

To: Economy and Jobs Policy Board
On: 1 February 2017

Report by: Director of Development and Housing Services

Heading: Modern Apprenticeship Programme - Update

1. Summary

- 1.1 This paper provides an update on the Council's Modern Apprenticeship Programme for 2016 /17 and our tender submission to Skills Development Scotland to continue the programme into 2017 / 18. Information is also provided on the new Apprenticeship Levy being introduced from April 2017.
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2. Recommendations

- 2.1 It is recommended that the Board:
- (i) Note current performance levels;
 - (ii) Note the introduction of Apprenticeship Levy; and
 - (iii) Agree that further updates on progress for this area of service provision be provided to the Board.
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3. Background

- 3.1 Renfrewshire Council are recognised by Skills Development Scotland (SDS) as a National Training provider and tender each year for a contract to provide and deliver a range of Modern Apprenticeship (MA) opportunities.
- 3.2 The Council's Modern Apprenticeship Programme currently provides a range of apprenticeships in both traditional craft areas, such as joinery, electrical, plumbing, horticulture and motor vehicle mechanics, as well as in non-traditional areas, such as Business and Administration, Procurement and Digital and Creative Media through our Office-based Programme.

- 3.3 The majority of our MAs are employed through the Council. However we also deliver a Training Provider service to a small number of local businesses through Invest in Renfrewshire, so as to enhance the numbers and range of Modern Apprenticeship opportunities available.
- 3.4 MA s can take between 12 and 48 months to complete their apprenticeship, depending on the particular MA framework they are undertaking.
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4. 2016 / 17 Performance

- 4.1 Through the 2016 / 17 tender process SDS awarded Renfrewshire Council a contract which allowed us to start up to 37 new MAs, across the range of frameworks noted in Section 3.1. The contract value is for a maximum of £151,858.
- 4.2 The contract value is based on average rate for each client, based on their particular achievements whilst on the programme. Providers can claim a Start payment for each new participant, Milestone Payments based on ongoing achievements against the particular MA Framework being undertaken, and an Outcome payment for those successfully complete all elements of their MA.
- 4.3 To date **23** starts have been agreed, or are in place. Work in ongoing to utilise as many of the remaining places as possible prior to March 2017.
- 4.4 This year has proved to be challenging, in terms of identifying new MA opportunities within the Council, mainly due to financial constraints and ongoing restructuring within services.
- 4.5 However the achievements of our MAs remain consistent, with over 95% completing their respective frameworks and going on to permanent employment with the Council or a local business. This achievement rate remains one of the highest both within Renfrewshire and nationally.
- 4.6 To date we have had 36 MAs complete and leave the programme during 2016 / 17. All 36 (100%) have successfully completed their respective framework.
- Of those 35 (97%) have moved into employment, either with the Council or an external organisation.
- 4.7 We have claimed **£114,798** of our contract value to date and our profiling indicates that we will claim the full contract award by March 2017. This is due to our particularly high rates of achievement for Milestones and Outcomes during this contract year.
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5. Apprenticeship Levy

- 5.1 From April 2017, all UK employers with annual wage bills of more than £3 million will pay an Apprenticeship Levy, which is aimed to increase apprenticeship opportunities across the UK.
- 5.2 The rate will be 0.5% of the employer's annual wage bill, less an allowance of £15,000
- 5.3 The Renfrewshire Council contribution is estimated at **£1,150,000** (based on our wage bill for 2016 / 17).
- 5.4 HMRC will collect the revenue monthly through Pay As You Earn (PAYE), payable alongside income tax and national Insurance.
- 5.5 UK Government announced in November 2016 that £221 million of the revenue raised will be passed to Scottish Government for 2017-18, as apprenticeships are a devolved matter.
- 5.6 Scottish Government confirmed in December that the £221 million will be used to support a range of employability initiatives including Modern Apprenticeships £81.5m, Graduate Level Apprenticeships £4.7m, Foundation Apprenticeships £6.8m, Workforce Development £63.6m and Pre-Employment Support £64.3m.

A more detailed breakdown is attached as Appendix 1.

6. 2017 / 18 Tender Submission

- 6.1 SDS began the tender process for 2017 / 18 Modern Apprenticeship contracts in December 2016, with final submissions due late January 2017.
- 6.2 Discussions with service contacts indicated that 2017 / 18 would likely to continue to be challenging regards new MA starts, therefore we have reduced our submission to request **25** new starts within the year (from 37 in 2016/17). This will again include a range of frameworks as noted in Section 3.1
- 6.3 SDS anticipate that the outcome of the tender process will be advised in March 2017.
- 6.4 SDS have advised that, due to the apprenticeship levy, some current restrictions on public sector organisations accessing Modern Apprenticeships for current employees will be lifted from March 2017 and some new opportunities could become available.
- 6.5 Discussions are underway with services to ascertain if we can identify any current employees who could utilise these new opportunities under the Workforce Development theme. These discussions are at a very early stage. Should new opportunities be identified these will be advised to Board.

Implications of the Report

1. **Financial** – Ongoing service delivery will be managed through current financial arrangements. However the new Apprenticeship Levy will mean an estimated additional payment of £1,150,000 to HMRC each year.
2. **HR & Organisational Development** – None
3. **Community Planning – Jobs and the Economy** - contributes to the themes of the Jobs and Economy community planning theme.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** – None.
7. **Equality & Human**
The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – None
9. **Procurement** – None
10. **Risk** – None
11. **Privacy Impact** – None

List of Background Papers

None

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Appendix 1

MEASURES SUPPORTED BY THE APPRENTICESHIP LEVY

Activity	Estimated Expenditure in 2017-18 (£m)
MODERN APPRENTICESHIPS	
Our continued commitment to deliver 30,000 new Modern Apprenticeship starts each year by 2020.	81.5
National Occupation Standards	0.5
Sub-total	82.0
GRADUATE LEVEL APPRENTICESHIPS	
Graduate Level Apprenticeships	4.7
Sub-total	4.7
FOUNDATION APPRENTICESHIPS	
Foundation Apprenticeships	6.8
Sub-total	6.8
WORKFORCE DEVELOPMENT	
Support to employers to help disadvantaged young people to access and sustain employment	9.3
Developing the Young Workforce Regional Groups	4.1
Flexible Workforce Development Fund	10.0
Digital Economy Skills & Business Support	1.9
Care Sector Skills - Voluntary Sector Development Fund	0.9
Early Years Recruitment & Training	25.0
Energy Sector – Transition Training Fund	6.0
Teacher Training	2.5
Individual Learning Accounts	3.9
Sub-total	63.6
PRE-EMPLOYMENT SUPPORT	
Employability Programmes	25.0
Employment focussed college provision for young people	36.3
Inspiring Scotland	3.0
Sub-total	64.3
TOTAL	221.4