

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO PERSONNEL COMMITTEE

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Agenda Item No.

meeting date: WEDNESDAY, 6 SEPTEMBER 2017  
title: APPRENTICESHIP LEVY UPDATE  
submitted by: JANE PEARSON – DIRECTOR OF RESOURCES  
principal author: MICHELLE SMITH – HEAD OF HR

## 1. PURPOSE

1.1 To update members on our current position in respect of the Apprenticeship Levy.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – the provision of good quality Apprenticeships will help support the development of young people to become active members of the borough's employment market and thereby have a positive impact on the local economy.
- Corporate Priorities - A well-managed council needs to develop the skills and qualifications of its employee's so as to build a well trained workforce for both the future within the Council and for Local Government as a whole.
- Other Considerations - None.

## 2 BACKGROUND

2.1 Changes to the Apprenticeship system were introduced on 1 April 2017, with 2 key elements being:

- a) A Levy, payable by all employers with an annual paybill of more than £3 million, equivalent to 0.5% of the paybill minus £15,000; and
- b) A target for numbers of apprentices Public Sector bodies must employ, as a percentage of the overall workforce.

The Government has committed to creating three million new apprenticeships in this Parliament, with two primary measures to achieve this ambition.

## 3 ISSUES

### 3.1 The Apprenticeship Levy

3.1.1 The definition of pay bill states that the calculation is based on the total amount of earnings subject to Class 1 secondary National Insurance Contributions (NICs). Although earnings below the secondary threshold are not counted when calculating an employer's NICs, they will be included for the purposes of calculating the amount of levy the employer needs to pay.

3.1.2 We have set up an account with the digital apprenticeship service which is run by the Education and Skills Funding Agency (EFSA). This enables us to access funding for training through an apprenticeship service or digital

account. For every £10 that we put into our account the Government will top it up with a further £1.

- 3.1.3 Our levy is paid through the PAYE process on a monthly basis. As at August 2017 we had £5,061.21 in our 'pot'. A breakdown of our monies is detailed below:

<b>Payroll Month</b>	<b>Levy Paid/Due</b>	<b>10% Top Up Paid/Due</b>	<b>Total Funds</b>
April 2017	886.00	88.60	<b>974.60</b>
May 2017	1,182.00	118.20	<b>1,300.20</b>
June 2017	1,190.00	119.00	<b>1,309.00</b>
July 2017	906.00	90.60	<b>996.60</b>
August 2017	897.00	89.70	<b>986.70</b>
	<b>5,061.00</b>	<b>506.10</b>	<b>5,567.10</b>

This money can only be used for apprenticeship training and assessment and only up to the funding band maximum. It cannot be used for other 'costs' e.g wages, travel expenses, any personal protective clothing or safety equipment required, off-the-job training that is delivered only by distance learning.

- 3.1.4 Additional payments – an employer will be eligible for a payment towards the additional cost associated with training if, at the start of the apprenticeship, the apprentice is:

- aged between 16 and 18 years old;
- aged between 19 and 24 years old and has either an education, health and care plan provided by the local authority, or has been in the care of the local authority.

- 3.1.5 Money held in the digital account, including the Government top up, must be spent within two years or else it is lost.

- 3.1.6 To use the funds in our account we must:

- give evidence of an apprentice's employment to the training provider for them to keep;
- be satisfied that this is the most appropriate learning programme and that it is:
  - a new job role, or
  - an existing job role, where the individual needs significant new knowledge and skills and
- make sure that the apprentice spends at least 20% of their time on 'off-the-job' training. 'Off-the-job' training is defined as learning which is undertaken outside the normal day-to-day working environment and leads towards the achievement of an apprenticeship. It can include training that

is delivered at the apprentice's normal place of work but must not be delivered as part of their normal working duties;

- the minimum duration for apprenticeship training is 1 year based on an apprentice working 30 hours a week or more, including any off-the-job training they undertake. If, however, an apprentice works fewer than 30 hours a week the provider must extend the minimum duration of the apprenticeship (pro rata) to take account of this;
- the funds can only be used to pay for training and assessment, they cannot be used for other employee costs e.g wages, travel expenses, protective clothing/uniforms etc.

3.1.7 To spend the funds in our account we need to:

- a) choose a training provider. There are 2 types of apprenticeship to choose from apprenticeship standards and apprenticeship frameworks.

There are over 200 different types of apprenticeships currently available in England, through existing apprenticeship frameworks. Apprentices can receive qualifications ranging from those equivalent to 5 GCSE passes to those equivalent to a degree.

We have a number of local accredited providers e.g Blackburn College, Burnley College, Preston College

(Public sector bodies are required to follow the Public Contracts Regulation 2015 when choosing a provider, although this will not apply in our case as the contract value will be below the threshold figure in the Regulations);

- b) agree a price and payment schedule with the provider;
- c) pay for training and assessment with funds through our apprenticeship service account.

3.1.8 The Council currently has one Apprentice in the Finance Section. He started with us on 4 September in a Trainee Accountancy position and he will be studying for the Association of Accountancy Technician (AAT) qualification at Blackburn College. The course fees will be paid from our levy 'pot'.

3.1.9 We are currently looking at ways to optimise the use of our levy funds by way of developing existing staff.

## 3.2 Public Sector Apprenticeship Target

3.2.1 Public sector bodies with 250 or more staff (actual staff not FTE) in England have a target to employ an average of at least 2.3% of their staff as new apprentice starts over the period 1 April 2017 – 31 March 2021. Our March 2017 headcount figure was 235 so that would put us outside the scope of the target. However, for illustrative purposes, if our headcount figure was 250, the 2.3% target would equate to 6 apprentices.

- 3.2.2 Bodies in scope (i.e public bodies with 250 or more staff) must have regard to the target.

The Government considers the duty to 'have regard' to the target to mean that, in making workforce planning decisions public bodies should actively consider apprenticeships, either for new recruits or as part of career development planning for existing staff. Apprentices are only considered as 'new apprentices' who will count towards the target, in the year in which they begin their apprenticeship.

- 3.2.3 If we were to fall within scope we would be required to provide a two part annual report to the Department of Education.

Part 1 - Data Publication which would cover statistics on our headcount and the number of Apprentices we employ. This would have to be published on our website.

Part 2 - Apprenticeship Activity Return which would include information on our progress against the target and information to assess actions taken towards, and challenges faced in, meeting the target. We would not have to publish this information but it would have to be sent to the Department of Education.

- 3.2.4 The targets would be measured as an average from 2017/18 – 2020/21 and we would have to provide a Data Publication and Apprenticeship return for each of the following periods

1 April 2017 to 31 March 2018  
1 April 2018 to 31 March 2019  
1 April 2019 to 31 March 2020  
1 April 2020 to 31 March 2021

As outlined at 3.2.1 we are not currently within scope but we will continue to monitor our headcount at the end of each reporting period.

CMT will address such matters and the ultimate impact on the authority, as further guidance is published.

#### 4. RISK ASSESSMENT

- 4.1 The approval of this report may have the following implications:

- Resources – there will be budget implications arising from the Levy and the target.
- Technical, Environmental and Legal – Legislation has been introduced to create the apprenticeship levy and public sector targets through the Finance and Enterprise Bills.
- Political - No political implications identified.
- Reputation – if the Council does not meet its Levy requirement or Apprenticeship target, it could result in adverse publicity and would not fit in with the overarching status of Local Government as an exemplar Public Sector employer.

- Equality & Diversity - No Equality & Diversity implications identified.

## 5 **CONCLUSION**

- 5.1 CMT will continue to monitor the new Apprenticeship system and will keep members informed of any implications for the Council.

MICHELLE SMITH  
HEAD OF HR

JANE PEARSON  
DIRECTOR OF RESOURCES

### BACKGROUND PAPERS

[www.gov.uk/government/apprenticeship-changes](http://www.gov.uk/government/apprenticeship-changes)

For further information please ask for Michelle Smith, extension 4402.