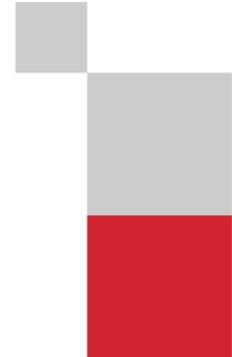




Apprenticeship Reforms

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Apprenticeship Reforms

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Background to Reforms

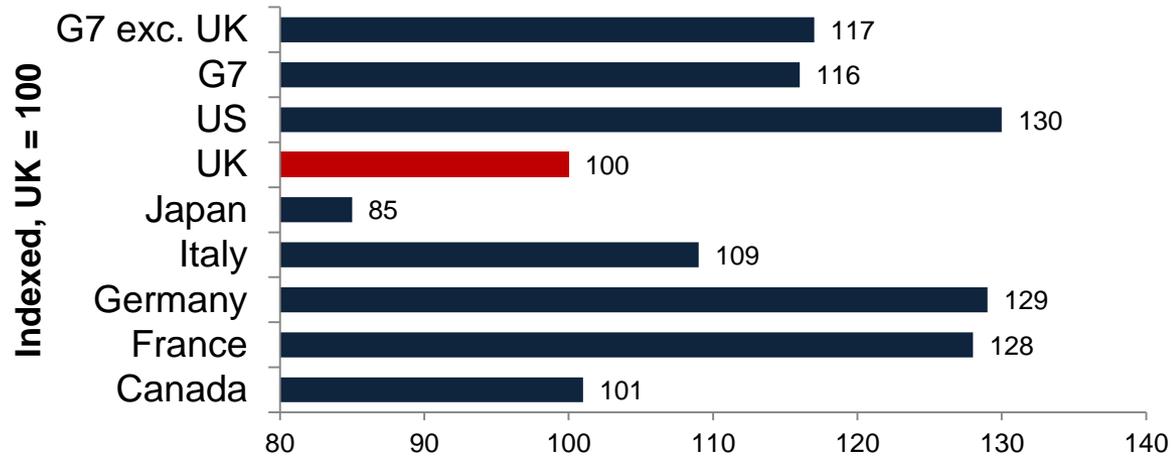
The Government is committed to significantly increase the quantity and quality of apprenticeships in England to reach **3 million starts in 2020**:

- New **Institute for Apprenticeships** led by employers to support quality apprenticeships
- Employers at the heart of designing new **Apprenticeships Standards** through the Trailblazer programme
- Apprenticeships will be given **equal legal protection to degrees**
- **Abolishing employer NICs** for apprentices under the age of 25 from April 2016
- **Apprenticeship targets for public sector bodies** - new duty on public sector to have 2.3% of its workforce comprised of apprenticeships

But a step change in the scale and quality of the apprenticeship programme also requires a step change in funding.

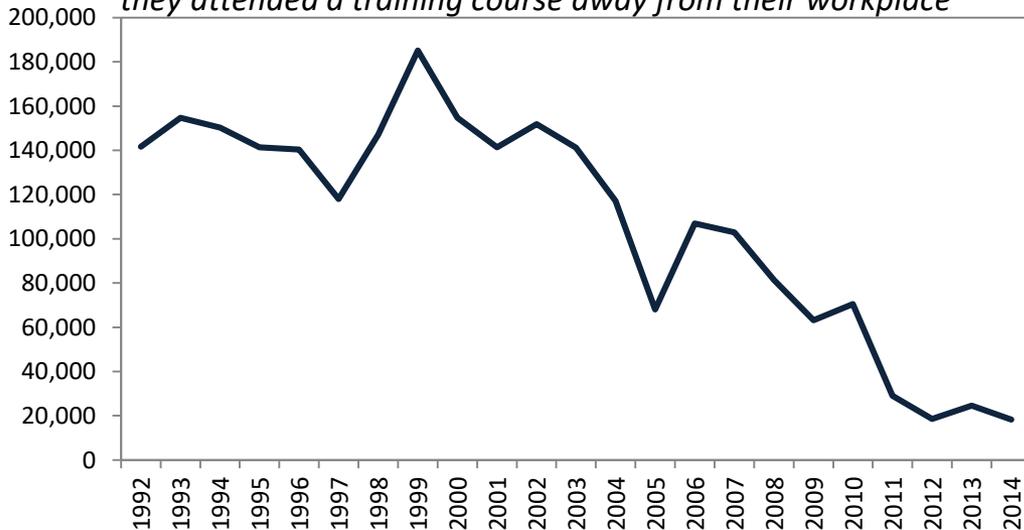
Action is needed to address current trends

GDP per hour worked for the UK and comparator countries, 2013



UK productivity lags behind other developed economies...

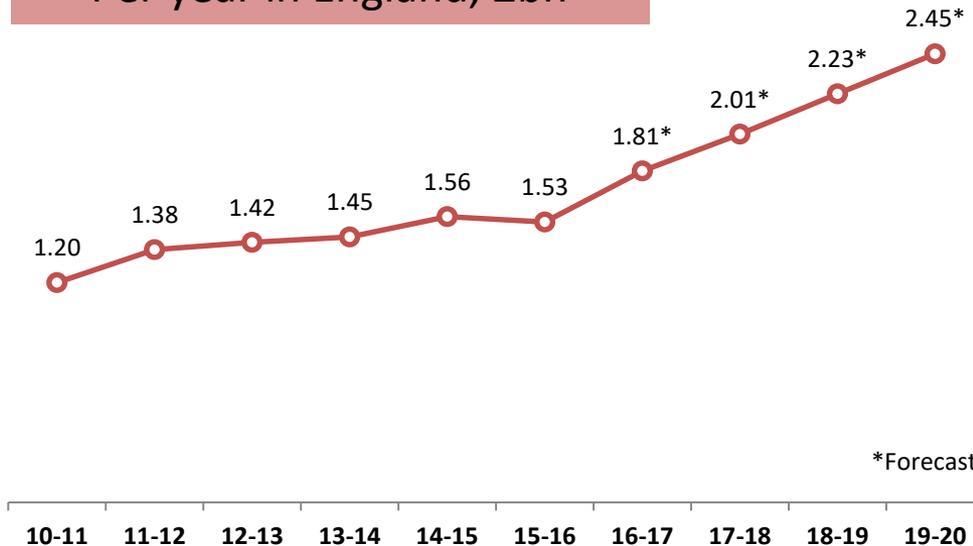
Number of employees who worked fewer hours than usual because they attended a training course away from their workplace



... and employers are investing less in training

Apprenticeship Spending

- Per year in England, £bn



- Apprenticeship spending will reach £2.45bn in England by 2019-20
- This is more than double the amount spent in 2010-11

- Scotland, Wales and Northern Ireland will receive a share of the levy, and will take decisions on how that will be spent

What is the Apprenticeship Levy?

Starts on 6 April 2017, at a rate of 0.5% of pay bill, paid through PAYE

Applies to all UK employers in all sectors

£15,000 allowance - this not a cash payment

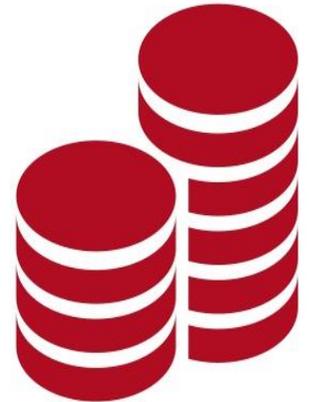
Only 1.3% of employers will pay the levy

Locally in Liverpool City Region this could equate to 450 employers

The levy will be set at 0.5% of an employer's pay bill. It will only be paid on any pay bill in excess of

£3m

Employers will have an allowance of £15,000 to offset against their levy payment



Apprenticeship Levy

- Levy will be collected from 6th April 2017, 1st payments in May 2017 alongside PAYE payment
- Levy money paid will be accessed by employer online via the new **Apprenticeship Service**
- Employers will be able to get out more than they pay into the levy – via an **automatic 10% top-up** to their account
- Levy funds available to employers will be based on the **% of employees workforce that live in England**
 - Using data held by HMRC already about home addresses of employees
- **Levy funds will expire 24 months** after they have been credited to employers DAS account – payments taken on 1st in, 1st out basis

Apprenticeship Levy – Worked Examples

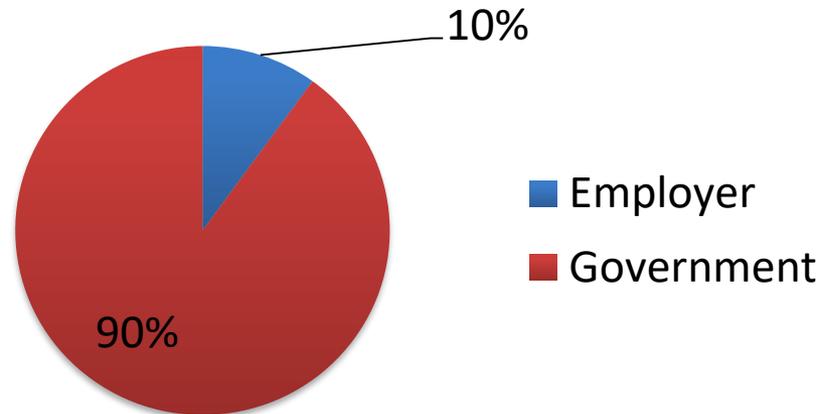
- Employer of **250 employees**, each with a gross salary of £20,000.
- Pay bill: $250 \times £20,000 =$
£5,000,000
- Levy sum: $0.5\% \times £5,000,000 =$
£25,000
- Allowance: $£25,000 - £15,000 =$
£10,000 annual levy payment

- Employer of **100 employees**, each with a gross salary of £20,000.
- Pay bill: $100 \times £20,000 =$
£2,000,000
- Levy sum: $0.5\% \times £2,000,000 =$
£10,000
- Allowance: $£10,000 - £15,000 =$
£0 annual levy payment

Non-Levy paying Employers

- Those with pay bill of less than £3,000,000 (98.7% of employers)
- Will be expected to make contribution towards cost of training (**co-investment**) and Government will pay the rest:

Co-Investment Rate



- Paid direct to chosen training provider
- This model also applies to Levy Paying employers who have used all their levy funds
- They will not use Apprenticeship Service for payments until at least 2018 - Expectation that **all employers** will use it by 2020

What can funds be used for?

Digital funds and government funding **can** be used for:

- apprenticeship training and assessment
- against an approved Apprenticeship framework or standard
- with an approved training provider and assessment organisation
- up to the funding band maximum for that apprenticeship

Digital funds and government funding **can not** be used for

- wages
- travel and subsistence costs
- managerial costs
- traineeships
- work placement programmes
- Brokerage
- the costs of setting up an apprenticeship programme

Additional Funding/Payments available to employers

16-18 year olds

Government will pay **£1,000 to employers**, and a further **£1,000 to training providers** if they train a 16-18 year old apprentice

Disadvantaged young people

Government will pay **£1,000 to employers**, and a further **£1,000 to training providers** if they train 19-24 year olds leaving care or who have a Local Authority Education and Healthcare plan

Small Employers

Employers with **fewer than 50 employees** will have **100% of the training and assessment costs covered** when training a 16-18 year old or Disadvantaged Young Person

Changes to Funding Rules from May 2017

Cross-border funding

Use of Levy or Co-investment Apprenticeship funding based on **whether the apprentice's main place of employment is England.**

'Workplace' is where the apprentice is expected to spend the majority of their time during their apprenticeship.

Prior qualifications

Now and in the future, you can train any individual to undertake an apprenticeship at a **higher level** than a qualification they already hold.

An individual can be funded to undertake an apprenticeship at the **same or lower level** to acquire **substantive new skills**

Funding Bands

Number	Band limit
1	£1,500
2	£2,000
3	£2,500
4	£3,000
5	£3,500
6	£4,000
7	£5,000
8	£6,000
9	£9,000
10	£12,000
11	£15,000
12	£18,000
13	£21,000
14	£24,000
15	£27,000

- Change to Funding to make it clearer and more transparent
- Every existing apprenticeship has been allocated into one of the 15 new funding bands
- Each band is the upper limit that an employer can use to pay for Apprenticeship training
- If employers wants or needs to spend more than the funding band limit, using their own money, then they will be free to do that.

A quick guide to the digital apprenticeship service

* Non-levied Employers do not have to complete steps 3 and 4



Plan your apprenticeship program

— **Understand** the overall process and what to expect

→ Estimate how much funding you will have to spend on apprenticeships



Choose apprenticeship training and assessment

— **Find** the right type of apprenticeship training for your business

— Choose a training provider

→ Choose an organisation to assess your apprenticeship



Manage the funding for your apprenticeship

— **Register** securely to set up an Employer account, (using your Government Gateway ID)

— Assign PAYE schemes to your Employer account to view your levy balance

— View the current balance of your levy and expiring funds that you might lose

— Forecast your funding balance in the future

→ Find out how much you could pay if you don't have enough levy



Start a new apprenticeship contract

— **Agree** how much you want to pay a training provider from your levy account

— Set up and authorise payment to your training provider and see when they will be paid

— Pause or stop a payment to a training provider

— View payment activity on your levy account



Advertise a vacancy and recruit an apprentice

— **Post** an apprenticeship opportunity

— **The digital service is coming soon.**

Find out more about the apprenticeship levy at GOV.UK...

Get involved with testing and developing the service. Contact ...

Who can deliver training for you?

- **New Register of Apprenticeship Training Providers**
 - List of approved training providers who have gone through a Government procurement process
 - 1700 approved providers nationally – [RoATP click here](#)
- **Larger employers could consider delivering training to their own staff**
 - Process to get on Register (RoATP) – [click here](#)
 - Opens four times a year for applications
- **How can I get help?**
 - Your existing Training Provider/College
 - National Apprenticeship Service - 0800 015 0600
 - GMLPF – 0151 707 8775 – gareth@gmlpf.net

Questions

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