

APPRENTICESHIP LEVY: GOVERNMENT RELEASES LATEST GUIDELINES

The late summer saw the publication of new guidance and more in-depth information covering the Apprenticeship Levy. As the April 2017 launch approaches, City HR is stepping up its campaign to ensure that organisations are as fully briefed and prepared as possible.

To recap, the Government has introduced the **apprenticeship levy** in response to the national workforce skills shortage and the fact that only 15% of UK businesses offer apprenticeship opportunities which places the UK 20% behind the rest of the G7 countries in terms of productivity. The Government aims to encourage businesses to take on 3 million apprentices by 2020 and wants to encourage apprenticeship schemes as a truly viable alternative to going to university.

As has been previously stipulated, the levy will be 0.5% of paybill on a business paybill of over £3 million per annum, paid through PAYE offering an allowance of £15K. Employers in England who will pay the levy (which account for the top 2% of businesses) and are committed to delivering apprenticeship training may be able to get out more than they pay into the levy through a top-up of 10% added to their digital accounts.

Whilst across the country, it is calculated that 98% of businesses will not pay the levy, quite the reverse can be seen amongst City HR members where almost all employers will fall into scope. For this reason, we at City HR are exploring how to best support organisations who will pay a significant levy but lack the internal resource to deliver their own apprenticeship schemes, and talking to other trade associations within the financial services sector, including the BBA, IA and Invest 2020.

The latest guidance is important as it shows more flexibility in how employers can use their digital accounts. For example, both graduate

and internal progression training may qualify under certain provisions and these can be found through accessing the guidance below:

- **Proposals for apprenticeship funding in England from May 2017** www.gov.uk/government/collections/apprenticeship-changes This document sets out initial proposals for how apprenticeship training would be funded once the levy comes into effect next year. This includes proposed funding bands for existing apprenticeship frameworks and standards.
- **Proposals for a new Register of Apprenticeship Training Providers.** This documents sets out proposals on who should be able to provide apprenticeship training in England.
- **Guidance for employers thinking about becoming apprenticeship training providers.** This document will be of interest to employers who pay the levy, and may wish to act as their own training provider in the new system.
- **Apprenticeship funding calculator and guide to the digital apprenticeship service.** A tool has been produced to help employers understand what levy they will pay and how they could use the new digital service to plan and fund training.
- **Updated guidance on the apprenticeship levy: how it will work.** An update of the existing online guidance, which gives employers a clear explanation of how they will pay the levy, manage and use their funds in the new system.

Finally, there are a number of employer roundtables, webinars and training sessions that members can attend and details of these will be circulated through our e-newsletter updates.