

Report to Schools Forum 5th July 2017
From Claire McLaren (Assistant Director, Corporate Services)
Agenda Item 3: Apprenticeship Levy

1. Introduction

- 1.1 This report is to provide an update on how Community Schools can access their Apprenticeship Levy.

2. Background

- 2.1 From April 2017, the way the Government funds apprenticeships in England changed significantly. Employers are now required to pay an apprenticeship levy if they are an employer, in any sector, with a pay bill of more than £3 million each year. The levy is charged at a rate of 0.5% of the annual pay bill. There is a levy allowance of £15,000 per year to offset against the levy payment. For example, an employer with a £10 million pay bill will pay £35,000 i.e. a levy of £50,000 less the levy allowance of £15,000. The levy is paid to HM Revenue and Customs (HMRC) through the Pay as You Earn (PAYE) process.
- 2.2 The levy including a 10% government top up is then made available to the employer via a digital account. The digital account can be used towards the cost of apprenticeship training and end-point assessment, delivered by training providers that have successfully applied to, and been accepted onto, the Register of Apprenticeship Training Providers (RoATP) and the Register of Approved Assessment Organisations (RoAAO) respectively. This applies to both new apprentices and also to retrain existing employees to undertake an apprenticeship framework/standard, allowing them to acquire substantive new or materially different skills.
- 2.3 The levy cannot be used towards an Apprentice's salary or any training programmes outside of the apprenticeship framework/standard, nor can it be used to fund qualifications for apprentices employed through an Apprenticeship Training Agency (ATA).
- 2.4 It has previously been reported to the Schools Forum that Community Schools form part of the Council's pay bill and will therefore, pay the levy and are entitled to draw upon their contribution to fund apprenticeship training. Please note the contents of this report apply to Community Schools only.

3 Accessing the Levy

3.1 The apprenticeship levy is held in a digital account and is managed by the Council. In order for community schools to access their levy allocation, which in total amounts to £68,000, they will firstly, need to identify their apprenticeship requirements. When doing so, it may be worthwhile considering the following:

- Apprenticeship frameworks and standards are placed in funding bands which dictate the maximum amount of apprenticeship levy that can be used for each framework or standard. The amount of levy allocation available to an individual school, may be less than the funding band for their chosen apprenticeship therefore, schools may wish to work together and share their levy allocation and or agree a joint programme, possibly on an annual basis.
- Any unused levy funds will expire after 24 months therefore, if a school is aware that it is not going to use its allocation, it may wish to offer it to another school or to the Council.

4. Employing an Apprentice

4.1 Once Community Schools have identified their apprenticeship requirements they will need to engage an approved apprenticeship training provider from the RoATP; the 'find apprenticeship training' tool from the FSA website can be used to do this. This tool contains details of all apprenticeship frameworks/standards, the training providers approved to deliver them and the associated funding band. If an apprenticeship standard is required then an end point assessment organisation from the RoAAO will also need to be engaged.

4.2 Once a provider has been engaged and costs agreed, the apprenticeship opportunity can be advertised, the training provider can assist with this by placing an advert on the national 'find an apprenticeship' website.

4.4 As the apprenticeship levy can no longer be used for apprentices employed through an apprenticeship training agency, community schools will need to directly employ their apprentices and pay them the apprentice national minimum wage.

4.5 Apprentices will be subject to the school's usual recruitment arrangements and employment checks however, an apprenticeship agreement will need to be issued rather than an employment contract.

4.6 Once an apprentice and a training provider have been engaged, in order for the training provider to be paid using the apprenticeship levy, the school(s) will need to notify the Council of the following:

- Apprenticeship framework/standard, end point assessment (applies to standard only) level, duration and cost
- Apprenticeship Training Provider
- End Point Assessment Organisation (if an apprenticeship standard is required)
- Details of the apprentice(s) including start and end date(s)

4.7 A pro-forma will be available (**Appendix 1**) to Community Schools to capture the above information; the completed form will need to be submitted to the Council at least one month prior to the apprenticeship start date.

4.8 In addition, to ensure training providers are not overpaid, the school will need to notify the Council of any apprentices leaving their apprenticeship prior to the agreed end date and also, any apprenticeships that have been paused due to long term absence, maternity leave etc.

5. Recommendations

5.1 Community Schools to consider working collaboratively in order to maximise the use of the levy and when appropriate, action the requirements for:

- Engaging a training provider and recruiting an apprentice.
- Submitting the apprenticeship levy pro-forma to the Council.
- Notifying the Council of a change of circumstance for individual apprentices as and when they arise.