

Apprenticeship Levy Update

Gareth Jones
Apprenticeship Strategy Manager

gareth@gmlpf.net

GMLPF 2nd Floor Saunders House Parliament Business Park
Liverpool L8 7BA Tel: 0151 707 8775 Mobile: 07714 750315



The Apprenticeship Levy



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Apprenticeship Levy

What we already knew

- The levy will be **0.5%** of paybill, to be paid monthly alongside usual PAYE payment
- Every employer gets an allowance of **£15,000**
- Effectively means, Levy only paid on **paybill in excess of £3m**
(0.5% x £3m = £15,000)
- Employers **will be able to get out more than they pay into the levy.**
- Via an automatic **10% top-up** to their digital account

Apprenticeship Levy Update

- New guidance published 22nd April - [Click Here](#)
- Employers access funds via Digital Apprenticeship Service (DAS) account
- Levy-paying employers can create an account on DAS from January 2017 to familiarise themselves
- Levy-paying employers will be able to use DAS from April 2017 to pay for training and assessment of apprentices
- Levy funds will appear in employers DAS accounts a few days after payment made to HMRC
- First funds will therefore be available late May 2017

Apprenticeship Levy

Update

- **Levy funds will expire 18 months after they enter DAS account**
- Funds used on first-in, first out basis
 - e.g. Funds entering account in Sept 2017, expire in March 2019
- Money is considered spent once it leaves digital account
- In 1st year levy can only be used for employers own employees
 - *Government still looking at whether can be used for supply chain, etc*
- Apprentices starting their programmes prior to April 2017 will be funded under T&Cs in place at the time their Apprenticeship started

None Levy-paying Employers

- **Will be expected to make contribution towards cost of training and Government will pay the rest**
- Will not use DAS until at least 2018
 - Expectation that **all employers** will use by 2020
- Employers will pay providers their co-investment direct and over the life of the apprenticeship
- Co-investment rate will be proposed in June 2016, confirmed October 2016
 - *Trailblazer type funding model?*
 - *£1/£2 co-investment?*

Apprenticeship Pilot Funding Model – from Aug 16

*Standards in cap 'old' 5 (£18k) on 31st July 2016 are automatically re-designated to cap 6 on 1st August

		Cap 1	Cap 2	Cap 3	Cap 4	NEW Cap 5	NEW Cap 6*
Maximum Core Government contribution (£2 for every £1 from employer)		£2,000	£3,000	£6,000	£8,000	£13,000	£18,000
Employer contribution if the maximum cap is claimed		£1000	£1,500	£3,000	£4,000	£6,500	£9,000
Co-funding for training and assessment if the maximum cap is claimed		£3,000	£4,500	£9,000	£12,000	£19,500	£27,000
Additional incentive payments	Recruiting a 16-18 year old	£600	£900	£1,800	£2,400	£3,900	£5,400
	For a small business (<50)	£500	£500	£900	£1,200	£1,950	£2,700
	For successful completion	£500	£500	£900	£1,200	£1,950	£2,700
Maximum total Government contribution		£3,600	£4,900	£9,600	£12,800	£20,800	£28,800

Apprenticeship Reforms

All Employers

- Extra support for employers employing 16-18 year old
 - Paid to employers **via** training provider
 - *AGE type incentive payment??*
- Extra support for apprentices with additional needs
 - 19-24 year olds with Education and Health and Care Plan
 - 19-24 year old care leavers
 - Paid direct to providers to help cover extra costs
- Funding for English & Maths
 - Government will pay providers direct if learner needs to achieve Level 1 and/or 2 English and Maths
- Eligibility for training
 - Funds in DAS account or Co-investment can only support apprenticeship training delivered by **approved** training provider
 - *No guidance yet on what criteria will be used to be approved or join the register of training providers*
 - *Current ROTO or New ROTO?*

Apprenticeship Reforms

Further information will be released:

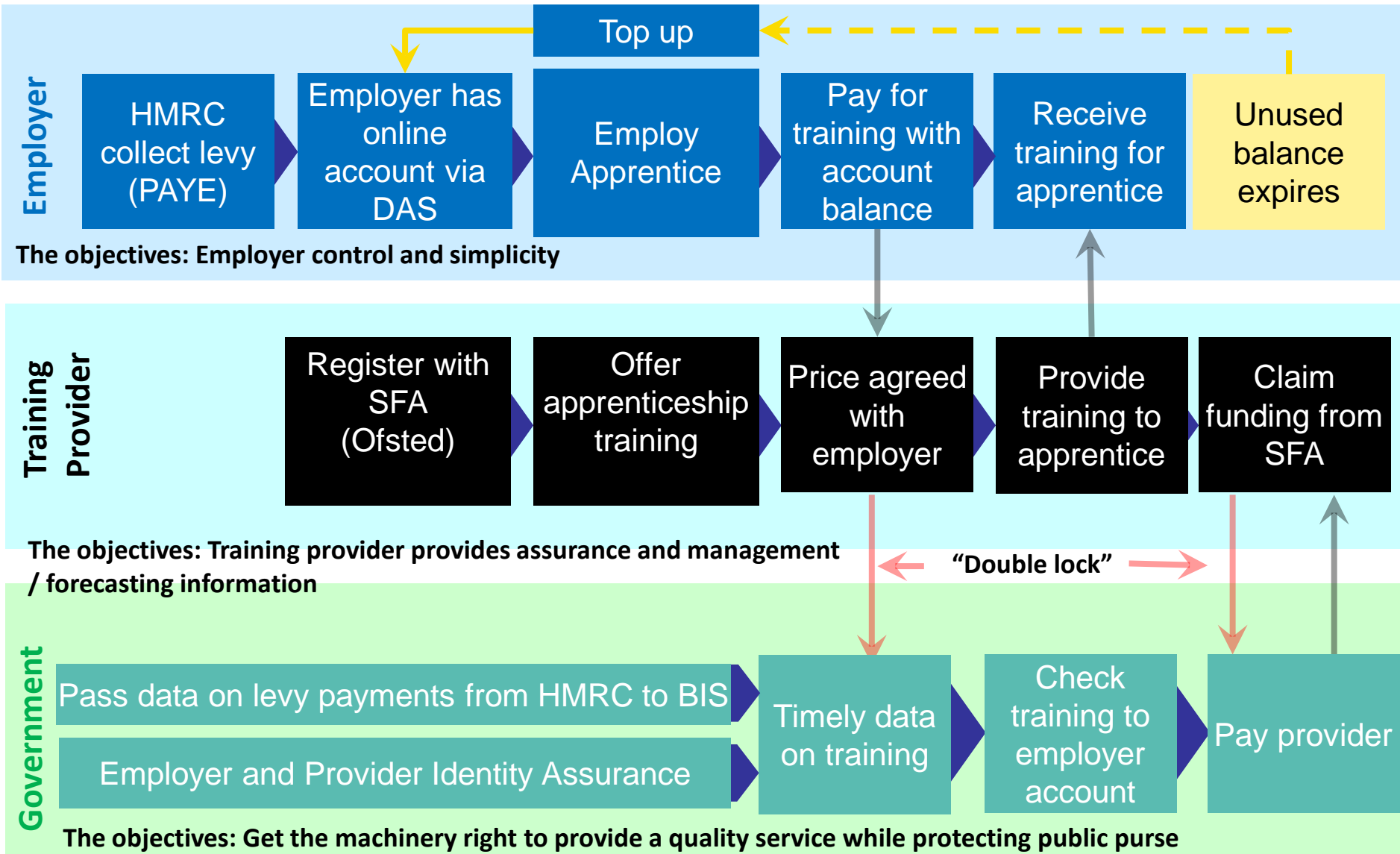
- June 2016
 - Provisional funding bands
 - Provisional level of government support for co-investment
 - Provisional payment for 16-18 recruitment
 - Eligibility rules
 - More info on who can provider apprenticeship training
- October 2016
 - Final levels of funding, government support, 16-18 payments, etc
- December 2016
 - Final detailed funding and eligiility rules
 - Further guidance from HMRC on how to calculate and pay Apprenticeship Levy

Apprenticeship Levy

What does it mean ?

- Levy affects approx. 2% of UK employers
- Approx. 22,000 employers
- Examples:
 - **Civil Service**
 - Annual Salary Cost **£11.13bn** (source: National Audit Office – Central Government staff costs)
 - Approximate Levy sum: $0.5\% \times £11,13bn = \mathbf{£55,650,000}$
 - **Liverpool City Region**
 - Approx. 400+ employers will pay Levy
 - Approx. Levy contribution by LCR employers = **£30m+**

How the levy will work ?



Questions?

Barriers?

Opportunities?