

AELP Webinar: Questions and Answers

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For more advice on the levy, please go to:

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

Devolution

Q: Will there be similarities with the Scottish system. What will big employers who are in England and Scotland do for the levy payment?

A: The levy applies to all of the devolved nations, but only England will use it for apprenticeships delivery.

Q: Why is the 10% top up only for employers in England? How will this impact elsewhere in UK?

A: The 10% only applies to England as England is the only country where the levy must be used for apprenticeship delivery

Q: How does this effect businesses based in Scotland who will have to pay into the levy, and the way that apprenticeship funding is accessed?

A: The detail is yet to be defined. Business in Scotland will still pay the levy.

Levy implementation

Q: Will the £2 for £1 ratio still apply for Levy paying employers or do they pay 90% and just get the 10% uplift from government?

A: Levy paying employers only move to the 90:10 model once their levy is used up. Until then the levy pays for the full value of delivery.

What will constitute apprenticeship training? To deliver training there are many associated costs, what will be payable from levy funds and what won't?

Since there are many other legitimate costs involved with operating an apprenticeship program - What, in addition to paying providers, can the levy money be spent on within an

organization?

Q: Will levy account only be used for training, or can it be used for other things - e.g. recruitment activity/building infrastructure to support the apprentice?

A: The levy can only be used for apprenticeship training not for recruitment or other indirect costs

Q: Is there any word on 'how much' co-investment is available for levy-paying employers who spend more than their levy covers?

Q: There is some detail in the Levy guide about actions for Providers where the monthly pot does not have enough in it each month. Please could you explain?

A: When an employer has used their levy they will revert to the 90:10 option

Q: Is the first year of the levy coming in only to be used on new staff?

A: The levy funding system will apply only to starts from May 2017

Q: Do we have access to see what is in an employer's levy account?

A: As yet this has not been agreed

Q: If first payments not credited to our account until end of May 2017 how do we deal with apprenticeship starts in April. 2. Doe 18 months life of funding start on 1st day of month to which it relates of on day it is credited to our account? I understand that the first payment credited to our account will not occur until late May. How do we deal with funding for our external providers who we wish to start delivering an apprenticeship in April? Secondly, in respect of the eighteen months life of a levy contribution, does it commence on the 1st day of the month to which it relates or from the day in which it is credited to our account?

A: The levy applies to starts from May 2017 onwards.

Q: Could we have confirmation that the £15000 allowance on PAYE is per month and not annually. Could we have further confirmation that all business will be expected to pay co-investment from 6th April 2017?

A: The £15000 is an annual figure. The levy funding system begins in May 2017.

Q: For a large employer: - if the apprenticeship funding cap is £3k, does the full £3k come from that employer's levy 'pot' or is it just the £1k employer contribution that comes from their levy 'pot' with the remaining £2k coming from government?

A: The levy pays the full amount of apprenticeship delivery.

Q: Will the AGE grant remain in place post-April for non-levied employers?

A: The AGE grants will cease

Q: Can the employer grants be used by the provider as cash contributions?

A: No

Q: Are we using the 1/3 - 2/3 model to fund frameworks as well as standards? Or only for standards?

A: The current system applies to Standards until May 2017

Q: What reassurances do we as providers have that the payment systems will be reliable from April 2017, is there the capacity to within the DAS to cope?

A: None given

Q: Is all the payment upfront? And if it is what happens with regards to withdrawals?

A: Payments are proposed to be on a profile.

Q: Would it not be simpler to set the employers apprenticeship account / budget on last year's payroll? Much easier for the employer and provider(s) to plan!

A: HMRC operate a live system. This will be used.

Q: How will sharing of the levy work across employers?

A: This is still undecided

Q: Employers responsibility for calculating Levy contributions as with other tax liabilities??

A: Levy calculations are the remit of HMRC

Q: What happens if the employer does not have enough levy for the apprentices they want to fund?

A: Re Nikki, co-investment rate for extra apprentices will be as same rate as non levy payers?

Q: If a levy paying employer pays £15k in one year, can they access £30k in co funded support for their apprenticeships? (example figures)

A: Levy payers can only spend what is in their levy pot.

Q: We have heard that employers will not be able to use the levy fund until Sept 17. Is this true?

A: The levy is available from May 2017,

Q: As employers pay the levy monthly it is difficult to judge if the employer will have sufficient funds in their account. How do we manage this>

A: The DAS will profile available spend.

Q: How will the levy funding be effected by HMRC returns as these will not be finalised by April?

A: This is the remit of HMRC.

Q: What is the difference between a cap and a band?

A: There are no bands just a cap.

Q: For clarification, could you confirm that if a levy paying employer has sufficient funds in their levy account to pay for apprentice training, then there is not contribution from the government? The entire cost is met from the levy fund?

A: That is correct

Q: How will training providers be able to use their own levy?

A: In the same way that employers can. They will have their own DAS.

Q: If this starts in April 2017 and we cannot access levy payments until May 2017 - does not pose issues for all?

A: Cash flow will be an issue for the first month.

Q: Does the CAP for funding rates include the apprenticeship training and end point assessment, or is there a separate charge to be paid by the employer for the end point assessment?

A: Yes, it includes EPA.

Q: Example - is Fork Lift Truck licence fundable via the Levy whereas it isn't at the moment

A: If it is in the standard it is fundable.

Q: If the employer wants a qualification included in the delivery of the standard, and that qualification maps fully to the standard, can the levy be used to pay for registration and certification of that qualification? What happens if the qualification only partially maps to the standard?

A: Only if the qualification is within the Apprenticeship standard.

Q: So if the Levy isn't used for levy payers, does it go to the government anyway or does it get returned to the employer?

A: The employer does not get unspent levy back as it is a tax.

Q: So the employer has to arrange a training provider and a separate assessment organisation????

A: Yes.

Q: Is it right then that the employer contributions stated on the caps is only payable by levy paying employers? When will non levy paying employer's contributions be set?

A: Non levy payers' contributions are proposed at 90:10 or zero for employers <50 employees.

Q: If a training provider is also registered as an assessment centre, will the employer be able to choose the same training provider to complete the training and assessment?

A: The assessment must be independent of the provider and employer.

Q: Does this mean 10% 'top up' added only after 18 months?

Q: Levy guidance website states 10% applied monthly?

Q: What is the purpose of the 10% top up?

A: The 10% will be added monthly and will incentivise starts.

Levy eligibility and value

Q: You mention that the levy is payable by private and public companies but what about charities such as RSPB, MacMillan, etc? Do they pay the levy?

A: Yes, they are still in scope to pay if their paybill is over £3m.

Q: Are doctor's surgeries (NHS) or school grouped together or will they be counted separately as they are now through the AGE grant?

Q: Do local authorities have to pay the levy AND also hit the 2.3% of workforce target?

Q: Local Authorities will be in scope but what about schools who are non-academies, will they count under LA Levy contributions?

A: Yes, there are no exceptions at the moment.

Q: The slides mentioned private and public sector employers. Can she clarify the status of the third sector? Thanks.

Q: Where do charities fit into this?

A: The same rules apply for all organisations.

Q: If a company mainly employs self-employed contractors are they classed as part of the paybill?

A: HMRC will define.

Q: What about franchised companies? Do they split the levy or does it only come in for each branch if their individual staffing bill is 3mill?

A: This will depend on how their payroll is worked out. There will be some clarification required on this.

Q: Is the employer levy calculated from last year's total PAYE of the current year? If it is the current year how are employers going to be sure what their payment pot will be?

A: HMRC operate a live system.

Q: Does pay bill include 'temporary staff e.g. ramp up of agency staff over Christmas period?

A: Yes.

Q: As the levy is calculated on headcount, what happens if the workforce numbers reduce e.g. services are transferred out of the organisation?

A: Levy is calculated on pay not headcount.

Frameworks to Standards

Q: Is there a date for all the standards to all be published?

A: This is a rolling process.

Q: If there isn't a new standard and a framework is still being used after next April, will the framework also be put into a cap? Or will the framework be funded via the existing method?

A: All frameworks will stop by the end of the current parliament.

Q: Where can we find out which frameworks are likely to get switched off for funding next?

A: This will be shared in a timely manner.

Q: Please can we have clarification on how the changed funding model from early April 2017 for both frameworks and standards are going to impact employers (non-levy) if they have an apprentice start on a framework on the current funding model; will the funding model remain from the start throughout to completion of this Apprenticeship or will there be a change in funding model to align with the agency changes?

Q: If an apprenticeship starts on an old Framework Co-funding model (for example) should we assume that the old funding model will apply for the remainder of that apprenticeship rather than moving across to the new model?

A: Apprentices will stay on their funding model at time of start.

Q: How do we know which band frameworks fall into? Have these been published?

Q: How do I find out which cap applies to each apprenticeship subject? E.g. hairdressing L2

A: This is published.

Q: Is the SFA concerned about the current number of standards 'ready for delivery' that have an end point assessment organisation?

A: No.

Q: How can we trial standards when there are no assessment organisations as yet - Light Vehicle maintenance.

A: This is difficult to do. There has not been any piloting.

Q: Will we know by Jun 16 how much the funding cap/band will be for frameworks and standards?

A: No. Confirmation by October 16 hopefully.

Q. Can you confirm that an employer can use their levy to pay for a framework after April 17 if the provider is still using that particular framework – that it doesn't have to be just for a new standard?

A: That is correct.

Q: Will existing frameworks continue to dual run alongside standards in 2016-17?

A: There is a process for turning frameworks off which has begun, but some will still be live in 2017.

Q: Has it been considered that the dual running of standards and frameworks is providing a free option for employers' vs a chargeable trailblazer? Will there be a free year of Trailblazers whilst the old frameworks are discontinued?

A: No.

Q: As we now know the Apprenticeship Levy will fund both Standards & Frameworks, at what funding rate will Frameworks be funded? At current Framework Values or will they be placed into one of the 5 bands used under the new Standards?

Q: When/how do we find out which cap our frameworks are in?

A: This will be confirmed in October 16.

Q: So money will be available for employers from May 2017, but the apprentice could start from 6th April 2017. How quickly will money be paid to the provider?

A: As soon as evidence of employer payment is made.

Higher and Degree

Q: At what point to HEIs need to register on the Assessment Organisation Register, as they are Universities are currently exempt where the degree is embedded?

A: The same rules apply for all apprenticeship providers.

DAS Process and mechanics

Q: Will employers and providers still need a funding management tool such as MAYTAS for manage funding or will DAS provide a tool FOC?

A: This is down to the provider.

Q: Will SMEs be expected to use the DAS service from April 2017?

A: No this will be rolled out later.

Q: Digital apprenticeship service linked to approved register?

A: Yes.

Incentive payments

Q: Is the incentive payment paid out of training providers existing SFA contracts?

A: Yes, the incentives paid from allocation.

SMEs

Q: How will this work with SMEs

Q: How will the introduction of the Levy impact on SMEs, who do not pay it, accessing funding for training?

Q: How do SME's claim funding for apprenticeships on after the 6th April 2017?

Q: Will co-funding stay at 1/3rd 2/3rds?

Q: You say the employer contribution has not yet been set, I thought it was 1/3?

A: It is currently 1/3 - 2/3 split, but that is now. The system will change for April 17. We are still waiting for the bands to be published.

General Clarifications

Q: so, providers still need to complete the ILR to draw down levy funds?

A: Yes

Q: Are SFA/NAS encouraging large employers to become training providers?

A: No.

Q: Is there a link for the approved register?

Q: Is the approved register for assessment organisations already up and running?

A: Yes, this is already live and working. It is run through Bravo.

Q: Do you think to become an approved training organisation you will need be MATRIX approved?

A: That is not currently in the requirements but it is a good thing to have.

Q: How do we get on the assessment register?

A: Through BRAVO. Details are being published in October 16.

Contracting the Cap/Band and price

Q: Once price is agreed does the employer have to pay their 1/3 all at once?

A: No this can be on profile.

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