

Schools and the Apprenticeship Levy



White Paper

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Introduction

The Apprenticeship Levy will be introduced in April 2017, and is a 0.5% payroll tax to fund apprenticeship training, paid by any organisation with a payroll bill of more than the £3 Million per annum. So does this mean that the majority of schools will be unaffected? No, in fact ALL schools will be affected by the Apprenticeship Levy; how they will be affected depends on their size and status.

Size and Scale

For those schools who are Grant maintained, the Levy will be paid by the Local Authority, and therefore, as every Local Authority has a payroll bill of over £3M p.a., the Levy will be another tax deduction from the school payroll costs. So there will be a direct financial hit on every school that is Grant Maintained. Most Local Authorities are starting to plan how they can get some value from the Apprenticeship Levy that they will pay, many will turn to schools, who for many Authorities are a major part of the headcount and payroll.

It's a similar story for Multi Academy Trusts, the majority of whom will have a combined payroll bill of more than £3M per annum. MATs will be assessed as a single entity for the Levy, and hence even though individual schools may have a payroll below £3M, the overall MAT will be subject to the Apprenticeship Levy and the 0.5% tax deducted. So many MATs are busy planning how they can use the Levy to get maximum value and return in investment.

Small MATs or single Academy Schools (along with Free & Independent Schools) may not pay the Levy if they are below the £3M payroll bill. However, the introduction of the Apprenticeship Levy is being accompanied by a new Apprenticeship funding model for smaller organisations, such as these schools. Under present funding arrangements most apprenticeship training, regardless of learners age or whether the learner is a new apprentice or staff or existing member of staff, is free of charge for the school. From April 2017 these schools will need to "co-invest", or in other words "pay" for a proportion of the apprenticeship training; this is currently proposed to be a 10% payment; which whilst not a huge contribution; moving from free to any payment will be troublesome for already stretched school budgets.

The only employers who will not have to either pay the Levy or co-invest in Apprenticeship training costs; are employers employing a new 16-18-year-old apprentice with less than 50 employees. So some small schools, probably rural primary schools may still get free apprenticeship training. There are changes even for these schools however. Under present arrangements these schools can often claim a £1,500 Grant from the Government; this will be replaced by a £1,000 contribution from April 2017.

Enterprise Bill – a double “whammy”

There is another piece of legislation that is coming into force in April 2017 called the Enterprise Bill; this a double “whammy” for many schools. The Enterprise Bill contains new requirements for all

public sector employers; including schools of all types, to employ a minimum of 2.3% of apprentices as part of their staffing establishment. The only exceptions will be schools with less than 250 employees; but again for grant maintained and academy groups it is the bigger entity that will be used to assess whether you are in scope, so only independent or academy schools with less than 250 staff will be exempt. Organisations who do not comply with this regulation will be named and shamed and be required to submit a plan to bring their organisation up to the required levels.

So what should schools do?

There are many misconceptions regarding apprenticeships. Long gone are the days when apprenticeships were solely for young people learning craft trades. Apprenticeships are now increasingly for white collar occupations; increasingly available at higher levels and even to degree and professional status levels: did you know for example you can become a qualified lawyer through an apprenticeship pathway? Indeed, there is work underway for an apprenticeship routeway to become a QTS!

Apprenticeship training is also no longer the sole domain for young people placed into new apprenticeship roles; apprenticeship training is available for existing staff, providing that they are in need of new skills and training. The majority of apprenticeship growth, and the government need 30% growth to hit their manifesto pledge of 3 Million apprenticeships, will come from existing staff rather than new, young apprenticeships. There are simply not enough young people to provide for such growth; and for many schools employing 16-18 year-olds is not appropriate.

As mentioned earlier there is work underway for an apprenticeship pathway through the QTS, although this is likely to be 2-3 years in development. There is however no shortage of other apprenticeship programmes that school based staff can undertake. The most common is the Supporting Teaching and Learning qualification for Teaching Assistants; with over 4,000 learners per annum being trained in school each year. More specialist frameworks are available in PE (Activity Leadership), Science (Science Technician), IT (ICT Technician) and Library (Librarian). A range of business support apprenticeship programmes are also available; the most popular being Business Administration and Customer Service courses, with Team Leader and HR and Accounting apprenticeships also becoming popular, particularly for new Academies who find skills gaps in these areas when newly formed. Catering, Play-Work and Facilities Management are other apprenticeships that school based staff can undertake.

Most of the programmes currently on offer are at Level 2 and Level 3, however there are some exciting developments of higher level programmes. The development of a pathway towards QTS will clearly necessitate the introduction of new apprenticeship programmes from Level 4 to Level 7 in “teaching”; but more and more subject areas are seeing the introduction of higher level qualifications. Business Administration and Facilities Management both now have a Level 4 apprenticeship offer, and many of the new apprenticeship standards being developed are higher level. The most popular higher level apprenticeships are in Leadership and Management; with programmes from Level 3 through to the Chartered Management Apprenticeship Degree. Changes to the funding rules being introduced alongside the Levy in April mean that staff with existing degrees are for the first time eligible to undertake these apprenticeship programmes. This could be

a fantastic opportunity for schools; with teaching staff newly promoted into management positions being eligible for apprenticeship training in management.

The way forward

Using apprenticeship training to simply spend the Levy tax, or to hit a Government target, is not the way forward. Schools should review their staffing needs; both current and future, and identify areas where apprenticeship training could help improve skills and performance of existing staff; or help succession plan for future requirements. Apprenticeships, when well planned and delivered, can provide an excellent career pathway for staff in schools; identifying and planning successful careers that can benefit the employee and the school; and most importantly in the long term, the pupils!

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