

Apprenticeship Levy Frequently Asked Questions

What is the Levy?

The Levy has been introduced as part of the apprenticeship reform agenda outlined in the government's 2020 vision to help fund the government's target to have 3 million apprenticeships in England by 2020. Employers are at the forefront of the apprenticeship reforms - with employers developing the new Standard Apprenticeships, setting the quality and assessment standards, and contributing to the costs of training.

The Levy applies to employers who have a pay-bill of £3 million or more a year and who are a secondary contributor with liability to pay Class 1 secondary National Insurance Contributions (2% of employers). From April 2017, employers will be required to make a monthly contribution to HMRC through the PAYE process. This contribution will be topped up by the Government and will then be available for employers to access to spend on apprenticeship training and assessment through their Digital Apprenticeship Account.

What is an apprenticeship?

An apprenticeship is a job with training. Being an apprentice means having a job that enables you to gain sector based skills and experience and in some cases a recognised qualification. Learning takes place 'on the job' in the workplace and 'off the job' with a Skills Coach.

When did the Levy commence?

The Levy commenced in April 2017. You will only receive funding for apprentices who commence their apprenticeship on or after May 1st 2017.

How much Levy contribution will I pay?

You will pay a levy contribution of 0.5% of your payroll including wages, bonuses and pension contributions. If eligible for the levy the first payment will be made in April 2017.

Examples:

Annual Pay-bill	0.5%	Levy payment *	10% Government top up **	Total Levy amount available to spend on training
£3,500,000	£17,500	£2,500	£250	£2,750
£5,000,000	£25,000	£10,000	£1,000	£11,000
£10,000,000	£50,000	£35,000	£3,500	£38,000
£15,000,000	£75,000	£60,000	£6,000	£66,000

*There is an allowance of £15000 before the Levy is paid

**The government will contribute a 10% top-up each month

When will I pay the Levy?

Levy paying employers will have a digital Apprenticeship Service account. If you have a pay-bill in excess of 3 million the first step is to register with HMRC through your Apprenticeship Service account. Your Levy contribution will then be saved in your Apprenticeship Account along with the 10% government top up each month.

Unused Levy contributions will expire after 24 months and will be used by the government to support the funding of SME apprenticeships.

What can I use my Levy payment for?

Your Levy payments can only be used for apprenticeship training, assessment and certification. The apprenticeship training must include either an Apprenticeship Standard or Framework. Frameworks are being phased out as new Standards are approved.

Levy can be used for:

- Theory – such as workshops, role playing, online learning, self-study or webinar
- Practical training apprentices wouldn't usually do during the week – such as shadowing, mentoring, industry visits or competitions.
- Learning support and time spent writing assignments
- Registration costs for mandatory qualifications
- Progress reviews

Levy can't be used for:

- Enrolment, Induction and assessment of prior learning
- Apprentices wages or travel costs
- English and maths, which is funded separately up to level 2
- On-programme assessments
- Registration costs for non-mandatory qualifications or examinations
- Training that takes place outside the apprentice's paid working hours

Which apprenticeships are available?

There are currently 589 Framework Apprenticeships and 147 Standard Apprenticeships. You will be able to search for a Standard or Framework through your Apprenticeship Service Account.

Apprenticeships are available at 6 levels:

- Intermediate Level 2
- Advanced Level 3
- Higher Level 4
- Higher Level 5
- Degree Level 6
- Degree Level 7

How long do apprenticeships take to complete?

The Framework or Standard Assessment Plan will state the recommended duration of the apprenticeship and this can range from 12 months for an entry level apprenticeship to 6 years for a degree level apprenticeship. Durations are based on learners working 30 hours per week, if they work less hours or term time only the duration will need to be extended. The minimum durations for all apprenticeships, regardless of level, is 372 days.

What is a Trailblazer Standard?

Trailblazers are a group of employers approved by the Government to develop a set of Standards related to the Knowledge, Skills and Behaviours that will be required by the end of the apprenticeship. Trailblazer standards are assessed by an Independent Assessment Organisation at the end of the Apprenticeship. The Standard Assessment Plan details the synoptic end-point assessment methods.

What is the SASE framework?

The Specification of Apprenticeship Standards for England (SASE) sets out the minimum requirements to be included in a recognised English Apprenticeship Framework. SASE frameworks contain a structured programme of learning which include mandatory qualifications, Employment Rights and Responsibilities and Personal Learning and Thinking Skills. Assessment is continual with formative and summative assessment until all of the required units and qualifications have been achieved and then the Framework Certificate is claimed.

Are there any incentives available for employers?

Employer's and providers will receive £1000 for each for apprentices who meet the following criteria:

- 16-18-year-old apprentice
- 19-24-year-old apprentices who have previously been in care of the local authority
- 19-24-year-old who has a Local Authority Education, Health and Care Plan.

These incentives will be paid directly from the government to the provider in two equal instalments at 3-month and 12-month. Your provider will transfer the incentive payment to you.

Do apprentices need to be newly recruited?

Apprentices can be recruited to positions at any level/grade within an organisation, or they can be offered to current employees to support their professional and career development. All apprenticeships require a 'significant amount of training' and must last for a minimum of 12 months.

What are the benefits of apprenticeships?

The benefits of recruiting new employees include:

- developing new talent to meet your needs
- building the skills capacity of the organisation
- freeing up existing staff to take on more responsibility
- giving your team new skills and energy

- offering a career opportunity

The benefits for offering an apprenticeship to current employees include:

- rewarding employees with an opportunity to gain accreditation and a recognised qualification
- developing staff to be flexible and multi-skilled
- adding confidence and motivation through learning and development
- reducing labour turnover by investing in employees
- upskilling staff to increase productivity or take on higher level jobs

How many apprentices will I be able to train with my Levy contribution?

This will depend on the Apprenticeship Sector and the Level of apprenticeship required. Each Apprenticeship has been allocated to one of 15 funding bands, ranging from £1,500 for a Level 2 Administration Apprenticeship (12 months) and £27,000 for a Level 6 Chartered Management Degree Apprenticeship (4 years). The funding bands set the maximum amount of Levy contribution that can be used to pay for training. Employers can make additional payments to training providers directly for any additional training required above the funding band.

When can I use my Levy contribution to pay for the apprenticeship training?

Levy contributions can be used for Apprentices who started on or after 1 May 2017. You can recruit and start an apprentice at any time if the training is available; some Universities and training providers will have set enrolment dates. You have 24 months in which to use your monthly levy contributions.

Are there any eligibility criteria for apprentices?

The Education Skills Funding Agency Funding Rules set out the eligibility criteria for apprenticeships. Prior to May 2017 apprentices couldn't be funded if they have previously achieved a level 4 or above qualification. From May 2017 apprenticeships, can now be used for staff development at all levels regardless of prior attainment, including previous apprenticeships and degree level qualifications provided that the apprenticeship is a different sector from any prior qualifications, degree or apprenticeships previously attained and the job allows the apprentice to acquire substantive new skills.

How much will an apprentice cost my organisation?

The apprentice minimum wage is £3.50 per hour although most employers pay the National Minimum Wage, the average apprentice salary is £170 per week. Training costs vary according to the Apprenticeship required. Apprenticeships are placed in one of 15 funding bands ranging from £1500 to £27000. The funding band is a guide and can be negotiated up or down with the provider according to an apprentices prior learning or any additional training that is required.

What happens if I don't have sufficient Levy contribution to pay for an apprentice?

If you have insufficient Levy in your Apprenticeship Account, you will be able to contribute to the cost of your apprentices training. You will pay 10% of the training fees and the government will contribute 90% (up to the funding band maximum value).

How much will the end-point assessment cost?

The cost of the end-point assessment varies according to the Sector, the Standard and the Level. The Assessment Organisation cannot charge more than 20% of the funding band that the Standard has been allocated to.

20% of the agreed cost will be withheld until the end of the apprenticeship (in your Apprenticeship Service account) as a completion payment and to pay for the end-point assessment. The actual cost is currently estimated at 15-20% of the funding band set for each Standard dependent on the sector and the assessment methods required. Standard that require observation and face to face assessment will cost more than Standards that can be assessed through multiple choice test and skype discussions.

What help and advice is available?

Entrust can help you Get Levy Ready in a few easy steps. We will work with you to diagnose, co-design, and deliver the perfect apprenticeship programme for you.

We can design a bespoke training and development package that will support you to train new and existing talent to meet your future workforce needs to ensure your apprentices are committed to your business drivers, your organisational culture and your quality standards

If you would like further information, contact our account managers
e-mail partners@entrust-ed.co.uk.