



## **APPRENTICESHIP LEVY FAQ'S**

### **1. Why are Apprenticeships important to the UK/England?**

Apprentices offer an 'on the job' alternative to the old-style 'frameworks' which were aimed at younger people through colleges, their sub-contractors and some larger training providers. The Government wants to improve the levels of knowledge, skills and behaviours in the Country in order to boost productivity and have set a target of 3 million new apprentices by 2020.

#### [The Government's vision for 2020](#)

*The design and delivery of high quality apprenticeships will be overseen by a new, independent and respected quality body – the Institute for Apprenticeships.*

*All new apprentices will be trained to meet levels of professional competence set out in employer-designed standards.*

*Employers will be confident customers of apprenticeship training programmes, which will be developed by agile training providers to meet the evolving needs of business.*

*Employers will have the opportunity to choose between more high quality providers and it will be easier for employers to train their apprentices directly.*

### **2. How will the 2017 approach to Apprenticeships work?**

Apprentice Standards are being developed by employer-led trailblazer groups, ensuring that they are relevant and effective in really improving Skills, Knowledge and Behaviours. Apprenticeships are now open to all ages and offer development across a broad range of job roles (or "Occupations")– see the current standards at the Institute for Apprenticeships website [here](#).

### **3. What is the Apprenticeship Levy?**

The Apprenticeship Levy is part of the government's plan to increase the quantity and quality of Apprenticeships. The Levy is a new payment which aims to fund new apprentices.

### **4. When did the Levy come into effect?**

The Levy came into effect in April 2017. Employers included in the Levy should have had their first Levy payment taken in May 2017 but they have to register for the payment to be taken. If they don't they are building a liability so the sooner the register the better.

## **5. Do all organisations need to pay the Levy?**

All UK employers who have a total employee pay bill above **£3m a year** will pay the Levy on the excess. This includes public and private sector, charities and educational providers such as academy groups and universities. The Levy rate was set at 0.5% of your pay bill in the November 2015 Comprehensive Spending Review.

Your 'pay bill' is your total employee earnings subject to Class 1 secondary NICs. Employers get a **£15,000 fixed annual allowance** to offset against the Levy payment. Employers who operate multiple payrolls are able to claim one allowance for the Levy.

An example: if you have a £3m pay bill, you have a Levy bill of £15,000 (at 0.5% of employer pay bill). The allowance is offset against this so your Levy payment is £0.00.

## **6. How will the government collect the Levy?**

Payments are collected monthly by HM Revenue and Customs (HMRC) through Pay as You Earn (PAYE), alongside tax and National Insurance.

## **7. What happens to the money once it's paid?**

The money is collected by HMRC and for apprenticeship training in England can be accessed via a new Digital Apprenticeship Service (DAS) account. You can use this to pay for apprentice training. On your DAS account you can see all the training providers you want to deliver the training and chose appropriate Apprenticeship training course providers. Only training providers that are on the Register of Apprentice Training Providers (RoATP) will appear on the DAS.

## **8. How do I draw down from the Levy fund?**

In England, you need to register your details online with the apprenticeship service, along with the details of your apprentice. You can see how much can be drawn down for each apprentice in your account. You can then use these funds to spend on training with registered apprenticeship training organisations, such as Crosby Management Training Ltd (CMT).

## **9. What are the funding bands and funding caps?**

You are not able to spend an unlimited amount of money on a single apprenticeship using your levy. There are currently 15 funding bands with caps which limit the amount of Levy funds you can spend on training for an individual apprentice. The cap varies according to the level and type of apprenticeship. For example, higher level training over a longer duration has a higher cap. you can see the current funding bands [here](#). You are free to agree a lower figure with your provider but be

careful that the quality of training delivery won't be affected otherwise you could risk the apprentice failing. In some cases, the funding band may be lower than your provider feels a quality apprenticeship can be delivered and in this scenario you might agree to pay more than you can draw from your levy fund. The provider would simply invoice for this in addition.

#### **10. What can the Levy be spent on?**

You can spend your Levy funds on apprentice training for **either existing staff or new recruits** as long as the training meets an approved standard and the individual meets the apprentice eligibility criteria.

#### **11. What types of programmes can be funded by the Levy?**

A range of apprenticeship training programmes can be funded. They must be provided to an approved apprenticeship standard. [Read the government's full list of Apprenticeship standards.](#)

#### **12. What can apprenticeship funding be spent on?**

Funds can only be used towards the costs of apprenticeship training. They cannot be used on other associated costs such as apprentice wages, travel and subsidiary costs or the costs of setting up an apprenticeship programme. You can find out further detail by reading the Government's February 2017 update on apprenticeship [funding rules.](#)

#### **13. How do I use funds from my digital account to buy training?**

When an apprenticeship has started, monthly payments will be automatically taken from your digital account and sent to the training provider via the ESFA (see below). This spreads the cost over the lifetime of the apprenticeship. You will see funds entering your digital account each month as you pay the Levy, and funds leaving the account regularly each month as you pay for training.

#### **14. Do I have to use an external training provider or can we deliver the apprenticeship programme ourselves?**

You can buy-in from a provider or deliver the training yourselves, but the training must be delivered by an approved provider. If you want to "DIY", your organisation needs to register as an approved provider and will be subject to Education Skills Funding Agency (ESFA) quality arrangements, their funding rules and Ofsted inspection as well as any requirements of awarding organisations and End Point Assessment Organisations (EPAOs)

#### **15. Can I direct my Levy funds to someone else?**

In the first year of the Levy, you will only be able to pay for apprenticeship training of your own employees. However, the government understands some employers will want to support their supply chain or other employers in their sector or community by transferring funds. They have stated that they are committed to introducing this in 2018 at the level of 10% of your levy fund.

#### **16. How long will my funds last?**

Funds will expire 24 months after they enter your (DAS) account unless you spend them on apprenticeship training. Money is spent when it leaves your digital account as a payment to a training provider.

#### **17. Under what circumstances may I have to pay more?**

There are two circumstances where Levy-paying employers are likely to have to contribute more:

- where the cost of the training you wish to buy is greater than the funding cap for a particular standard or framework (as mentioned 9.);
- where your organisation has spent all your Levy contribution and top-up and wants to spend more on apprenticeship training.

#### **18. How does the Levy operate across the devolved nations?**

The Levy will be UK wide, so contributions are based on the pay bill for all UK employees, but you can only spend it your employees who are deemed to live in England.

Scotland, Wales and Northern Ireland have their own arrangements for supporting employers to access apprenticeships.

#### **19. What does the Apprenticeship Levy mean for small employers?**

If your organisation has a pay bill less than £3m it will not have to pay the Levy. In England, organisations will still be able to access government support for apprenticeships through other training providers. CMT can provide apprenticeships to Levy and non-Levy paying organisations.

#### **20. How can I find out more about Apprenticeships for Learning & Development, HR and Butchery?**

Call our professionals now on **01902 837452** or visit our website at [www.crosbytraining.co.uk](http://www.crosbytraining.co.uk) and complete the form on the front page of our website to register your interest for a specific Apprenticeship programme.