

Report to the Schools Forum 13 January 2017

Apprenticeship Levy 2017/18

1 Description of Levy

- 1.1 In April 2017 the Government introduces the apprenticeship levy. Details are provided here:

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

- 1.2 It applies to organisations with pay bills of more than £3m. Community and voluntary controlled (VC) maintained schools and academies within a Multi Academy Trust (MAT) are treated as being part of their LA or MAT. Therefore if the total pay bill for the organisation exceeds £3m, the apprenticeship levy applies
- 1.3 The levy is 0.5% of the pay bill. It is paid into a central fund, a 'digital apprenticeship service account.' The government will 'top-up' contributions by a further 10%.
- 1.4 Funds can only be used towards the costs of apprenticeship training and end point assessment. This must be with an approved training provider and assessment organisation. They can't be used on other costs associated with apprentices or wider training such as wages, statutory licences to practise, travel and subsidiary costs, managerial costs, traineeships, work placement programmes or the costs of setting up an apprenticeship programme.
- 1.5 Voluntary Aided and Foundation Schools and academies with pay bills of less than £3m will not be part of the levy and so will not make contributions. However, if they make a 10% contribution to the cost of the training government will pay the rest (90%), "up to the maximum amount of government funding available for that apprenticeship."
- 1.6 For schools that are part of the levy, if the funds in the digital account aren't enough to cover the full cost of the apprenticeship training and assessment the Government *"will provide some government support to help you meet these additional costs, up to the maximum amount of funding available for that apprenticeship..... This will be set at the same co-investment rate as for employers who do not pay the levy, with government paying 90% towards the extra cost of training and assessment and employers paying the remaining 10%"*
- 1.7 Community/VC schools will have to make provision for the relevant cost of the levy in their individual budgets, in the same way as other payroll costs e.g. National Insurance etc. The DfE does not intend to allow the Schools Budget to be top-sliced by the council at the LA level for the levy. As a result, all community/VC schools, and academies/VA/foundation schools with payrolls over £3m will need to ensure they have taken account of this additional cost when they set their budgets for 2017-18.

Tim Davis
Finance Team Leader
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