

## Schools Forum

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**Title:** Changes to the Scheme for Financing Schools

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### Changes in National Apprenticeships Scheme and Impact on Schools

#### Summary

As part of the wide-ranging reforms of Apprenticeship training in England, the Government earlier this year published guidance on the introduction of the Apprenticeship Levy applicable to all large employers; and the Enterprise Bill (February 2016) set out plans to introduce new apprenticeship targets for public sector bodies.

The financial impact of the apprenticeship levy and the implications of the public sector apprenticeship targets as known at present are outlined in this briefing for schools. Further detailed DfE guidance is to be published in October 2016.

#### Key points

- With a commitment to delivering three million apprentice starts by 2020, the government is introducing a set of policy measures that will have financial and reporting implications for all public sector bodies.
- The apprenticeship levy, payable from April 2017 will be charged at 0.5 per cent of the total pay bill.
- Apprenticeship targets will apply to all public sector organisations with more than 250 employees. The government is currently consulting on the detail, but is proposing targets of 2.3 per cent apprenticeships per year, based on headcount.
- Schools should consider how they can make apprenticeships a more integral part of their workforce plans

#### The levy

- The aim of the Apprenticeships Levy is to create long-term investment to support the development of apprentices and is payable by all large employers across all industries

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- The levy will be payable from April 2017 and charged at 0.5 per cent of the total pay bill collected through PAYE. Employer guidance on how to calculate and pay the apprenticeship levy is to be published by HRMC in October 2016.
- The levy is applicable to all employers with a pay bill (based on total employee earnings) in excess of £3 million and it has been confirmed that the levy will be paid to HM Revenue and Customs through the Pay as you Earn (PAYE) process. This would indicate that the levy will apply to most of Bucks maintained schools. It may also apply to some of our larger academies.
- For example a small primary school with a pay bill of £200,000 would have to pay £1000 under the levy. A large primary school with a paybill of £1.5m would have to pay £7,500. A large secondary with a paybill of £3m would have to pay £15,000.
- Employers will draw down levy funds towards the costs of training apprentices. Money from the levy will be paid into a digital account on a monthly basis and via a voucher system, the funds can be used to cover training and assessment costs. The updated guidance (August 2016) sets out new banding levels for different types of apprenticeships with further details to be published next month.
- The money cannot be used to support apprentice wages
- It is likely that there will be one digital account for the whole of Bucks CC and therefore there will be a need to develop appropriate processes and governance to enable schools to access funds within the account.

## The targets

The government sees the public sector as playing a key role in helping to achieve delivery of three million apprenticeships by 2020 and is establishing targets through the Enterprise Bill:

- The apprenticeship targets will apply to all public sector bodies with more than 250 employees
- The current consultation proposes a target set at 2.3 per cent of headcount and based on estimate figures of all maintained schools, this could be in the region of 230 apprentices. There are currently approximately 25 apprentices in Bucks schools.
- Employers will have to report annually on their progress towards meeting the targets

**Government have still not published their response to the Public Sector Apprenticeship Targets consultation which ended in March 2016. LGA are lobbying to get clarity on several key points raised in particular the impact the levy and targets will have on schools**

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## Consultation proposals for changes to funding arrangements:

- New funding bands linked to specific apprenticeship standards and levels of qualifying training – regardless of age of apprentice
- Proposed extra funds for employing apprentices aged 16-18 ( £1000 each for employers and training providers); and also for care leavers
- Proposal to allow employers to transfer up to 10% of their digital accounts to other employers (delivery partners)

The Government propose to move away from the current system of pricing apprenticeship frameworks at three different levels depending on the age of the learner, and move towards a single funding band for individual framework pathways. The new apprenticeship funding system will be made up of 15 funding bands, with the upper limit of those bands ranging from £1,500 to £27,000. All existing and new apprenticeship frameworks and standards will be placed within one of these funding bands. The upper limit of each funding band will cap the maximum amount of digital funds an employer who pays the levy can use towards an individual apprenticeship.

The Government is continuing to gather the views of employers, providers and other stakeholders, to help refine and develop proposals ahead of October 2016, when they will publish:

- The final funding bands that will apply in the new system
- The final, full set of technical rules that underpin the funding system
- Confirmation of how the proportion of pay bill that is paid to employees living in England will be calculated

Then a further publication In December 2016:

- Further employer guidance from HM Revenue and Customs (HMRC) on how to calculate and pay the apprenticeship levy

## Next Steps

1. Clarify the schools that are in scope and the overall likely target for numbers of new apprenticeships in BCC maintained schools
2. To report back to the next Schools Forum once further details are published in October and there is clarification on how the levy will be calculated for schools
3. To consider how to develop a coordinated strategy to increase the numbers of apprentices across Bucks CC schools as part of future workforce plans