BeReady

Apprenticeships

Levy Briefing

Key Often Unknown Facts

- Levy paying employers can overspend their levy pot and access the co-investment model. This means they only have to pay 5% of course costs
- Levy payers can transfer up to 50% of their previous year's levy funds if they are unable to spend it: to their supply chain or other employers - a good way to create business relationships or demonstrate commitment to social value
- If large levy employers don't spend their levy pot in 24 months they lose it

Specific for Non Levy Employer (wage bill under £3m a year)

- Co-investment: only 5% of apprenticeship course costs
- If you have under 50 employees and your apprentice is aged 18 or under at the start of the course, you pay nothing
- Companies can move between levy and non levy status as their wage bill fluctuates – this is taken into account in your digital account

Main Benefits

For a levy employer either use it or lose it, or even better take advantage of co-investment and over spend your levy and access 95% discount and cut your staff training and development budgets

For a non levy employer take advantage of co-investment and access 95% discount and additional bonuses

Address skills gaps, fill hard to recruit to positions, establish new recruitment pathways, and enable organisational change

Bring in new methodologies, technologies, markets/areas of work

Embed workplace needs in course delivery, materials, assessments, and projects. Direct positive impact on the workplace

Management apprenticeships not only upskill your managers but also make them more amenable to taking on and being able to make the most of apprentices

Helps creates a workplace of learning and development comfortable with change

Employers define apprenticeship standards, drive contracts, drive price and drive delivery: apprenticeships are on employers terms

Good apprenticeship programmes integrate research: helping address challenges of both the present and the future

New professional pathways: enable you to better recruit professionals, gain chartered status for staff, through additional channels

Mix with other professionals: models from other industry

Abstraction from workplace means better able to reflect upon and implement changes to the workplace: apprenticeship work place projects ideal for this. Put into place a change employer wants

Most employers can only afford to spend at most hundreds of pounds on staff development per year. Apprenticeships allow you to spend thousands on critical areas of the business and critical skills

Most professions now have an apprenticeship route (surveyor, architect, lawyer) allowing you to recruit in or up-skill existing staff into those hard to fill roles – and at an earlier age

Most prospects are willing to take a lower salary to begin their career if their courses are paid for. Gradually increasing this throughout the apprenticeship to the starting graduate salary means employers get increasingly capable staff at a lower cost price – and can employ more and select from the best (employers do not have to guarantee a job at the end of the apprenticeship just a job for the duration of the programme)

Off job training: research has shown that increased skills, particularly at higher level, result in increased productivity with the individual and across the workplace more than offsetting the loss of time from the workplace due to training

How the Levy works

Levy payers

- Employers with a UK payroll bill of over £3 million per annum pay an Growth and Skills Levy at a rate of 0.5% of their total wage bill into their levy pot. This can only be spent on the costs of training programmes – not wages – and has to be committed within 24 months
- The levy tax is taken monthly and put into a digital account. This is also spent on a monthly basis with funds going directly from your digital account to the training providers digital account

Non Levy payers

- Employers with a pay bill less than £3 million per annum will not pay the levy, but can claim government funding towards their apprenticeships training on approved courses. They will however, have to pay a small financial contribution of 5% of the costs
- This 5% is paid directly to the training provider. The remaining 95% comes from the main levy pot to the training provider

Process – Levy

- Levy employers claim digital account where they have their own levy pot. The employer adds a provider and apprentices in order to spend this
- Separately they sign a apprenticeship training agreement with a provider and commitment statements with the apprentice and provider
- Each month the provider submits a return to the government of all apprentices and who they are contracted with. This is reconciled against the digital account to make sure the employer and apprentice are on their with that provider on that programme
- Each month funds are added and taken away from an employers digital apprenticeship account. If no funds are available they move into the co-investment model (levy overspend). Employers can choose which apprentices to put into the co-investment model

Process – Non Levy

- Employers are invoiced directly for their 5% contribution (usually once a quarter)
- Providers return these apprentices and employer details once a month. The remaining 95% funds are released on a monthly basis to providers
- Any bonus payments are paid directly

20% of funds are held back from providers until the completion of the end point assessment and the apprenticeship

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