



THE APPRENTICESHIP LEVY AND YOU

What you need to know

BUSINESS
TRAINING SOLUTIONS

The Employer Responsive Division of Walsall College

 Walsall College

In a bid to increase apprenticeships in line with its party manifesto, the Government launched the Apprenticeship Levy, which is payable by all businesses with an annual payroll bill in excess of £3m.

Introduction

The Apprenticeship Levy funds Apprenticeship training programmes, with the aim of increasing the number of people in apprenticeships.

It will mean employers can take control, and benefit from a fund that is ring-fenced for apprenticeship training meaning that they can enhance their workforce to suit their specific business needs.

At a glance, the Apprenticeship Levy and you

The key numbers:

**April
2017**

The date when the first payments were due.

The money in your digital account will start to drop back into the HMRC pot in 2019.

£3m

The amount your wage bill needs to be in excess of to trigger payment.

0.5%

The Apprenticeship Levy rate. Payment is based on your employee earnings (gross) and will be calculated from the same figure used for Class 1 NICs (bonus payments included).

£15,000

The allowance available to all employers with a payroll bill of £3m or more (for companies who are not connected to another company or charity).

**Under
25s**

The apprentice age group you will no longer have to pay NICs on.

What's the levy for?

The Government aims to have an additional 3 million Apprenticeship starts in place by 2020. The levy is a way of covering the cost of Apprenticeship training via one central pot, whilst ensuring the huge benefits of Apprenticeships training are reaped by firms of all sizes.

How long have I got to spend?

Levy funds will expire 24 months after they enter your digital account, unless it is already spent on Apprenticeship training.

If you don't use your funds, the money will be transferred back into the HMRC account. This means that you will lose the money taken out of your paybill towards the Levy since April 2017!

This will also apply to any top-ups in your digital account, for example, unspent funds that entered your account in September 2017 will leave your account in September 2019.

Can employers use their Levy to fund Apprenticeships in their supply chain?

Yes. From April 2018, employers can divert 10% of their levy funds to other employers registered on the digital system, which will increase to 25% in April 2019.

Will additional payments be made for employing a young person?

Employers will receive a £1,000 incentive for taking on a 16-18 year old, as well as a 19-24 year old care leavers or young adults with additional needs.

The money will be paid in two instalments – in the third and twelfth month of the apprenticeship. These will initially be paid to the provider who will pass the funds onto the employer.

How does it affect me?

Payroll bill	Over £3m	Below £3m, above 50 employees	Below £3m, under 50 employees	
Your business	Is a Levy payer	Is 'Co-funded' for apprenticeship training	Is Fully Funded for Apprenticeship Training of 16 -18 yr olds OR/AND 19-24 yr olds care leavers, or 19-24yr olds with an education and healthcare plan	Is 'Co-funded' for Apprenticeship Training of people 19+
What you pay	0.5% of total payroll bill	5% of the cost of training	You do not need to pay for apprenticeship training	10% of the cost of training

Levy Paying Companies

If your payroll bill exceeds £3m, your business is classed as a levy payer and you will have to pay. The Levy is charged at 0.5% of your total pay bill and is deducted from your PAYE. There is also an Apprenticeship Levy allowance of £15,000 for employers who are not connected to another company or charity. Connected companies or charities will have £15,000 allowance to share between them.

Example: An employer with an annual pay bill of £5 million:

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

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

Non-Levy paying companies with more than 50 employees

If you have a payroll bill of less than £3m and over 50 employees, you will be co-funded for apprenticeship training. The government will pay 90% of the cost of apprenticeship training, whilst you will need to pay the remaining 10% to the training provider. The training provider will then request the remaining 90% from the government.

As well as taking on new apprentices, this funding can also be put towards training existing staff, as long as the apprenticeship training is relevant to their job and will assist in their career development.

Non-Levy paying companies with less than 50 employees

Non-Levy paying companies with less than 50 employees won't have to make a contribution towards the cost of training and assessment of any apprentices aged 16-18, as the government will pay 100% of the costs. This also applies to apprentices aged 19-24 who

have been in care or have a Local Authority Education, Health and Care plan.

For training that applies to anyone else that is 19 or over, you will pay 10% of the cost of training, whilst the government will pay the remaining 90%.

Walsall College are the experts! We can help you:

- Understand how to make best use of your funds/create a bespoke training plan
- Help you administer your account, we can offer a collaborative approach
- Help you find any type of training for your workforce

Call the Levy Helpline: **01922 651129** or email business Trainingsolutions@walsallcollege.ac.uk



What do employers say?*

96% of employers with apprentices have experienced at least one benefit from taking on apprentices, and most can count at least 8 benefits.

25% of consumers are willing to pay more for products from a business that employs apprentices

74% of employers say that apprentices improved products or service quality, and 78% say that they improved productivity. Apprentices become highly skilled even before they finish their training.

The average length of time an apprentice stays with Siemens is 26 years!

"As a result of the speed of change in the technology industry, we knew we had to take action to address the digital skills gap. The combination of gaining high-level skills and full exposure to the industry proposed by degree apprenticeships seemed like the obvious solution."

Capgemini, Apprenticeship Trailblazer

67% of employers say that employing apprentices improved their image in the sector.

69% of employers say that employing apprentices improved staff retention. 65% of apprentices stay working for the company that trained them when they complete their apprenticeship.

86% of employers said that apprentices helped to develop relevant skills for the organisation, and to fill the skills gap.

73% of employers say that staff morale is improved by having apprentices.

* Unless otherwise noted, statistics on this page are taken from the 2017 Apprenticeships evaluation survey

Why you should consider providing an Apprenticeship...

Reduce staff turnover

Raise staff morale

Increase your diversity

Improve your productivity

Upskill existing staff

Create a talent pipeline across your organisation

Attract the best candidates

Improve your company image

Match the skills of employees to the skills you need

Laura Myatt Studied Level 2 and Level 3 Apprenticeship in Engineering, at Perkins Engines Company Limited

While her friends chose to study hairdressing and childcare after school, Laura was not afraid to stand out from the crowd and knew a career in engineering was her calling. She initially enrolled onto A-level courses but found that these didn't offer her the practical industry experience she desired, and soon after she was snapped up as an apprentice by Perkins Engines Company Limited who recognised her talents.

"I was keen to learn more hands-on skills and start earning a wage, so an apprenticeship seemed very appealing. It's definitely been a good career move as from day one I hit the ground running and felt really valued as an employee. After proving myself I was given the responsibility of running a project which involved the development and manufacture of a new gas engine. I've since worked on many

more high value international projects which have saved the company a lot of money.

"Having experienced first-hand how much an apprenticeship has helped me start my career, and the range of opportunities available in Engineering, I've become an ambassador for the sector and regularly attend local and national events to help inspire more young females to consider apprenticeship careers in engineering."

Mark Stones, Training & Apprentice Coordinator, Perkins Engines Stafford Limited, added, "Laura has and continues to be an asset to the business. Her drive and ambition to succeed is an inspiration to both her peers and work colleagues alike, while her problem solving skills and abilities have given business leaders the confidence to task her with leading high level projects."



What to do next and what Walsall College can offer you

FREE consultation service

With its dedicated Apprenticeship team, Walsall College is ideally placed to provide you and your organisation with the expertise and support to not only guide you effortlessly through the new system, but also offer high quality accredited apprenticeship training so your employees are trained to the highest possible standard.

We will work with you so that you:

- Understand fully the financial, legal and technical ramifications.
- Are in a position to plan ahead to support successful planning.
- Are aware of all the apprenticeship programmes now available, including the newly classified ones in areas such as Accountancy, Financial Services, Business, Digital Marketing, Data Analyst and Software Developer.
- Receive professional advice when you need it, throughout all stages of the process.
- Can offer your apprentices the highest standard of training available.

Walsall College has been rated 'Outstanding' by Ofsted and is one of the largest FE apprenticeship training providers in the West Midlands. Our success in this field is second to none, which is reflected in a 89%* satisfaction rating from the businesses we work with.

Here at Walsall College we work with many large employers offering bespoke training programmes into the apprenticeship training standard.

* Employer Satisfaction Survey (ESS) 17/18

To find out more information...

Call the Levy Helpline: **01922 651129** or email apprenticeshiplevy@walsallcollege.ac.uk

“Walsall College is uniquely and proudly vocational. Our greatest passion is unleashing the potential of individuals, communities and businesses; our greatest legacy is the talent of our students: *skilled, professional and enterprising.*”



01922 657000



www.walsallcollege.ac.uk



info@walsallcollege.ac.uk

