

Apprenticeships - West Suffolk 2017

Purpose:

Our Workforce Strategy 2014 -2016 contained a commitment to actively support young people in apprenticeship and skills development. The strategy set a target to increase entry routes for apprentices and the number of young people gaining basic skills, completing apprenticeships and securing onward employment. It had a focus on recruiting and retaining a workforce with the skills and values we need, and to promote jobs and careers as an employer of choice. Our current OD Plan identifies an action to invest in people at recruitment stage and work creatively to meet skill shortages and needs.

The Leadership team had previously, in 2013, identified an Organisational Design Principle to ensure each of the 9 services had an apprentice in their service.

The purpose of this report is to:

- outline what we have achieved to date with our apprenticeship programme, and note our obligations and challenges in regard to the new Apprentice Levy for 2017-18
- address some of the issues and questions arising from the Levy and new Apprenticeship standards.
- To consider our emerging approach to apprenticeships for the next 3 years as we develop our new Workforce Strategy

Background

Our apprenticeship programme has continued to develop effectively since the OD principles were set with an apprentice post established in every service at the point when we became a shared workforce (2013-14). This immediately created 9 apprentice roles. In the current financial year (2017-18) we have 25 apprentice roles. From 2011 to 2015, 35 out of the 53 apprentices employed have gone on to secure permanent employment with the councils at the end of their apprenticeship.

We have also increased the number of staff members taking apprenticeship qualifications including Customer Service, Business Improvement and Management and Team Leadership. We currently have 15 members of staff (in addition to the 27 apprentices on apprenticeship contracts) completing work based apprenticeship qualifications.

The training delivered to date for 16-19 year olds has been government funded as part of their education. The cost of each apprentice has therefore been the actual wage for the apprentice paid at 'minimum wage for age' plus any actual pension on-costs. (There is no NI on apprentices). For those over 19 in some cases there has been an "employer contribution" cost for example, the West Suffolk College has a £1,000 standard additional fee for each apprenticeship.

To date we have recruited increasing numbers of apprentices following requests from the Service Managers against vacancies – an opportunistic approach linked to need. This has generally been very successful, (initially 9 increasing to 25). Our Request to Recruit form, completed for every vacancy, asks the recruiting manager if the role could be adapted to create an apprentice pathway. The figures below are based on our starts for those on Apprenticeship contracts from 2014 to 2016. The majority of our apprenticeship contracts are temporary, for 18 months, apart from Environmental Services, Motor Mechanics and Arboriculture which are 2 year contracts linked to the qualification.

Data shows the average age of our workforce has reduced by 2 years from age 44 to age 46 since June 2015, and

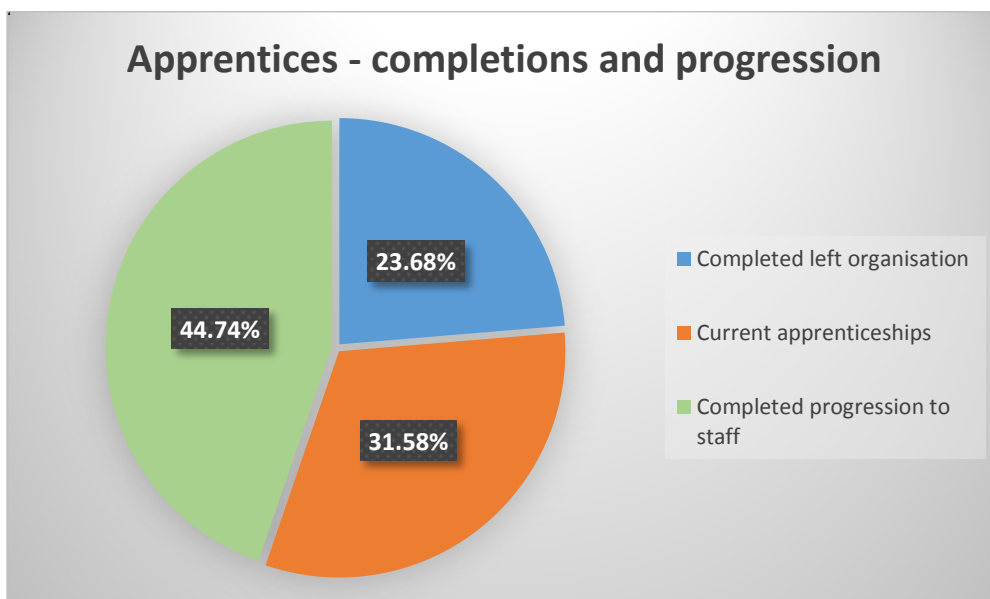
We have an increased number of staff aged under 30. (2015 13%, now 17%)

The % NEETS in West Suffolk has also reduced from 6.62% in December 2010 to 3.56% December 2016. (West Suffolk NEET age 16 -19). Overall unemployment is very low at 4.1%.

It is the ambition of the LEP to provide all the skills needed in Suffolk from the population of Suffolk - therefore 'growing our own' future workforce not only contributes to this ambition to support our economy but also towards the strategic objective to build healthy and active communities.

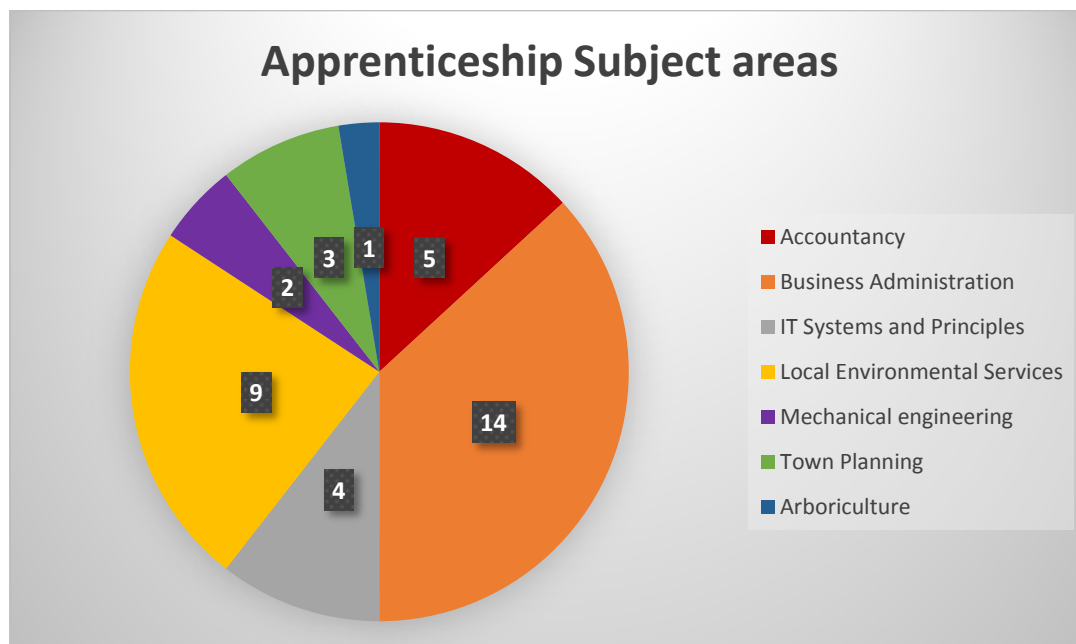
Current Apprentices:

From 2014 to date we have employed a total of 38 on apprenticeship contracts. 12 of these are currently still working towards their qualifications, 9 have completed and left the organisation and 17 have completed and progressed into employment within the Councils.



To date the apprentices have followed 7 different subject frameworks, 18 are at Level 2 and 20 are Level 3.

The level they start at is not necessarily related to age but assessed by the education provider based on their ability and the Service requirements for the job. The following shows the subject areas covered to date.



Local Environmental Services has been the pathway to recruit and support entry into the operations workforce which has been a useful recruitment and retention tool to employ school leavers into a largely manual and non-traditional apprenticeship pathway. This qualification is likely to disappear in the short term.

In response to skills shortages across the system in Planning the TCA funded a new Planning Apprentice cohort resulting in West Suffolk employing 3 Planning Technical Apprentices on a 50% cost share (employment costs and qualification).

Apprenticeship Levy: The Financials

The Apprenticeship Levy marks the end of Government funded apprenticeship training for large organisations. For those with a pay bill of more than £3 million per annum there is levy taken by the HMRC monthly of 0.5%, reduced by an annual allowance of £15,000. This levy is held in a digital account for each employing council. The table below give details of our anticipated Levy payment for SEBC and FHDC April 2017.

Apprentice Levy

Estimated 16.17 based on actual payroll Feb 17 and 25 established apprentice posts

Organisation	Estimated Niabile pay for 16-17	0.5% (£000s)	Monies in digital account* (£000s)
St Edmundsbury Borough Council	11.9m	59.5	49
Forest Heath District Council	4.6m	23	8.8
			57.8

*0.5% levy less £15000 per council 'allowance' plus 10% HMRC contribution

Based on our expected intake for 2017-18 training we anticipate training fees of £69,000. However we are awaiting costs for several apprenticeships which will be influenced by the changing length of some of the standards. The estimated levy has been included as a payroll cost in the 2017-18 budget and it is then available to us to take back from our HMRC 'digital pot' to pay the training fee.

Further, this is based on budget for establishment whilst the actual 0.5 % is calculated including payments for any agency/consultancy staff liable to pay tax under IR35 rules so the levy could increase significantly.

Each West Suffolk council retains £15,000 of the 0.5% levy per annum. In any month where the training fees exceed the digital fund the government will pay 90% of the training overspend.

Implications of the Levy for Apprenticeship programme

- We need to ensure that we spend up to or over our Levy payment each year. Any money not spent from the Levy pot will not be available for our use after 18 months.
- If we 'overspend' there is a government subsidy of 90% of the additional cost of the training but only while the digital account is in deficit as assessed on a monthly basis. We would need to find the (negligible) 10% for the training but it is however difficult to identify exactly how much of the additional 90% will be accessible to us over a 12 month period.

In any event there is no contribution to additional employment costs of more apprentices (i.e. wages and on-costs)

- It is clear that the levy is designed to encourage not only more apprenticeships but also for organisations to spend more than their levy and access the 90% 'top-up'. From the point of view of accessing funding for training it will be more beneficial for FHDC to employ more apprentices whilst ensuring that SEBC employ enough to get back their levy payment.
- From 2020 as a public sector employer we will be required to demonstrate that 2.3% of our workforce are working towards an apprenticeship qualification. From our initial modelling we estimate that we will need 15 apprentices at SEBC and 3 at FHDC to ensure that we fully recover our levy and meet the 2.3% target but to ensure we always meet this target we will need more than 15. We currently have 3.9% posts but 2.5% employed apprentices.
- The qualifications are also all changing with the introduction of the new "standards" replacing 'frameworks'. The costs of apprenticeship standards appear to be higher and the length longer:
Accounting Level 3 - £9,000 (there will no longer be Level 2; 18 months)
Customer Service Level 2 - £4,000
Light vehicle maintenance Level 3 - £18,000 (no level 2; 3 years)
Business Administration level 3 current charge for the old framework is £2,000. The new standard is currently under development and it is estimated that this will £4,000 to £6,000.
- All the above costs are from West Suffolk College who are currently our preferred provider and are already on the new Register of Providers. The qualification costs are banded and it is expected that most Providers will go for the upper cost end of the band and seek to justify value by offering additional 'added value' training, for example "First aid at Work" etc.
- Many of the new "standards" are not yet published so the cost or length of time is unclear. Where new standards are not available we default to the old frameworks whilst we can, some are disappearing over time and not necessarily at a point when a new framework is in place.
- Within the apprenticeship there is an additional requirement for employers to offer all apprentices 20% "off the job training" or 'guided learning hours'. It is likely that more study time will be required. Currently we offer ½ day a week to those on 'apprenticeship contracts' but no additional study time to staff studying towards apprenticeships.
- Providers are keen to emphasise to us the increased and key role of the manager/mentor within the new standards. This is likely to require more time from managers/mentors. The end assessment for apprenticeships is now independent of the education provider and may be exam or assignment based but marked separately.

- There have previously been access restrictions to apprenticeships – those with a Level 4 qualification including graduates can now undertake a higher level apprenticeship. There is no restriction on age but £1,000 is paid direct to employers by the Education provider for 16 to 18 year olds as a contribution to costs for young learners.

Issues for discussion/think piece

The changes described raise a number of issues for us in relation to our future strategy on apprentices. We are recognised externally as being advanced in our approach to date but the views of LT/SMT are sought in relation to developing our new approach. In consultation with Providers, Managers and HR Business Partners and Advisors we are considering the following:

1. The number of apprentices should we have in our staffing establishment?
There is obviously a cost in employing apprentices.

2. What are the skills and gaps that we wish to address and develop in our workforce through apprenticeships?

The options are restricted to those pathways with recognised qualifications which lead us towards concentrating on professional areas (finance/HR/legal/planning, surveying, general business admin, arboriculture, IT, Mechanics).

Colleges need a good size cohort of guaranteed apprentices to offer a course.

3. To take an organisation wide approach to apprenticeship numbers at the time of budget setting rather than taking a largely opportunistic approach
We need an oversight of who/how many/retaining of posts and budget/skills development/pathway to employment rather than the individual approach currently taken to make sure we retrieve our levy and use the budget and the opportunities to work for the two councils not just individual services

There is the potential of growth in the salaries budget.

4. Given the establishment and associated budget across services for apprentices (based on 25 this year), the wage cost, the manager support role, and the need to retain and maximise the value of the levy, do we feel that we have the right number of apprentices and in the right places for the next two years?

Good record of success so far; Waste is a problem because the standard has disappeared and we have no suitable provider; could we support more, the Planning Apprenticeship model funded by TCA across Suffolk councils could be expanded into other areas of skill shortage.

5. Do we try to get as much of the 90% funding as possible:

More apprentices = more support and more wage cost; increased establishment

More staff doing apprenticeships = longer training period and cultural change, suitability of learning and qualification

Or do we seek to use our levy and move them into our workforce – quality programme rather than quantity?

Summary:

We have an opportunity and a need to agree our strategy on apprenticeships.

Levy is significant but retrievable if managed well

Apprenticeships are longer and more expensive

Contribution to training costs can increase (90/10) but is offset against cost of employing more apprentices.

Providers, Standards and process is still evolving and lacking in clarity

Management of the digital account is essential and a corporate resource pressure

Managers / mentors will need to be supported with suitable training and time.