

The levy is here to stay

The apprenticeship levy is an established fact. Employers will make their first payments in April 2017, calculated at 0.5% of gross UK paybill. An organisation with a paybill of £1 million in the month would therefore pay £5,000 that month, collected through PAYE. The levy will only be paid by employers whose annual paybill exceeds £3 million.

The levy is a new tax on business. It applies to all employers in the UK in the public and private sectors. Employers will have to pay once they exceed the threshold, regardless of whether or not they employ any apprentices. Every levy-paying employer will be given a digital account and the value of the amount collected each month will be credited to their account. Employers will be able to use the money in their digital account as a contribution to the cost of apprenticeships in their own organisations or elsewhere.

It is an investment in the future

Many financial services employers are re-thinking apprenticeships in the light of the levy. They are viewing it as an investment in future skills and talent. The investment has to be made, so how can the business get the best returns? What skills gaps might be bridged by a well-designed apprenticeship programme? How could a stronger career ladder be constructed using apprenticeships, from entry to graduate level jobs? How will the levy change or influence current investment in training?

Organisations that already employ apprentices are also contemplating the impact on existing programmes. How might the levy reset or re-calibrate relationships with training providers? Should the programmes carry on much as before or is this a good opportunity to rethink? What differences do the new apprenticeship 'Trailblazers' make? It is notable that financial services are ahead of the curve in Trailblazers, with ten standards already available— more than any other sector.

Questions such as these are the starting point for a systematic appraisal of the options on which good investment decisions can be made.

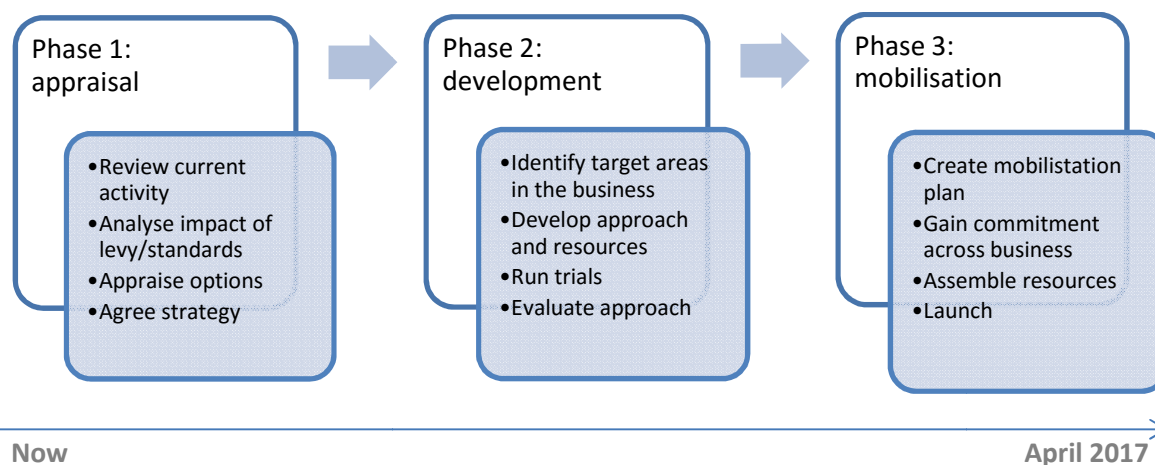
So how can you prepare for it?

The levy starts in little more than a year's time. During this time the legal and procedural systems for operating it will be put into place. Employers do not have to wait until this process is finished to start preparing. Enough is known about how the levy will work to plan ahead confidently, making the necessary adjustments as finer details emerge. Much of the preparatory work will be practical, enabling the organisation to implement its investment strategy from day one.

So right now, the priority is to understand the impact of the levy, financially and in other ways, and to start building a picture of what it could mean for your business. You want to get on to the front foot as soon as possible, making the case for a systematic appraisal of the options leading to an investment decision with the support of the business behind it.

Timeline

We suggest a three phase timeline for preparation between now and next April:



How can we help?

Your first step is to take a considered view of its investment based on a review of related activity and the financial impact of levy. That is what Phase 1 is for (see diagram above). We will appraise the options with you and help you to present them in an objective, balanced manner so that the business can agree an appropriate investment strategy and get behind it.

This is what we will do with you:

Review of related activity	Impact analysis	Option appraisal
<ol style="list-style-type: none"> 1. The organisation's people strategy, including recruitment and development 2. Current composition and future shape of the workforce 3. Learning and development plans and resources 4. Experience of apprenticeships including Trailblazers(if any) 5. Potential scope for apprenticeships 	<ol style="list-style-type: none"> 1. How much the organisation will contribute to the levy 2. What the investment will pay for, potentially 3. Whether additional funds would be needed to realise the scope of apprenticeships in full 4. Costs of developing and running an apprenticeship programme 	<ol style="list-style-type: none"> 1. Potential scope for investing in the organisation's own workforce 2. Other potential avenues for investment, e.g. corporate social responsibility 3. Management and delivery of the apprenticeship programme 4. Linkage to human resource and L&D plans

The process will take 6-10 weeks. The outcome will be a clear, succinct formulation of the organisation's strategy for apprenticeships under the levy system, arrived at through discussion of the options: a statement of intent and ambition for use in the business and externally.

Get in touch

Call Marcus Bowsher on 07806 619044 for an exploratory discussion.