

# Apprenticeships and the Apprenticeship Levy

## FAQs

### A Guide for Theatres Around the UK

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## Questions about apprenticeships

### What's the difference between an apprenticeship, an internship and a placement?

Apprenticeships are recognised formally by the Government. Apprentices must be working to a published and approved [Standard](#) (which includes mandatory off-the-job training delivered by a training provider). Apprentices by law must have a contract of employment and be paid the appropriate minimum wage rate.

Internships are time limited work opportunities which must be paid (exceptions apply). There is no formal training or certification attached to an internship like there is with an apprenticeship.

Work placements are shorter opportunities allowing somebody to observe the work of an organisation and gain some basic experience/understanding of a role and/or workplace. Creative & Cultural Skills has written a guide which helps explain the different types of work-based entry routes. This can be downloaded [HERE](#).

### What is an apprenticeship?

A formal apprenticeship must be recognised and on the [list of approved Apprenticeship Standards or Frameworks](#).

A formal apprenticeship is a job that leads to the certification of occupational competence and consists of three core elements:

- On the job learning (this is the job the apprentice has been employed to do)
- Off the job learning (delivered by a registered apprenticeship training provider representing at least 20% of the apprenticeship)
- Functional skills in English and Maths (this only applies where an apprentice has not achieved an accepted English and Maths qualification at an agreed level, which is set out by the individual apprenticeship standard). This element is called Essential Skills in Wales and covers application of number, communication, and digital literacy. In Scotland this is referred to as Core Skills and covers communication, numeracy, information and communication technology, problem solving, and working with others.

### Do I need to treat an apprentice differently to other staff?

No. To the employer an apprentice is an employee and must be contracted and treated as such.

### Are apprentices entitled to holiday?

Yes, in line with their employer's holiday policy. Apprentices are subject to the same company policies and procedures as any other staff member, including benefits.

### How long should an apprenticeship last?

Apprentices in England must be contracted and paid for a minimum of 30 hours a week (including their off-the-job training) for at least a year, although exceptions may apply including the option to undertake an apprenticeship on a part time basis. However, some apprenticeships take longer to complete. Employers are advised to contract apprentices for the minimum 'typical duration' recommended for the specific apprenticeship. For information about apprenticeships in Scotland, Wales and Northern Ireland, please email Creative & Cultural Skills on [info@ccskills.org.uk](mailto:info@ccskills.org.uk).

### **Do I have to employ an apprentice once they've completed their apprenticeship?**

No, however it is advised that an employer's intentions are made clear to the apprentice throughout so an apprentice can plan their progression accordingly. Notifying an apprentice that they will not continue in their role only days or weeks before the apprenticeship ends is considered poor practice.

## **Questions about the apprenticeship levy**

### **What is the apprenticeship levy?**

In 2017, the Government changed the way apprenticeships were funded in England, which included the introduction of an employer levy. The levy is paid by all employers with an annual pay bill of £3 million or more. It is calculated at 0.5% of an employer's annual pay bill over the £3million and is taken monthly via PAYE. These levy payments are turned into apprenticeship vouchers for employers to spend on apprenticeship training and include a 10% contribution from Government. Employers spend their vouchers through their Apprenticeship Service online account. Employers can set up an account [HERE](#).

### **Why was the levy brought in?**

The levy was introduced in 2017 as part of the Government's apprenticeship reforms in England, which work to put employers in the driving seat and give them purchasing power. The levy helps generate funding for apprenticeship training in England. The devolved administrations (Wales, Scotland and Northern Ireland) choose how they use their levy income.

### **Does the levy apply if my company employs people who are based outside of England, including the UK Nations?**

The levy is paid by employers in all nations of the UK but is only transferred into vouchers for apprenticeship training in England. The devolved administrations decide how they want to spend their levy contribution from employers in their nation. If your organisation employs some people in England and some people outside of England, HMRC will calculate the value of an employer's apprenticeship vouchers using data they already hold about the home address of their employees. HMRC will work out what proportion of each employer's pay bill is paid to employees living in England and will calculate this on a quarterly basis. This proportion will be available to view through an employer's Apprenticeship Service account.

Here's an example of how the voucher value will be calculated:

Monthly levy payment: £1000

Percentage of pay bill paid to employees living in England (calculated from postcode data): 75%

= £1000 x 0.75 = £750 + 10% Government top-up (£75)

Monthly voucher value = £825

### **What is included in the term 'pay bill'? Does it cover freelancers, or if we employ people through a subsidiary company?**

Your pay bill will be based on the total amount of earnings subject to Class 1 secondary (employers) National Insurance Contributions (NICs). Earnings include anything such as wages, bonuses, commissions, and pension contributions that you pay NIC on. In summary, it is calculated on what goes through an employer's PAYE.

If you pay freelancers outside of PAYE (e.g. through invoices) this would not be included as part of your pay bill as it would be classed as a payment for services.

### **Our pay bill is below the £3 million threshold – what does this mean for us?**

In this instance an employer will not be required to pay the apprenticeship levy, but if they employ an apprentice, they are required to pay 5% of the training costs for the apprenticeship. The amount this 5% represents varies depending on the funding band that has been allocated to the respective apprenticeship. There are many funding bands for apprenticeships which start at £1,500 rising to £27,000. The funding band represents the total amount the Government is prepared to pay to cover the off-the-job training costs of an apprenticeship (including the levy voucher contribution for those that pay the levy). Employers are free to pay above the band for additional training but would incur this cost directly.

### **What are apprenticeship vouchers and what are they spent on?**

Apprenticeship vouchers are what levy-paying employers will use to buy their apprenticeship training and cover the cost of End Point Assessment (so the apprentice can be assessed as competent and complete their apprenticeship when ready).

The Apprenticeship Service account (see question 7 above) holds the value of an employer's vouchers and allows them to select the training they want to buy. The Apprenticeship Service is also where non-levy payers select the training provider/s they want to use, but in this instance the Government pays the training provider direct.

Vouchers are paid into the employer's account one month in arrears of the levy payment being made to HMRC via PAYE. From the point at which the vouchers appear in the employer's account they have two years to spend them, after which point the Government will claw them back.

Employers who are levy payers can now transfer up to 25% of the annual value of their vouchers to another employer to cover the cost of apprenticeship training. Levy payers can transfer vouchers through the Apprenticeship Service to as many employers as they like if the total value transferred does not exceed 25% of the annual value of their vouchers. This means transferred levy vouchers by a single levy payer could cover the cost of training for multiple apprenticeship opportunities. Non-levy paying employers wishing to receive a levy voucher transfer will need to create an Apprenticeship Service account [HERE](#).

### **When and how often do payments leave our Apprenticeship Service account?**

When an employer selects the training they want to buy from an approved training provider listed in the Apprenticeship Service, payments will be taken monthly from the account and paid directly to the selected training provider.

### **Does the levy change how much our apprentices are paid?**

No. The levy helps cover the cost of training only. The employer is still legally obligated to pay their apprentice the appropriate National Minimum Wage rate. Details of National Minimum Wage rates can be found here: <https://www.gov.uk/national-minimum-wage-rates>

### **Does the levy only apply to certain age groups, or people from specific groups?**

No. Anyone over the age of 16 (having completed their final GCSE year at school) can undertake an apprenticeship and can have their training costs covered. For graduates and those with higher level training they can only undertake an apprenticeship and have their training funded if their apprenticeship is in a different subject to their degree or prior qualification(s).

Employers that take on a 16-18 year old apprentice or a 19-24 year old who was formerly in care, or who has an Education and Health Care Plan, will receive an additional £1000 incentive payment from the Government to help cover additional costs associated with employing individuals from these demographics.

**We run our own apprenticeship scheme, what do we do to make sure it's counted?**

Unless it is a Government recognised apprenticeship, it won't be counted. You can see the full list of recognised apprenticeships here:

<https://www.instituteforapprenticeships.org/apprenticeship-standards>

**We are a charity – does the levy still apply?**

Yes. Charities are subject to the same arrangements as any other employer as part of the Government's apprenticeship reforms in England.

**I am an employer in Scotland/Wales/Northern Ireland – what does the levy mean to me? Where do I go for information on Apprenticeships in these countries?**

The levy is paid by employers in all nations of the UK but is only transferred into vouchers for apprenticeship training in England. The devolved administrations decide how they want to spend their levy contribution from employers in their nation. If you would like information on apprenticeships in the Nations, you can contact Creative & Cultural Skills who can discuss these with you or direct you to the most appropriate organisation. Please email

[info@ccskills.org.uk](mailto:info@ccskills.org.uk)

**I am an apprentice – will the introduction of the apprenticeship levy make any difference to me?**

The only difference apprentices might notice is that they will be formally assessed for their apprenticeship at the end by an independent End Point Assessment Organisation if they are undertaking an apprenticeship in England.

An apprentice should also experience much more industry relevant training as there is no longer a requirement to deliver formal qualifications as part of an apprenticeship standard in England (unless otherwise stated) and therefore training can be tailored to suit.

Apprenticeship Frameworks, that are underpinned by qualifications, remain active in the devolved administrations (Scotland, Wales and Northern Ireland). In this instance, apprentices are assessed continuously throughout their apprenticeship by the training provider.

**Where can I go for more information about apprenticeships and the levy?**

The Government website <https://www.gov.uk/topic/further-education-skills/apprenticeships> contains all current information about apprenticeships and the associated levy in England. However, Creative & Cultural Skills has a role in supporting the creative and cultural sector around apprenticeships and can be approached with any apprenticeship query. Please email

[info@ccskills.org.uk](mailto:info@ccskills.org.uk)

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Thank you to Sara Whybrew from Creative & Cultural Skills for compiling this document for SOLT and UK Theatre. For more information or questions, please don't hesitate to contact Creative & Cultural Skills at [info@ccskills.org.uk](mailto:info@ccskills.org.uk)

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