

THE APPRENTICESHIP LEVY AND YOU

What you need to know



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

Introduction

The Apprenticeship Levy directly funds Apprenticeship training programmes, allowing employers to take control over their apprenticeship funding.

At a glance, the Apprenticeship Levy and you

The key numbers:

**April
2017**

The date when the levy begins.

£3m

The amount your pay bill needs to be before triggering the levy's first 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 less.

**Under
25s**

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

What's the levy for?

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.

So why now?

Two years ago, the government introduced the apprenticeship levy to create long term sustainable funding for apprenticeships and to give employers more control to provide their staff with a range of training opportunities.

The levy means there is more money available than ever before for apprenticeship training and allows employers to choose which apprenticeships they offer, how many and when. By 2019-20 the funding available for investment in apprenticeships in England will have risen to over £2.5 billion, double what was spent in 2010-11 in cash terms.

<https://www.gov.uk/government/statistics/further-education-and-skills-march-2019>

Since it was introduced the levy has directly supported almost 313,000 people to start their apprenticeship journey. For more information about how the levy and apprenticeship funding works .Walsall College can guide you through this process, contact us for more information

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 payroll bill above £3million	5% of the cost of training	You do not need to pay for apprenticeship training	5% of the cost of training

Levy Payer

If your payroll bill exceeds £3m, your business is classed as a levy payer and you will have to pay. Only your payroll bill above £3m incurs a tax, set at 0.5% and deducted from your PAYE. There is also a tax allowance for your payroll bill up to £3m.

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

As a Levy Payer what you can do is take control and ensure you maximise your return from the Apprenticeship Levy scheme. One of the benefits of the scheme is that it places control of apprenticeship funding into the hands of the employer. This allows you to invest in your current apprentices, take on more and upskill existing staff to help secure the future of your organisation.

As long as you are offering recognised apprenticeship training, typically bought in from a college or independent provider, you can take advantage of the allowance. Generally, most organisations will get more out of the scheme than they put in.

As a Levy Payer you only have two years to spend your Levy on Apprenticeships. An alternative to losing well earned money in your pot is to gift up to 25% of your Apprenticeship Levy to other organisations within your supply chain.



Take advantage of our FREE consultation service

Our FREE expert consultation service is designed to help businesses like yours get the most from the Apprenticeship Levy. See page 7 for more details or contact John Adams (Director of Commercial Projects at Walsall College) on 01922 651179 or email: jadams@walsallcollege.ac.uk

Co-funded Business

If you have a payroll bill of less than £3m and over 50 employees, you will be Co-funded for apprenticeship training. Through the money generated by the apprenticeship levy, the government will pay 90% of the cost of apprenticeship training, 10% will need to be paid to the training provider.

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.



For more information on making the most of this funding, contact: John Adams (Director of Commercial Projects at Walsall College) on 01922 651179 or email: jadams@walsallcollege.ac.uk

How do I access funds for my apprentice?

Education and Skills Funding Agency (ESFA), is inviting all employers to use the apprenticeship service.

Employers are asked to set up an account so they can experience the benefits of the apprenticeship service.

For smaller employers, with a pay bill of less than £3 million, that do not pay the apprenticeship levy, use of the service during the early transition is recommended.

Following this transition the intention is, that towards the end of 2020, all apprenticeships will be arranged through the apprenticeship service.

All employers can use the service to tailor apprenticeship training to meet their business needs, filling skills gaps and boosting productivity. With training provider agreement employers can set permissions to allow training providers to undertake some actions on their behalf. Walsall College can help you set up your account contact us to find out more.



Take advantage of the fully funded training and additional FREE apprentice recruitment service from Walsall College. Contact our Business Training Solutions Team on 01922 651129 or email: businesstrainingsolutions@walsallcollege.ac.uk

Why you should consider providing an Apprenticeship...

If you are not already providing apprenticeships, here are four reasons why you should be:

1

Invest in managers of the future

57% of companies report a significant proportion of apprentices go on to managerial roles within the organisation.

2

Increase business growth

72% of businesses employing apprentices report improved productivity*, with 80% reporting a high increase in employee retention.

*by a weekly average of £214.

3

Attract new talent

Talent that can be moulded to suit your organisation's working practices.

4

Boost the local economy

81% of consumers show preference for businesses that employ apprentices.

The benefits to your organisation

Hiring an apprentice is a productive and effective way for any organisation to grow talent and develop a motivated, skilled and qualified workforce. 86% of employers said apprenticeships developed skills relevant to their organisation and 78% reported improved productivity.

Other benefits that apprenticeships contribute to your organisation include:

90% of apprentices stay on in their place of work after completing an apprenticeship there's a wide selection of apprenticeships available, covering lots of different job roles you can adapt the training your apprentice receives according to the needs of your organisation an apprenticeship allows you to diversify and freshen up your workforce you can employ an apprentice who's aged 16 up to any age and from any background.

Rosie Watkins

Studied: Level 3 Business Administration Progression:
From administration assistant to management team secretary at Birmingham and Solihull Mental Health NHS Foundation Trust

Rosie Watkins only expected to work for Birmingham & Solihull NHS for three weeks as her job came via an agency. Two and a half years later, she has established herself as a management team secretary for the Integrated Drug Treatment Systems team at HMP Birmingham. This came about after she completed her Level 3 qualification and developed the confidence to progress from a Band 3 to a Band 4 role.

"You need to have a Level 3 qualification to be able to apply for a Band 4 role," Rosie explained. "When the opportunity came up to study the course, I looked forward to taking it on."

She continued: "My confidence improved during the course. I opened myself up new experiences. I had to do a presentation and an interview activity, both of which I had

never done before.

"I also appreciated other things, such as becoming more aware of how different organisations are structured and who their key stakeholders are.

"And my line manager was fully supportive, letting me take study days and encouraging me." Believing in herself is also something Rosie feels she has benefited from after achieving her qualification.

"My job involves a lot of data entry and analysis where attention to detail is important," said Rosie. "It's easy to question yourself when I'm producing data reports. Thanks to my qualification, I have more conviction in my work and in how I present myself during meetings."

Rosie has no hesitation in encouraging others to complete the Apprenticeship.

"I feel I achieved something unique to me," she added. "And now I have the option to apply for roles at an even higher band if I want to."



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 apprenticeship funding mechanisms along with the financial, legal and technical ramifications
- Are in a position to strategically plan ahead for all your training needs supporting your business to grow.
- Are aware of all the apprenticeship programmes now available, including the newly classified ones in areas such as Accountancy, Law, Financial Services and Business
- 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 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 95% satisfaction rating from the businesses we work with.

Our FREE expert consultation service is designed to help businesses like yours get the most from the Apprenticeship Levy. Contact our Business Training Solutions Team on 01922 651129 or email: businesstrainingsolutions@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.



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