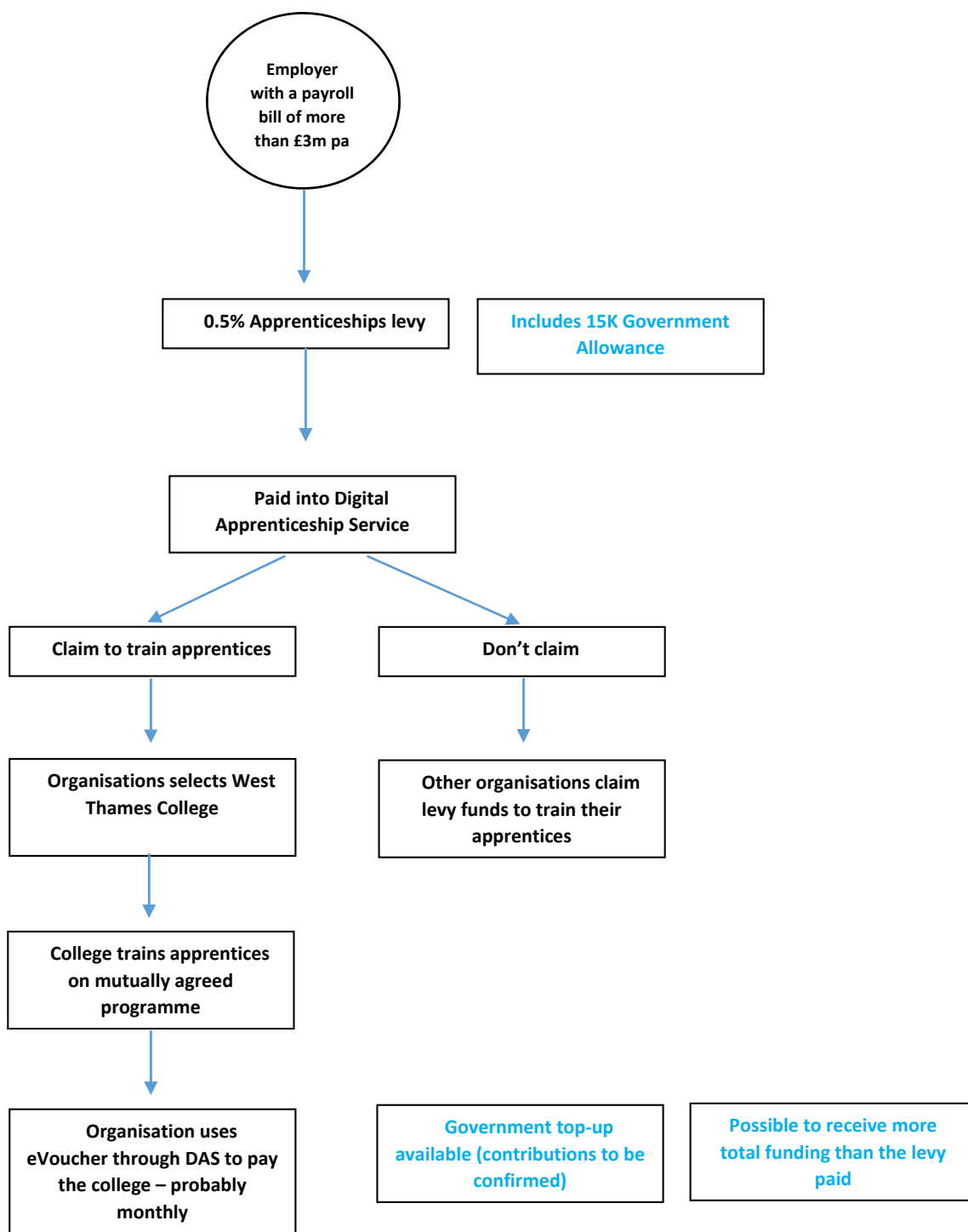


Guide: Apprenticeship Levy



Introduction

The Government's latest Autumn Statement outlined some key changes to the way apprenticeships in England are funded. These changes are part of the Government's priority to increase the number of apprentices to 3 million by 2020.

In particular, the introduction of a levy on all large employers regardless of whether they may employ apprentices or not, was announced. These payments will be ring-fenced as employer contributions to supplement existing government funding for apprenticeship training. It is expected to raise 3bn annually over the next five years.

What is the new levy and how does it impact your organisation?

- Levy payments from large organisations will be collected from **April 2017** and will be paid through Pay As You Earn
- The levy will apply to all large organisations, regardless of whether they employ apprentices or not
- The rate for the levy is set **at 0.5%** of an employer's pay bill
- Employers will receive an allowance of **£15,000**
- The affect of this allowance is that the levy will only be payable on annual pay bills in excess of **£3m** – employers with a pay bill less than £3m will not pay anything
- HMRC will work closely with employers and providers of payroll services to minimise the burden of implementing these changes
- The levy payment will be ring-fenced in the form of an electronic voucher that can be used to purchase training from recognised providers
- The levy will put control of apprenticeship funding in the hands of employers and will encourage employers to invest in their apprentices and take on more. Employers in England who pay the levy and are committed to apprenticeship training will be able to **get out more than they pay in** to the levy, through a top up to their digital account
- Organisations will pay the levy, regardless of whether they subsequently re-claim voucher funds to purchase apprenticeship training

Calculating your levy payments

You will need to calculate the estimated cost of the levy based on your UK payroll bill. You will also need to take into account accessing top up levy funds and any additional employer incentives that the Government may offer, combined with the **NI savings** that will come into effect in April 2017 to estimate the net cost to your organisation.

Once you've calculated your levy payment you can start to profile the apprenticeship programme that would be best suited to your workforce planning needs within your organisation that maximises the value of your levy pot.

Potential Programmes

To find out more visit gov.uk and search '*apprenticeship standards*' to see what qualifications you can spend your levy on. One of the best ways to utilise the levy is to ensure staff at all levels of your organisation can access an apprenticeship programme:

- Managers and Senior Managers – Degree Apprenticeships
- Line Managers – Higher Apprenticeships in Leadership and Management

- Supervisors – Advanced Apprenticeships
- All other staff – Intermediate Apprenticeships

Another good way of spending your levy will be to enrol staff on our two new Degree Apprenticeships in Software Development (Bsc Hond) and Chartered Management (BA Hons). Take a look at our website for more details www.west-thames.ac.uk/en/apprenticeships/

Next steps

West Thames College is perfectly positioned to work with employers to help them prepare for the levy and to select apprenticeship training programmes which are aligned to their workforce planning needs.

Innovative in it's approach the college is experienced in working with large employers like Nissan UK in creating and designing national programmes tailored to individual businesses needs and aligned to national priorities and skills shortages. West Thames College work collaboratively with employers to ensure all of our programmes offer clear progression paths for further qualifications and career progression.

Our expert business consultants work collaboratively with you to offer the appropriate advice and guidance to help you put together a wider workforce development programme to help you maximise the value of your levy.

For more information on both the levy and how apprentices can benefit your business

Call 020 8326 2010

Email employers@west-thames.ac.uk