

WHITE PAPER:

THE APPRENTICESHIP

LEVY AND SCHOOLS

Updated October 2021

Apprenticeship Funding Rules

2021/2022

Update on Funding Rules for Schools 2020/21

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 NCE manage this within schools.

Levy Transfer

The 25% that employers can transfer to other organisations can now go to multiple employers. The NCE can help you to find suitable employers including Local Authorities 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 NCE can help you to secure non-levy funding for your staff.

Incentives for taking on new apprentices

Since August 2020, schools can benefit if they take on a new apprentice. This rule has been extended and now lasts until January 2022. It may be extended again.

Schools who take on an apprentice are able to claim £3000 on top of apprenticeships funding to help with wages. This is for all apprentices at any age.

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.

About

The National College of Education

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.

An experienced and growing provider

The NCE is the largest provider of apprenticeships to schools in England with over 1000 learners on roll and over 300 alumni. Over the past three years we have developed a strong academic and apprenticeship team that supports learners and employing schools to manage the complex world of continuous professional development.

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 team of Professional Learning Mentors and Senior Leadership Tutors, 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 4 and 5 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.



£2.5bn

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

Executive Summary

The Apprenticeship Levy

The apprenticeship levy – What is it and who pays for 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.

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

Example C (MAT levy payer)

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

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.

Schools 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)

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

If your school doesn't pay the levy

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 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.

- 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 as many employers as they wish. This employer can be a levy or a non-levy payer.

The Government have made the Levy Transfer System easier to navigate and more flexible. Schools can use this website to find businesses in their area or sector who are willing to fund their apprenticeship.

transfers.manage-apprenticeships.service.gov.uk

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

What to spend your levy pot on:

Apprenticeships suitable for schools

Specific school apprenticeships (Approved as of 1st October 2017)

Area	Apprenticeship	Date Signed Off	Funding Band	Funding
Education and Training	Teacher	19-Oct-17	9	£9,000
Education and Training	Teaching Assistant	26-Jun-18	7	£5,000
Education and Training	School Business Professional	05-Feb-18	8	£6,000
Business and Administration	HR Support	25-Aug-17	7	£5,000
Construction	Facilities Manager	03-May-18	8	£6,000

Other school apprenticeships (Approved as of 1st October 2017)

Area	Apprenticeship	Date Signed Off	Funding Band	Funding
Accounting	Assistant Accountant	07-Sep-16	9	£9,000
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

Action Points:

Create an Apprenticeship Plan a Step by Step Guide

1 Understand your levy spend

- 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 Your school needs

- Think about your professional development priorities and investigate apprenticeships available for schools (see list on page 7)

3 Plan

- Develop your apprenticeship plan and work up costings
- If you've not had apprentices before, consider a pilot scheme
- Make sure you include any co-investment from other school budget and the government in your costings

4 Select

- Select a training provider (try to ensure they do most of the apprentice administration)
- You may need to choose a number to support new and existing staff

5 Train

- Begin training your staff

6 Assess impact

- After 6 months of starting your first apprentices, assess their progress and the impact on your apprentices and your school

Schools have a target of 2.3% of all staff being apprenticeships by 2022

**– about the same as 25,000
apprentices working in schools today.**

Our Programmes



Coaching and Mentoring Programme

15 months
£7,000

Blends the learner's knowledge of teaching with exceptional coaching and mentoring skills to support trainees, NQTs, students and colleagues.

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.

Senior Leadership Programme

24 months
£14,000

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

Get in touch

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