

Apprenticeship Reforms

An Employer Guide



Key information about the changes to apprenticeships including new standards, the apprenticeship levy and the apprenticeship service.

Apprenticeships are changing

Hull Training and Adult Education deliver apprenticeships in a range of sectors including: Business, Creative and Digital, Construction and Building Services, Engineering and Manufacturing Technologies, Catering, Childcare, Health and Social Care, Hospitality and more.

Our expertise on current apprenticeship funding and our insight into the future of levy funding, as well as changes to the apprenticeship programme, will ensure you are kept up to date and informed.

Apprenticeships already benefit employers and individuals by boosting the skills of the workforce to help improve economic productivity.

The Government is committed to achieving three million apprenticeship starts by summer 2020.

To achieve this a series of government reforms will come into force which will involve radical changes to the basic design and funding of apprenticeships.

They will support an increase in the quality and quantity of apprenticeships allowing more people to pursue a successful career - whether this is their first step on the employment ladder or progression within their existing role.

The reforms are aiming to make the apprenticeship programme even more rigorous and responsive to employers' requirements as well as the changing needs of learners and providers. From April 2017 an apprenticeship levy will be introduced. The purpose of the levy is to encourage employers to invest in apprenticeship programmes and to raise additional funds to improve both the quality and quantity of apprenticeships.

Employers from both the public and private sectors, with a payroll of more than £3 million, will have to pay a 0.5 per cent levy to fund apprenticeships. Levy paying employers will be able to reclaim their contribution via a digital voucher; this voucher can then be used to "pay" for apprenticeship training and assessment.

How will this affect small businesses?

Employers with 50+ members of staff whose payroll is less than £3m will not be in scope to pay the apprenticeship levy. From April 2017 employers will have to make a mandatory cash contribution of 10% to train an apprentice and the Government will 'co-invest' by paying the remaining 90 percent.

Employers with less than 50 employees who employ an apprentice aged 16 to 18 years old will not be required to make any financial contribution towards their cost of training. The business will also receive a £1,000 cash incentive for taking on the apprentice, with an additional £1,000 payment to the training provider. For those employing 19+ aged apprentices a 10% charge will be made to the company.

To read government guidance in full visit:-

<https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work>



**Putting
employers
in the driving
seat**

New Apprenticeships Standards

Historically apprenticeships have been made up of a framework of qualifications. By 2020, under the reforms all existing frameworks will be replaced by the new standards, ensuring better delivery across the UK.

The new standards give all employers more flexibility and control in designing apprenticeships. They are developed by employer groups for employers and will meet their sector needs.

A training provider and employer can work together to meet the specification that meets the new apprenticeship standard.

The reforms are:

- replacing existing complex frameworks with accessible standards describing the skills and knowledge that an individual needs to be fully competent in an occupational area; and written by employers in a language they understand.
- improving the quality of apprenticeships through higher expectations of English and maths, more rigorous testing to ensure the apprentice is fully competent and raising aspirations for apprentices by introducing grading at the end of the apprenticeship.
- introducing an end-point assessment for every standard as a new way of assuring quality in the apprenticeship.
- giving all employers the choice to be involved in developing apprenticeship standards that meet the needs of their business.
- handing over control of the funding to employers so that they become more exacting customers.
- relaxing restrictions on employers to train existing staff with new skills, provided existing achievements and new training is in an unrelated discipline. This will give employers the freedom to make training decisions that will benefit them and the individual.

Guidance for employers on the new standards development process as well as a list of approved standards and those in development are available at:- www.gov.uk, search 'apprenticeship standards'

End-point Assessment (EPA)

All apprentices will now have to undertake an end-point assessment to complete their qualification. The EPA is designed to test whether each apprentice has gained the skills, knowledge and behaviours outlined in the standard, and grade each learner according to their performance.

When an apprentice is ready to take the EPA, their employer will put them forward for the assessment. Each EPA is different, so the requirements for each assessment are laid out in the apprenticeship standard. The apprenticeships will be externally assessed by an independent organisation to ensure they meet the required standard.



The Levy

The new apprenticeships levy is a mandatory government tax that will be payable by all UK employers who have a payroll over £3 million from April 2017.

All companies can access and recruit new apprentices or train existing staff through the apprenticeship programme.

For levy paying companies

The apprenticeship levy is collected through monthly HMRC deductions and the amount you pay will be credited to a digital account. The Government will then add a further 10% to your account.

Levy payments will 'expire' 24 months after they enter your account. They will be used on a 'first in, first out' basis, so the sooner you become engaged with apprenticeships the better. Levy funds must be spent on training apprentices and cannot be used for wages or other staff expenses.

Employers will be able to access their levy funds via a new on-line portal called the apprenticeship service. You will need to register for an account.

For non-levy paying companies

Non-levy paying companies won't need to use the apprenticeship service to pay for apprenticeship training and assessment until at least 2018. A new funding system for apprenticeships was introduced from May 2017.

The Government will ask you to make a 10% contribution to the cost of this training and it will pay the rest (90%), up to the maximum amount of government funding available for that apprenticeship.

Our aim is to help you to understand what the changes mean to your business and how to maximise the benefits for you and your staff.

If you're unsure whether your business is a levy payer, you can access an online tool that will work out your levy contribution at:- <https://estimate-my-apprenticeship-funding.sfa.bis.gov.uk/>

**Increase
the quality of
apprenticeships**

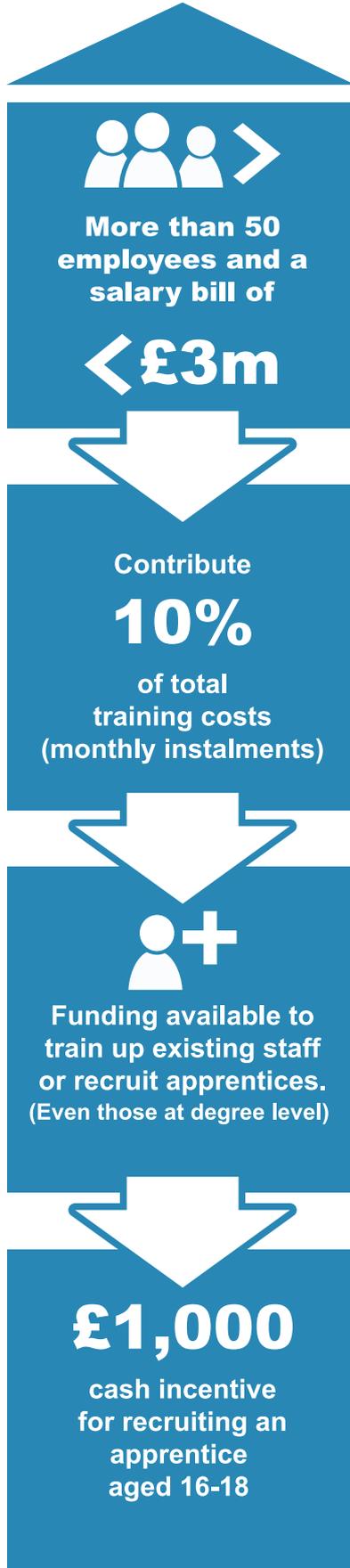


How the Levy will affect your business

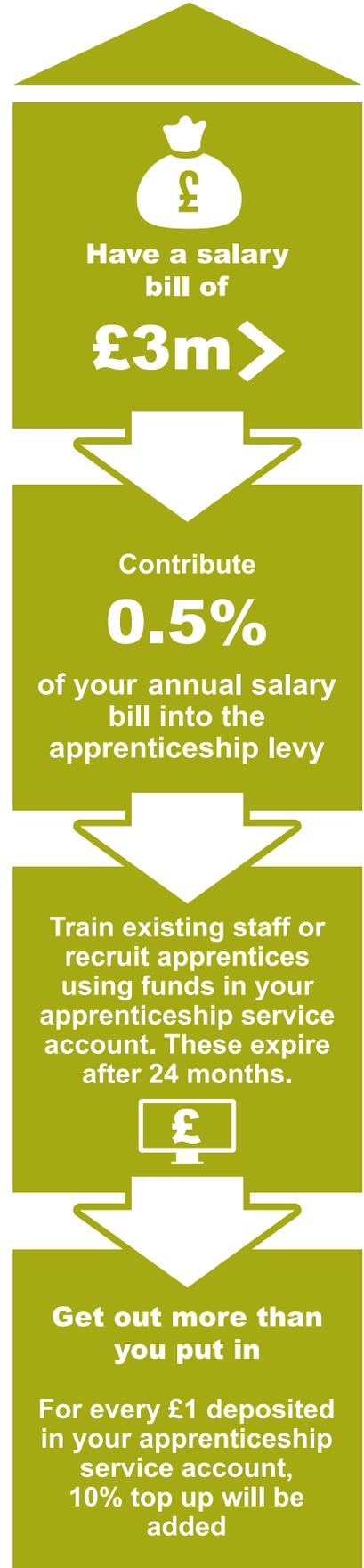
Non-Levy Payers



Non-Levy Payers



Levy Payers



The Apprenticeship Service

All levy paying employers in England have access to the apprenticeship service, a new easy-to-use online digital system to help them manage their apprenticeship programme.

Through this portal eligible employers will be able to:

- Select an apprenticeship
- Select the college/training provider you wish to work with
- Choose who will undertake the end-point assessment
- Upload your apprentice vacancies
- Confirm the price of training
- Pay your college/training provider
- Monitor payment activity and view your balance
- Pause or stop payments.

Digital funds and government funding can be used to pay for:

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

Digital funds and government funding cannot be used for:

- Wages
- Travel and subsistence costs
- Managerial costs
- Traineeships
- Work placement programmes
- The cost of setting up an apprenticeship programme

Guidance on how to register with the apprenticeship service and information on how to manage your apprenticeship funds are available at:-

www.gov.uk/guidance/manage-apprenticeship-funds

For useful tips and more information, visit the ESFA Digital blog at

<https://sfadigital.blog.gov.uk> or follow [@SFADigital](https://twitter.com/SFADigital)

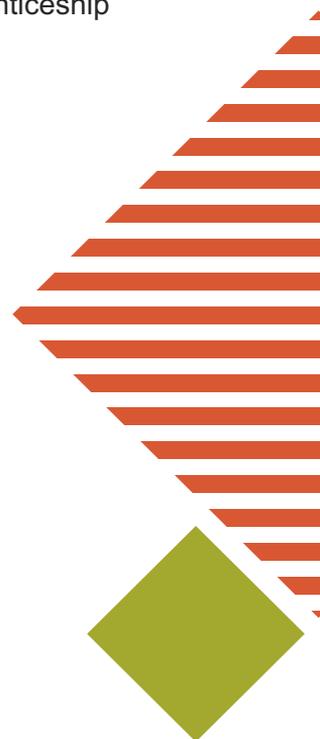
Funding bands

The new apprenticeship funding system will consist of 15 funding bands with the upper limit of these bands ranging from £1,500 - £27,000.

The upper limit will cap the maximum amount of digital funds a levy paying employer will pay towards an individual apprenticeship.

The upper limit will also cap the maximum price the Government will co-invest where an employer does not pay the levy/has insufficient digital funds.

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



Key Questions



How will the levy benefit me?

The apprenticeship levy will place the control of funding into the hands of the employer, allowing you to invest in the future of your business, expand your apprenticeship programme, and make the necessary spending decisions.

How and when will the levy be collected?

If you are an employer paying the levy, your business will need to pay to the HMRC. This will be done monthly, through the PAYE process alongside tax and NI.

Impact assessments are currently being undertaken by HMRC to ascertain the level of extra cost this might add to the administration bills of those employers liable for the payment.

Levy funds are provided as an e-voucher system. This service allows your company to access and pay for training and assessment for apprentices.

How long will I have to claim back my levy payment?

Employers can view, manage and spend their levy payments through the apprenticeship service. Levy funds are provided as an e-voucher system. This service allows companies to access and pay for training and assessment for apprentices.

The e-voucher for training will be valid for 24 months.

Is government funding currently available for apprenticeships?

Funding is currently available for both apprenticeships and trailblazer apprenticeships (which, as of 2017, will be frameworks and standards).

Any apprentices employed before May 2017 will be funded by the current apprenticeship model. They will also not have access to the e-voucher system to pay for their training/assessment as long as you work with an approved apprenticeship training provider.

I run a smaller organisation, how will it affect me?

If your wages bill is less than £3m per annum, you won't have to pay the apprenticeship levy. But you could still benefit from it. Money left unclaimed by companies that pay in will be made available for smaller firms to claim towards their apprenticeship training, via the e-voucher system.

Is there an age limit for apprentices under the new funding scheme?

No. Whatever you claim back can be put towards training apprentices of any age. It can also be put towards training existing staff, so long as the apprenticeship is relevant to their job and will assist in their career development.

Can I use the e-vouchers to pay for traineeships?

No, e-vouchers cannot be used to pay for traineeships - they will only fund the direct costs of delivery and end-point assessment of frameworks and the new standards.

How much does apprenticeship training cost?

The cost varies depending on the level and standard - we can advise you further with this.

How we can help

Hull Training and Adult Education are fully approved and on the Register of Apprenticeship Training Providers (RoATP).

This means that we will be able to:

- Deliver apprenticeship training to apprenticeship levy paying employers and non-levy employers for any apprenticeships that start on or after 1 May 2017
- Deliver apprenticeship training to our own apprentices, or apprentices of our connected companies for any apprenticeships that start on or after 1 May 2017
- Deliver apprenticeship training as a subcontractor for any apprenticeships that start on or after 1 May 2017.

The RoATP is expected to give employers, and apprentices, an assurance that the providers they will use have the capacity and capability to deliver good quality apprenticeship training.

We understand that every business is different and we will work closely with you so that you can be confident we have tailored the perfect solution for your needs. Our dedicated employer engagement team will be with you all the way through the process, providing you with advice on apprenticeship training and funding.

We will work with you to:

- Understand your level of commitment and explore what you can use your levy for
- Help you plan ahead, so you are ready for the changes
- Guide you through all apprenticeship programmes, so you can be assured your staff are getting the best training possible
- Find the best apprentices who meet the highest standard
- Support you through recruitment, selection and beyond

Contact us today to talk to our experts about the apprenticeship levy and the difference it can make to your company.

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