



National Centre for

**Leadership &  
Management**

**WHITE PAPER**

**THE APPRENTICESHIP  
LEVY**

**Updated September 2021**

---

# About

# The National Centre for Leadership and Management

Welcome to the new world of professional learning

---

## An experienced and growing provider

We are one of the largest providers of Leadership and Management Apprenticeships with more than 1700 learners on roll and over 500 alumni. Over the past three years we have developed a strong academic and apprenticeship team that supports learners and employers to manage the complex world of continuous professional development. Our relationships with the University of Roehampton and the University of Buckingham as validating partners ensures that we can deliver programmes for entry-level employees through to CEOs and Executive leadership teams.

## We are building the future of business schools

- We believe that business schools (and there are over 10,000 of them!) need to be better to serve their learners and their employers.
- Rather than a one-size-fits all university delivering content from a small academic team, business schools need to offer a bespoke proposition to their customers that dives deeply into their issues and produces programmes that develop staff practically, provide them with better tools to do their jobs and help to shape a shared language and culture in the organisation so it can thrive.
- The National Center for Leadership and Management is a business school for the fourth industrial revolution, drawing on the latest research from the widest possible horizon while delivering practical solutions based on the individual and their organisation.
- Leveraging the Apprenticeship Levy and Government co-investment, the NCLM will democratize access to high quality leadership and management training programmes and deliver outcomes that support growth in all organisations.
- The NCLM prides itself on bespoke delivery, well supported that deliver high performance in teams and exceptional productivity in organisations.
- We are designing the future of leadership one organisation at a time.
- Send your business to Business School.

**“Remarkable what can be achieved once the specialist leaders in the business are all pointed in the same direction.”**

**David Cobb, CEO of Oceanova**

---

# Executive Summary

## The Apprenticeship Levy

---

### How does the Levy work?

- Since April 2017 all employers paying over £3 million in wages to employees working in England have been to pay the apprenticeship levy.
- The apprenticeship levy is set at 0.5% of the total wage bill and is claimed by HMRC monthly at source.
- Significant numbers of organisations have to pay into the levy creating a pot worth approximately £2.5bn per year.
- Good news! The government will top-up any funds paid into the levy by 10%

### What can the levy funding be used for?

- Funding can only be used to purchase apprenticeship training and cannot directly be used to pay for other training or associated costs e.g. apprenticeship wages or salaries, travel expenses etc.
- Standards are created by Employer Groups to support specific job roles. Standards will be allocated against one of fifteen funding bands (between £1000 and £27,000) and the employer will be able to negotiate the price of training with an 'approved' apprenticeship provider.
- An apprentice can be any age but must be employed in a genuine job and the apprenticeship must also relate to a job role.

### Summary of Apprenticeship Levy changes:

- The government will fund an apprentice to undertake an apprenticeship at the same or lower level than a qualification they already hold if the apprenticeship can demonstrably enable the individual to acquire substantive new skills.
- There are no age restrictions to apprenticeships from May 2017; employees of any age can undertake an apprenticeship and still be funded.
- Regardless of size, every employer will receive a £1,000 cash incentive for every apprentice aged 16-18 that they employ (uncapped) – this is paid in two equal instalments at month 3 and month 12 of the training.
- For the time being, employers will also receive a £3000 incentive payment for taking on an apprentice of any age in a new role between now and November 2021.
- Level 2 English and Maths are a requirement of all apprenticeship programmes if not already held (e.g. GCSE C and above). These are funded separately by the government outside of the levy or co-investment.
- 20% of the apprenticeship must be off-the-job training with evidence to prove this.

---

## How is the apprenticeship levy calculated and collected?

- The levy will be claimed monthly by HMRC and will be taken at source based on monthly pay bill.
- The levy is paid and shown in the Apprenticeship Service (AS), previously referred to as the Digital Apprenticeship Service.
- Employers have 24 months in which to spend the levy, else the funds are redistributed by the government to help fund other non-levy employer apprenticeships. The levy funding system works on a “sun- setted” model i.e. first funds in are the first which are spent when training is procured.
- Each employer will receive an allowance of £15,000 to offset against their levy payment.

## Examples

### *Example A (levy payer)*

- Employer of 200 employees, each with a gross salary of £25,000
- Pay bill:  $200 \times £25,000 = £5,000,000$
- Levy sum:  $0.5\% \times £5,000,000 = £25,000$
- Offset allowance = £15,000
- Allowance:  $£25,000 - £15,000 = £10,000$  annual levy payment
- 10% Top up: £11,000 available via digital account to invest in apprenticeship training and assessment

### *Example B (non-levy payer)*

- Employer of 75 employees, each with a gross salary of £25,000
- Pay bill:  $75 \times £25,000 = £1,875,000$
- Pay bill is UNDER £3,000,000
- Employers can access co-investment which means they pay just 5% of the training cost and the government pays the remainder

# Spending the Levy Pot and Co-investment

Where the employer wishes to invest in apprenticeship training over and above their levy pot, the government will fund 95% of that shortfall.

## How to spend your levy

### Example A

Negotiated value of  
Apprenticeship training:  
**£25,000**

Employer levy pot:  
**£20,000**

£5,000 shortfall

Government: 95% co-invest subsidy **£4,750**  
Employer co-invests: 5% of £5,000 **£250**

In this example the employer is required to pay an additional £250 for the cost of the apprenticeship training whilst the remaining £4,750 can be obtained with a government subsidy. This £250 can be spread across the duration of the apprentice's training.

### Example B

Negotiated value of  
Senior Leaders training:  
**£180,000**

Employer levy pot:  
**£78,791**

£101,209 shortfall

Government: 95% co-invest subsidy **£96,149**  
Employer co-invests: 5% of £5,000 **£5,060**

In this example the employer is required to pay an additional £5,060 for the cost of the apprenticeship training whilst the remaining £96,149 can be obtained with a government subsidy. This £5,060 can be spread across the duration of the apprentice's training.

**Over 500**

apprenticeship  
standards are completed  
or in development  
including over 100  
degree apprenticeships

# April 2021

## Update to the Apprenticeship Funding Rules

---

### Update on Funding Rules April 2021

Funding rules are updated each year (and sometimes more than once a year). This year the updates include more compliance but support for staff on maternity leave.

### Compliance

You must now sign the commitment statement before an apprentice can start training. You also have to agree to release the apprentice for off-the-job training. Speak to your apprenticeships advisor to learn how the NCLM manage this within your organisation.

### Levy Transfer

Employers can transfer up to 25% of their Apprenticeship Levy to other organisations and this transfer can now go to multiple employers. The NCLM can help you to find suitable employers in the Public and Private sectors who may be happy to transfer you levy.

### Non-levy Transfer

Employers who don't pay into the levy are now able to reserve funds to support 10 learners rather than just 3. The NCLM can help you to secure non-levy funding for your staff. This means that you have to pay just 5% of the training cost of an apprentice - £350 for a £7,000 programme.

### Incentives for taking on new apprentices

From April 1st 2021, organisations can benefit if they take on a new apprentice. This rule only lasts until November 2021 but if you take on any apprentice you are entitled to claim £3,000 to help with their wages.

There are some compliance rules around this (they must be employed for the duration of the apprenticeship and can't have been employed by you within the last six months) but the money can be used to supplement their wages as well.

### Maternity Leave

Apprentices on Maternity leave can carry out up to 10 Keep in Touch days (KIT days) to continue their training – therefore not missing out on completing a programme in a similar time frame. This is new legislation and will support learners who are or become pregnant whilst on an apprenticeship.



**£2.5bn**

**will be paid into the  
levy pot annually by  
businesses, public  
bodies and charities**

# If your organisation doesn't pay the levy

---

Good news! From January 2020, the government opened up the apprenticeship levy pot to non-levy paying organisations (with wage bills under £3 million).

There are two ways you can access the levy if you don't pay into pot as an organisation.

## Non-levy Funding

Non-levy funding allows a non-levy paying organisation to access apprenticeship training using co-investment.

These organisations can 'reserve' up to 10 apprenticeships through their own apprenticeship service account.

This means that you will pay just 5% towards the cost of these apprenticeships and government will pay the rest (95%) up to the funding band maximums.

From January 2020, you will pay 5% towards the cost of apprenticeship training and government will pay the rest (95%) up to the funding band maximum.

The National Centre for Leadership and Management is now able to support these apprentices as well as those who arrive through Levy transfer.

## Levy Transfer

In February 2018 the Government created the Levy Transfer system which allows larger organisations who pay into the levy to transfer up to 25% of their levy pot to as many employers as they wish. This employer can be a levy or a non-levy payer.

This means that a larger organisation (in your supply chain for example, or in your local area) can transfer a percentage of their pot to your levy pot to use for apprenticeship training. There is no cost to your organisation and you simply need to set up a levy account (about 20 minutes) and engage with larger employers.

Apprenticeships will continue to evolve.

Keep checking [ncflm.org](http://ncflm.org) for updates.

---

See here for more detailed information about this policy change:  
[www.gov.uk/government/publications/apprenticeship-funding](http://www.gov.uk/government/publications/apprenticeship-funding)

# Action Points:

## Create an Apprenticeship Plan for your Organisation

---

- 1 Find details of your Online Apprenticeship Service and work out how much you pay per month – account for this in your budgeting going forward
- 2 Work out how much your levy funding will be each year (last month's levy contribution on OAS x 12)
- 3 Investigate apprenticeships that are available for organisations and their yearly cost
- 4 If you don't pay into the levy or have a small levy pot, make sure to include any co-investment from Government and the cost that you will have to add (5%).
- 5 Include any co-investment from your training budget and the 95% from the government
- 6 Select a training provider (try to ensure they do most of the apprentice administration)
- 7 Begin training your staff

The government has a target of 3 million apprenticeship starts by 2020

**- about 10% of the entire UK labour market.**

---



National Centre for

**Leadership &  
Management**

---

## **Get in touch**

**Call us** 0208 221 9081

**Email us** [hello@ncflm.org](mailto:hello@ncflm.org)

**Visit us** [ncflm.org](http://ncflm.org)