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# ARE YOU READY FOR THE APPRENTICESHIP LEVY?

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# Today...

## We'll cover:

- Explaining the Apprenticeship Levy
- How the Levy can be used
- Gaining value from the Levy
- Funded development
- How to make the Levy work for you

# Bis Henderson Group



Committed to future talent

Our Group-wide commitment to investing in future talent is a vital part of Bis Henderson's approach to the challenges of our industry...



# Background

## Understanding the theory behind the Apprenticeship Levy

- Government reformed the Apprenticeship Standards in April 2017
- Funded through a Levy, the reforms have been structured to incentivise employers to take on apprentices and help the Government deliver a target of 3 million apprenticeships by 2020
- The reforms give employers more control over designing, choosing and paying for apprenticeship training



# Explaining the Levy

## In a nutshell

- Those businesses with an annual payroll bill in excess of £3 million will see their payroll costs increase by 0.5%
- This new tax will be charged monthly alongside PAYE in the normal payment to HMRC
- Substantial extra cost burden for any company affected across the public, private and not-for-profit sectors





# Spending the Levy

## It's give and take

- The Levy money taken from the payroll bill will be returned to the employer through an online account as Levy 'credits'
- Employers can spend the credits on the delivery of apprenticeship-based training offered through an approved training provider



### Give:

The Government will add 10% uplift to the bill you pay to contribute to your Levy 'pot'

### Take:

If the funds are not used after 2 years the money is taken away and can not be used





# Example of the sums involved

## In real terms, take:

- A company that employs 1000 people with an average salary cost of £30,000
- On a £30 million payroll bill the business would pay a levy of £135,000 after deducting a £15,000 allowance
- Add a 10% top-up from the government: the employer would have £148,000 available





# Lost profit??

## Changing faces

- Employers need to maximise the Levy spend – but how?
- With the most frequently-used Standards worth £3,000 - £5,000, a company with a headcount of 1000 = up to 49 apprentices per year to realise the value of their credits
- Impractical for most employers – the profile of the workforce would be completely changed



# 'Funded development'



## Gaining value

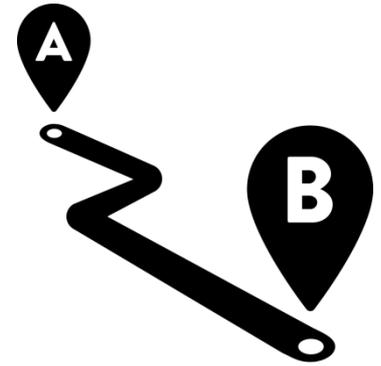
- Funds built through the Levy can be used for *any* learning and development provided it sits within an Apprenticeship Standard
- Meaning funds can be used to train and develop people of all ages, at all levels of skills and previous education, from new recruits to the boardroom
- Employers need to consider where they can utilise apprenticeship-based training and where they can replace some of their existing training budgets



# Making it work

## Examine the current skills base

- Employers need to:
  - ✓ Look carefully at the current skills base in their workforce
  - ✓ Review existing skills programmes at operational, supervisory, management or even board level
  - ✓ Reverse engineer training goals so they can be met using the new funded frameworks
  - ✓ Use broad strokes – training may be from basic level 2 to degree apprenticeships





# Graduate programmes

## Inevitable changes



- Inevitable change in businesses' views on graduate programmes
- Scheme only allows vocational courses
- Fewer jobs via non-vocational degrees
- Businesses will use Levied funds to engage young people in vocational apprenticeship degree courses



# Hit or Run?

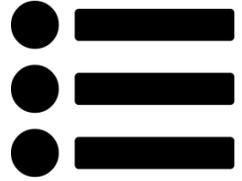
The only choice for management

Do you take the hit?

Or do you try and make it  
work for you?

# Summary

## Key take outs



- 1.** The **Apprenticeship Levy launched in April** - if your annual payroll is more than £3 million, its tax bill just went up
- 2.** The only way you can gain any value from that money is to use it to invest in developing your people
- 3.** If you haven't already got a plan in place to utilise these funds, **NOW** is the time to take action



# How can we support?

## We're here to help

- We're accredited to provide bespoke approved qualifications Standards
- Whether it's on the job development for new apprentices or a 52/78 week long learning plan for established team members, we can help
- We see things from the perspective of the industry, and develop each client's programme based on their needs and the commercial direction of their business
- **Ultimately:** We can help you offset the cost increase to your business and work it to your advantage.



# Questions...

Please feel free:

