

The Apprenticeship Levy: Fact Sheet for Schools and Academies

This fact sheet outlines the key facts about the apprenticeship levy due to be introduced in April 2017.

Introduction

In April 2017, the way the government funds apprenticeships in England is changing. Some employers will be required to contribute to a new apprenticeship levy, and there will be changes to the funding for apprenticeship training for all employers.

The levy requires all employers operating in the UK, with a pay bill over £3 million each year, to pay 0.5% of their pay bill as a Levy. They will be able to use this funding, plus an additional 10%, to invest in apprenticeships. For ESCC, the Levy will be managed and coordinated by the Council, with a workforce development led strategy for allocating the funding devised.

Will Schools and Academies have to pay the levy?

This will depend on the type of school.

Community and Voluntary Controlled Schools will pay the levy - In community and voluntary controlled schools the local authority is the employer of staff, therefore the levy will apply.

Voluntary Aided Schools - For Voluntary Aided schools, the governing body is the employer (even if ESCC administers the payroll) therefore Voluntary aided schools **will not be considered under the ESCC calculation**. How voluntary aided schools are affected will be dependent on the size of their own payroll bill e.g. if this is greater than £3million the levy will be payable. Where a number of schools are governed together, these schools may need to be considered as a group which may affect liability to the levy. It is possible there may be some administrative set up costs related to setting up revised payroll arrangements for Voluntary Aided schools that are liable to the levy.

Academies - Many academies will also be liable to pay the levy if their payroll bill exceeds £3million. All academies making up a Multi Academy Trust will be viewed together, so where the total payroll bill exceeds £3 million for the trust, academies will also be liable to the levy.

How much is the levy and how is it calculated?

The apprenticeship levy is a 0.5% tax on your total pay bill. Your total pay bill includes all employee earnings. In most cases this will be basic pay including any additional allowances.

Future budgets need to include an allowance for the apprenticeship levy. If you use the staffing cost calculation tools as provided by Schools Finance they will include (in the next release) a facility to calculate the effect of the apprenticeship levy. If you need any advice on budgeting for the levy please contact Schools Finance.

The Levy Allowance

All organisations liable to pay the levy will receive a £15,000 levy allowance which will reduce the levy payable. This £15,000 is a flat rate per organisation. This means that the Council will receive one £15,000 allowance for the whole organisation including schools. This will have a negligible impact for individual schools.

Each qualifying multi academy trust will receive a £15,000 allowance to reduce the levy payable.

Where does the money go?

Each organisation that pays the levy will be able to access their levy contribution through an online digital apprenticeship service account. This account will be used to pay vouchers for apprenticeship training and assessment. As money goes into the account it gains a 10% top up from the government. Funds that accrue in the online digital apprenticeship account will expire after 24 months.

The vouchers can be used to fund Apprenticeship training at all levels. These can be entry level roles for new staff (e.g. Teaching Assistants at Level 2 or 3) but they can also be used to fund apprenticeships for existing staff up to degree or masters level (including an Executive Head Teachers qualification).

All Apprenticeship training with a value of £15,000 or more needs to be publicly procured. The Council will create a standard procurement process to administer this commissioning. Only training providers approved by Government on its Register of Apprenticeship Training Organisations will be able to deliver Apprenticeship training to schools.

The Council is currently working with the University of Brighton and Sussex University to develop a new Higher Level (degree level) Teaching Apprenticeship. This new Apprenticeship Standard would enable schools to 'grow their own' teaching staff and could help support teacher recruitment.

The government has proposed targets for public sector organisations, including publicly funded schools, to increase the number of apprentices they employ as a percentage of the workforce. These targets, which will be obligatory, are currently being finalised.

ESCC will manage its levy payments and voucher scheme centrally and will provide advice & guidance to help schools manage any allocation. ESCC is appointing an Apprenticeship Levy Manager, who will be in post by the end of February, to oversee the programme and a Data Manager will manage the Digital Voucher system. An Apprenticeship Levy Steering Group has been established and a working group to help schools manage apprenticeships and access benefits from the scheme and will feed into this Steering Group.

Schools that do not pay the levy

Schools that do not pay the levy can still access Apprenticeship training at a reduced rate. The government will pay 90% of the cost of apprenticeship training and assessment while the employer will pay 10% of the training costs where:

- employers have a pay bill of less than £3m and
- employers have used all the funds in their digital account.

It is clear there are still some details to be finalised and schools will be kept informed via the VSB as more details become available.

Meanwhile, you can find out more about the apprenticeship levy using the following link:

<http://amazingapprenticeships.com/resources/apprenticeship-levy-and-public-sector-duty-briefing-for-schools-and-education-stakeholders>

NB This factsheet does not constitute tax advice and schools and academies should contact their relevant advisors to ascertain any liability and administration details, if in any doubt.