

How does the
APPRENTICESHIP LEVY
affect your organisation?





In an effort to meet the government target of 3 million apprenticeship starts by 2020, the way apprenticeships are funded in the UK has changed.

In particular, employers with a wage bill in excess of £3m are now required to contribute to an apprenticeship levy.

SO WHAT'S CHANGED?

- Standards are replacing frameworks
- Introduction of the levy and new funding model
- Introduction of the Apprenticeship Service
- Additional funds and incentives

Standards are replacing frameworks

New Apprenticeship Standards will replace the old Specifications for Apprenticeship in England (SASE) Frameworks. Currently there is a cross-over period where some of these new standards are already available for delivery alongside the SASE Frameworks.

The Standards will comprise the following new elements:

No mandatory requirement for qualifications

Unless a specific qualification has been written into the Standard, employers and providers can choose any relevant qualification of any size – such as a Technical Certificate, NVQ, or combined qualifications. The registration fee and exam fees have to be charged separately if not in the standard. Alternatively they can develop a programme that doesn't include qualifications.

Maths and English

Each Standard will state the level of Maths and English required. If the apprentice has not already achieved this, Maths and English are taken as part of the programme but are not counted in the 20% off the job rule.

Behaviours

New Apprenticeship Standards will cover behaviours, as well as knowledge and skills.

End-point assessment

Replaces the existing model of continuous assessment resulting in qualifications. The assessment organisation and the assessor must be independent of, and separate from, the training provider and employer.

Time off the job

All Apprentices have to have a minimum of 20% off the job to undertake training /assessment, the hours are calculated depending on the length of stay and hours worked per year. This can consist of attending a taught course, a visit from the assessor when they are covering knowledge or aspects of their apprenticeship but not reviews or observations. It can also consist of undertaking assignments, job shadowing, in house courses relevant to their job, e-learning etc.

e.g. Hours of work 37 per week over 53 weeks = 392 hours off the job

The hours could be undertaken in block or so many per day/week or an hour a day as long as we have these recorded.

Is your annual payroll bill in excess of £3m per annum?

YES

Total levy payment = 0.5% of your total payroll bill (less a £15,000 levy allowance). You then receive the same amount back in the form of digital vouchers.

The government will apply a 10% top-up to your levy fund each month.

You pay 100% of the cost of the apprenticeship(s) using your digital vouchers

USE THE APPRENTICESHIPS SERVICE (AS)

An online tool where levy paying employers can:

- Choose the apprenticeship framework/standard
- Choose the training provider(s)
- Choose an assessment organisation
- Post apprenticeship vacancies
- Track the funding you have spent and have available
- Set the price agreed with their chosen provider
- Pay for the apprenticeship training and assessment

Negotiate a price with your chosen provider(s) and pay 100% using your digital vouchers.

Hire your apprentice!

NO

You do not have to pay anything towards the apprenticeship levy.

You do not need to register for an Apprenticeship Service account to arrange and pay for your apprenticeship training.

Instead, choose your training provider(s) and work with them to:

- Choose the apprenticeship framework/standard
- Agree a price for the apprenticeship training and assessment

Use the '*Co-Investment Scheme*' to pay for your apprenticeship
After negotiating a price with your chosen provider(s), you will have to pay 10% and the government will pay the other 90%.

Hire your apprentice!

LESS THAN 50 EMPLOYEES?

If you have less than 50 employees and you employ an apprentice aged 16-18 years old then the apprenticeship is fully funded by the government.

FAQs

How much will I have to pay?

Levy paying employers will have to pay 0.5% of their annual payroll bill, less a £15,000 levy allowance. Non-levy paying employers may have to pay 10% of the training depending on age and size of business.

How will the levy be collected?

It will be collected monthly through the employer's Pay As You Earn (PAYE) and will be payable alongside income tax and national insurance.

How can I access the levy?

You can access your levy fund, which will be in the form of vouchers, via the Apprenticeship Service.

Will my levy payment always stay the same?

No it changes every month depending if your payroll bill changes, you could run out of levy money and if you do it converts to you paying 10% and the government paying 90%. If your payroll goes up then it could convert back to pure levy money.

Example:

Employer with a levy pot of £35,000 takes on five apprentices

Agreed cost = £9,000 each

Total Apprenticeship spend = £45,000

Shortfall = £10,000

Government pays 90% = £9,000

Employer pays 10% = £1,000

Total spend by employer

= £36,000 (£35,000 + £1,000)

Total contribution from Government = £9,000

Can I access any additional funding?

Yes, all employers will receive an incentive payment of £1,000 for employing a 16-18 year old apprentice.

Non-levy paying Employers with under 50 employees get 100% funding for 16-18 year olds and those aged 19-24 who are formally in care or with a health education care plan.

What if I don't want to employ apprentices, do I get my money back?

Use it or lose it! - If you don't use the money in your digital account within 2 years, your money will become available for other companies to spend.

What if I use up my levy funding?

If your funds aren't enough to cover the full cost of the apprenticeship training and assessment then the government will provide support to meet the additional costs, using the same rate of co-investment as for employers who don't pay the levy (Employer pays 10%, government pays 90%)

Can I give any of my levy money to my supply chain?

Yes from April 2018 you can give 10% of your levy money to your supply chain to use on Apprenticeships.

What can the vouchers be used for?

Funds can only be spent with registered training providers and only on the actual apprenticeship training. It cannot be used to pay for costs such as salaries, travel or additional internal training.

When do the vouchers expire?

Funds will expire 24 months after they enter your digital account.

Can an apprentice be an existing member of staff?

Yes as long as the member of staff requires substantive new skills (they also need to be given 20% off the job)

If there is no qualification in the standard can I have one added?

Yes, as long as it maps into the standard and is relevant, however there is a charge for the registration and exam fees.

How much will an Apprenticeship cost and can I afford them?

Each Apprenticeship has been placed into one of 15 funding bands ranging from £1,500 to £27,000. These bands determine the maximum amount that can be spent on each Apprenticeship.



Apprenticeships with Fast Forward and New College Swindon

Speak to our Apprenticeships Team - We can help you:

Turn any new vacancies into apprenticeships

We can assess any current or upcoming vacancies you have and advise on whether they can be offered as Apprenticeships.

Up-skill your current staff

We can help identify staff who would benefit from training and to advise whether this training could be done as an Apprenticeship.

Pre-screen potential apprenticeships

Working with your specific requirements we save you time and effort by removing any unsuitable applicants, forwarding only the highest calibre of candidate to you for shortlisting.

We offer apprenticeships in:

- Accounting L2, L3 & L4
- Business Administration L2 & L3
- Customer Service L2 & L3
- Early Years (Child Care) L2 & L3
- Facilities Management L2 & L3
- Financial Services L2 & L3
- Hospitality Team Member L2
- Human Resources L3 & L5
- Infrastructure Technician L3
- Digital Marketing L3
- Network Engineer L4
- Software Development Technician L3
- Software Developer L4
- Laboratory Technician L3
- Teaching Assistant L2 & L3
- Team Leading / Management L3 & L5

Call us on 01793 732892

or email apprenticeships@newcollege.ac.uk