

Apprenticeship Levy Schools FAQs, February 2017

The following Frequently Asked Questions (FAQs) have been developed to provide guidance to schools that may have questions about the Apprenticeship Levy. For further guidance please contact your HR Provider.

Why is the levy being introduced?

The levy is being introduced to raise the number and quality of apprenticeships. It will raise around £3 billion each year to fund apprenticeships.

When is the levy being introduced?

On 6 April 2017 the new Apprenticeship Levy is being introduced, as part of changes to the way in which apprenticeships training is funded. The first payment will be made in April 2017 and be available from 1 May 2017.

Who is required to pay the levy?

Employers with an annual pay bill of more than £3 million will need to spend 0.5% of their total pay bill on the apprenticeship levy minus the levy allowance of £15,000 per year. Only one levy allowance will be paid per employer.

Do school's need to pay the levy?

Maintained and voluntary controlled schools will be required to pay the levy as the Council is the employer. All other school's will only be required to pay the levy where they have an annual pay bill of more than £3 million or where they are part of a multi-academy trust who has such a pay bill.

Where do the levy payments go?

Levy contributions are added to a digital account provided by the Digital Apprenticeship Service (DAS). Funds are available the month after they have been taken and the Government add a 10% top-up to the monthly levy contributions.

All funds are placed in to the digital account of the employer, and so the levy from maintained and voluntary controlled schools will be added to the digital account of the Council.

How can the funds be used?

The funds are available to be spent on apprenticeship training only and will expire 24 months after they have entered the digital account. Notification of the expiration of funds will be provided in good time to try to ensure they are used and the oldest funding will be used first when payments are made.

What happens to those that do not pay the levy?

If an employer does not need to pay the levy then they will still use the Digital Apprenticeship Service (DAS) to obtain apprentices and training, but they will only be required to pay 10% of the costs with the Government paying the other 90%.

Will schools have a levy allocation?

The Council is keen to work with schools that pay the levy to determine the best way of managing the levy to provide the best outcomes for schools who contribute to it. There is no requirement for funds to be ring-fence which permits a degree of flexibility to any preferred approach.

The Council is awaiting further guidance on how the digital account will work and how schools can gain access to the funding available. At present it is clear that the contributions from all maintained and voluntary controlled schools will be added to the Council's digital account, with the Council responsible for the mechanism for providing access to the funding.

How is the levy paid?

A payment of 0.5% of the total pay bill is to be paid, minus the levy allowance of £15,000 per year. However, this levy allowance is only applicable once per employer not per organisation. Employers must declare the amount of levy payable, based on their payroll year to date, to Her Majesty's Revenue and Customs (HMRC).

The levy will be paid through the normal PAYE process from April 2017. It will be collected each month unless HMRC are informed otherwise. Apprenticeship levy payments are allowable for Corporation Tax.

What is the digital apprenticeship service (DAS) and Digital Account?

The DAS and Digital Account are part of a new online portal that has been set up for all employers to obtain useful information about apprenticeships and to undertake the following activities;

- select an apprenticeship framework or standard (type of apprenticeship)
- choose the training provider or providers to deliver the training
- choose the organisation that will assess your apprentices
- post apprenticeship vacancies
- set the agreed price with the training provider
- pay for apprenticeship training and assessment
- stop or pause payments (e.g. if an apprentice stops training or takes a break)

Will schools have access to the digital apprenticeship service (DAS)

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- choose the training provider or providers to deliver the training
- choose the organisation that will assess your apprentices

- post apprenticeship vacancies

Will schools have access to the digital account?

The Council is awaiting more information before it can determine if, and how, access can be provided to schools.

How can I set up an apprenticeship using the levy?

From 1 May 2017, all new apprenticeships will be advertised, commissioned and paid for through the DAS and digital account. This will include both new employees and existing staff who begin an apprenticeship after that date.

Can I use the levy to pay for an apprenticeship for existing employees or those with existing qualifications?

Yes. The levy can be used for apprenticeships for new employees and existing staff who begin an apprenticeship after 1 May 2017. However, an employee can only be funded where the apprenticeship will lead to substantive new skills or to undertake an apprenticeship at a higher level than any qualifications already held.

Can I use the levy to pay for apprenticeships that are already underway?

No. The levy will not affect the way training is funded for any apprentices who start an apprenticeship programme before 1 May 2017, any such apprenticeships will need to follow the terms and conditions that were in place at the time the apprenticeship started.

What types of apprenticeship training are available?

All training on the digital apprenticeship services (DAS) is provided by registered and approved providers and offering apprenticeships that fit defined standards or frameworks;

- *apprenticeship standards* - each standard covers a specific job role and sets out the core skills, knowledge and behaviours an apprentice will need to be fully competent in their job role and meet the needs of employers
- *apprenticeship frameworks* – a series of work-related vocational and professional qualifications, with workplace and classroom based training. These are slowly being replaced by apprenticeship standards.

How much will apprenticeship training cost?

The new apprenticeship funding system places an upper limit on the cost for each standard or framework, with a total of 15 funding bands available ranging from £1,500 to £27,000. Employers are expected to negotiate a price for their apprentice's training and assessment up to the upper limit.

The upper limit is the maximum that the Government will co-invest, however, employers can pay more but would not need to cover the costs beyond the upper limit with their own funds and not from their digital account. There are no lower limits for the bands.

Although providers are obtained through the DAS there remains a need to comply with Public Contracts Regulation 2015.

Can I use an Apprenticeship Training Agency (ATA)?

No. At this time there is no provision to use the levy to cover the costs of apprenticeships provided through ATAs. This is being considered by the Government for future changes to the digital apprenticeship services (DAS).

Is there additional support for young apprentices or care leavers?

Yes. The Government wishes to get young people (aged 16-18) and care leavers (aged 19-24) into quality apprenticeships. To recognise the potential additional costs associated with supporting these groups in the workplace (e.g. more supervision and pastoral care) through an additional payment of £1,000 which will be given to each of the employer and the training provider.

The payment will be made to the training provider in two equal instalments, after 3 months and 12 months, with the employer element passed on by the training provider. These payments will come direct from the Government and will not be deducted from an employer's digital account.

What is my apprenticeship target?

The Government has placed a duty on public sector employers to ensure that apprentices make up 2.3% of the workforce headcount. The number will include those who have started an approved apprenticeship (framework or standard) in the year of measurement. Existing apprenticeships will not count towards the target.

This target will apply to all employers who pay the levy e.g. maintained and voluntary controlled schools.

What happens if we do not meet our target?

Public bodies must 'have regard' to the target and report annually, setting out how they plan to meet this and where the target has not been met, what plans are proposed to redress this.

There are no legal or financial penalties or sanctions for not meeting the target it is purely reputational risk.

Billy Webster
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