

Apprenticeship Levy

Using the apprenticeship funding - Schools

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To provide an update on the apprenticeship levy and various options available to ensure optimised use of funds to support schools.



Apprenticeship Levy

1. Purpose of report

To provide an update on the Apprenticeship Levy and the approach which ensures the optimised use of it to support maintained (Community and Voluntary Controlled) schools in Herefordshire.

This paper is for the Budget Working Group to agree an approach to spending the levy which was approximately £130k in 2017/18. The forecast for 2018/19 is approximately £135k. Schools have used approximately £13k from the 17/18 levy funding. Figures are approximate as no accurate split between HC and schools funding is available via the digital portal. Funding is valid on a rolling 2 year period, ie funds added to the account in July 2017, if not used will be returned to HMRC in July 2019.

Schools which are excluded from the recommendations of this paper:

- Academies
- Voluntary Aided and Foundation
- Trust

2. Recommendations

Agree an approach to spending the levy by deciding to implement one of the following options:

- **Option 1** – schools only use what they pay in
- **Option 2** – Schools to utilise within School Clusters
- **Option 3** – first come first served
- **Option 4** – requests submitted at single point in year
- **Option 5** – do nothing and pay the levy

3. Relevance to Strategic Plans

The Government is committed to delivering three million apprenticeship starts by 2020. The aim and impact of the levy is to:

- Increase the number of apprenticeships in the public sector
- Improve the capacity and capability of the public sector
- Help to meet the government's commitment to delivery 3 million apprenticeships by 2020
- Ensure the public sector is leading by example in terms of the number and quality of apprenticeships

4. Background

The Apprenticeship levy came into effect on 6 April 2017 and applies to all employers with a pay bill of £3m or more. The key points specific to schools are:

- The levy is based on 0.5% of schools' total pay bill which is then credited to a digital account

- The cost of the levy to individual schools is reflected in school budgets
- A 10% top-up by government is made to the levy funds. This is paid monthly at the same time the funds enter the digital account
- Employers who pay into the levy will be able to use the money to fund training and assessment costs but not for wider costs such as salaries for apprentices
- Each monthly credit to the account is valid for a rolling 24 month period and is cumulative
- Schools cannot spend what has not been accrued in the digital account but could plan programmes accordingly
- If a school becomes an academy part way through the year then the academy's governing body or trust will be responsible for the apprenticeship levy from this point (assuming a £3m+ pay bill). Payments made into the digital account prior to conversion will not be transferable.

5. What is an apprentice?

- Apprentices are aged 16 or over and combine working with studying for a work-based qualification
- Working towards achieving a Government approved apprenticeship scheme
- Apprentices can be new or current employees
- An apprentice must be paid at least the minimum wage during their placement
- 20% off the job training
- An apprentice must:
 - Work with experienced staff
 - Earn job-specific skills
 - Study for a work based qualification during their working week

There are a number of existing apprenticeships relevant to schools that include:

- A teaching apprenticeship – replicates standards of Initial Teaching Training Programmes
- School business manager apprenticeship
- Teaching assistant apprenticeship

Apprenticeship level:

- Intermediate apprenticeships – Level 2 (equivalent to 5 GCSE passes)
- Advanced apprenticeships – Level 3 (equivalent to 2 A level passes)
- Higher apprenticeships – Level 4-7 (equivalent to Foundation degree and above)
- Degree apprenticeships – Level 6 & 7 (equivalent to full Bachelor Master's degree)

There are 15 proposed funding bands ranging from £1,500 to £27,000 set by government for each apprenticeship dependent on level and estimated cost of training.

6. Proposals

The average value for each levy paying school is unlikely to be sufficient to fund most training programmes. Therefore, the following four options are proposed to use the funding held in the digital account:

	Options	For	Against
1.	Individual schools only use funds from the digital account that they have paid in	Fair in that no school uses another school's levy contribution	i) Average levy payment would not fund an apprenticeship ii) Real possibility given average size of contribution that schools may not maximise use of levy iii) Small schools will lose their funding before accumulating sufficient funds to spend
2.	Schools to utilise within School Clusters	i) Clear plan as to where to target the training need ii) Should maximise the use of the levy iii) Planned through School Clusters	i) Schools may not have opportunity to use the levy ii) Would require an added layer of governance/decision making
3.	Use on a first come first served basis.	i) Promotes schools to be proactive in securing apprenticeship (confirmation of funding by HC) ii) Maximises spend and minimises any funds being returned to government iii) Easy to administer	i) Unfair distribution of funding ii) Some schools may not have immediate need for apprenticeships
4.	Requests for apprenticeships made at start of financial year (or at a given point in the year)	i) Benefits as Option 3 (above) but fairer ii) Money allocated based on need iii) Equal opportunity for all	If not planned at start of year, further funding unlikely to be available
5.	Do nothing – pay the levy and take no further action	Minimal governance or control required	Loss of approximately £130k of funding each year

7. Next steps

The fairest of all the above options would seem to be Option 4. HR can undertake the administration provided that there are headteachers representatives to agree the priority order of applications.