



Safest People, Safest Places

Combined Fire Authority

14 March 2025

Apprenticeships, Predicted Costings & Income Generation

Report of Director of People and Organisational Development

Purpose of Report

1. The purpose of this report is to provide an update to the Authority on the various types of apprenticeship schemes currently operating within the Service and the costs associated with them. Potential income generation through sub-contracting work and levy sharing is also explained.
2. It must be noted that this report does not detail the financial implications in terms of salary costs, due to the difficulty in quantifying time taken from work or attendance at training establishments on days off.

Background

3. An apprenticeship levy was introduced by the government on 6 April 2017 for all organisations with a pay bill in excess of £3 million. The levy was set at 0.5% of an employer's pay bill.
4. The amount of levy County Durham and Darlington Fire and Rescue Service (CDDFRS) pay is based on the Service's monthly PAYE and therefore continually changes.

5. If the Service does not have enough funds in their levy account to pay for training in a particular month, they are responsible for the remaining cost of the apprenticeship for that month. This is called 'co-investment'.
6. With 'co-investment', the Service pay 5% of the outstanding balance and the government pay the remaining 95%. If costs go over the maximum amount of levy the Service have, then the Service must pay the difference from their own budget.
7. 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.
8. One particular area it was felt that the use of the levy would be beneficial was internal Continuous Professional Development (CPD) in areas such as leadership and management, which historically the Service has invested significant funds from existing budgets to pay for.
9. The Service currently have fifteen apprenticeship standards running across seven training establishments that utilise the levy. CDDFRS currently has 52 employees working towards apprenticeship standards and the maximum funding band for each of these is detailed in the table below.

Current types of apprenticeships and overall cost per learner

Type of apprenticeship	Training provider	Overall cost per learner
Level 3 Community Safety Advisor	New College Durham (NCD)	£3,500
Level 3 Operational Firefighter	CDDFRS/ NCD	£14,000
Level 3 Team Leader/Supervisor	Raise The Bar	£4,500
Level 3 Emergency Call Handler	CDDFRS/ NCD	£12,000
Level 3 Business Administration	NCD	£5,000
Level 3 HR Support	NCD	£4,500
Level 3 Vehicle Damage Panel Technician	Gateshead College	£15,000
Level 3 Heavy Vehicle Service Technician	Gateshead College	£15,000
Level 4 Business Analyst	QA Apprenticeships	£18,000
Level 5 Operations Departmental Manager	Gateshead College	£7,000
Level 5 People Professional	NCD	£11,000
Level 6 Chartered Manager Degree	NCD	£22,000
Level 7 Senior Leadership	Sunderland/Teesside University	£14,000
Level 7 Accountancy or Taxation Professional	CIPFA	£19,677
Level 7 Senior People Professional	Teesside University	£19,000

10. Although the table above shows the overall cost per learner this is not the amount that the Service will pay. The cost to the Service is dependent on the amount of levy available and at what point co-investment comes into operation.
11. The total expected apprenticeship training costs for the service from April 2022 to March 2027 is **£1,271,608.11** as shown in the table below.

Year	Training Costs (including forecasted)
2022/23	£256,068.00
2023/24	£275,134.23
2024/25	£327,511.75
2025/26	£257,423.48
2026/27	£155,470.65
Total	£1,271,608.11

Costs to the Service

12. All costings detailed in the table below are approximations, due to the fluctuating level of monthly PAYE paid, which will impact on the amount of funds available in the levy pot.
13. The table below details actual payments made for years April 2022 – April 2024. From April 2024 the figures included are forecasted which takes into account projected recruitment and numbers of staff currently enrolled onto apprenticeships.

Year	Levy Payments (including forecasted)	Co-investment (including forecasted)
2022/23	£75,246.00	£8,863.68
2023/24	£83,414.00	£8,861.31
2024/25	£82,928.00	£10,321.96
2025/26	£82,928.00	£8,310.13
2026/27	£82,928.00	£3,212.49
Total	£407,444.00	£39,569.57

14. From April 2022 to March 2027 the levy that the Service is obligated to pay is forecasted to be approx. **£407,444.00**.

15. It should be noted that the government adds a 10% top-up to the funds in the service's levy account, which equates to **£40,744.40** from April 2022 – March 2027.
16. Based on actual levy payments made to December 2024, the Service will have a co-investment cost of **£10,321.96** to pay during the year 2024/25. This payment is broken down and paid directly to the appropriate provider on a monthly basis. Although there is a co-investment cost to pay this equates to only 3.15% of the overall training costs during the year 2024/2025. (difference as a percentage).
17. From April 2022 to March 2027 the total co-investing cost for the service is **£39,569.57**.
18. The total cost for the service over this five-year period is **£447,013.57** (point 14+17).

Income generation

19. NCD are the current training providers for the Level 3 Operational Firefighter and Emergency Call Handler Apprenticeship schemes delivered at CDDFRS. Due to NCD not having the skill set or dedicated resources to deliver the training, this is sub-contracted back to the service.
20. A breakdown of the year-on-year income (academic year, paid monthly) as a result of the sub-contracting work is outlined in the table below:

Year	Sub-contract income (including forecasted)
August 22 to July 23	£93,918.25
August 23 to July 24	£87,453.78
August 24 to July 25	£108,881.50
August 25 to July 26	£78,994.86
August 26 to July 27	£77,067.33
Total	£446,315.72

21. The projected overall income generation based on workforce planning assumptions and initial route to competence from April 2022 to March 2027 years is **£446,315.72**.
22. NCD pay CDDFRS, **£1,000** for employing any apprentice aged 16-18 years of age. This is paid direct to the Service and not via the digital account. During 2023-2024 the Service have employed two individuals, totalling **£2,000**.
23. Any future incentive payments will be dependent upon the number and age of new employees recruited onto apprenticeship schemes.
24. The total income received over this five-year period is **£448,315.72** (point 21 + point 22).
25. Additionally, the service has negotiated a levy sharing agreement with Durham County Council (DCC) to fully fund a level 5 Operations/Departmental Management Apprenticeship for nine managers. This allows CDDFRS to use DCC's levy pot at a total training cost of **£63,000.00**, which is paid monthly to CDDFRS.

Conclusion

26. Comparing the income and costs, the service has received **£1,302.15** (point 24 – point 18) more income than cost over this five-year period.
27. Therefore, the Service has secured training worth **£1,271,608.11**, and an additional income of **£1,302.15** through efficient and effective use of the apprenticeship levy.

Summary

28. The figures used within this report are based on current apprenticeship schemes in operation within the Service, drawing down from the levy as well as workforce planning assumptions based on recruitment of ten firefighter apprentices in 2025.
29. If the Service continue to utilise the Emergency Contact Handler and Operational Firefighter Apprenticeships, as they have done previously, the sub-contracting income will remain on par with previous years, ensuring that the annual levy payment is recouped.
30. It is anticipated that CDDRS will continue to make use of the levy sharing arrangement with Durham County Council, which would fully fund apprenticeship cohorts in the future. There is scope to reach out to other organisations to support this as large employers who pay into the apprenticeship levy can now share up to 50% of their levy allowance to other businesses. In 2023, £3.3 billion of unused apprenticeship levy funds were returned to the treasury.

31. It is anticipated that more apprenticeship schemes will be used for internal development which is identified through the annual Training Needs Analysis (TNA) and as a result there will be a constant change to the exact amount of levy spent and co-investment required. However, the income from the sub-contracting work will remain static unless the funding band for the Level 3 Operational Firefighter and Emergency Call Handler Apprenticeship is amended or the number of employees enrolling and completing the standard changes.
32. Looking ahead, the Labour Government are planning to transform the Apprenticeship Levy, into the new Growth and Skills Levy which is part of their broader strategy to allow businesses the flexibility they need to train their workforce. The reformed levy is likely to continue to include apprenticeships but will provide scope for businesses to fund other training programmes in addition to apprenticeship standards.

Recommendations

33. Authority Members are requested to:
 - a. **Note** and **comment** on the contents of this report.