



Safest People, Safest Places

Combined Fire Authority

17 September 2021

Apprenticeships, Predicted Costings and Income Generation

Report of Group Manager, Training

Purpose of report

1. To provide information to Members on the various types of apprenticeship schemes currently operating within the Service, the cost associated with them and potential income generation opportunities.

Background

2. An apprenticeship levy (tax), set at 0.5% of an employer's wage bill, was introduced by the government on 6 April 2017 for all organisations with a pay bill in excess of £3 million. Public sector bodies, such as County Durham and Darlington Fire and Rescue Service (CDDFRS), with 250 or more staff in England also have an annual target of at least 2.3% or more of their employees starting a new apprenticeship.
3. The amount of levy CDDFRS pay is based on the Service's monthly pay bill and therefore continually changes. If the Service don't have enough funds in their levy account to pay for apprenticeship training in a particular month, they are responsible for the remaining cost of the apprenticeship for that month. This is called '*co-investment*'.

4. With co-investment, the Service pay 5% of the outstanding balance and the government pay the remaining 95%. This is an incentive for employers to access training, via an apprenticeship programme, in a wide range of areas for a significantly lesser cost.
5. Firefighter apprenticeships were introduced into the Service in 2017 which also led to a significant amount of work being carried out to look at other apprenticeship opportunities across the organisation to further develop staff whilst maximising use of the levy. It was identified that the use of the levy could also be beneficial to support internal Continuous Professional Development (CPD) in areas such as leadership and management, which historically have been expensive to deliver.
6. At present there are 78 employees (12.4% of the total workforce) enrolled onto one of the 10 apprenticeship standards currently in operation within the Service. These include technical and specialist skills and leadership and management at various levels.

Annual predicted costs and savings to the Service

7. All apprenticeship schemes currently running within the Service draw down from the levy.
8. The total forecasted levy that the Service is obligated to pay over the next 5 years is approximately **£349,008**.
9. Over the next 5 years the overall predicted apprenticeship training costs for the Service equate to **£1,037,024**.
10. By utilising the co-investment initiative and our apprenticeship levy to its full potential, the Service can benefit from an approximate saving of **£1,004,609** on overall training costs over the next 5 years. Maximising the use of co-investment has also supported development opportunities for staff which may have otherwise been unaffordable.

Potential income generation

11. The government offer several incentive schemes for organisations employing / enrolling individuals as apprentices based on age. As a result of these initiatives the Service will receive an additional **£33,000** income between April 2021 – September 2022. The incentive payments are paid directly into the levy account and can be used to reinvest in further apprenticeship training.
12. New College Durham (NCD) are the current training provider for the Level 3 Operational Firefighter Apprenticeship scheme running within the Service. Due to NCD not having the operational skill set or dedicated resources to deliver the operational elements of the scheme, the Service have an arrangement whereby this element of the programme is outsourced back to us for an agreed fee.

13. The projected overall income generation from this arrangement over the next 5 years is approx. **£416,348**. This money is used to further support development of staff and facilities within the Training function.

Summary

14. The Service intend to continue to utilise the levy to its full extent and it is anticipated more apprenticeship schemes will be used for internal staff development where they have been identified through the annual Training Needs Analysis (TNA) process.
15. The total income / savings generated using apprenticeship schemes within the Service, (considering incentive payments, sub-contracting work and maximum funding bands) is projected to be **£1,094,535** over the next 5 years. These savings will be used to support staff development and continuous improvement to our training activities.

Recommendations

16. Members are requested to:
 - a. **Note** the contents of this report.

GM Rob Cherrie, Training Manager, Ext. 5596