

Levy Matters as at 18th August

Unofficial Notes

Some of the key points from the latest document that can be found at <https://www.gov.uk/government/apprenticeships-proposals-for-funding-from-may-2017>.

- a) (Unchanged) All companies with an annual salary bill greater than £3m will pay 0.5% apprenticeship levy of their payroll.
- b) This is UK-wide, although levy funds will only be able to be spent on those whose place of work is in England.
- c) (Unchanged) All companies are exempt from the first £15k of the amount levied.
- d) Monthly payment of the levy will commence from 1st April 2017.
- e) Levy paying companies will receive 10% of the amount paid as monthly "electronic vouchers", each with a life of 18 months prior to the expiry and the unspent money is returned to the Treasury.
- f) These vouchers may be spent on any apprenticeship training commencing on or after 1st May 2017. It's not possible to use these vouchers for existing apprenticeships that commenced prior to 1st May 2017.
- g) Companies outside of the scope of the levy will be able to purchase apprenticeship training and will only have to pay 10% of the costs, with the Government paying the remaining 90%.
- h) This cofunding rate of 10%/90% also applies to levy paying companies who may wish to train more apprenticeships than their levy electronic vouchers allow.
- i) "Small" (50< employees) will not be required to make any cofunding payment so apprenticeships will be free!! (this could lead to poor level apprenticeships – if you don't pay, you're more than likely doing it for the money only, paying little heed to quality).
- j) All apprenticeship qualifications, both SASE and the new "Trailblazer" apprenticeships, will be allocated to one of 15 funding caps. These "cap"

values, are the maximum funding available. Some draft value examples are:

- L2 PMO (SASE) £3,500
- L2 PEO (SASE) £4,000
- L3 Mechatronics Maintenance Technician (Trailblazer) £24,000
- L6 Manufacturing Engineer (Trailblazer) £27,000 (Highest Cap)

- k) These cap values are open for consultation.
- l) Please note that SASE standards will be withdrawn progressively as Trailblazer standards replace them, with the aim of all SASE standards withdrawn or replaced by 2019.
- m) 20% of the total cost of apprenticeships (or the cap amount, whichever is the smaller) is to be withheld to the end of the apprenticeship to pay for "end-point" assessment and incentive payments for completion. Otherwise, companies and providers are free to set payment schedules in line with any commercial agreement that may be made.
- n) Additional payments of £471 per qualification (to be paid directly to the provider) will be for those requiring English and Maths remedial training together with a maximum of £150 per month for those requiring learning support.
- o) Additional payments will be made for any apprentices aged under 19 at the start of the apprenticeship. This payment will be a total of £2,000 with £1,000 going to the employer and £1,000 direct to the provider (but cannot be netted-off against employer payments). Payments will be made at the 3-month and 12-month points of the apprenticeship. (NOTE this is a flat amount and takes no account of the varying complexities and length of apprenticeships – the £2,000 being less than the current £5,400 available under the Trailblazer, however, the difference is more than off-set by the change in cofunding rate.
- p) Note, there is no "Bonus" payment for completion as currently exists under Trailblazers.
- q) Transfer of vouchers to other organisations will be permitted from 2018 up to a proposed maximum of 10%.