



# **London Borough of Sutton**

## **Apprenticeship Levy Transfer Policy**

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# Contents

1. Background
2. Why employ an apprenticeship?
3. Apprenticeship context
4. Transferring apprenticeship levy funds to other employers
5. Priority criteria for levy transferring
6. Making an application

## 1. Background

Since 2017, employers with an annual wage bill of over £3,000,000 have been required to pay a levy equivalent to 0.5% of their wage bill as an apprenticeships levy. The levy can only be used to pay for apprenticeships training and assessment costs. If it is not used by the employer, it can be gifted to eligible organisations. Whilst the London Borough of Sutton employs and supports apprentices, it has not used its full levy allocation. It would like to transfer this to eligible local employers, as set out in this policy.

In July 2020, the Chancellor announced his 'Plan for Jobs', which was supported by a policy paper that cited the take up of apprenticeships as a way to aid the nation's economic recovery from the pandemic<sup>1</sup>. Businesses wanting to create new jobs and support the upskilling or re-training of their workforce, were encouraged to recruit apprentices.

The government introduced payment incentives to employers who hire apprentices recently. In the 2021 Budget, the Chancellor announced that the government would increase incentive payments for employers to £3,000 for new apprentices of all ages between the 1st April 2021 and September 2021. This payment would be in addition to the £1,000 that employers receive for hiring an apprenticeship aged 16- 18 years old and those aged under 25 with an Education Health Care Plan.

## 2. Why employ an apprenticeship?

Recruiting an apprentice allows employers to invest in their workforce and keep their staff up-to-date with the advances in technology and innovative working methods. Apprentices bring enthusiasm, new ideas and a fresh perspective to a business. They increase productivity, reduce staff turnover and can help tackle skills shortages faced by many industries.

## 3. Apprenticeship context

The traditional apprenticeship role has changed and with the introduction of 539 approved apprenticeship standards, they now cover a wide range of roles and jobs. All apprenticeship programmes utilise a mix of on and off the job training, which contributes towards the apprenticeship standard. This includes the requirement that at least 20 percent of the employee's paid hours are spent on off the job training. This is determined by the type of apprenticeship so this proportion can be higher in some cases.

<sup>1</sup> <https://www.gov.uk/government/topical-events/plan-for-jobs>

<sup>2</sup> <https://www.gov.uk/guidance/plan-for-jobs-skills-and-employment-programmes-information-for-employers#history>

Employers can identify the type of apprenticeships their workforce could undertake by visiting the gov.uk website, which also provides information on local training providers that can deliver apprenticeships<sup>3</sup>. In addition the Institute for Apprenticeships & Technical Education website provides information on apprenticeship standards, including, entry level requirements, a summary of an apprentices' roles and responsibilities, the cost and duration of the course<sup>4</sup>.

The costs of apprenticeship training can range from approximately £1,500 to £27,000 depending on the standard / units undertaken throughout the course. The Government contributes to the cost of the training but there is a requirement for employers to also contribute. The employer's cost can be offset through being the recipient of levy gifting.

#### **4. Transferring apprenticeship levy funds to other employers**

The apprenticeship levy has given the London Borough of Sutton the opportunity to invest in high quality training and develop a skilled workforce. Now we are in a position to work in partnership with local employers to support their business growth and development by recruiting new apprentices or developing their existing workforce.

As a large levy paying employer, with an annual wage bill of over £3 million, the London Borough of Sutton can transfer 25% of its levy funds to Sutton based businesses that do not pay the levy. If your business or organisation has a wage bill of less than £3 million per year you do not pay the levy.

More detailed information on levy transferring can be found on the government website which provides guidance on transferring unspent apprenticeship funds to other employers<sup>5</sup>.

#### **5. Are you eligible to receive a levy transfer?**

The London Borough of Sutton are keen to transfer levy funds based on the following criteria:

- The business / organisation must be based in and operate from the London Borough of Sutton
- The business / organisation requesting the funds must be registered with Her Majesty's Revenue and Customs (HMRC)
- The business / organisation must not have a wage bill of over £3 million per year
- The apprentice can be a new starter to the organisation, or for an existing member of staff where the apprenticeship will support their career progression. It cannot fund an apprenticeship which is currently underway.
- The apprentice must reside in the London Borough of Sutton
- The apprentice must be paid at least the National Minimum Wage (not the apprentice wage)

- The apprentice must receive ongoing supervision and appropriate support for the duration of the apprenticeship
- The apprentice must be able to demonstrate 20 percent off the job training ☐ The apprenticeship should be of a high quality, to enhance the career prospects of the apprentice in the longer term and the business must be committed to supporting the apprentices' career progression
- The business must be compliant with all relevant laws, requirements and regulations
- The provider must be registered with the Education and Skills Funding Agency (ESFA) and have achieved a minimum of 'Good' in their most recent Ofsted inspection<sup>7</sup>

**Please note**

- The levy transfer will fund the cost of the training and assessment of an apprenticeship. Your business must still fund all salary and associated costs for the apprentice.
- Funds will be transferred to the training provider on a monthly basis, not the employer. The funds cannot be used to pay for the salary of an apprentice. • The transfer will only be made to fund new apprenticeship starts. This can include the creation of a new apprenticeship role or to fund an existing employee starting an apprenticeship.
- If your business / organisation is eligible to receive a levy transfer you will need to create an account to manage apprenticeships using the Digital Apprenticeship Service (DAS)<sup>8</sup>. The receiving employer will also need to connect with the transferring employer via the DAS.
- A transfer can fund up to the funding band maximum of a standard (the cost of apprenticeship training can vary depending on the standards and range from £1,500 to £27,000)
- If the apprenticeship ceases then so will the funding.
- You are required to share some information about the apprentice, with the London Borough of Sutton, i.e, (name, address, age, gender, ethnicity, educational attainment)
- You are required to provide information about the apprenticeship and the training provider delivering the apprenticeship with the London Borough of Sutton

<sup>7</sup> <https://www.gov.uk/government/organisations/education-and-skills-funding-agency/about>

## 6. Priority criteria for levy transferring

We are expecting a high level of demand for support and our funds are limited. Therefore in developing a process for who to support, priority will be given to applicants that meet the London Borough of Sutton's priority cohorts and target sectors below:

Apprenticeships focused on providing employment in:

- Science, Technology, Engineering, Arts and Maths (STEAM)
- Construction
- [Green jobs](#)<sup>9</sup>
- Creative / Arts industries
- Digital industries
- Health and Social Care
- Life Sciences
- Hospitality
- Leisure

Additional priority will be given to apprentices that meet the following criteria:

- Aged 16 - 25
- Have recently completed the Kickstart scheme with a Sutton based business (if applicable)<sup>10</sup>
- Are currently or have previously resided in social care, i.e, Looked After Children (LAC)
- Define their ethnicity as, Black, Asian, or Minority Ethnic (BAME)
- Are Not in Education, Employment or Training (NEET)
- Have Special Educational Needs and / or a disability (SEND)
- Apprenticeships which pay the London Living Wage

<sup>8</sup> <https://accounts.manage-apprenticeships.service.gov.uk/service/index>

<sup>9</sup> [https://www.london.gov.uk/sites/default/files/lcdc\\_-\\_green\\_means\\_business\\_report\\_2014.pdf](https://www.london.gov.uk/sites/default/files/lcdc_-_green_means_business_report_2014.pdf)

<sup>10</sup> <https://www.gov.uk/government/collections/kickstart-scheme>