Apprenticeship Levy Policy

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"Learning together; to be the best we can be"

1. Context

1.1. From April 2017, the Government introduced an initiative where larger employers (with a wage bill of over £3m) have to pay a levy towards training apprentices. The changes are being delivered through to following approach:

- introducing the apprenticeship levy;
- introducing the Digital Apprenticeship Service (DAS) - this is an online service that allows employers to choose and pay for apprenticeship training more easily

1.2. The "find an apprenticeship" service has continued for everyone interested in applying for an apprenticeship.

1.3. There are five main employer-facing services which have been developed to help employers either recruit an apprentice or to access apprenticeship funding for existing staff. The 5 step process is as follows:

- **Estimate apprenticeship funding**: employers can calculate how much they will have to spend on apprenticeship training using this link.
- **Find apprenticeship training**: employers find the right training provider and apprenticeship type to suit their business using this link.
- **Recruit an apprentice**: employers work with their training provider to post an apprenticeship opportunity
- **Manage your apprenticeship funding**: employers register securely to set up an employer account and access their apprenticeship funding.
- **Add an apprenticeship**: employers set up their chosen apprenticeship package and authorise payment to their training provider.

1.4. Once a contract with the training provider has been signed, training providers are also able to add apprentices and submit data.

2. Digital Apprenticeship Service (DAS)

2.1. The UK is not as productive as many other developed countries. Employers state that this is because there is a lack of technical skills in the workplace. Apprenticeships can meet that need by combining off-the-job training with a real job.

2.2. The digital apprenticeship service helps employers in four ways. It:

- **Puts employers in control**: by setting up an account on the service, employers are be able to access funding for apprenticeship training, choose the type of apprenticeships they want to run, the number of apprentices they take on, and the training provider that suits their needs;
- **Offers new apprenticeships:** the service lists the new apprenticeship standards which have been designed by employers for employers (and are independently overseen by a new Institute for Apprenticeships);
- **Focuses on quality**: through the service, employers are able to find the right apprenticeship for them, from entry level to degree level apprenticeships and beyond, and are able to find approved training providers to deliver the training; and
- **Encourages diversity and social mobility**: apprenticeships are an accessible route for all people with aspiration, no matter what their background or circumstances. Degree apprenticeships enable learners to study to graduate level without getting into debt.

3. Apprenticeship funding rules

3.1. We can only use funds in our apprenticeship service account to pay for apprenticeship training and assessment for apprentices who are based in England and up to the funding band maximum for that apprenticeship.

3.2. If the costs of training and assessment go over the funding band maximum, our Academies will need to pay the difference with other funds from their own budgets.

3.3. There are 2 different types of apprenticeships to choose from:

a. apprenticeship standards - each standard covers a specific occupation and sets out the core skills, knowledge and behaviours an apprentice will need; they are developed by employer groups known as 'trailblazers';

b. apprenticeship frameworks - a series of work-related vocational and professional qualifications, with workplace- and classroom-based training.

3.4. We can't use funds in our account to pay for other costs associated with our apprentices (such as wages, statutory licenses to practice, travel and subsidiary costs, work placement programmes or the setting up of an apprenticeship programme).

3.5. The apprenticeship funding rules provide full details of what we can and can't pay for with funds from our apprenticeship service account.

3.6. The government will automatically add 10% to the funds in our apprenticeship service account. They will apply this 10% top-up monthly, at the same time the funds enter our account.

4. How Nexus Academies spend funds in our account

4.1. To spend funds in our apprenticeship service account, Academies in Nexus need to:

4.2. **Choose a training provider**

- use the 'Find apprenticeship training' service to select an approved apprenticeship training provider or
- use the Register of Organisations list updated August 2017 to select an approved assessment organisation.

   4.2.1. Academies will need to abide by the Nexus procurement policy when selecting a provider to assess value for money.

   4.2.2. Academies may already have established relationships with local training providers, but we recommend that they to talk to more than one provider or run their own formal, in-depth selection process.

   4.2.3. They will need to carry out their own checks so that they are sure the provider they choose ultimately is the right one for the school and their apprentice.

4.3. **Agree a price and payment schedule**

   4.3.1. Our Academies and their training provider must agree a total price for each apprenticeship, which includes the costs of training and assessment. For standards this must include the cost of the end-point assessment agreed with the apprentice assessment organisation.

4.4. **Pay for training and assessment with funds through your apprenticeship service account**

   4.4.1. Once the apprenticeship training has started, monthly payments will be taken from our service account and sent to the provider. We will see funds entering our account each month after we have declared the levy to HMRC, and funds leaving the account each month as Academies pay for training.

5. Policy Statement

5.1. To ensure a fair distribution of the apprenticeship fund, annually each Academy can only access funds from the apprenticeship account which equates to the percentage contribution they made to the Apprenticeship Levy.

5.2. If we don't have enough funds in our apprenticeship account to pay for training in a particular month, the government will ask us (our Academies) to share the remaining cost of training and assessment of our apprentices for that month with the government. The Government calls this 'co-investment'.

5.3. With 'co-investment', Nexus Academies will pay 10% of the outstanding balance for that month, and the government will pay the remaining 90% up to the funding band maximum. If our costs go over the maximum, then our Academies must pay the difference out of their own budgets. Any funds that we don't use will expire 24 months after they enter our account. Whenever a payment for training is taken from our account, the service always uses the funds that entered our account first. Our apprenticeship service account will let us know when funds are due to expire.

5.4. In order to take full advantage of the apprenticeship fund held within our account, the Trust will conduct an annual review of all training taking place across our academies and work with training providers to try to secure additional efficiencies for the bulk-buying of certain training courses.

6. How it works

6.1. Each Academy in Nexus has been charged the Apprenticeship Levy since April 2017. This is sent directly to HMRC each month via our payroll provider (RMBC) as part of other contributions/deductions made to HMRC. For 2017-18, we estimate the calculations for the Levy contributions to be as follows:

Academy	Gross Annual pay bill for 2017-18 £	Annual Levy payment @ 0.5% £	Monthly Levy payment £	Academy %age contribution as a proportion Gross pay bill
Abbey	1,362,510	6,813	568	17%
Hilltop*	2,503,847	12,519	1,043	32%
Kelford	2,402,618	12,013	1,001	30%
Pennine	1,702,086	8,510	709	21%
TOTAL	7,971,061	**39,855**	3,321	100%

*Includes Nexus MAT salaries

6.2. Our initial calculations above show that we will have approximately £40k in our account. We hope to receive final confirmation of the total Nexus apprenticeship account shortly.

6.3. If the final funds available in our apprenticeship account for 2017-18 are £40,000, individual academies will be able to access funds up to a maximum of their contribution. For example, as Abbey is shown above accounting for 17% of the Nexus fund, they can access up to £6,800 for the year. This ensures a fair and equitable distribution of the funds in the account.

7. How much does apprenticeship training cost?

7.1. The Funding Apprenticeship System (FAS) http://fas.report/ is a tool where employers can understand average costs of training. The majority of our academies are already accessing Level 2 and Level 3 training courses. The 'Supporting Teaching' Level 2 course costs in the region of £2,000 per person and the Level 3 is in the region of £2,500 per person.

7.2. A working example of how the finding operates is a s follows:

7.2.1. For the 2017-18 academic year, Kelford have 9 apprentices at L2 and Hilltop have 2 at L2 and 2 at L3. Using the FAS system, one calculates that this training will have a monthly cost of £1,665 and the monthly levy credit will be £2401. This leaves a monthly balance of £736.

8. Monitoring and Review

8.1. Headteachers have responsibility for the management of school-level resources including HR, and therefore they will be responsible for implementing their local approach to the Apprenticeship Levy in line with this policy with the Chief Finance Officer's statutory oversight.

8.2. The Audit & Finance Committee has the responsibility for monitoring and reviewing this policy. The Chief Finance Officer will take an annual report to the Audit & Finance Committee providing a summary of all issues raised and any subsequent actions taken.