

Introducing the Apprenticeship Levy

Cabinet

Date: 7th September 2016

Author:	Deputy Leader of the Council, Cabinet Member for Finance and Corporate Services Head of Performance, People and Engagement
Wards:	All
Locality Affected:	All
Parishes Affected:	All

1. Purpose and Reasons

- 1.1 This report outlines the Council's proposed response to the Government's introduction of the Apprenticeship Levy in April 2017.
- 1.2 This links to priority two of the Vision, Priorities and Pledges to "offer educational opportunities that lead to the right skills and right jobs in the right places" and specifically to Priority 18 "increase the number of businesses employing young people as an apprentice from 15% to 20%".

2. Recommendations

Cabinet is recommended to:

- 2.1 Agree the target number of apprentices that the Council will seek to employ in 2017-2018 should be set at 58.
- 2.2 Agree and authorise the Head of Performance, People and Engagement to implement the approach outlined in the report.
- 2.3 Agree that the Cabinet Member for Resources and Corporate Services provides regular reports to progress Cabinet and Scrutiny towards the target of introducing 58 apprentices.
- 2.4 Note the opportunities that the Apprenticeship Levy offers for the Council.

3. Detail

The Apprenticeship Levy

- 3.1 The Enterprise Bill received Royal Assent in March this year. As part of that Act, the Apprenticeship Levy will come into force in April 2017 with the public sector duty and target monitoring starting in September 2016.
- 3.2 The Levy is 0.5% of the total salary bill for employers with a salary bill of more than £3 million. This will be paid in monthly payments to HMRC and then an amount (which reflects the number and type of apprentices we have) will be credited into our digital apprenticeship account, in digital vouchers to pay for accredited training.

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- 3.3 There is an (as yet unconfirmed) public sector target that 2.3% of public sector workforce should be apprentices.

Implications for Swindon Borough Council

- 3.4 Modelled on a workforce headcount of around 2600, our target to comply with the Public Sector Duty enshrined in the Act would be 58 apprentices a year. This can include existing employees who sign up for an apprenticeship
- 3.5 If implemented directly this would incur a cost to the Council of £285,000 per annum. The costs of different apprenticeships and the contribution to training into our “digital account” are outlined in the table below:

Age	Hourly rate	Hours	Weekly wage	Annual earnings	SBC annual Pension contribution	Annual ENI	Support costs*2 (estimate)	Annual	Contribution to training
16-18	£3.30	37	£122.00	£6,344	£7.00	-£208	£1,248	£7,391	0% cost fully covered
19-24	£6.70	37	£248.00	£12,896	£72	£672.00	£2,600	£16,240	50% training costs
25+	£7.20	37	£266	£13,832	£82	£832	£2,756	£17,502	Between 0% -60% training costs

- 3.6 Notwithstanding the financial and logistical challenges of the levy and its administration which are still being worked through by officers, the Public Sector Duty does give us fresh emphasis on targeting apprenticeship across the council, building on best practice in departments like housing, to support the Council's Vision, Priorities and Pledges.
- 3.7 The levy gives us the opportunity to rethink our approach to workforce planning and to convert a number of new or arising vacancies to apprenticeships, to meet the public sector duty target and work towards a more diverse age profile for the Swindon Borough Council workforce. It is not expected that the introduction of 58 apprenticeships will increase the overall workforce numbers for the organisation.
- 3.8 Research into apprenticeships has suggested that people tend to experience high levels of loyalty and commitment to the organisations where they have completed their apprenticeships. This is a great way to invest in both our workforce and our local economy.
- 3.9 It is recommended that the Council takes a gradual approach to meeting the public sector duty for apprenticeships and that the People Development function work with services to introduce apprenticeships where appropriate.

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- 3.10 It is recommended that progress towards the target of introducing 58 apprentices to the Council is reported back to Cabinet and Scrutiny by the Cabinet Member for Resources and Corporate Services on a regular basis.

4. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 4.1 The cost of the levy to the Council is approximately £285,000, which can be redeemed against the cost of training apprentices via our digital account. This has been factored into the 2017-2018 budget assumptions. However, through better use of workforce planning across the council it is considered that we can absorb much of this cost.

Legal and Human Rights Implications

- 4.2 Legal and human rights implications have been taken into account in preparing this report. It is considered that the report's recommendations are compatible with Convention Rights.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 4.3 Not applicable

Diversity Impact Assessment

- 4.4 A Diversity Impact Assessment has been undertaken by the project team working on the implementation of the Apprenticeship Levy and a copy is available from the report author. The DIA was able to show how the programme will have a positive effect on the age profile of our workforce and how we are targeting young people not in education, employment or training. In addition, we also have built in a workstream to target the recruitment campaign for care leavers and those with special educational needs. The DIA also flagged to us the need to monitor impact on the existing workforce and make sure access to apprenticeships is as wide as possible including our own employees, regardless of age. We have set some performance measures to track this.

Risk Management

- 4.5 A project group will oversee the programme and receive reports on a quarterly basis of progress and risks. The results of this will also be reported to CMT and the Cabinet Member on a quarterly basis. We have designed a clear internal and external communications plan to ensure we manage the narrative and reputation of SBC's apprenticeship programme as an ambassador for other employers.

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5. Consultees

- 5.1 The Corporate Director, Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

6. Background Papers

- 6.1 None

7. Appendices

- 7.1 None

8. Key Decision/Decision in Cabinet Work Programme and Forward Plan

- 8.1 This is a Key Decision and is included in the Cabinet Work Programme and Forward Plan for September 2016.