

# **WHITE PAPER: THE APPRENTICESHIP LEVY & SCHOOLS**

**Updated February 2020**

# About

## The National College of Education

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### **Welcome to the new world of professional learning**

The National College of Education (NCE) is an independent college of education that is dedicated to raising the status of the teaching profession by providing outstanding professional learning opportunities for all career pathways within education. We believe that all children deserve great teachers, and all teachers need a continuing professional learning journey, so our programmes are available to all schools and teachers, regardless of phase, specialism, location or sector.

### **Reinvent the way you develop and empower your team**

Accessing unprecedented levels of government funding through the apprenticeship levy, schools and governing bodies can now afford to put their staff members' professional development at the top of the agenda, dramatically improving staff engagement, performance, recruitment, retention and leadership succession.

### **Professional pathways for all with little or no disruption**

Our work-based, blended learning programmes deliver contextual outcomes and minimise disruption to the school's timetable. Supported by their school and our local professional mentor working in tandem, participants can develop as professionals along a range of pathways that will deliver increased well-being and purpose in their career in education and beyond.

### **Incredible opportunities for all members of your staff team**

Our programmes range from level 2 and 3 vocational accreditations, through to postgraduate and masters qualifications. All programmes have been designed or customised to be relevant to the school setting and are delivered in collaboration with some of the UK's leading HEI providers.



# Executive Summary

## The Apprenticeship Levy

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### **The apprenticeship levy – What it is and who pays it?**

- 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.
- Schools, Multi Academy Trusts and Local Authorities must pay the levy.
- 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 (Frameworks or Standards) and cannot directly be used to pay for other training or associated costs e.g. apprenticeship wages or salaries, travel expenses etc.
- Frameworks and 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 new funding changes from the 1st May 2017:**

- 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.
- 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.

### **For further information:**

[www.gov.uk/guidance/pay-apprenticeship-levy](http://www.gov.uk/guidance/pay-apprenticeship-levy)

## Update Jan 2019

Non-levy employers can now create their own Apprenticeship Service account and access co-investment

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### 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:  $200 \times £25,000 = \mathbf{£5,000,000}$
- Levy sum:  $0.5\% \times £5,000,000 = \mathbf{£25,000}$
- Offset allowance = £15,000
- Allowance:  $£25,000 - £15,000 = \mathbf{£10,000}$  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:  $75 \times £25,000 = \mathbf{£1,875,000}$
- 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.

#### Example C (MAT Levy Payer)

- Employer of 6,000 employees, each with a gross salary of £35,000.
- Pay bill:  $6000 \times £35,000 = \mathbf{£210,000,000}$
- Levy sum:  $0.5\% \times £210,000,000 = \mathbf{£1,050,000}$
- Offset allowance = £15,000
- Allowance:  $£1,050,000 - £15,000 = \mathbf{£1,035,000}$  annual levy payment
- 10% Top up: **£1,138,500 available via digital account** to invest in apprenticeship training and assessment

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### **How does the levy impact Local Authorities and schools?**

The apprenticeship levy is calculated on the combined total payroll bill of the Local Authority, this includes all teachers employed and paid through the Local Authority payroll.

Internally employers paying the levy are able to decide how they want to distribute the cost of the levy payments and also how this is spent. The government allows employers to choose whether they have one single online Apprenticeship Service (AS) account, or they can set up separate accounts for different business units to operate and manage. However, money cannot be moved between accounts within a business.

Employers should shop around or look to collaborate on tendering opportunities to drive economies of scale and better pricing options to ensure value for money. Training providers will be adding their programmes to the online Apprenticeship Service portal; this in essence becomes a catalogue where employers can search for which training providers to engage with.

### **The challenge for Local Authorities allocating their levy back to individual schools**

One of the core challenges for the schools is that Local Authorities are treating how they are looking to spend their levy in different ways. Some are intending to treat their levy as a central pot and will fund whole apprenticeships on a business case by business case scenario. Other Local Authorities are carving up their levy and allocating it back out to individual business units and saying that is all they can spend. In the latter example, for a small school this doesn't give them enough for a whole apprenticeship, rendering the process pointless unless the school can top it up from the central levy pot. As levy funding has a 24-month shelf life we would encourage Local Authorities where they have apportioned funds down to individual business units to consider the use of a reconciliation model to keep the funding moving around their organisation. By following this approach this will ensure that there is enough funding in the system to purchase training and there is no funding lost through not being spent.

## **School spend £21bn on wages**

**meaning the total potential levy bill for Local Authorities, MATs and schools is £105m (in practice it will be less than this)**

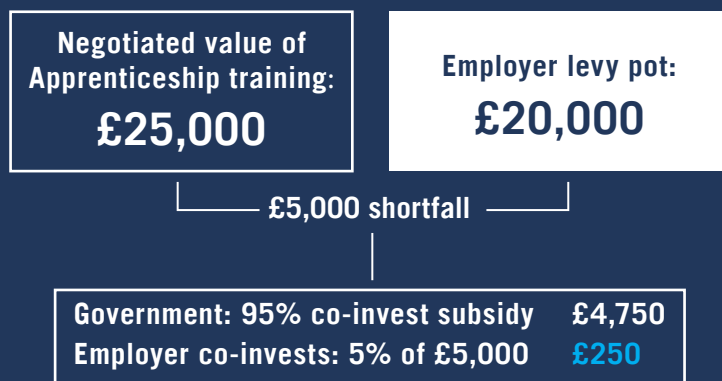
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# Spending the Levy Pot and Co-investment

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

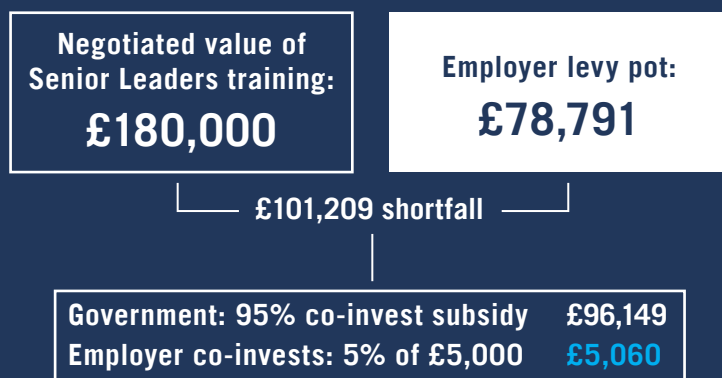
## How to spend your levy

### Example A



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



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

# If your school doesn't pay the Levy

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Good News! From January 2020, the government has opened up the apprenticeship levy pot to non-levy paying schools (often Voluntary Aided schools or those in a small MAT).

## Non-levy Funding

Non-levy funding allows a non-levy paying school to access apprenticeship training using co-investment. These schools can 'reserve' up to 3 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.

- Non-levy paying employers will share the cost of training and assessing their apprentices with government - this is called 'co-investment'.
- From May 2017, you will pay 5% towards to the cost of apprenticeship training and government will pay the rest (95%), up to the funding band maximum.

The National College of Education 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 ONE other employer. This employer can be a levy or a non-levy payer.

Apprenticeships will continue to evolve.

Keep checking [nationaleducation.college](http://nationaleducation.college) to keep updated.

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)

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# What to Spend your Levy Pot on: Apprenticeships Suitable for Schools

## Specific school apprenticeships (Approved as of 1<sup>st</sup> October 2017)

Area	Apprenticeship	Date Signed Off	Funding Band	Funding
Education and Training	Teacher	19/10/2017	9	£9,000
Education and Training	Teaching Assistant	26/06/2018	7	£5,000
Education and Training	School Business Professional	05/02/2018	8	£6,000
Business & Administration	HR Support	25/08/2017	7	£5,000
Construction	Facilities Manager	03/05/2018	8	£6,000

## Other apprenticeships for schools (Approved as of 1<sup>st</sup> October 2017)

Area	Apprenticeship	Date Signed Off	Funding Band	Funding
Accounting	Assistant Accountant	07-Sep-16	9	£9,000
Digital Industries	Digital and Technology Solutions Professional	26-Mar-15	15	£27,000
Digital Industries	Digital Marketer	23-Mar-16	10	£12,000
Digital Industries	Software Development Technician	16-Dec-16	11	£15,000
Event Management	Event Assistant	12-Jan-17	9	£9,000
Financial Services	Credit Controller/Collector	10-Mar-16	7	£5,000
Project Management	Associate Project Manager	19-Aug-16	9	£9,000

Please see our website for more apprenticeships:  
[www.nationaleducation.college/other-programmes](http://www.nationaleducation.college/other-programmes)



## **ACTION POINTS:**

# **Create an Apprenticeship Plan - a Step by Step Guide**

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- 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 schools and their yearly cost - see list on page 7
- 4.** Develop your apprenticeship plan and work up costings
- 5.** Include any co-investment from other school budget and 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.**

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# APPENDIX 1: School's Apprenticeship Plan

### Apprentices

<b>School Name:</b>		<b>Apprenticeship Levy Lead:</b>	
<b>Academic Year:</b>		<b>Total Levy Bill:</b>	
<b>Professional Development Priorities:</b>		<b>Estimated Levy Spend:</b>	
		<b>Government Co-investment:</b>	
		<b>School Top-up Cost:</b>	

<b>Name</b>	<b>Current Role</b>	<b>Future Role</b>	<b>Apprenticeship</b>

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Job Role (Head): \_\_\_\_\_

Job Role (Levy Lead): \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

# Our Programmes



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## SENIOR LEADERSHIP PROGRAMME

**24 months**  
**£18,000**

Exceptional leadership education inspired by our guiding principles of servant leadership, coaching and performance achievement.

## FUTURE LEADERS PROGRAMME

**12 months**  
**£4,500**

Blends deep understanding of curriculum knowledge with research skills, coaching and mentoring.

## EDUCATION MANAGEMENT PROGRAMME

**18 months**  
**£7,000**

Deeply practical learning experience that equips learners with the confidence and capability to lead outstanding teaching and learning within their department.

## EXECUTIVE MBA IN EDUCATION MANAGEMENT

**24 months**  
**£25,000**  
**(£18,000 funded by levy)**

This invitation-only MBA programme, created by leading thinkers from within and outside the profession, is the pinnacle of leadership training in the field of education today.

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## Get in touch

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