

## THE NEW APPRENTICESHIP LEVY - 2017

From 6<sup>th</sup> April 2017, Government funding of Apprenticeships is changing – the Apprenticeship Levy. Not all employers will be required to contribute to the Levy, but there will be changes for all employers. Funding will operate under the new scheme from 1<sup>st</sup> May 2017.

Apprentices who were accepted onto a training programme before 1<sup>st</sup> May 2017 will be funded under the current structure for the length of the Apprenticeship. The Levy cannot be used to pay for this training.

### **LEVY PAYING EMPLOYERS**

Any employer with an annual salary bill greater than £3 million is mandated to contribute to the Levy. The Levy will be charged at a rate of 0.5% of an employer's entire annual pay bill. Employers will have a Levy allowance of £15,000 per year (0.5% x £3 million) to offset against the Levy. The Levy allowance operates on a monthly basis (£1,250/month), accumulating throughout the year. Unused allowance can be carried over.

#### **Example 1 – A Levy paying employer**

Levy sum:  $0.5\% \times £5,000,000 = £25,000$

Subtracting Levy allowance:  $£25,000 - £15,000 = £10,000$  annual Levy payment

#### **Example 2 – A non-Levy paying employer**

Levy sum:  $0.5\% \times £2,000,000 = £10,000$

Subtracting Levy allowance:  $£10,000 - £15,000 = £0$  annual Levy payment

The Governments online tool for calculating Levy contribution can be accessed [here](https://estimate-my-apprenticeship-funding.sfa.bis.gov.uk/):  
<https://estimate-my-apprenticeship-funding.sfa.bis.gov.uk/>

Once the Levy is declared to HMRC, employers will be able to access funding through a new digital apprenticeship service (DAS) account in order to pay for training and assessments.

Levy payments will be calculated by HMRC from February 2017 and viewed via DAS from March 2017. Payments will then be reviewed quarterly - July, October, January, and April each year. Government will apply a 10% top-up to DAS accounts on a monthly basis. Thus, for every £1 paid by an employer, the DAS account will actually receive £1.10.

Levy paying employers, who have spent their allocation on Apprenticeships, can still offer additional Apprenticeships. The Government will then contribute 90% of the funding, leaving the employer to contribute the remaining 10% of the cost.

Funds will expire 24 months after they enter the DAS account.

### **NON-LEVY PAYING EMPLOYERS**

If an employer has an annual salary bill less than £3 million they are classed as a non-levy paying employer. Government will contribute 90% of any funding. Employers will contribute the remaining 10% of the cost.

From 1<sup>st</sup> May 2017 you can choose the training you'd like to receive, an approved training provider, and an assessment organisation. You will pay your contribution directly to the provider and they will claim the

additional funding. The contribution can be paid over the lifetime of the Apprenticeship and/or a payment plan as agreed with your provider.

The Government online tool for calculating Government contributions can be found [here](https://estimate-my-apprenticeship-funding.sfa.bis.gov.uk/):  
<https://estimate-my-apprenticeship-funding.sfa.bis.gov.uk/>

From 2018 employers will be required to use DAS to pay for training and assessment. Until then, it is not.

### **COST OF APPRENTICESHIPS**

From April 2017, all Apprenticeship frameworks (NVQ, Technical Certificate, Maths, English etc.), and Trailblazer Standards starts will be placed in 15 funding bands rather than the current 6. These bands range from £1,500 to £27,000.

### **Approved Hospitality and Catering Trailblazer Standards funding is as follows:**

- Senior Production Chef (NVQ L3) - £5,000
- Hospitality Supervisor (NVQ L3) - £5,000
- Chef de Partie (NVQ L3) - £9,000
- Commis Chef (NVQ L2) - £9,000
- Hospitality Team Member (NVQ L2) - £5,000

### **Trailblazer Standards awaiting approval/funding band:**

- Hospitality Manager
- Senior Culinary Chef

Apprenticeship frameworks can still be delivered after May 2017, but the funding band is dramatically reduced. This makes them no longer cost effective; reinforcing the Government drive to the new standards.

Thus, any employer wishing to continue using Apprenticeship frameworks will incur an additional employer contribution – additional to the Levy - to cover the costs of the course.

Westminster Kingsway College plans to deliver the Apprenticeship standards for all qualifications, once released by the Government, from May 2017 to coincide with the new Levy scheme.

### **ADDITIONAL FUNDING**

In addition to the price employers and providers agree for training 16-18 year olds, the provider will also receive a payment from Government equivalent to 20% of the funding band maximum for that framework.

- This also applies to 19-24 year-olds formerly in care, or who have an Education and Healthcare Plan.
- This comes direct from Government not the employer DAS account.
- £1,000 one-off grant for employer and provider to further encourage apprenticeship take-up.

Employers with less than 50 employees will not have to contribute to the cost of training a 16-18 year-old, or 19-20 year-old care leaver, or those on an Education and Healthcare Plan.

There will be additional support for those with learning difficulties or disabilities (funding has yet to be set).

English and maths will be funded separately to the Levy by the Government straight to the training provider. This funding is set at £471 per qualification.

### **FURTHER INFORMATION**

<https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work>

<https://www.gov.uk/government/collections/apprenticeship-standards>

<http://www.people1st.co.uk/apprenticeships/standards-assessment-plans/hospitality-apprenticeship-standards/>

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