy
- 2.2 To approve the proposed Apprenticeship Strategy.

3. Background

National Context

- 3.1 Government will be changing the way in which it funds Apprenticeships from April 2017. All employers operating in the UK with annual pay bills of more than £3 million will be required to make a 0.5% contribution of their total salary cost into a new apprenticeship levy.
- 3.2 The apprenticeship levy forms part of Government's wider commitment to increase funding, raise the quality and to deliver its manifesto pledge of 3 million new apprenticeships within this current Parliament up to 2020.
- 3.3 Employers will be required to make monthly levy contributions to HMRC which will appear in an individual employer Digital Apprenticeship Account, hosted on a new platform to be known as the Apprenticeship Service.
- 3.4 Government guidance states that apprenticeship levy contributions may only be used to purchase apprenticeship training and assessment from Government approved training providers.
- 3.5 Funds can be used to purchase apprenticeship training for existing members of staff as well as newly recruited apprentices.
- 3.6 If the Council has insufficient funds within its Digital Account 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.
- 3.7 Funds will expire 24 months after they enter an employer's digital account unless they are spent on apprenticeship training. This will also apply to any top-ups in an employer's digital account. This will mean that the full digital balance will not be required to be spent

within a financial year as each monthly payment will last for 24 months.

Apprenticeship Funding Example:

- 3.8 Taking a mid-range apprenticeship costed at £9,000 over 24 months the Council would expect to use £375 from its digital account per month to the training provider over the 24 months. Although the Government has stated that it may hold back 20% of funding to cover assessment for the new apprenticeship standards, which require independent assessment.
- 3.9 The Council can also receive incentive payments of £1,000 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 who may need extra support

The Apprenticeship Levy

- 3.10 Based on a total estimated salary cost of £23m as at 1 February 2017, the Council will be required to pay £100,000 per year in monthly payments to HMRC. The formula for this is 0.5% of the Council's total annual salary bill of £23m, minus £15,000 Government allowance. This works out at £8,334 levy contribution per month. Budget provision has been made as part of the 2016/17 budgeting process.
- 3.11 The Council will also need to factor the Government's 10% top-up into its calculations; for every £1 that enters an employer's Digital Apprenticeship Account, employers get another £0.10 from Government. Government will apply the top-up monthly; at the same time we make monthly levy contributions. With the additional monthly 10% Government top-ups, there will be a sum of £110,000 pa credited to our Digital Apprenticeship Account.
- 3.12 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. For example, if we purchase our first apprenticeship provision in September 2017, this would permit a balance of £41,670 to accrue in our Digital account. Apprenticeship training and assessment fees will be paid from the Digital account over the

duration of apprenticeships.

- 3.13 The Council will still be required to pay the wages of its apprentices in addition to its levy contributions, as the levy can only be used to purchase the training and assessment of apprenticeships. Salary costs for new apprentice recruits will need to be funded by the individual Services within the Council. Budget provision has been made for our monthly levy contributions.
- 3.14 Apprentices funded under the current Government arrangements and those whom commence an apprenticeship before 1 May 2017, will not be affected by the apprenticeship levy funding and will continue to be funded under existing arrangements throughout the entirety of their apprenticeships.

Public Sector Targets

- 3.15 Based on current Government targets for public sector organisations, and the Council's head count, we will be required to have an average of 19 apprentices in training over a period of 4 years. Government will monitor the Council's application of the public sector apprenticeship requirement.

Training Provision

- 3.16 We will look to reduce the costs of training and assessment, where we can by working with other local authorities, using and benefiting from economies of scale when purchasing apprenticeship provision from training providers. We are discussing an approach with South Cambridgeshire District Council, Cambridgeshire County Council and Northamptonshire County Council.
- 3.17 The Council additionally provides staff with a range of training and development opportunities for which 17% is funded from a corporate budget which and 83% by the individual Services. The total budget for 2016/17 is £339,970.

Existing Council Apprenticeship Programme

- 3.18 Cambridge City Council operates an existing corporately funded apprenticeship programme which commenced April 2014 and is due to end in March 2018. This programme has a total budget of **£315,000** which pays for the training fees and salaries of apprentices.

- 3.19 To date the programme has provided opportunities for both young people at beginning their careers and those returning back to the work place to re-start their careers. We have employed a total of 12 apprentices through our apprenticeship programme, two of whom have now successfully completed their apprenticeship programmes.
- 3.20 We currently have 10 apprentices, and had further plans to recruit a Business Administration and a Customer Services Apprentice. These two further apprenticeships will now be considered as part of our new apprenticeship programme.
- 3.21 Our current apprenticeship programme has been broad ranging across the Council's Services and has employed apprentices in a variety of occupational areas; such as Plumbing, Carpentry, Electrical Installation, Business Administration, Accountancy and Building Surveying.
- 3.22 Any apprentice, either currently employed by the Council or commencing employment prior to 1 May 2017, will fall outside the arrangements and remit of the apprenticeship levy and will have to be funded from the corporate apprenticeship budget or directly from Services. This means that we cannot use the payments that we make into our apprenticeship levy account to purchase training and assessment for existing apprentices or for those apprentices which start an apprenticeship between now and 30 April 2017. The Council currently has two apprenticeship vacancies which will now be filled following the commencement of the apprenticeship levy.
- 3.23 It is important to note that where an apprentice is funded through the current corporate budget and the completion date of the apprenticeship extends beyond March 2018 their Service/Department will be responsible for meeting the salary and any remaining training fees.

4. The Apprenticeship Strategy

- 4.1 The aim of the Apprenticeship Strategy is to optimise use of the Council's levy contributions whilst providing a high quality 'Cambridge City Apprenticeship Scheme'.
- 4.2 The Apprenticeship Strategy will provide an increased opportunity for Council employees to further develop their skills and experience as well as provide opportunities for new apprentices to start their careers within the Council.
- 4.3 As a first priority it is recommended that the Council's levy resource is

focused on providing existing employees with opportunities to undertake apprenticeships as part of their own career development.

- 4.4 The Council will need to ensure it plans a rolling programme of apprenticeships whilst optimising its levy contributions, ensuring that monthly levy contributions are used in 24 months before they expire.
- 4.5 There is an identified need in the Council to develop the skills of newly promoted line managers and existing middle managers. There are Leadership and Management Higher Apprenticeships which would be ideally suited to support these managers. For example, a 3 year apprenticeship would cost an estimated £3,000 per annum per manager. As a part of a rolling apprenticeship programme there could be 5 managers commence this apprenticeship per year.
- 4.6 Whilst the recruitment of new apprentices may seem appealing, this will incur additional recruitment, salary, and employment costs year on year, increasing the cost of the apprenticeship programme. It is with these additional costs and current restructuring changes in mind, the priority should be to focus on developing and supporting the existing workforce. The exception to this being where Managers are able to demonstrate a viable case to recruit a new apprentice, recognising that apprentices' salaries will not covered by the levy.
- 4.7 It is proposed that the Council should only recruit new apprentices if there is an identified business case to do so. Where business cases are provided, and approved, the Council will encourage candidates from disadvantaged backgrounds, including from BAME groups and those with disabilities to apply. We will welcome interest from existing staff employed on part-time contracts to take apprenticeships. Recognising that a significant number of staff are employed on part time hours within the Council.
- 4.8 Introducing and promoting a new 'Cambridge City Employee Apprenticeship Scheme' which is fully embedded into the Council's overall performance management process will help to ensure that the scheme becomes incorporated into business strategy and the general culture of the Council. It is important that apprenticeships are not viewed as separate stand-alone initiative and are part of a wider aim to increase skills of individuals and the quality of services provided by the Council.
- 4.9 Human Resources will take the lead to initiate the Council wide approach to the levy. It is anticipated that the shift may initially take time

to establish as we identify needs, course availability, staff willingness to embrace a new form of training and managers' willingness to release staff for training. On average apprenticeships require 20% of off the job learning to be completed, although increasingly training providers are utilising e-learning and webinars as part of a blended approach to training delivery.

- 4.10 In keeping with the current annual cycle of performance management it is recommended that Managers use the performance management process to discuss apprenticeship opportunities with their staff. This will provide Managers with an opportunity to identify those staff interested in taking an apprenticeship.
- 4.11 It is proposed that where we are able to we will work closely with our neighbouring local authorities on our apprenticeship scheme to find economies of scale and value when procuring and purchasing and training provision. The East of England Local Government Association is forming a working group to encourage such working arrangements and we are a member of this group.
- 4.12 The occupational areas apprenticeships may be beneficial in include; Management, Supervisory, and Business Administration; predominately at higher and advanced level apprenticeships. This will be further explored by consulting with Heads of Service and Managers. We aim to target areas where there is an identified need such as within Building Control.
- 4.13 Where Managers are able to make a viable case to recruit a new apprentice, the job role must be appropriate for an apprenticeship and there must meet a Service need.
- 4.14 Section 4 of this report sets out the key parts of our Apprenticeship Strategy.

Example criteria for making a business case;

- Suitable government approved apprenticeship framework or standard exists
- 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.

5. Conclusions

The Apprenticeship strategy will ensure that the Council is able to;

5.1 Optimise use of the levy to use funds to deliver a quality apprenticeship scheme and to meet Government public sector apprenticeship targets.

5.2 Provide existing staff and new apprentices with opportunities to develop skills, progress and commence new careers with the Council.

6. Implications

(a) Financial Implications

The Council will be expected to contribute 0.5% of its annual salary bill, minus a £15,000 government allowance into the apprenticeship levy pa. This equates to £100,000 annual levy contribution.

An apprenticeship budget has been agreed for 2017/18 from which levy contributions can be made directly to HMRC through Payroll.

The apprenticeship levy cannot be used to pay for apprentices' salaries. Any salaries will need to be paid for by the apprentice's Service.

(b) Staffing Implications

No additional staffing resource will be required to implement and manage the Apprenticeship Scheme.

The Organisational Development Manager will be responsible for managing the Cambridge City Apprenticeship Scheme.

If Council Services would like to employ an apprentice they will be required to make a business case to HR to review and make a decision on the case.

(c) Equality and Poverty Implications

An Equality Impact Assessment was undertaken for the existing apprenticeship programme. This new apprenticeship expands on the current programme and we will keep the EQIA under review.

We welcome interest from existing members of staff including those staff on part-time contracts. For new apprentice recruits, we will adhere to the Council's employment and recruitment policies.

(d) **Environmental Implications**

The Apprenticeship Levy Scheme cannot be seen to have any direct or detrimental indirect impact on the environment, waste, or energy use. The majority of the apprenticeships will be undertaken by existing employees of the Council. Only new apprentices recruits will be selected following the approval of business case, where there is a vacancy and or identified requirement for the Council to increase skills in a particular occupational area.

(e) **Procurement**

Whilst the Council will use more than one provider to deliver apprenticeship training and assessment, given the volume of apprenticeships we will need to initiate procurement arrangements with training providers to secure contracts.

(f) **Consultation and communication**

There has been communication with other local authorities including members of the EELGA Apprenticeship Group which Cambridge City Council is a member. There has also been on going consultation with training providers including Cambridge Regional College and the Chartered Surveyors Training Trust. A draft version of the full apprenticeship strategy has been shared with Council trade union representatives for comment.

(g) **Community Safety**

Appropriate training will be undertaken and supervision put in place for apprentices serving or dealing members of the public as part of their job role.

7. Background papers

These background papers were used in the preparation of this report:

- Cambridge City Council's Budget Guidance
- [DFE - Apprenticeship Funding: How it will work - 23 January 2017](#)
- [HM Government; English Apprenticeships: Our Vision](#)
- [List of Apprenticeship Standards; Skills Funding Agency](#)
- [Guidance; How to pay the Apprenticeship Levy; HM Government](#)

8. Appendices

Apprenticeship Summary Table of Current Apprenticeships March 2017

9. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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Appendix 1 Cambridge City Council Apprenticeship Programme - Update March 2017
Apprenticeship Summary Table of Current Apprentices

	Apprenticeship	Level	Service Area	Training Provider	Start Date	Planned End Date
1	Apprentice Plumber	2	Estates & Facilities	Cambridge Regional College	23/09/15	23/12/17
2	Apprenticeship Carpenter	2	Estates & Facilities	Cambridge Regional College	27/10/16	27/10/18
3	Degree Apprenticeship in Chartered Surveying	6	Planning	Chartered Surveying Training Trust	21/09/15	20/09/17
4	Apprentice Plumber	2	Estates & Facilities	Cambridge Regional College	04/16/16	30/12/20
5	Apprentice Carpenter	2	Estates & Facilities	Cambridge Regional College	08/12/15	01/12/17
6	Advanced Apprenticeship in Surveying Technician	3	3C Building Control	Chartered Surveying Training Trust	07/09/16	01/10/18
7	Advanced Apprenticeship in Surveying Technician	3	Estates & Facilities	Chartered Surveying Training Trust	05/09/16	01/10/18
8	Apprentice Electrician	3	Estates & Facilities	Cambridge Regional College	12/10/16	12/10/20
9	Business Administration	2	Revenue & Benefits	Cambridge Regional College	26/10/16	02/04/18
10	Accountancy	3	Finance	Cambridge Regional College	17/10/16	17/03/18
11	Customer Services Assistant	2	Customer Services	To be taken forward under the arrangements post April 2017		
12	Business Administration (Business Support)	2	Customer Services (Corporate Business Support)	To be taken forward under the arrangements post April 2017		

Apprenticeship Summary Table of Successful Apprentices- completed programmes

	Apprenticeship	Level	Service Area	Training Provider	Start Date	Completed
1	Business Administration	2	Revenue & Benefits	Revenue & Benefits	30/03/2015	19/11/2016
2	Apprentice Project Worker	2	Children & Young People Services	Cambridge Regional College	16/03/2015	12/09/2016