

**REPORT TO:** Executive Board

**DATE:** 20 October 2016

**REPORTING OFFICER:** Strategic Director, Enterprise, Community & Resources

**PORTFOLIO:** Economic Development

**SUBJECT:** Apprenticeship Policy /  
Apprenticeship Levy & Public Sector Target

**WARD(S)** Borough-wide

## 1.0 **PURPOSE OF THE REPORT**

- 1.1 To provide Executive Board with an overview of how the apprenticeship levy will work, together with a draft Apprenticeship Policy for consideration.
- 1.2 To outline the potential implications of the policy in light of the proposed introduction by the Government of the Apprenticeship Levy & Public Sector Target.

### **RECOMMENDATIONS: That the Board**

- 1) supports the attached Apprenticeship Policy (see Appendix) and its implications;**
- 2) notes the implications of the Apprenticeship Levy & Public Sector Target;**
- 3) agrees to establish a designated fund to support the creation of 20 apprentices per year;**
- 4) seeks to recover the schools element of the levy via the Schools Forum; and**
- 5) include £200.000 in the Medium Term Financial Forecast to create an Apprenticeship fund.**

## 3.0 **SUPPORTING INFORMATION**

### 3.1 **Background**

For some time now an effective but ad-hoc approach has existed in relation to the employment of apprentices within the Council. The aim of the attached draft policy is to ensure uniformity and consistency of approach across the Authority, when using apprentices. It also has the added value of bringing together various disciplines within the Council, (Policy, HR, Employment Learning & Skills), to ensure a co-ordinated approach is taken to this important issue.

3.2 The Council's recently approved Organisational Development Strategy 'Unlocking the Potential, an Organisational Development for Halton BC, 2016-2020' reinforces the need for the Council to continue to attract, develop and retain not only talented people, but also to encourage younger people to join the organisation, which in turn will help it to address the developing issue of an ageing workforce.

3.3 The wider benefits of using Apprenticeships have previously been recognised by the Council with previous reports to this Board. In short, apprenticeships can often inject freshness and new ideas, can help the organisation to reduce potential skills shortages in growth areas and can also contribute to the Borough's wider employment and regeneration priorities.

#### 4.0 **POLICY IMPLICATIONS**

4.1 There are specific links to national, regional and local drivers, such as:

- Apprenticeships Policy, England. Parliament Briefing Paper (2016)
- Apprenticeship Levy, Policy Paper, HM Revenue & Customs (Part of the Finance Bill, 2016)
- English Apprenticeships: 2020 Vision, Department for Business, Innovation and Skills (2015)
- The Enterprise Bill 2015/16 Department for Business, Innovation and Skills
- Apprenticeships (Form of Apprenticeship Agreement) Regulation 2012
- Apprenticeships, Skills, Children and Learning Act 2009
- Liverpool City Region Local Enterprise Partnership and the implementation of its Apprenticeship Growth Plan
- Liverpool City Region Apprenticeship Hub Strategy & Action Plan 2015-2020
- Liverpool City Region Employment Strategy
- Halton's Organisational Development Strategy 2016-2020
- Halton's Sustainable Community Strategy
- Halton's 14-19 Participation Strategy

4.2 The Government is committed to achieving three million apprenticeship starts by Summer 2020. To achieve this, they have introduced an 'Apprenticeship Levy' from April 2017. Employers with a UK pay bill of over £3m (both public and private) will be required to pay 0.5% of that pay bill into a levy. Those levy payments will then be ring fenced by the Government and paid out in the form of an education voucher that can be used to purchase apprenticeship training.

- 4.3 Calculated on the basis of the Government target that each Local Authority will have to provide 2.3% of their workforce headcount as apprenticeships, this would equate to about 55 apprentices for Halton annually. Recently, the Council has on average had between 10 and 15 apprentices established at any one time.
- 4.4 Latest Government guidance indicates that the Apprenticeship target is to be viewed as aspirational, rather than a target which has to be met with penalties attached for failure to do so. It is not a Statutory target. It is therefore important that the Council can evidence movement towards the target.
- 4.5 Other elements of the Levy that have been recently clarified include the following:
- 20% of the total cost of the apprenticeship training will be held back and will only be paid on completion of any apprenticeship.
  - Every apprentice will be placed in a funding band, with employers being able to negotiate the best price for the training they require.
  - Funds (including Government top-ups) will expire 18 months after they appear in the account.
- 4.6 It needs to be stressed, however, that any revenue cost associated with the employment of apprentices has to be borne by the Council. Only training costs can be recouped from Government:

## 5.0 FINANCIAL IMPLICATIONS

- 5.1 Costs will be incurred by the Council through the proposed Apprenticeship Levy. Based on the gross total wage figures (April 2015 – March 2016):

**The Council excluding schools = £63 million**

0.5% = £315,000 minus apprenticeship levy of £15,000 = **£300,000**

**Schools only = £26 million**

0.5% = £130,000 minus apprenticeship levy of £15,000 = **£115,000**

**The Council including schools = £89 million**

0.5% = £445,000 minus apprenticeship levy of £15,000 = **£430,000**

- 5.2 Guidance from Government suggests that local authority maintained schools form part of the Council's contribution. It is, however, recommended that the proportion of the levy attributable to schools should be recovered via the Schools' Forum.

5.3 Levy-paying employers will be able to use levy funding to invest in apprenticeships via vouchers through the proposed new Digital Apprenticeship Service. They will also receive a 10% top-up to their monthly contributions.

5.4 Apprenticeship pay will need to be funded by the Council, however, it is proposed that from April 2017 the Council create a centralised fund of £200,000 per annum, against which services can bid for funding support to employ apprentices providing it can be demonstrated that all other potential funding opportunities have been exhausted. There would have to be a clear business case put forward and effective consultation with the Trade Unions.

## 6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 The policy supports two corporate priorities, namely Employment, Learning and Skills in Halton and Environment and Re-generation in Halton.

## 7.0 **RISK ANALYSIS**

7.1 There is a risk to the Council if the demographic profile of its workforce continues to 'age', and skill levels remain low, that it will be unable to deliver on the priorities and challenges faced in the future.

7.2 There is risk to not having in place a robust framework to enable the Council to successfully meet its challenging target of 55 apprentices in 2017/18 and the proposed 2.3% workforce headcount target year on year thereafter.

## 8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 An Equality Impact Assessment has been undertaken with regards to the Apprenticeship Policy Framework with no actions identified. The Framework seeks to encourage equal employment opportunities for people living and working in the borough. Care has also been taken to ensure that it would not discriminate against existing staff.

## 9.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

Document	Place of Inspection	Contact Officer
Apprenticeship Levy: how it will work, August 2016	Municipal Building	John Gallagher

Apprenticeship Levy: how it will work, April 2016	Municipal Building	John Gallagher
Budget Statement, Mar 2016	Municipal Building	John Gallagher
Consultation on Apprenticeship Targets for Public Sector Bodies, January 2016	Municipal Building	John Gallagher
English Apprenticeships: Our 2020 Vision, December 2015	Municipal Building	John Gallagher
Apprenticeship Levy – Employer Owned Apprenticeship Training, November 2015	Municipal Building	John Gallagher
Budget Statement, July 2015	Municipal Building	John Gallagher
Equality Act 2010	Municipal Building	John Gallagher