

Meeting: Central Bedfordshire Schools Forum
Date: 9th January 2017
Subject: Apprenticeship Levy – Impact on CBC Schools
Report of: Assistant Director, People

Summary: To provide information for members of the Forum in relation to the implementation and impact of the government's apprenticeship levy on CBC Maintained Schools.

Contact Officer: David Waller, Policy & Implementation Manager, Priory House, Bedford

Public/Exempt: Public

Wards Affected: All

Function of: Council

RECOMMENDATION(S):

The members of the School's Forum are asked to:

- 1. Note the content of the report and its financial impact on Maintained Schools and in particular Community and Voluntary Controlled Schools, Nurseries and Special Schools.**
- 2. Note the information provided in relation to accessing funding for training for apprenticeships in schools subject to receipt of further, more detailed information in the Spring Term.**
- 3. To note that further information will be provided in the Spring term 2017 to Community and Voluntary Controlled Schools in order to support financial planning.**

Background

1. In support of its ambition to achieve 3 million apprenticeships by 2020, the Government is set to introduce a minimum target of apprenticeship starts to public bodies from April 2017.
2. The target figure will be calculated at 2.3% of the headcount of the employer. In the case of local authorities, this is inclusive of headcount of Community and Voluntary Controlled Schools.

An apprenticeship levy of 0.5% of the employer's total pay bill taken via PAYE, will also be in place from April 2017. In the case of local authorities this is inclusive of Community and Voluntary Controlled Schools.

3. The Levy will be held in a digital account assigned to Central Bedfordshire Council and the funds in the account can be used for apprenticeship training and assessment within the employing organisation. This must be with an approved training provider and assessment organisation up to apprenticeship funding band maximum.

Further information on the use of the Levy can be found in the sections relating to '4. The Levy and Public Sector Targets' and '5. Funding Arrangements' in the body of the report.

4. CBC's vision for Children and Young people recognises the importance of opportunities for education and employment:

"As young adults, we want every young person to have the knowledge, skills and qualifications that will give them the best chance of success, so that they are prepared to take their full place in society as a healthy, happy, contributing and confident citizen."

As part of this commitment to improved educational attainment and progress the following objectives are stated:

- Give young people the right opportunities to continue in education or training until they are 18; including apprenticeships and traineeships, so that employers feel young people have the skills they need for work.
- Help those aged 13-16 at risk of becoming NEET and those aged 16-19 who have become NEET to get the education, training and employment they need

CBC's increased focus on apprenticeships, both within its own workforce and within the wider area workforce, will help to achieve these objectives.

The impact of the Apprenticeship Levy on Schools

1. Maintained Schools

Liability for the levy depends on the type of maintained school

There are two categories of maintained school:

a) Community and Voluntary Controlled (VC) schools.

In these schools the local authority is the employer and therefore all staff in community/VC schools are added on to the paybill of the council, with the levy equivalent to 0.5% of the overall paybill for the local authority (LA).

All community/VC schools paybills will need to be included in the LA's calculation as the Council is the contractual employer.

b) Voluntary Aided (VA) and Foundation schools.

In these schools (as in academies) the governing body is considered to be the employer, rather than the LA. Therefore each VA/foundation school's liability for the levy will be based on its own paybill.

HMRC has stated that **only** VA/foundation schools with a paybill of over £3 million will be subject to the levy.

2. Arrangements for Maintained schools

Although CBC does not administer payroll for any schools, if a school is Community / Voluntary Controlled its salary bill will count as part of the calculation of the LA's total paybill.

This means Community / Voluntary Controlled schools will be required to contribute towards the apprenticeship levy.

Further advice and information will be provided to schools in the Spring term in order to ensure processes between the school, its payroll provider and the Council are established to ensure the correct payment of the levy is made.

VA/ foundation schools who meet the £3 million pay bill levy will have to calculate its own liability and make arrangements for payment.

3. Funding the extra cost of the Levy

Community/VC schools will have to make provision for the relevant cost of the levy in their individual budgets, in the same way as other payroll costs e.g. National Insurance, employers pension contributions etc.

The DfE does not intend to allow the Schools Budget to be top-sliced by the LA for the levy, and the operational guidance for schools revenue funding in 2017-18 does not make any provision for the Direct Schools Grant (DSG) to be top sliced in this way.

As a result, all community/VC schools (and VA/foundation schools with a paybill over £3m) will need to ensure they have taken account of this additional cost when they set their budgets for 2017-18.

4. The Levy and Public Sector Target

The levy is non refundable and is managed on a "use it or lose it" basis. The levy can only be used to pay for apprenticeship training and cannot be used for salaries or other support costs.

The levy sum will be held in a digital account from which training providers will be paid monthly for the delivery of apprenticeships. The government will top up the digital account by 10% each month.

If the balance of the levy account is reached and further funding for apprenticeships is required, employers can enter a co-investment arrangement with the government who will take on 90% of the cost of training, with employers required to meet just 10%.

A target of a number of apprentices engaged by CBC will be set based on the Council's employee headcount (including Community and Voluntary Controlled Schools).

The target can include existing staff undertaking apprenticeship qualifications and does not have to be 'new starters' into the organisation. The Council will request data from schools relating to existing apprenticeships in the Spring term.

The target is based on headcount rather than Full Time Equivalent (FTE). As an organisation with a relatively high proportion of part time workers in both the Corporate Council and Schools, the proportion of apprenticeships is disproportionate compared to employers with a predominantly full time workforce.

5. Funding arrangements

The apprenticeship levy will come into effect April 2017, with the first declaration to HMRC in May 2017. Thereafter the levy will be paid in monthly instalments.

The school will be required to pay the apprentices salary as part of its normal employment costs. It is only the direct training costs for the apprentice that can be funded via the levy.

The new funding system will be made up of 15 bands; The bands have an upper funding limit ranging from £1,500 up to £27,000. Standards and frameworks will be placed within one of these bands, based on the level of qualification and the subject area. The higher the qualification and the more specific the subject area, the higher the band allocation and associated cost.

If an employer wishes to work with a training provider whose costs exceed the band maximum for a particular framework, the additional costs cannot be paid from the levy and must be met separately by the school.

6 Additional funding provision

Additional funding of £1000 is to be provided for each apprentice hire aged 16-18 years old. This will be paid to the employer in 2 equal

instalments at 3 months and 12 months via the training provider. Eventually this arrangement will change and payment will be made directly to the employer.

Additional funding of £1000 is also provided for each apprentice aged 19 to 24 years old who have previously been in care or who have a Local Authority Education, Health and Care plan, to help with additional costs. Again this will be paid to the employer via the training provider in 2 equal instalments.

There are no explicit restrictions on the use of these funds other than they are to cover the additional costs associated with these groups, therefore CBC must decide how this money will be used.

7 Eligibility

Apprenticeships are accessible to all over the age of 16 years old.

A significant change to eligibility for apprenticeship funding has been proposed which would allow that an individual can be funded to undertake an apprenticeship at the same or lower level as a qualification already held, as long as the apprenticeship is materially different, providing substantive new skills. However the apprenticeship can also be higher than the qualification already held and if so it does not have to be materially different.

Apprenticeships in schools could be considered for Support Staff and Teaching Staff.

The table in **appendix 1** outlines the level of apprenticeship and qualification that can be accessed through the use of the levy.

8. Conclusion

The implementation of the levy from the 1st April 2017 will apply to all Community and Voluntary Controlled Schools and will result in a deduction of 0.5% of the schools pay bill being deducted by PAYE on a monthly basis.

Foundation/VA Schools and Academies whose pay bill is £3 million or above will also be subject to the levy of 0.5% of the schools pay bill however have to make their own payment arrangements.

The Council will have a target of a number of apprentices engaged as a comparison of the levy deducted. Schools are therefore encouraged to engage apprentices in line with the Council's targets to ensure that a return is made on the levy deducted from their budget.

Apprenticeships can be undertaken by existing staff for which access to training costs can be made

Further more detailed information will be provided to schools by the Council in the Spring Term of 2017 via Central Essentials.

Appendices:

A Level of Apprenticeship and Equivalent Qualification

Background Papers: (open to public inspection) None

Appendix A

Level of Apprenticeships and Equivalent Qualification

Level	Qualification Equivalent
2 Intermediate Apprenticeship	GCSE A-C*, NVQ 2, National Certificate/Diploma
3 Advanced Apprenticeship	AS Level. NVQ 3, National Certificate/Diploma
4 Higher Apprenticeship	Higher National Certificate (HNC)
5 Foundation Degree Apprenticeship	Foundation Degree, NVQ Level 4, Higher National Diploma
6 Degree Apprenticeship	Degree with Honours
7 Postgraduate Apprenticeship	Masters Degree, PGCE, NVQ Level 5