



DERBY college
APPRENTICESHIPS

A **GOOD**
COLLEGE WITH
OUTSTANDING FEATURES
Ofsted 2016



WE MAKE
IT HAPPEN

THE APPRENTICESHIP REFORMS,
THE LEVY AND OUR OFFER

MORE THAN JUST AN APPRENTICESHIP PROVIDER!

The government announced in the 2015 Summer Budget its new initiative to help fund 3 million apprenticeships by 2020. A part of that initiative was the Apprenticeship Levy which came into effect in April 2017 – this has changed the way apprenticeships are funded.

Levy paying employers

The Apprenticeship Levy requires; “All employers operating in the UK, with a pay bill over £3 million each year, to make an investment in apprenticeships.” But what does this mean?

What is the Apprenticeship Levy?

The Apprenticeship Levy is a payroll tax and it replaces all other taxpayer funding towards apprenticeships. From April 2017 employers pay 0.5% of their wage bill to the levy through their PAYE. It is applicable to any UK business, in any sector, which has a payroll bill of over £3 million per tax year. It is deducted monthly and will be taken in any month where an employer’s pay bill is above £250,000 and if at the end of the year, it is less than £3 million, any deductions will be reimbursed. The good news is businesses in England who pay into the levy will receive more than they pay in – they will receive a 10% monthly top up into their digital account.

Paying the Levy

All businesses receive an “offset allowance” of £15,000 – this is a lot like your personal allowance where you don’t pay up to the value of £15,000. This is equivalent to 0.5% of a payroll of £3m; therefore, any business with a payroll greater than £3m pays the levy.

EXAMPLE

If your annual wage bill is £5 million

Levy calculation

$$0.5 \% \times \pounds 5,000,000 = \pounds 25,000$$

Offset allowance (£15,000)

$$\pounds 25,000 - \pounds 15,000 = \pounds 10,000$$

Therefore, your annual levy will be £10,000

Using your levy payments

Good news! If you pay into the levy you get to use that money to train your staff. Levy payments can only be used to fund apprenticeships across your organisation. These can be new members of staff or you could have people you already employ who may be eligible to gain an apprenticeship qualification.

Funds can be used for:

Apprenticeship training and assessment with an approved training and assessment provider.

Funds cannot be used for:

Wages, travel and subsidiary, traineeships, management costs, work placements, set up costs.

Unspent funds in an employer’s digital account will expire after 24 months.

How can you benefit?

For every £1 paid in by a levy paying employer, the government adds a 10% additional top-up to be spent on training and assessment of apprenticeships. You will receive the funds direct into your digital accounts (for apprenticeship training in England) from May 2017.

EXAMPLE

If an employer has £12,000 in their digital account

This is split into 12 months = £1000 per month

Government top-up of 10% = 10% x £1,000 = £100

Therefore, available monthly Levy amount: £1,100

Giving £13,200 annual spend on apprenticeships

Digital Apprenticeship Service

Levy-paying employers use the Digital Apprenticeship Service to access their funds and pay for their training and assessments. Registration became available from January 2017 and the first time any funds will be available in the account from April 2017. New apprentices can begin their training / upskilling from May 2017.

The Digital Apprenticeship Service will help to:

- Plan your apprenticeship programme.
- Choose your apprenticeship training and assessment provider.
- Manage your funding for apprenticeships.
- Post apprenticeship vacancies.

Choosing Derby College as an apprenticeship partner

Levy paying employers will partner with an approved training and assessment centre to deliver agreed training and assessment for their apprentices.

Derby College can be your apprenticeship delivery partner; we will be supporting employers to maximise their return on investment of the Levy.

Our Business Consultants are a team of Levy experts who are able to guide you effortlessly through the system. We offer high quality accredited apprenticeship training so your employees will be trained to the highest possible standard.

What we will do for you

- We will send one of our apprenticeship reform experts into your business to support the management of the process with you end to end.
- Help plan your strategic workforce and support succession planning.
- Discuss options surrounding our new “Added value” offer.
- Advertise your vacancy at NO COST to you. This is over numerous media platforms reaching over the D2N2 area and nationally in some cases.
- Select perspective apprentice through robust screening and interviews at NO COST to you.
- Deliver employment training – Employability Skills, First Aid, Health and Safety plus elementary industry specific training at NO COST to you.
- Arrange interviews and / or selection days for you to choose the best person for your business at NO COST.
- Support you to possibly access any additional funding to support you and your apprentice.
- Deliver the apprenticeship framework and support you and your apprentice to gain maximum benefit through the apprenticeship programme.

In addition to this we will also assist you:

- To secure the provider for the end point assessments.
- We can also provide part time, full-time, and casual staff for your business.

Additional exclusive benefits:

- You will also receive **10% discount** on any Roundhouse Thinking courses - www.roundhousethinking.co.uk
- The Engine Shed Restaurant: **10% off.**
- SENSI Hair and Beauty: **10% off.**
- Learning for Leisure: **10% off.**
- Plant Centre: **10% off.**
- Discounts on our college facilities, including our florist and dog grooming service.

- Monthly offers for access to our sports facilities.
- Networking opportunities with like-minded individuals.
- Exclusive invitations to events at the College.

We work across a wide range of growing sectors including:

- Care
- Construction
- Engineering
- Early Years
- Administration
- Hair and Beauty
- Hospitality and Catering
- Health
- IT and Social Media
- Land based
- Manufacturing
- Motor Vehicle
- Retail
- Sports

Extra Support

£1000 employer incentive from the government for recruiting 16-18-year-old apprentices.

£1000 employer incentive from the government for recruiting 19-24-year-old apprentices who have an Educational Health Care Plan, provided by the local authority or those who have been in care of the local authority.

The government will fund apprentices who require additional learning support and pay providers directly.

English and Maths are a mandatory requirement of an apprenticeship.

If your apprentice doesn't have the minimum standards required in Maths and English, they will need to complete a Maths or English course. The government will fund this training and pay the provider directly.

National Insurance breaks for employers of apprentices under 25

From April 2017 employers of apprentices under 25 will no longer be required to pay secondary class 1 National Insurance Contributions (NIC) on earnings up to the Upper Earnings Limit, which is currently £43,000, for those employees. This is a saving of 13.8% on everything an apprentice earns over £8,000 per year up to the upper earnings limit.

YOUR QUESTIONS ANSWERED

The Apprenticeship Levy frequently asked questions

What is an apprenticeship?

There are some rules governing what an apprenticeship is.

The main ones are:

- The apprentice must be employed in a real job. They may be an existing employee or a new recruit.
- The apprentice must work towards achieving an agreed standard or framework in a particular profession.
- The apprenticeship training must last at least 12 months.
- The apprentice must spend at least 20% of their time on off-the-job training

What are the benefits of apprenticeships?

Apprenticeships already benefit employers, apprentices and the economy. High quality apprenticeships are essential to support employers and to help our economy to prosper in the years to come. The Government's plan is to increase the quality and quantity of apprenticeships to reach commitment of 3 million apprenticeships by 2020.

Education and training raises the level of skills available in the economy, as well as driving productivity and national prosperity. Economic benefits are generated when education and training helps individuals to achieve a higher level of qualification, increasing their employment prospects, productivity and wages. These benefits translate into significant benefits for individuals and to employers.

The cost of apprenticeship training pays for itself within one or two years of completion, through the increased productivity of the former apprentice.

Can employers opt out of paying the Levy?

No – this is a mandatory tax that came into effect from April 2017.

How will the Levy be collected?

It will be collected by Her Majesty's Revenue and Customs (HMRC) through the PAYE process alongside tax and national Insurance.

How do employers access their funds?

Employers who pay the Levy will access their funds through their Digital Apprenticeship Service (DAS) account.

Registration for the Digital Apprenticeship Service opened in January 2017.

If an organisations payroll bill is exactly £3m or less, do they still pay 0.5% levy?

Every organisation will be expected to contribute to the cost of Apprenticeship delivery.

Larger businesses will pay through the Levy; smaller businesses will pay direct cash contributions that will allow the employers chosen provider to draw down any additional funding from the Government funding.

What is the £15,000 training allowance?

The £15,000 is a tax allowance much like your own personal tax allowance.

A £15,000 allowance for employers will mean that the Levy will only be paid on employers bills over £3 million.

I am part of a connect company / charity, does each employer get the £15,000 training allowance?

If you are part of a group of connected employers, you must decide what proportion of the levy allowance each employer in the group will be entitled to. This decision must be made at the start of the tax year and will be fixed for that tax year.

How will a committed apprenticeship employer get out more than they put in?

The levy will put 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 into the levy through a top up of additional funding to their digital account.

What do you mean by top ups and how will they work?

The government applies a 10% top-up to monthly funds entering levy paying employers digital accounts. For example, from April 2017, for apprenticeship training in England, all funds entering a levy payer's account will be increased – so every £1 will be increased by 10p in value = £1.10p.

How can I spend / utilise my Levy funds?

The apprentices training must be with a recognised and registered Apprenticeship training provider. The Levy funds can only be spent on an approved apprenticeship framework / standard. It cannot be spent on anything else such as wages, travel costs.

How long do employers have to spend their Levy funding?

The money in your digital account will be valid for 24 months. Funds will expire 24 months after they enter your digital account. Whenever a payment is taken from your digital account the service automatically uses the funds that entered your account first.

Your digital account will let you know in good time when any funds are due to expire so you can arrange to spend them if you wish.

Is the funding available for Apprenticeships UK wide?

No – England only. Scotland, Wales and Northern Ireland apprenticeships are already funded. They will be given a proportion of the levy and are free to determine how that is spent.

Are there any age restrictions for the apprentice to be eligible for the new funding?

No – you can use funds to train an apprentice of any age. This funding is to be used to develop new skills be it existing staff (in a new / changed role within the business) or employing new staff.

Can I use the levy funds to offer Apprenticeships to existing staff?

Yes – an apprenticeship is subject to a minimum duration of 366 days so you must make a commitment for that person to be with you for that duration and that individual will have an Apprenticeship contract.

Will I be able to use Apprenticeship funding for existing staff who are on a contract of employment?

Yes – existing staff will be eligible as long as the Apprenticeship is relevant to their role and the most appropriate way of developing / progressing the individual career as a result.

Are employers required to give apprentices time off work to study?

Yes – you must give an apprentice time off to study during their working hours.

Do bear in mind that there is no National Insurance payments for apprentices aged up to 24 as the government has acknowledged employers must allow study time.

During an apprenticeship there is a minimum requirement of 20% 'off the job' training. This does not necessarily mean the apprentice must attend college, but they need to be undertaking some sort of development / training activity.

Can a graduate start an Apprenticeship?

Yes – from 1st May 2017 an individual can be funded to undertake an apprenticeship at the same or lower level to acquire substantive new skills.

If you'd like further information or would like to discuss apprenticeships or professional development, then please contact us.

Our team are always happy to answer any questions you may have.

Telephone: **01332 387421**

Email: **BusinessEnquiries@derby-college.ac.uk**

Web: www.derby-college.ac.uk/employers/apprenticeship-levy or www.levy-apprenticeship.co.uk

 www.facebook.com/ApprenticeshipsDerby

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