



**Meeting:** EXECUTIVE

**Agenda Item:**

**4**

**Portfolio Area:** Resources

**Date:** 4 APRIL 2017

## **APPRENTICESHIP LEVY**

### **NON-KEY DECISION**

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#### **1. PURPOSE**

1.1 To set out the Council's approach to apprenticeships following introduction of the Government's Apprenticeship Levy in April 2017.

#### **2. RECOMMENDATIONS**

2.1 That the Council's approach to apprenticeships in response to the new Apprenticeship Levy be noted.

#### **3. BACKGROUND**

3.1 The Council has a strong track record in supporting apprenticeships, having taken on around 50 apprentices since 2007, with a number of these individuals going on to become permanent employees. At the time of writing, the Council employs 13 apprentices with a further two due to join in April. Apprentices are currently working across a wide range of areas, from the Customer Service Centre to Environmental Services, and are studying qualifications from NVQ Level 2 up to degree.

3.2 Alongside its established commitment to supporting apprenticeships, the Council now has a statutory duty to comply with its responsibilities under the Finance Bill 2016 in paying the Apprenticeship Levy as well as in meeting the target set through the Enterprise Bill 2016 for the number of apprentices within the workforce.

3.3 The Government has set a target for apprenticeships of three million new starts by 2020. To work towards achieving this target, new legislation has been developed; the Enterprise Bill 2016 requires public sector organisations to employ 2.3% of their workforce in apprenticeship roles; this target is an

average over the years 2017/18 to 2020/21 to give employers the flexibility to manage peaks and troughs in recruitment.

- 3.4 Additionally, to support achievement of the Government's target the Finance Bill (2016) introduced a new funding mechanism with effect from April 2017: the Apprenticeship Levy.
- 3.5 The Levy requires employers with an annual paybill over £3m to invest in apprenticeships through the payment of a levy equal to 0.5% of their paybill. Employers will receive an annual allowance of £15,000 to offset against their levy, and will be able to get out more than they pay in, through a 10% top-up. The cost of SBC's levy for 2017/18 amounts to £88,630, (£56,640 General Fund and £31,990 HRA).
- 3.6 The levy payment made by Stevenage Borough Council will be available to the Council through the Digital Apprenticeship Service (DAS), with funds in the levy account being available to pay training providers from June 2017 for apprenticeship starts from May 2017.
- 3.7 Levy funds have a "sell by" date and expire after 24 months unless spent on apprenticeship training with an approved provider.
- 3.8 It is important to note that levy funding can be used to pay for the apprenticeship training of existing as well as new employees, and apprentices can study for recognised qualifications from level 2 through to level 7 (post graduate).

#### **4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

- 4.1 As stated in 3.1, the Council has demonstrated its commitment over the years to the promotion of apprenticeships and, with the arrival of our two latest recruits in April, the Government's target of 2.3% of our workforce undertaking an apprenticeship is met.
- 4.2 This is an excellent base on which to build and, recognising that apprenticeships are a critical element of our workforce planning strategies, officers are working within the Council to:
  - Raise awareness of the wide range of apprenticeship training, leading to recognised qualifications, available to existing staff through the levy.
  - Continue to promote apprenticeships within our communities, by taking advantage of publicity campaigns (e.g. National Apprenticeship Week) as well as by engaging directly with schools to attract young people to consider an apprenticeship with the Council.
  - Work with Assistant Directors to ensure they consider all opportunities for apprenticeships within their business units.

- 4.3 Additionally the Council is are working with colleagues through both the East of England LGA and the Hertfordshire Apprenticeship Alliance to share best practice, to ensure that training available locally and regionally matches demand, and to benefit from economies of scale through for example the procurement of training from approved providers.
- 4.4 Officers are also working with the Trade Unions to take advantage of the support they offer employers in recruiting and developing apprentices.

## **5. IMPLICATIONS**

### **5.1 Financial Implications**

- 5.1.1 The financial implications of the introduction of the Apprenticeship Levy (as summarised in 3.5 of this report) have been considered and incorporated into the 2017/18 budget setting process. However, levy funding can only be used to pay for apprenticeship training and cannot be used to fund the salaries of apprentices.
- 5.1.2 Since 2012/13 the Council has made funding available through New Homes Bonus monies to meet some of the cost of apprentice salaries; this has funded five/six apprentice positions per year, with the remaining being funded direct by employing services. The Senior Management Team is committed to apprenticeships in the workforce and with the projected reduction in future New Homes Bonus officers will look to include apprentices where possible through future workforce planning and business unit reviews.

### **5.2 Legal Implications**

- 5.2.1 The Finance Bill 2016 and Enterprise Bill 2016 set out the legal requirements for employers with an annual paybill over £3m to pay an Apprenticeship Levy of 0.5% of that paybill, as well as for public sector organisations to have 2.3% of their workforce undertaking apprenticeships.

### **5.3 Equalities and Diversity Implications**

- 5.3.1 There are no direct equalities and diversity implications from the recommendations contained in this report.

### **5.4 Risk Implications**

- 5.4.1 There are no direct risks to the Council from the recommendations contained in this report.

### **5.5 Other Corporate Implications**

- 5.5.1 The commitment to and promotion of apprenticeships directly contributes to the Council's Employer of Choice programme.

## **BACKGROUND DOCUMENTS**

BD1 – Finance Bill 2016:

<https://www.gov.uk/government/collections/finance-bill-2016>

BD2 – Policy Paper: Apprenticeship Levy:

<https://www.gov.uk/government/publications/apprenticeship-levy/apprenticeship-levy>

BD3 – Enterprise Bill: Summary Factsheet:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/503219/bis-15-498-enterprise-bill-summary.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/503219/bis-15-498-enterprise-bill-summary.pdf)

## **APPENDICES**

None