

Apprenticeship Levy and Trailblazer Briefing Document

A Short Guide for
Organisations Paying
the Levy

December 2016

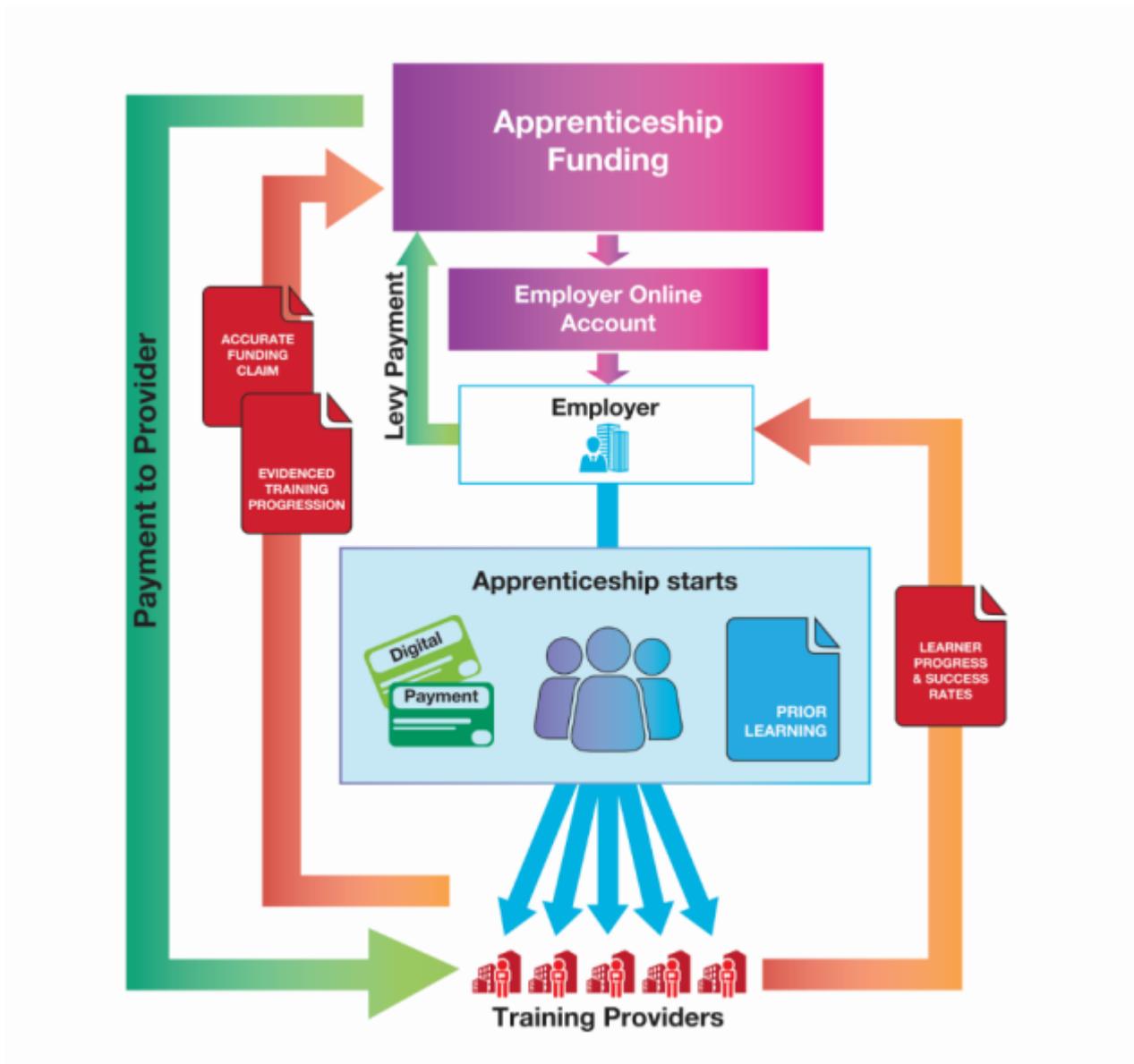


Background

There are two major changes taking place in the funded training marketplace over the next few years:

1. The Apprenticeship Levy, an obligatory tax levied on all employers with the intention of providing a training fund they can use to buy Apprenticeship training.
2. A move from the existing Apprenticeship delivery Frameworks to trailblazer 'Standards', which is a shift towards higher quality development of staff at all levels.

This document outlines the implications of the Levy and the change to the new Standards. It should be noted that this can only reflect current policy and will be further revised during 2016/17.



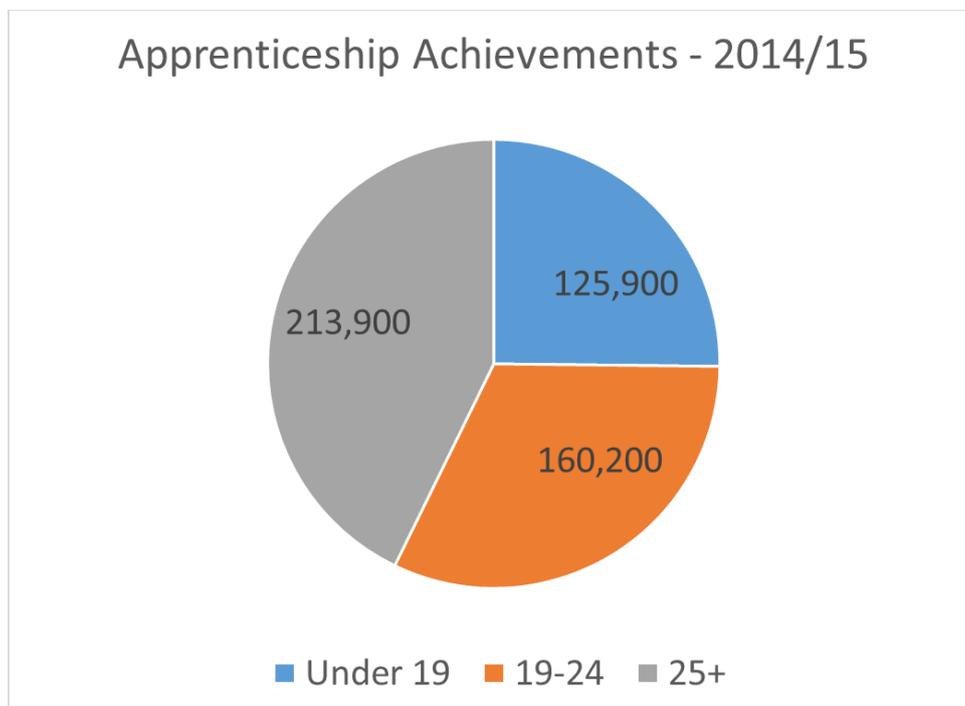
The Levy

From April 2017, employers with an annual wage bill over £3m will contribute 0.5% of their wage bill to HMRC through PAYE, less an annual allowance of £15,000. This will be topped up by a further 10% by Government to create a dedicated investment fund for each employer to spend on Apprenticeships. For example, with an illustrative wage bill of £10m, your annual contribution would be $0.5\% \times £10m - £15k = £35k$, collected by PAYE at £2.9k per month. This would be topped up by £3.5k to £38.5k by the government. This is your annual Digital Apprenticeship Fund, available to spend on development programmes.

If you have employment sites outside of England, please note that your Digital Apprenticeship Account will be reduced, for example if you have 70% of your employees in England, then your fund will reduce to 70% of the overall calculation outlined above.

Each month's payment must be spent within the next 24 months (use or lose). You have to pay the levy whether or not you spend the funds in your Digital Apprenticeship Account.

It is a common misconception that Levy funding can only be used for Young Apprentices. Across England, approximately **75%** of apprenticeships are currently undertaken by over 19s:



Your fund can therefore be used for workforce development in two broad ways:

1. By developing your existing workforce with new skills or to prepare them for new roles and responsibilities. These programmes are for Adult Apprentices. Adult Apprenticeships (aged 19 and over) can be used from base level all the way up to senior management, from level 2 to level 7.

2. By recruiting and developing Young Apprentices, a term usually referring to under 19 year olds. This may be development of technical specialists or lower to mid-level management levels in the organisation. This is typically where level 2 to level 4 is more usually employed.

Frameworks to Standards ('Trailblazers')

There are currently two types of Apprenticeships you can spend your Digital Apprenticeship Fund on:

1. 'Frameworks' (SASE¹) Apprenticeship Programmes.
2. The new trailblazer 'Standards' Apprenticeship Programmes, which are gradually replacing the existing Frameworks, with the intention that all SASE programmes will be replaced by 2020.

The new standards have been developed by employer groups and have introduced a rigorous End Assessment process to ensure your employees are meeting the full requirements of the standard. The choice of whether you choose Frameworks or Standards will depend on your organisational needs and which Frameworks have been withdrawn at end point in time.

How can CQM T&C Help?

Firstly, we can work in partnership with you to understand your organisational needs and help you to translate them into a staff development strategy which will incorporate which qualifications and approaches you might utilise your Digital Apprenticeship Fund on. Examples might be:

- You want to develop a group of team leaders
- You want to develop an improved customer service ethos
- You want to improve profitability using business improvement techniques
- You want to use a Degree Apprenticeship to develop your high flyers

We can then offer practical, business focussed development solutions including for example:

Level 2	Team Leading, Continuous Improvement, Customer Service
Level 3	Management, Continuous Improvement, Customer Service
Level 4/5	Leadership
Level 6	Degree Apprenticeships

The next step would be a meeting with CQM T&C to allow us to explain where we could add value to your organisation, please call 0114 281 3747 for details or call either of the following directly:

Andy Cheshire – Managing Director – 07825 108702, andy.cheshire@cqmltd.co.uk

Bev Detheridge – Business Development - 07763 874 650, bev.detheridge@cqmltd.co.uk

¹ Specification of Apprenticeship Standards for England