



Briefing 19 - 08 February 2019

Apprenticeship Levy – Meeting your legal duty and maximising your income.

To: England

For info: APSE main contacts from Scotland, Wales and Northern Ireland.

Key Issues

Under the Public Sector Apprenticeship Target Regulations 2017, prescribed groups and public sector bodies with 250 or more staff in England have a target to employ an average of at least 2.3% of their staff as new apprentices over the period of 1 April 2017 to 31 March 2021.

1. Introduction

The government has committed to boosting productivity by investing in human capital. As part of this, the government committed to developing vocational skills and recognises the need to increase the quantity and quality of apprenticeships. To meet this commitment, they are aiming for there to be an additional three million apprenticeship starts in England by 2020. The government introduced the levy to help to deliver new apprenticeships and support quality training by putting employers at the centre of the system. In addition, employers who are committed to training apprentices will be able to get back more than they put in if they are able to demonstrate that they are training sufficient numbers of apprentices.

This briefing explores the details of meeting the legal requirements and how the levy can be best utilised.

2. Background

The Apprenticeship Levy was announced as part of the Summer Budget 2015, and restated during the Autumn Statement 2015, it was confirmed that it would come into effect in April 2017. A consultation was held between 21 August 2015 and 2 October 2015 to hear from employers about how the levy should work in practice. This was in the context of a pre-ceding announcement made during the Autumn Statement 2014 where the government announced it would abolish employer Class 1 National Insurance Contributions for apprentices aged under 25 on earnings up to the weekly limit of £827 from 2016 to 2017.

3. The legal requirements for apprentices in the public sector

Under the Public Sector Apprenticeship Target Regulations 2017, prescribed groups and public sector bodies with 250 or more staff in England have a target to employ an average of at least 2.3% of their staff as new apprentice starts over the period of 1 April 2017 to 31 March 2021.

The headcount on which the target is based includes community and voluntary controlled schools, Fire and Rescue Services and other services where the local or combined authority is the employer. The government have stated that it is important for the relevant authorities to work with these organisations as they will form a significant proportion of the workforce.

Bodies that fall in the scope of the legislation must 'have regard' to the target which in practice means that in making workforce planning decisions, public bodies should actively consider apprenticeships, either for new recruits or as part of career development for existing staff.

Public bodies are required to use the Apprenticeship Activity Return to explain how they have had regard to the target. This may include describing actions that have been taken to challenge obstacles preventing them from meeting the target, for example: -

- A relevant framework or standard is not currently available but the organisation has been involved in developing new standards and has plans for individuals to start on these.
- An organisation has a large number of part time workers whose Full Time Equivalent (FTE) makes it difficult to meet the numbers of apprentices needed and/or due to the number of hours they work are not eligible for apprenticeships. However, in this case the employer can show they are taking steps to employ apprenticeships within those roles which are eligible for them.

The government is also encouraging public bodies that are looking to establish further apprenticeship standards to engage with the Institute for Apprenticeships to establish these.

4. Why do local authorities need to utilise the Apprentice Levy?

In the current climate of reduced budgets, and an ageing workforce many authorities report that it is increasingly difficult to recruit and retained skilled employees. The Apprentice Levy provides an opportunity to ensure the workforce has the skills required for the future.

In addition to the duty to have regard to the target, there is a financial implication for councils. The Apprenticeship Levy is charged at 0.5% of the annual pay bill of the organization and is paid to the government each month through the PAYE process. The levy is paid into a specific employers account on a monthly basis with a 10% government top up.

Funds that are not used will expire 24 months after they are entered into the account. Therefore, councils opting not to use the levy funding are not only forfeiting the 0.5% paid into the fund but the additional 10% government top up.

The Open University reported that for all businesses paying the levy from its introduction until 6 April 2017, only £108m of the money available through the collection of the apprenticeship levy, has been withdrawn. This is despite around £1.39bn being available to fund apprenticeship programmes.

5. Understanding Apprenticeships

Apprenticeships combine work with practical off-the-job training and study. An apprentice is employed and works alongside experienced staff, to gain the skills, knowledge and behaviours required to be fully competent in their chosen occupation.

Apprenticeships covering a number of roles within local government are available including for schools and emergency services. They cover a range of educational levels from Level 2 all the way up to degree level, with many now incorporating a Bachelor's or Master's degree.

Apprenticeships are not restricted to only young people and new recruits. Anyone can become an apprentice at any age and benefit from government funding to support their apprenticeship.

6. What can the Levy be used for and what can't it be used for?

With the new duties placed upon local authorities to meet the target set by the government, Councils need to gain an understanding of how their existing programmes can contribute to meeting this target and how to make the most of the funding provided through the levy.

The levy can pay for the following: -

- Training on a framework or recognised standard by the Institute of Apprenticeships for staff employed by the organisation.
- In the coming year, 10% of the levy can be spent on sub-contractors with their agreement.
- A training provider listed on the government's register of apprenticeship training providers.
- For apprenticeships that are at least 12 months in length.

The levy cannot be used for the following: -

- To pay staff salaries
- For training that is not included in the framework
- For training that is less than 20% off the job training

7. The terms and conditions for apprentices

There are a variety of terms and conditions that need to be in place for apprentices which include a contract of employment for a minimum of one year and one day (not seasonal staff) needs to be in place; the employee must work for a minimum of 30 hours per week; the pay must be at least the national apprenticeship rate; they need to be released to attend off the job training for 20% of the time and they must receive all the same risk assessment; induction training; health and safety training as all regular staff.

8. What counts as 20% off the job training?

20% is equivalent to one day per week if using a typical college model but training on-site can also contribute such as the following: -

- Optional council training, for example, team meetings, diversity training and safeguarding training.

- Peer reviews (with other apprentices)
- Appraisal or performance reviews.
- Visiting other departments
- Health and safety training
- Learning in-house policies and procedures.

9. Apprenticeships options for local and combined authorities

Local and combined authorities employ a wide range of roles that align with apprenticeships. When considering how to use apprenticeships, consideration could be given to the following: -

- Are other authorities in the area already using apprenticeships, if so, what can be learnt from them?
- What skills do employees need now and in the future? Does the organisation have the right skills and talent in place? Can apprenticeships be aligned to support the skills gaps and on-going skills requirements?
- How do the roles in the authority fit with the current available apprenticeships?
- What is the most effective way of procuring apprenticeships training, can existing frameworks be used, could it be possible to collaborate with other authorities to procure training?

10. Recruiting apprentices - Do's and Don't

To ensure that the most suitable people are recruited to apprenticeships the approach to recruitment needs to take into consideration some steps to ensure it is successful.

- Produce a simplified application form.
- Assess numeracy and literacy to ensure the candidate is at the correct level
- Ensure that the role profile and the essential and desirable criteria is suitable for the level of apprenticeship.

When recruiting apprenticeships, the 'traditional' methods of advertising the vacancy may restrict the pool of applications received, therefore alternative approaches will achieve better results, such as career fairs, social media and working with schools and colleges. APSE conducted a survey of local authorities in May and June 2018 to gain an overview of Local Authority Apprenticeship Programmes, the findings of this survey were detailed in the [APSE Briefing 18/28 – Local Authority Apprenticeship Programmes](#). This survey established that the majority of Councils (66.92%) advertise the position on their website, 18.05% work with schools and colleges, with 11.28% attending Careers Fairs and only a minority 3.76% reported using social media to advertise the role.

11. Making an apprenticeship successful.

To successfully complete an apprenticeship the learner will require a level of support. In examples of programmes that are identified as being effective they provide some of the following:-

- A mentor to support the apprentice
- Performance and development monitoring

- Monthly development performance meeting which can be linked to incentives such as pay rewards
- Regular meetings with the training provider.

In addition, the apprentice is provided with a clear work programme that outlines the work they will be required to complete over the period, which wherever possible should include all aspects of the role to allow the apprentice to develop and learn.

A close working relationship with the training provider is also important, at the outset the requirements of training provider needs to be understood, including the required maths and English standards for the candidate; the off the job training dates should be scheduled in advance, for example every Thursday and training rooms should be booked in advance. The training days need to be seen as a priority and leave should not be approved on these days. The performance of the apprentice needs to be measured for both work and training and it is important that achievements are celebrated.

12. Upskilling your existing workforce.

The levy provides an opportunity for local authorities to invest in apprenticeships for existing staff. Apprenticeships are not just for frontline, entry level employees, they can also be used to bridge skills gaps in the current workforce. There is provision in the Apprenticeships Frameworks for the employee to gain a qualification whilst remaining in their current role.

The National Apprenticeship Service has advised that when using the Apprenticeship Levy to upskill existing members of staff, it is not a requirement to change the employee's job title or contract of employment. However, the employer is required to ensure that there is an Apprenticeship Agreement in place that has been signed by both the employer and the apprentice. In addition, the employee needs to ensure that there is a Commitment Statement in place that has been signed by the employer, apprentice and the training provider.

Detailed below are some examples of how the levy can be used to upskill the existing workforce:-

1. Developing an existing manager – Where a manager does not have a current degree but they have expressed an interested in gaining a qualification; the manager is stepping up to the next level or perhaps they are underperforming in their role.
2. Transitioning from a technical role into management – There are individuals in local authorities that currently work in technical roles such as engineers, accountants and HR professionals and are looking to transition into a higher-level management role.

In both of these examples the levy can be utilised and the skills of the employee can be developed with qualifications such as the Chartered Manager Degree Apprenticeship.

In addition to upskilling existing staff within the organisation there is an example of an innovative approach that is being adopted by a local authority to close the skills gap in social care by using the new levy transfer option introduced by the government.

Under the regulations local authorities now have the option to transfer up to 10% of their annual levy funds to other organisations which are not levy payers. This provides extra flexibility in how the levy can be used to help close the skills gap. However, a current restriction is in place that only allows

the funds to be transferred to one company. Therefore, in this example the council has invited care-providers to present business projects that demonstrate the effectiveness of apprenticeships for their business development. The successful company will have access to fully-funded qualifications for its apprentices as well as ongoing business support and guidance from the council. The aim of this innovative approach is to boost the number of newly skilled workers in the social care sector with the hope that it will have a significant impact on the lives of the residents.

13. Local Authority Apprenticeship

In the survey of Local Authority Apprenticeship Programmes it was highlighted that 32.89% of the respondents believed that their authority ran an apprenticeship programme in response to the introduction of the levy. However, there were also a large proportion of respondents (45.95%) stating that there had been a formal programme in place for more than 10 years which suggests that apprenticeships are well established in many local authorities. Therefore, there is an opportunity to review the current arrangements to ensure that the apprenticeship programmes in place meet the requirements of the levy to maximise the council's income.

14. Supporting apprenticeships more widely

Many local authorities have previously engaged with promoting apprenticeships across their local area to support local economic growth. To meet the target for apprenticeships across the country and in local economies local authorities may look at continuing to support local businesses through Local Enterprise Growth Hubs to provide a focal point for advice and a one-stop location for businesses to gain advice. In addition, local authorities could encourage their suppliers to taken on apprentices through procurement. Further information can be found in Procurement Policy Note 14/15- [Supporting Apprenticeships and Skills Through Public Procurement](#).

APSE Comment

In addition to the obvious commitments to training, development and upskilling staff APSE would also encourage local councils to use the route of apprenticeships to meet wider social justice outcomes. For example, care leavers often struggle to access the support necessary to become engaged in paid employment but targeting apprenticeships at this group of young people could ensure both better outcomes for that young person and ultimately reduce future demand on services such as housing and public health. These routes of proactive market disruption; changing the way in which local economies work to support better outcomes for local people, businesses and public services, is explored in APSE New Municipalism research '[The new municipalism: Taking back entrepreneurship](#)' which includes case studies in area like Swansea Council have that have developed a corporate approach which embeds training and apprenticeships not only though the councils own frontline services but encourages and engages suppliers to the council to do the same.

APSE believe that the Apprentice Levy has assisted in raising the profile of apprenticeships and focuses financial resource on building the skills and knowledge of the workforce A training course for frontline managers has been developed by APSE that explains in detail the legal requirements for the public sector in terms of apprenticeship training and provides information on how best to utilise the Councils Apprenticeship Levy. Further details can be found on the APSE website using the following link: -

[Apprenticeship Levy - Meeting your legal duty and maximising your income.](#)

On a final point, APSE recognises that training apprentices requires commitment, resources and time for trainees to become a fully qualified and capable team member making a contribution to the local authority. Some local authorities invest significantly in this area and we want to highlight the training organisations and the individual apprentices who are leading the field within the UK.

The APSE local authority Apprentice and Trainee of the Year Awards are specific to front line service areas and support excellence in training standards within local authorities and their partner organisations throughout the UK, including members and non-members of APSE. The awards scheme is open to candidates from all stages of training and have been running successfully for 18 years. The awards are open to every authority and their partner organisations in the UK. For further information please visit our website - [APSE Apprentice Awards.](#)

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