

The FOCUS

TRAINING GROUP



APPRENTICESHIP LEVY

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EMPLOYER GUIDE

Helping You to Understand the Levy

The Apprenticeship Levy is a government initiative that was originally announced in the 2015 Summer Budget. The government proposes to apply the Levy to large employers across all industries, throughout the country. The Apprenticeship Levy is being introduced as part of the government's plan to help fund 3 million new apprenticeship starts by 2020. As a major commitment to increasing both the quality and the quantity of Apprenticeships in England, the government is putting control in the hands of Employers around the country.

If your business has an annual payroll of £3 million or less, you will not pay the Levy but the government will still be supporting Apprenticeships in your business. Contact our team and we will show you how you can get that support.



INTRODUCTION

Apprenticeship Levy

The Levy will be applied to all industries in the UK and will first come into effect in April 2017 at a rate of 0.5% of an employer's wage bill and will be paid through PAYE. Each employer will receive an allowance of £15,000 to offset against their Levy payment.

The Levy payment will only be paid by employers who have an annual payroll of more than £3 million, which represents only 2% of UK employers. Throughout this guide, we will share some of the key facts about the government's new Apprenticeship Levy, how it will affect your business as well as providing information about how The Focus Training Group can help your business.



The Levy Explained

Employers who pay the Apprenticeship Levy and provide apprenticeships will be able to draw down their Levy pot contributions as digital vouchers to use to train their apprentices. This voucher system only applies for employers in England. Employers will be allowed to spend their digital vouchers within a period of 24 months. All employers will also receive a 10% 'top-up' payment.

KEY FACTS

How the Levy Will Affect Your Business

1. The National Apprenticeship Programme is being expanded from April 2017 through the Apprenticeship Levy.
2. The Levy will apply to all large organisations with an annual payroll of over £3million, regardless of whether they already employ Apprentices or not.
3. It will be payable by employers in the UK at the rate of 0.5% of the payroll cost through PAYE alongside Income Tax and National Insurance.
4. All employers will be supported by the government with regards to the Apprenticeship training.
5. Public sector organisations will be required to make sure that 2.3% of their workforce are apprentices at any one time.



The government is also offering further support for those employers who want to invest in more Apprentices. The aim is that employers who commit to Apprenticeships will be able to get out more than they pay in to the Levy, using the top up payments. The aim of the Levy is to increase the investment from UK employers in training through Apprenticeships, making it a long term solution to support growth and commitment.

Digital Apprenticeship Voucher

The voucher is redeemed against the delivery of an Apprenticeship and completion of end-point assessment. Proof of the Apprenticeship will need to be submitted by the provider through the ILR. The evidence pack will include the learner agreement, the payment schedule and schemes of work etc.

Examples:

A. Employer of 250 employees, each with a gross salary of £20,000

Wage bill: $250 \times £20,000 = £5,000,000$

Levy Sum: $0.5\% \times £5,000,000 = £25,000$

Allowance: $£25,000 - £15,000 = £10,000$
annual Levy payment

B. Employer of 150 employees, each with a gross salary of £20,000

Wage bill: $150 \times £20,000 = £3,000,000$

Levy Sum: $0.5\% \times £3,000,000 = £15,000$

Allowance: $£15,000 - £15,000 = £0$
annual Levy payment

C. Employer of 100 employees, each with a gross salary of £20,000

Wage bill: $100 \times £20,000 = £2,000,000$

Levy Sum: $0.5\% \times £2,000,000 = £10,000$

Allowance: $£10,000 - £15,000 = £0$
annual Levy payment



BUYING APPRENTICESHIP TRAINING

Apprenticeship Training Started Before April 2017

Apprentices who have been accepted on to an apprenticeship programme before April 2017 will be funded for the full duration of the apprenticeship under the terms and conditions that were in place at the time the apprenticeship started. This will be the case for apprentices following programmes underpinned by both apprenticeship 'frameworks' and new 'apprenticeship standards'. Where the apprenticeship requires you to make a payment to the provider or to the Skills Funding Agency, this will continue at the same rate. If you pay the Apprenticeship Levy you will not be able to use the funds in your digital account to pay for these apprenticeships.

Employers Who Do Not Pay The Levy

If you do not pay the Levy, you will not need to use the Digital Apprenticeship Service to pay for apprenticeship training and assessment until at least 2018. When the new funding system begins in April 2017, you can choose the training you would like your apprentices to receive, an approved training provider and an assessment organisation using the registers available on the Digital Apprenticeship Service.

You will have to make a 10% contribution to the cost of this training and the government will pay the rest, up to the maximum amount of funding available for that apprenticeship. You will need to pay this directly to the provider and you will be able to spread it over the lifetime of the apprenticeship, to a schedule you agree. If you take on a 16-18-year-old Apprentice, you will also receive a £1000 cash incentive. Employers with less than 50 employees will not have to make a co-investment as 100% of the cost will be met by the Government.

Digital Apprenticeship Service

Whether you pay the Levy or not, the Digital Apprenticeship Service will help you to:

- Select an apprenticeship framework or standard
- Choose the training provider you want to deliver the training
 - Choose an assessment organisation
 - Post any apprenticeship vacancies

From April 2017, if you pay the Levy you will also be able to:

- See the funds you have available to spend in England
- Set the price you have agreed with your training provider
- Pay for apprenticeship training and assessment through the
Digital Apprenticeship Service

BY 2020, ALL EMPLOYERS WILL BE ABLE TO USE THE DIGITAL APPRENTICESHIP SERVICE TO PAY FOR TRAINING AND ASSESSMENT FOR APPRENTICESHIPS.

We will then work with you to provide flexible training programmes that are developed primarily in the workplace. This will enable you to fully develop your staff in a way that helps your business improve efficiency, profitability and productivity.



ACTIONS & ADVICE

At The Focus Training Group, we will offer you a 3 stage consulting service as we look to make your experience as simple and informative as possible.

1. **Support** - Our support and guidance is completely free of charge. Find out how an Apprentice can help transform your business. Apprenticeship Levy will come into effect in April 2017.
2. **Training Needs Analysis** - Our team will get to know your business and help to identify any requirements that you have. We pride ourselves on providing the right candidates for your business.
3. **One Stop Shop** - We can offer support from straight forward advice and guidance through to a fully managed service, including:
 - Apprenticeship Training
 - A Dedicated Training Consultant
 - Joint Marketing and Events
 - Apprentice Recruitment
 - Commercial Training
 - Internal Training
- Tailored Apprenticeship Programme Development



Centres in: Redruth • Plymouth • Newton Abbot • Exeter • Bristol
Tel: 01752 348980 / Email: enquiries@thefocustraininggroup.com
www.TheFocusTrainingGroup.com