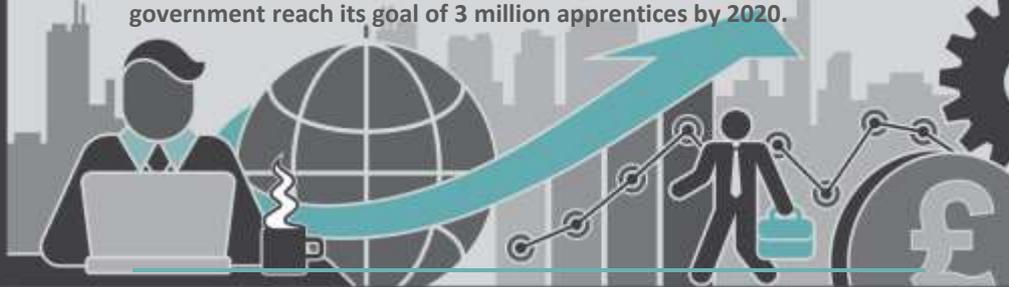


JUNE 2016

# CII COMMERCIAL INSURANCE PROFILE

## DID YOU KNOW?

On 6th April, the government abolished employer National Insurance contributions for apprentices under 25 years of age. This decision is expected to save employers an estimated £1,000 annually for every apprentice that earns £16,000. The government is predicting that the potential savings will encourage more employers to take on apprentices, which will help the government reach its goal of 3 million apprentices by 2020.



## IN THIS ISSUE

### New Apprenticeship Levy and Funding Changes Set for 2017

Read about how the forthcoming apprenticeship levy will affect your business and how you can benefit from it.

### UK SMEs Missing Out on International Web Sales

Despite a growing global demand for British-made goods, UK SMEs are hesitant to open their online stores to international customers.

### New Data: UK Economy Hurt by Slumping Service Sector

The current potential for economic growth in the United Kingdom has stalled due, in part, to a slumping service sector.

## New Apprenticeship Levy and Funding Changes Set for 2017

In order to increase the number and quality of apprenticeships in the United Kingdom, the government recently introduced a new apprenticeship levy and Digital Apprenticeship Service that will benefit all businesses interested in apprentices. However, only employers with a pay bill of more than £3 million each year will be required to pay the levy.

The levy will be set at 0.5 per cent of an employer's pay bill, and employers will pay the levy to HM Revenue and Customs, through the Pay as You Earn process alongside tax and National Insurance Contributions. Employers will receive an annual allowance of £15,000 to offset the levy amount they must pay.

Employers who pay the levy will be able to access funding and pay for apprenticeship training and assessment through the new Digital Apprenticeship Service (DAS), which the government hopes to make available in January 2017. Non-paying employers will not be able to use the service until at least 2018, but will instead receive funding through 'co-investment', in which employers pay training providers directly, and the government helps cover the cost. However, both paying and non-paying employers will be able to use the service to post apprenticeship vacancies, choose training providers, and select apprenticeship framework or standards.

To further assist paying employers, the government will apply a 10 per cent top-up to monthly funds for apprenticeship training in England. Both funds, via the DAS and co-investment, can only be used to pay for apprenticeship training and assessment, not for things like wages.

While the levy will not come into force until April 2017, your business can still be proactive in taking on apprentices. One way that you can do this is by applying for the Apprenticeship Grant for Employers, which provides employers with fewer than 50 employees with £1,500 for each of their first five apprentices aged 16 to 24.

The government will release more information about the apprenticeship levy later this year. For further guidance on how to take on apprentices and other related resources, visit [www.gov.uk/take-on-an-apprentice](http://www.gov.uk/take-on-an-apprentice).



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## UK SMEs Missing Out on International Web Sales

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Only 56 per cent of Britain's online small and medium-sized enterprises (SMEs) sell to customers abroad—despite a growing demand for British-made goods, according to a recent survey conducted by market researching firm Ipsos MORI. The survey questioned more than 1,200 SMEs in major online retail markets across the globe. In examining the data, the survey found that countries such as France and Spain had capitalised on international sales in the online marketplace more often than those in the United Kingdom.

The survey identified two primary reasons why online British merchants were not taking full advantage of potential international customers:

- High international shipping costs
- Concerns about foreign customs and duties

Yet, despite these reservations, the United Kingdom is the world's third most popular destination for international online shoppers, according to the 2015 Ipsos MORI research. To take advantage of the booming market for British goods, and to make your business' online store more accessible to international buyers, consider making these five simple changes:

1. Offer customers the option of paying with multiple types of currency.
2. Provide customers with the ability to change the language on your website.
3. Keep your shipping costs low.
4. Build and maintain an online presence on several different social media platforms, such as Instagram, Twitter and Facebook.
5. Invest in search engine optimisation, to ensure potential international customers can find your online store quickly and easily.

By implementing the above guidance, your business will be able to remain competitive within the online marketplace. For additional guidance on how to successfully market your business online and sell to both British and international customers, contact **Crendon Insurance Brokers Ltd**.

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## New Data: UK Economy Hurt by Slumping Services Sector

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Recent reports have painted a bleak portrait of UK economic growth, which has nearly stalled. The Purchasing Managers' Index (PMI) surveys revealed that there was only 0.1 per cent growth for the month of April. An explanation for such a significant slowdown may be due, in part, to the services sector, which grew at its slowest pace in three years—with a PMI reading of 52.3 in April, down from 53.7 in March. While any reading above 50 indicates growth, the data has not been well received, as the services sector comprises 80 per cent of the UK economy, according to the Financial Times.

Uncertainty over the Brexit is the chief cause of the current stilted growth. As customers—both British and international—are unsure of the outcome and its potential effects, they have refrained from purchasing large items and shied away from impulse buys. Brexit uncertainty, coupled with the start of the National Living Wage in April, have further squeezed cost margins.

However, despite the declining services sector, there are strategies you can employ to survive the current economic uncertainty, such as the following:

- Investing in apprenticeships, which have been made cheaper by new government regulations
- Taking advantage of the international community's demand for British-made goods in the online marketplace

For more information on how to ensure that your business is robust enough to weather the current economic climate, contact the professionals at **Crendon Insurance Brokers Ltd** today.

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## The Business Case for Apprentices

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Source: GOV.UK



**87 per cent**  
of surveyed employers said that they were satisfied with the apprenticeship programme.

**76 per cent**  
of surveyed employers reported that apprenticeships improved workplace productivity.



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# CI PROFILE