

## **1. COVER PAGE**

Barnsley College  
Apprenticeship Reform  
Apprenticeship Levy Guide

October 2016

## 2. Apprenticeships

Apprenticeship training provides a cost effective way for you to upskill your teams at all levels of your business.

Most apprenticeship programmes include spending one day per week in college, where individuals will train using specialist, industry standard equipment and learn the theory and knowledge required to qualify in their chosen area.

Apprenticeships are beneficial to both those who are new to a role or taking on new responsibilities and those who need to upskill within their current role to develop, progress and stay abreast of changes and innovations in industry. Apprenticeships provide individuals with the opportunity to have their existing skills recognised with an accredited qualification, learn and develop new skills and apply their new knowledge and expertise directly to their role within your organisation.

Barnsley College can tailor apprenticeships to almost any business and job role and we can offer qualifications from Level 2, Intermediate, to Level 4, Higher, and above in some cases. This enables your staff to progress within your organisation, taking on additional responsibilities and driving improvements.

Apprentices must be aged 16 and over, however, there is no upper age limit meaning that you can place any of your existing staff on to an apprenticeship training programme, subject to their existing qualifications.

Apprenticeships enable you to reward a member of staff who is loyal to your business and is familiar with your culture, your processes and your organisation.



### **3. Introduction to the levy**

In April 2017, changes will be made to both the way that the government funds apprenticeships and the way in which businesses work with training providers, as per the announcement made in the Summer Budget 2015.

The apprenticeship levy will be introduced in order to assist with the current government pledge to introduce 3,000,000 new high quality apprenticeships by 2020.

The levy is designed to encourage you, the employer, to get on board with apprenticeships in order to ensure that you meet your current and future skills needs within your workforce.

The levy is a tax of 0.5% on your total payroll bill and will be collected through the PAYE system. For levy purposes, payroll refers to the total of; all wages, bonuses, commissions and pension contributions on which National Insurance contributions are due. Every employer will receive £15,000 to offset against payment of the levy, meaning that only employers with a payroll bill in excess of £3,000,000 in the UK will be required to contribute to the apprenticeship levy.

Your contributions to the levy will then be available for the use of covering direct costs related to apprenticeship training within your organisation via the Digital Apprenticeship Service.

The government will top up your levy contributions by 10%, this top up will be applied to monthly contributions giving you more to spend on apprenticeship training.

#### 4. Key facts for levy payers

- The apprenticeship levy is paid on your total payroll bill in excess of £3,000,000
- The levy will be in the form of a 0.5% tax on your payroll bill which is collected through the
- PAYE system
- An allowance of £15,000 is granted to every employer to offset against levy contributions
- The government provides levy paying employers with a 10% top up of their levy contributions on a monthly basis
- You can either use your levy contributions to cover the costs of apprentice training and assessment or simply pay the levy as a tax
- Public sector bodies will also be subject to the levy, along with an additional target of ensuring that 2.3% of their workforce is made up of apprentices
- Levy payments will be managed via the Digital Apprenticeship Service

#### Example of a levy paying employer:

An employer has 200 employees, each employee has a gross salary of £25,000

Payroll bill =  $200 \times £25,000 = £5,000,000$

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

Subtracting levy allowance:  $£25,000 - £15,000 = £10,000$  annual levy payment

## 5. Key facts for non-levy payers

- If your business has a total payroll bill of less than £3,000,000, you will not contribute to the apprenticeship levy and therefore will not have access to the levy fund. As your business does not have access to the levy fund, you will be able to access government support for apprenticeships instead
- The proposed support for businesses who are not making levy contributions is a 90% government contribution towards apprenticeship training costs
- Smaller businesses, with less than 50 employees, may receive 100% government contributions towards apprenticeship training where the apprentice is aged 16-18, is a 19-24 year old care leaver or is 19-24 and has a Local Authority Education, Health and Care plan
- Businesses who are non-levy contributors may also receive a £1,000 incentive for training apprentices where the apprentice is aged 16-18, is a 19-24 year old care leaver or is 19-24 and has a Local Authority Education, Health and Care plan
- When employing an apprentice, you will negotiate and agree a price with the training provider you have chosen from the approved register. The price will cover the delivery of apprenticeship training towards a specific standard or framework, and the cost of assessing the apprentice. This will be paid for through the co-investment with the government.

### Example of a non-levy paying employer:

An employer has 100 employees, each employee has a gross salary of £20,000.

Payroll bill:  $100 \times £20,000 = £2,000,000$

Levy sum:  $0.5\% \times £2,000,000 = £10,000$

Subtracting £15,000 allowance:  $£10,000 - £15,000 = £0$  annual levy payment

## 6. Spending the levy funds

As an employer, you will be able to access and manage your apprenticeship levy through your account with the new Digital Apprenticeship Service. You will be able to register an account with the Digital Apprenticeship Service from January 2017, meaning you will have enough time to familiarise yourself with the service prior to using it to manage your levy from April 2017. Once you have registered, you will need to verify your PAYE schemes and link them to your account.

Upon gaining access to your account, you will be able to use the Digital Apprenticeship Service to:

- See the levy funds you have available to spend
- Select the apprenticeship frameworks and/or standards you want to use
- Confirm the training provider you would like to deliver your apprentices training
- Confirm the agreed price for the apprentices training
- Pay for apprenticeship training and assessment
- Choose an assessment organisation
- Post apprenticeship vacancies

The levy can be used to cover all direct costs related to apprenticeship training. Eligible spend will include:

- Spend on training that supports learners in fulfilling the requirements of their apprenticeship
- Spend on formal assessment associated with apprenticeships

Contributing employers will have 18 months to spend their levy funding, this includes contributions as well as any government top ups, if eligible.

From 2018 contributing employers will also be able to transfer up to 10% of their annual levy fund to other employers on the Digital Apprenticeship System.

## **7. How can we support you and your workforce?**

The college has a team dedicated to supporting employers like you. We work with over 3,000 organisations to deliver training, recruitment and other support. The Business Development Team is responsible for ensuring that all of the businesses supported by the college receive the very best service and are satisfied with the college's provision.

### **One point of contact**

Upon contacting the college, you will be introduced to your Business Development Coordinator. Your Coordinator will be experienced in your business sector and will be able to offer advice on the types of training available to you, the modes of study and the support available. You'll get to know your Coordinator and they'll get to know you, the nature of your business and the culture of your organisation. They will become your trusted adviser. This should be your first point of contact for any correspondence with the college.

### **Detailed business analysis**

We trust that you know your business better than anyone and that you know exactly what you are looking for. However, we also know that the world of training, qualifications and education is continually changing and we want to make sure that you are completely satisfied with the programme you choose. This is why we always conduct a detailed organisational needs analysis with you prior to signing you up to any programmes. We will look at any skills gaps within the business, your reasons for choosing to upskill and all of the business functions of your organisation.

### **A solution which meets your precise needs**

It may be that we can offer an 'off the shelf' solution to meet your needs but it might be that we need to look to tailor something specific (this is not always costly!). We will work with you to ensure that whatever is proposed will provide you with the skills your staff need and that training is delivered at a time and place to suit you and your team.

### **Support in accessing funding**

All of our training programmes are competitively priced, many benefiting from full funding or offered at a heavily subsidised rate. All of our Business Development Coordinators are trained to identify funding where available and inform you of the support you can access, including grants and other financial incentives.

### **Ongoing support**

Depending on the programme chosen you may come in to contact with other members of the Barnsley College team, such as Tutors or Work Based Assessors. You can rest assured that your Coordinator will continue to support you throughout the training, contacting you to ensure you are satisfied with the service and to check whether you have any additional needs or concerns. Your Coordinator will continue to be your point of contact throughout your time working with the college.

All of the courses offered by the college can be customised to meet the needs of your business. We can work with you to develop a tailored programme of training that gets the most from both your staff and your business.

## **8. Get in touch**

Contact us for the latest information or to discuss how the apprenticeship funding reform may affect your business:

Call us on **+44 (0)1226 216 166**

Email us on [employer@barnsley.ac.uk](mailto:employer@barnsley.ac.uk)