

Impellam Group

**Myths, Realities
and Opportunities of
The Apprenticeship Levy**

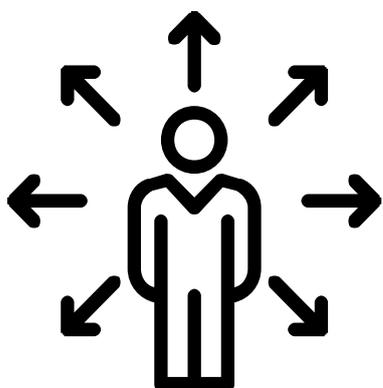
21 KEY QUESTIONS ON THE LEVY

1. How does the apprenticeship levy work?

Businesses pay the levy if their annual payroll bill exceeds £3,000,000. The levy is 0.5% of this bill. Payroll is defined as the total amount of earnings subject to Class 1 secondary NICs.

Earnings include any remuneration coming from employment, including wages, bonuses, commissions and pension contributions that businesses pay NICs on, but not benefits in kind. Payroll therefore includes all permanent and temporary PAYE members of staff.

Businesses pay the levy regardless of whether or not they have an apprentice.



2. Who collects the levy money?

Levy funds are collected every month via PAYE by HMRC and held in a Digital Apprenticeship Service online account.

If you haven't done so already, you can register with the Education and Skills Funding Agency to gain access to this online account.

3. Who can sign up for an apprenticeship?

An apprentice is an employee either of a business or of an Apprenticeship Training Agency (ATA).

- The apprentice must be on a contract of employment which is long enough for them to complete the apprenticeship successfully.
- The cost of the apprentice's wages must be met by their employer.
- The apprentice must have a job role (or roles) within the organisation that provides the opportunity for them to gain the knowledge, skills and behaviours needed to achieve their apprenticeship.
- The apprentice must have appropriate support from within the organisation to carry out their role.

Apprentices must:

- Have the right to work in England.
- Spend at least 50% of their working hours in England.
- Meet the entry requirements detailed on the chosen apprenticeship standards document.
- Demonstrate their commitment and aptitude to completing the course.

Anyone who meets these requirements can do an apprenticeship - a new hire or an existing employee being upskilled.

The proposed course of study should be appropriate either to the present job or to a logical career move and be in accordance with business needs. It should also lead to a recognised qualification or a measurable improvement in the learners skill or knowledge.

4. How do the different levels vary?

There are nine recognised levels of training. This framework defines the equivalence between different qualification types. All training fits into this framework and apprenticeships are no different. Apprenticeships can be taken at anything from levels 2 through to 7.

Apprenticeships can be called:

- Intermediate - level two (the lowest level of apprenticeship)
- Advanced - level 3
- Higher - level 4 and above (equivalent to a degree qualification)

The BBC reported that in 2016-17, 53% of apprenticeships started at intermediate level, 40% at advanced level, and the remaining 7% at higher level.

5. How does an apprenticeship compare to a university degree?

Higher level apprenticeships are recognised as being equivalent to a graduate degree. Apprenticeships can be an attractive alternative to a university degree. They allow employees to gain a degree-level qualification, receive on-the-job training whilst earning a salary; all without paying hefty tuition fees.

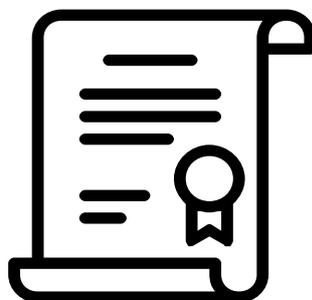
6. What's the difference between apprenticeship framework and apprenticeship standard?

Frameworks are the old version of apprenticeships. The qualification involved having to pass modular units, run by colleges or industrial governing bodies.

Standards are the new version of apprenticeships. Standards are replacing all frameworks and the process will be completed by 2020 – they are:

- Focused on providing the learner with the essential skills, mind-set, and behaviour required to excel in their specific role.
- A flexible form of apprenticeships that can be tailored to business requirements, to the learner's capability, skills and knowledge, and to their role.

Standards have an end-point assessment (EPA). The EPA is an all-encompassing assessment that is delivered by an independent third party. Comparatively, framework assessments can be delivered by the training provider, which may be considered self-serving.



7. What types of apprenticeship courses are available?

There are currently a wide range of apprenticeships available across lots of sectors, including: business, IT, construction, creative, media and the arts, customer service, retail, energy, engineering and electrical, finance, health care, hospitality and travel, manufacturing, processing & logistics, public services, and vehicles and transport.

8. Who are the parties involved in apprenticeships?

There are different categories of organisations that can all play a part in providing apprenticeships:

- Apprenticeship training agency (ATA) - an ATA is an organisation whose main business is employing learners who are made available to employers for a fee.
- Employer provider - an organisation that delivers some, or all, of the off-the-job training element of an apprenticeship to their own staff and holds a contract with the Skills Funding Agency.
- Main provider - an organisation appointed by an employer who has overall responsibility for training and on-programme assessment. They have a contractual relationship on behalf of a business for the payment of EPA conducted by the apprentice assessment organisation.
- Provider - an organisation on the register of apprenticeship training providers contracted through a main provider for the delivery of training and on-programme assessment as part of an apprenticeship programme.
- Delivery subcontractor - an organisation contracted through a main provider or employer provider to deliver apprenticeship off-the-job-training, English or maths, or planned on-programme assessment.
- End Point Assessment organisation - an organisation on the register of apprentice assessment organisations and selected by an employer and

contracted by a main provider for the delivery of independent **End Point Assessment** as part of the employer's agreed apprenticeship programme.

Businesses can be in more than one of these categories. Alternatively, companies can choose to work with a partner who ensures the delivery of all types, managing a supply chain for quality and delivery.

9. How does a business select an apprenticeship provider?

The relationship between the business and the training provider is critical. Your provider must be registered on the new register of apprenticeship training providers.

Businesses need to know they're picking the right provider for the job. It's crucial to learn about their experience and to understand references from other organisations who have enlisted them as partners.

It's essential to find out about funding support for training costs, whether the business is required to make a contribution, and an outline of fees for registration, expenses, and training materials and equipment.

Before committing to an apprenticeship programme, employers should understand the logistical day-to-day details involved in the running of an apprenticeship course. Understanding exactly how the training is delivered, the time it will take, assessment calendars, feedback process, and workload expectations for learners are essential to managing expectations across the business.



10. How long do apprenticeships take to complete?

All apprenticeships are for a minimum duration of **372 Days**, but may take longer depending on the level and technical content of the course.

The minimum duration of each apprenticeship is based on the **framework or standard specification** learner working 30 hours a week or more, including any off-the-job training they undertake. If the learner works fewer than 30 hours a week then the provider will extend the minimum duration of the apprenticeship (pro rata) to take account of this.

The learner must complete the apprenticeship within their working hours; an employer cannot bulk-up working hours or ask for training to be done during non-work hours e.g. at weekends.

11. What can employers spend their levy on?

The apprenticeship levy can be spent with training providers to pay for apprenticeship courses. The levy is to pay for the training and the **End Point Assessment (EPA)**

12. What can't the levy be spent on?

The levy can only be used to pay for apprenticeship training and EPA. It cannot be used to pay for costs associated with the day-to-day job - e.g., apprentice's salary, expenses, travel costs, management costs, PPE. It cannot be used for training the individual on qualifications they have already achieved (for example, retaking A-Levels).

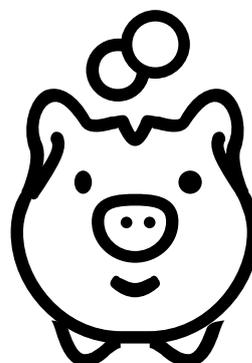
13. How many apprenticeships can an employer have?

There is no limit to the number of apprenticeships an employer has. The government has set a target for public sector bodies with 250 or more staff to have at least 2.3% of staff as new apprentice starts over the period 2017–2021 (just over two apprenticeships per 100 employees).

14. What else can an employers do with a levy pot?

Levy payers can support apprenticeships in other organisations by transferring a percentage of their apprenticeship funds to other employers. From April 2019 the rate available to transfer increases to 25% of the annual value of funds entering the apprenticeship service account.

These funds can be transferred to any employer, including smaller employers in their supply chain, and Apprenticeship Training Agencies (ATAs), to support new opportunities and widen participation in apprenticeships. Levy payers can see their organisation's annual transfer allowance in their apprenticeship service aeronautical engineering apprenticeship(s)



15. What happens when businesses spend their levy?

Costs are not all paid up-front, but are agreed up front with the provider. Apprenticeship costs are comprised of two elements:

- The cost of the training - paid monthly over the duration of the **Practical Period**
- A final payment for the EPA - typically (but not always) 20%.

If the **practical period** is 12 months long, but the learner takes 15 months to complete it, then there are still only 12 payments, not 15.

Levy payers can co-invest

If you don't have enough funds in your account to pay for training in a particular month, we will ask you to share the remaining cost of training and assessing your apprentices for that month with the government. We call this 'co-investment'.

With 'co-investment', you will pay 5% of the outstanding balance for that month, and the government will pay the remaining 95% up to the funding band maximum. If your costs go over the maximum, then you must pay the difference out of your own budget.

SME's get additional benefits

For businesses who employ less than 50 people the government will fund all of the apprenticeship training costs, up to the maximum value of the funding band for the apprenticeship, if the apprentice is:

- Aged 16-18
- Aged 19-24 with additional learning needs or with an education, health and care plan

There are additional bonuses when employing certain types of people as apprentices. These are in addition to the above and apply for both levy and non-levy payers:

- Employers are given an extra £1,000 for taking on an apprentice aged 16-18. The money is paid in two stages – at three and 12 months.
- An extra £1,000 is also available for learners aged 19-24 with additional needs or with an education, health and care plan.

The government will also fund learners in basic levels of English and maths if they don't meet the required standard for the level they're applied for. Funding can be claimed at 100% for apprentices who have not previously attained a GCSE grade A* to C (or 4 to 9) in English or maths.

16. Does a levy fund expire?

Yes! Levy funds expire 24 months after they enter a digital account. If businesses don't use them, they will lose them. The account works on a first-in, first-out basis, so whenever a payment is taken from a digital account it automatically uses the funds that entered the account first (i.e., the oldest funds).

17. How much will an apprenticeship actually cost?

Each apprenticeship course is placed into one of 15 funding bands ranging from £1,500 to £27,000. These bands determine the maximum amount that the government will co-invest on each course.

Because the course content varies and is agreed between the employer and provider then the cost of a specific course may be lower or greater than the funding band level. If the fee is higher, the employer must pay in full the difference between the band maximum and the agreed price. This additional payment cannot come from the levy pot.



18. How much time should a learner commit to their course?

The learner must spend 20% of their total contracted hours training and studying for their apprenticeship. This is the off the job training.

Off-the-job training is defined as learning that's undertaken outside of the normal day-to-day working environment and should lead towards the achievement of the apprenticeship. It can include training that is delivered at the learner's normal place of work but must not be delivered as part of their normal working duties.

The training must:

- Be directly relevant to the apprenticeship framework or standard.
- Include the teaching of theory (lectures, role playing, simulation exercises, online eLearning etc.).
- Include practical training: shadowing, mentoring, industry visits, and attendance at competitions.
- Include learning support and time spent writing assignments.

It cannot include:

- English and maths (up to level 2), which is funded separately.
- Progress reviews or on-programme assessment needed for an apprenticeship framework or standard.
- Training that takes place outside the learner's normal working hours.

There is a lot of angst about the 20% time and how that can take employees away from the job. On one level that is the point, as the employee is in training, but here are 20 ideas that can count towards the 20% 'off-the-job training':

1. Participating in online forums relevant to their role and industry.
2. Individual study time, whether this is to complete coursework or review modules.
3. Being mentored by a senior colleague who is in a role that they aspire to.
4. Delivering a mentoring session to another colleague.
5. Completing a reflective account - this can be written or filmed.

6. Shadowing a colleague's role and writing a reflection and lessons learnt report.
7. Group learning sessions - learning new skills and sharing ideas with colleagues.
8. Research tasks to gain new knowledge of the industry.
9. Face-to-face tutor led delivery/coaching sessions.
10. Internal learning and development sessions that relate to their apprenticeship.
11. Completion of e-learning modules.
12. Completing project work.
13. Preparation for assessments.
14. Role plays or simulations of workplace situations.
15. Visits to other businesses or different business units to see how they work.
16. Attendance at industry-related competitions.
17. Attendance at industry shows (particularly where they might be able to watch presentations or seminars).
18. Workplace 1:1 performance reviews.
19. Training sessions e.g. manual handling or first aid.
20. Attending webinars on key industry topics.

How the training is achieved is agreed between the training provider and employer. It doesn't have to consist of a 'regular day release' in the working week. It could be 'block release' and concentrated - for example a week each month - or it could be scattered to reflect the needs of the employer.

19. What happens if the learner fails or leaves?

All costs of the apprenticeship are sunk, so if the learner leaves or fails, or the employer decides to stop the course part-way through, all monies paid to the training provider to that point in time aren't refundable.

Under rule 52-4 the employer cannot tie in the apprentice financially in any way. According to the rule, the learner 'must not be asked to contribute financially to the direct cost of learning or assessment (this includes where an apprentice leaves their programme early - [employers] must not claim training or assessment costs back from ex-apprentices).'

20. How should employers support the learner?

The employer should support the learner, making sure they're taking part in learning throughout the course. Employers need to provide evidence to the training provider of the learner's average weekly hours and any changes to working patterns. The relationship between manager, learner and provider is critical.

21. What happens at the end of an apprenticeship?

At the end of the standards apprenticeship there will be an EPA. The EPA must be performed by an organisation from the register of apprentice assessment organisations, and is typically 20% of the total cost for the apprenticeship. Although the provider will be involved in arrangements for EPA, the assessment itself must be independent of both the provider and employer.

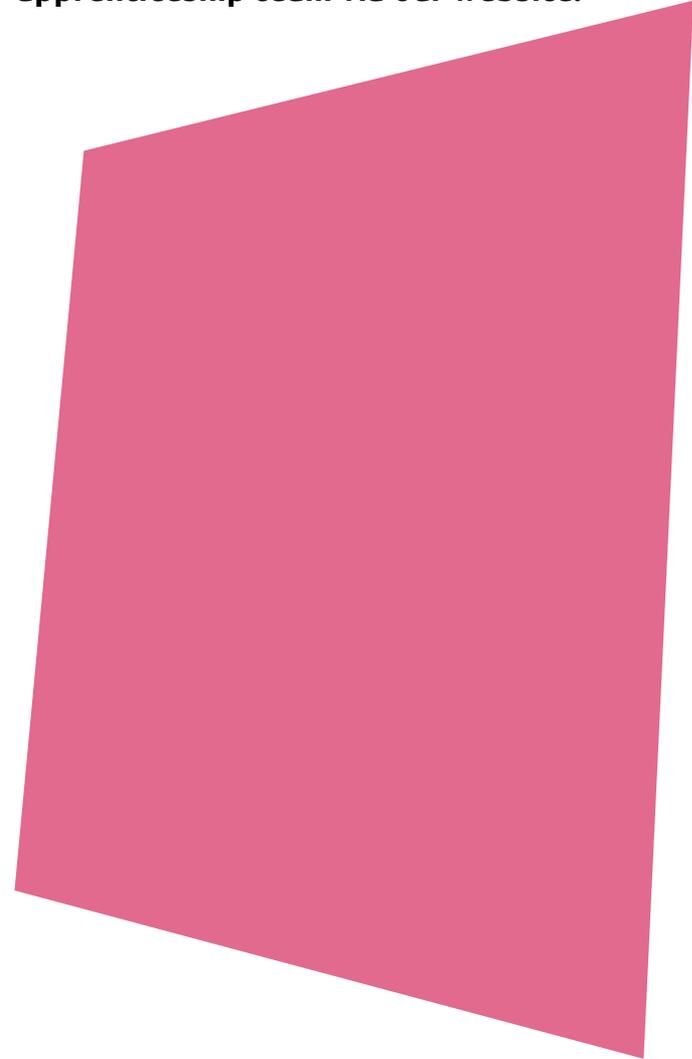
When the apprenticeship course is completed, the individual can remain with the employer if job opportunity continues to exist. Where this isn't possible, the employer and the provider must support the individual to seek alternative opportunities.

Summary

The apprenticeship scheme is:

- **Flexible** - inherent in the scheme is being able to tailor the training requirements to what employers require.
- **Cost effective**- if an employer is a levy payer then the money is already being spent; and if an employer isn't a levy payer then they only pay 10% of the cost.
- **Resourceful** – it supports the development and training of staff, giving employers a tool that increases productivity, prepares for the future, and drives attraction and retention.
- **Open to all** - anyone can do it; old, young, new, existing at any level.

For more information about apprenticeships, or to discuss the points raised in this article, please contact the Impellam Group apprenticeship team via our website.



This article is based on a seminar by Russell Beck, Head of Consulting & Collaboration at Impellam Group. Impellam Group is the second largest staffing company in the UK, made up of 18 specialist managed service and specialist staffing brands based across 163 global locations.

Russell delivers thought-provoking seminars on pressing issues surrounding the employee lifecycle.

