

Agenda Item



Report Status

For information/note
For consultation & views
For decision

Report to Haringey Schools Forum – Monday 16th January 2017

Report Title: Apprenticeship Levy and Targets Guidance

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Purpose:

1. To provide information about the changes being made to the way apprenticeships will be managed, specifically the apprenticeship levy and apprenticeship targets which come into effect from April 2017.

Recommendations:

1. The Forum to note the impact of levy and potential training opportunities arising from the changes to the apprenticeship system.
2. Schools to consider ways to maximise the levy charges to meet current skills gaps and plan future workforce needs.

Report

1. Introduction

- 1.1 From April 2017 the way apprenticeships are funded is changing as part of a series of wider reforms to the apprenticeship system in England. Employers with a pay bill of more than £3million will be required to pay an **apprenticeship levy**. Plus all public sector employers will be expected to designate 2.3% of its workforce roles as apprenticeships as part of the **apprenticeship target**.
- 1.2 Employers who pay the levy will be able to access funding for apprenticeship training and assessment via a new Digital Apprenticeship Service. Available funding can be used to meet the cost of apprenticeship training and assessment against an approved apprenticeship framework or standard. This

can be for both existing employees as well as new starters. The training provider must be on the Register of Apprenticeship Training Providers.

- 1.3 This briefing summarises how the apprenticeship levy will typically work for schools. There are a variety of pay bill arrangements in place within Haringey’s education sector and exactly how monies will be recouped will vary between schools and is not detailed in this report.
- 1.4 The introduction of a levy and workforce targets come at a challenging time for all local authorities and schools. Most of the information contained within this report is based on feedback from London Councils following discussions with HMRC and the DfE and was released mid December 2016. We are still waiting for more detailed information and a timescale for publication has not yet been provided.

2. Who pays the Apprenticeship Levy?

- 2.1 Liability for the levy depends on the type of school. In December 2016, the government clarified that for:
 - a. **Community and Voluntary Controlled (VC) schools:** the local authority is regarded as the employer. Therefore, all staff in community/VC schools (regardless of whether the school uses the council for payroll services) will need to be included in Haringey’s liability when calculating its apprenticeship levy charge.
 - b. **Voluntary Aided (VA) and Foundation schools:** typically employ their own staff and the governing body is considered to be the employer, rather than the local authority. Therefore each VA/foundation school’s liability for the levy will be based on its own pay bill.
 - c. **Academies:** the trusts of standalone academies will typically be responsible for paying the levy where they are the employer. Multi-academy trusts (MATs) generally employ the staff in academies and they will be responsible for paying the levy. If a school becomes an academy part-way through a tax year, their governing body will be responsible thereafter for the payment, if any, of the apprenticeship levy.
- 2.2 The table below provides an illustration of the financial impact of the levy for a range of schools. It assumes schools A to C are community and/or voluntary controlled. School D would be liable to pay the levy regardless of type as its pay bill is in excess of 3 million.

School	Headcount	Annual Salary Costs	Annual Levy	Monthly Levy
School A	27	£587,243	2,936.22	£244
School B	59	£1,191,587	5,957.94	£496
School C	79	£1,354,593	6,772.97	£564
School D	184	£6,850,137	34,250.69	£2,854

3. Apprenticeship Targets

- 3.1 The government has set a target for all public organisations with more than 250 employees to have 2.3% of its workforce designated in an apprenticeship role.
- 3.2 The governing bodies of VA, foundation and foundation special schools are regarded as the employers of their schools and will be treated as separate organisations for the purposes of meeting the 2.3% apprenticeship target. However the target will only apply if you have 250 or more employees.
- 3.3 A key change in the new scheme is that apprentice starts can include existing staff providing better opportunities to skill-up existing staff into a range of roles which are either difficult to fill or require a higher level qualification and thereby help build the capability of your workforce.
- 3.4 Apprenticeships are available in many job roles within schools, including teaching assistants, business administration, management, science and ICT technicians. Early work on developing a Teacher apprenticeship standard is also underway, which is being coordinated by the Teaching Schools Council.

4. Further information

- 4.1 Appended to this report is a question and answer sheet providing more general information about the apprenticeship levy and targets.
- 4.2 Government guidance on how the levy will work is available at this site: <https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work>
- 4.3 Government guidance on the different types of apprenticeships available can be found here: <https://www.gov.uk/topic/further-education-skills/apprenticeships>
- 4.4 As further information and government guidance becomes available, this will be circulated to schools.

Appendix 1: Apprenticeship Levy and Targets for Schools Q&A

1. What is the Apprenticeships Levy?

- a. From April 2017 Haringey Council will be paying the government's new apprenticeship levy which is set at 0.5% of an employer's wage bill.
- b. The levy is a payment that will be collected from large employers in both the public and private sectors. The payment is paid to HMRC via PAYE returns and can be accessed by the employer (via a digital apprenticeship service) to fund apprenticeship training for both new starters as well as existing staff to learn new skills.
- c. On the 14th December 2016, the government clarified how schools will pay the levy. For community and voluntary controlled schools, the local authority is considered the employer and school salaries will therefore be included when calculating the levy payable by Haringey Council. This needs to include community and voluntary controlled schools which do not use Haringey's payroll service.
- d. For voluntary-aided schools, foundation schools and academies, the governing body or MAT is the employer and will be responsible for paying the levy.

2. Why is the government imposing the levy?

- a. This forms part of the government's plan to raise the number and quality of apprenticeships. The levy is set to raise £3 billion a year (£2.5 billion for England), helping to fund the government's target of 3 million apprenticeships.
- b. The purpose of the levy is to encourage employers to invest in apprenticeship programmes and to raise additional funds to improve the quality and quantity of apprenticeships.

3. How much is the levy?

- a. The levy is calculated by size of payroll. Businesses with a wage bill of more than £3 million will be required to pay the levy set at 0.5% of an employer's payroll, and every employer gets an allowance of £15,000 to offset against the amount they owe.
- b. For community and voluntary controlled schools, the local authority is the employer. Each local authority has an annual allowance of £15,000.
- c. For voluntary-aided schools, foundation schools and standalone academies, the governing body is the employer. Each governing body will be entitled to an allowance of £15,000.
- d. Multi-academy trusts will get a single annual allowance of £15,000.

- e. If a school becomes an academy part way through a tax year, the academy's governing body will be responsible for the apprenticeship levy from this point and will receive a full allowance of £15,000.

4. Where does the levy money go?

We will be able to access the levy contribution through an online digital apprenticeship service account (this is not yet available). As our levy payments go out monthly, we will start to see funds appear in the digital account a few working days later. This account will be used to pay for apprenticeships training and assessment.

5. Does the government contribute anything?

Yes. As the money goes into the digital account, it gains a 10% top up from the government. That means for every £1 that enters a business' digital account it gets an additional 10 pence.

6. Is there a time limit on spending the funds raised in a digital account?

Yes. Funds that accrue in our online digital apprenticeship account will expire 24 months after they appear unless they are spent on apprenticeship training.

7. How much will the training of an apprentice cost?

Every apprenticeship will be placed in a funding band between £1,500 and £27,000. The upper limit of each funding band will cap the maximum amount of digital funds an employer can use towards an individual apprenticeship. The digital funds cannot be used towards salary costs.

8. Can we negotiate the best price for the training we require?

Yes, funding bands do not have a lower limit. If employers want to spend more than the funding band limit, using their own money, then they will be free to do that. Due to the size of levy a procurement process is being developed to source training providers for specific training needs.

9. Will schools be able to access the digital apprenticeship service?

Advice from the HMRC/DfE on the precise mechanism to access this service is still awaited.

10. What additional incentives are available?

The government will give extra support for apprentices aged 16-18 years of age, 19-24 year old care leavers and those who have an Education, Health and Care Plan. This will be through an additional payment of £1,000 to employers and a further £1,000 payment to training providers for additional costs associated with supporting younger apprentices, young care leavers and young adults with additional learning needs

11. What apprenticeships are available for schools?

Apprenticeship Frameworks/Standards suitable for schools include, supported teaching & learning, business administration, IT, facilities management & finance. Below are a number of standards that are in development but not yet approved.

Standard	Level
Assistant early years practitioner	2
Assistant equalities named coordinator	3
Early years centre leader	5
Early years educator	3
Further education assessor-coach	4
Further education lead teacher	5
Further education learning and skills teacher	5
Further education learning mentor	3
Lead equalities named coordinator	3
Quality improvement leader	4
Senior early years practitioner	4
Services leader	5

12. How do the new Apprenticeship Standards affect existing Frameworks?

- a. Frameworks are slowly being switched off and replaced by Standards created by employers. The government's plan is that the standards system will completely replace the frameworks system by 2020. There will be a transitional phase where equivalent frameworks and standards will run side-by-side as standards are embedded but government has not yet decided how long this will be.
- b. New standards in development that will be of use to schools include School Business Management and an Executive Education Leadership a postgraduate apprenticeship linked to an MBA.

13. Funding the extra cost of the levy

Community/VC schools will have to make provision for the relevant cost of the levy in their individual budgets, in the same way as other payroll costs such as National Insurance. The DfE does not intend to allow the Schools Budget to be top-sliced by the council at the local authority level for the levy, and the operational guidance for schools revenue funding in 2017-18 does not make any provision for DSG to be top-sliced in this way. As a result, all community/VC schools (and VA/foundation schools with payrolls over £3million) will need to ensure they have taken account of this additional cost when they set their budgets for 2017-18.