



EMPLOYER GUIDE

The Apprenticeship
Levy is coming soon –
how does it affect you?



Access Training and Kelburn Recruitment are looking to work together to help our combined clients to understand and prepare for some major changes to the way the government fund and deliver apprenticeships in the UK. An employer event is being planned for early 2017, but in the meantime we are providing this brief guide to explain how the new system for apprenticeship funding will work. As there is still a lot of unknown detail, this guide will be updated regularly and managers from both organisations will do our best to answer any queries you may have.

APPRENTICESHIP CHANGES – THE BACKGROUND

The government has ambitious plans to grow the apprenticeship programme, with a target of 3 million new apprenticeship starts by 2020. They are introducing new apprenticeship standards, designed by employers, covering a wide range of job roles at increasingly higher levels, and for current staff as well as new recruits. Higher Level and degree apprenticeships in management are expected to become as common as construction or engineering apprenticeships, while solicitors, civil engineers, nurses, accountants and many others will also now have an apprenticeship route available.

To fund these major changes the government are introducing an apprenticeship levy which will come into operation from 6 April 2017. The levy requires all employers operating in the UK, with a pay bill over £3 million each year, to invest in apprenticeships, while there will be changes to the funding for apprenticeship training for other employers too. This guide provides information on how the levy (and other changes) will work.

PAYING THE LEVY

- The apprenticeship levy will apply to all organisations in the UK with an annual pay bill of over £3 million, regardless of whether they employ Apprentices or not
- No levy will be paid on the first £3 million of payroll
- The levy will be paid at the rate of 0.5% of the payroll cost through PAYE (alongside Income Tax and NI)
- Eg. Pay bill of £10 million means 0.5% levy charged on £7 million = £35,000 to pay
- The levy will start to be collected monthly by HRMC from May 2017

WHAT HAPPENS TO YOUR LEVY PAYMENTS?

- Your payments will be directed into your own digital apprenticeship service account, which you can then use to pay for the training and assessment of current / new staff who start apprenticeships after 1 May 2017
- However much levy you pay into the digital account, the government will pay an additional top-up of 10% into that account for you to use on apprenticeships
- Funds will expire 24 months after they enter your account unless you spend them on apprenticeship training



- You will be able to select a training provider (from an approved register) and agree a price
- You will be able to use your levy funds (up to 10%) to pay for the training of apprentices with other employers, perhaps in your supply chain
- Once the apprenticeship training you've agreed has started, monthly payments will be automatically taken from your digital account to pay the training provider
- You will have access to your digital account to check what funds have been paid in and out
- Where you want to arrange apprenticeship training that exceeds the levy amount paid, the government will support 90% of the price agreed (up to a maximum band limit) and will pay this directly to the training provider (monthly). You will need to agree a payment schedule with the training provider for your 10% contribution

EMPLOYERS THAT DON'T PAY THE LEVY

- Employers with an annual pay bill of less than £3 million will not pay a levy but will still be able to access funding for apprenticeships
- From 1 May 2017 employers who do not pay the levy can select a training provider (from the approved register) and agree a price for training
- The government will support 90% of the price agreed (up to a maximum band limit) and will pay this directly to the training provider (monthly). You will need to agree a payment schedule with the training provider for your 10% contribution
- For employers with less than 50 employees you will not be required to make a contribution for apprenticeship training of staff aged 16-18

OTHER INCENTIVES TO RECRUIT APPRENTICES

- To encourage employers to recruit 16-18 year olds (or older learners with a local authority care plan) the government will pay the employer £1000 for each of these apprentices
- This payment will be made in 2 stages (after 3 and 12 months), with funds directed through your training provider

WHAT SHOULD I DO NOW?

- We would strongly suggest you consider what these changes mean to your organisation
- Consider whether it is likely that you will be paying a levy (and if so calculate what the level of funds are likely to be)
- If you have to pay a levy, consider how you are going to use it?
- Look at your company training budget / plans and consider whether the levy / government funding could be used to support / subsidise this
- Consider the range of apprenticeship standards / frameworks available (or soon to be made available) and whether these would be suitable for current / new staff
- Consider whether you should take advantage of any fully funded apprenticeship training available prior to the levy being introduced
- Some larger employers may consider applying to the Register of Apprenticeship Training Organisations (RoATO) to deliver apprenticeship programmes to their own staff. The government have developed a separate guidance document for employers wishing to become 'employer-providers' see link below

www.gov.uk/government/uploads/system/uploads/attachment_data/file/562755/Employer-provider_guide_Oct_16.pdf

HOW CAN KELBURN AND ACCESS TRAINING HELP YOU?

- As recruitment professionals, Kelburn can advise on how best to meet your recruitment needs. We are keen to explore with our clients how apprenticeships can be expanded to more senior roles and how levy paying clients can ensure they get this funding back into their business
- Access Training is an award winning training provider, experts in apprenticeship delivery, with over 30 years' experience of working with north east employers. We are keen to ensure employers maximise the funding available for apprenticeships and through our links with North East Learning Providers (NELP) can facilitate links to over 60 local training providers

We will aim to keep clients updated about developments with the new apprenticeship standards and funding arrangements. We will be hosting an apprenticeship event in early 2017 when more information should be available. If, in the meantime, employers wish to discuss their options/alternatives and would like to start planning their response please contact us:

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To express interest in attending an apprenticeship levy event early in the new year or for any other queries please contact vgreen@accesstraining.org or lee@kelburn.com

Access Training

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