



Apprenticeship Reform

LWBLA BRIEFING

January 2017

What is the apprenticeship levy and who pays it?

- 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 is not a cash payment
- Only 1.3% of employers will pay the levy
- 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

Funding Bands

Every apprenticeship will be placed in a funding band.

The upper limit of each funding band will cap the maximum:

- amount of digital funds an employer who pays the levy can use towards an individual apprenticeship.
- that government will 'co-invest' towards, where an employer does not pay the levy or has insufficient digital

Employers can negotiate the best price for the training they require

- If employers want to spend more than the funding band limit, using their own money, then they will be free to do that.
- Funding bands do not have a lower limit.

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

What can funds be used for?

Digital funds and government funding can be used for:

- apprenticeship training and assessment
- against an approved 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
- the costs of setting up an apprenticeship programme

Additional Support

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, Health and Care 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 19-24 year old formerly in care or has a Local Authority Education, Health and Care plan.

Additional learning support

- Government will pay training providers up to £150 a month to support these learners, plus additional costs based on evidenced need

English and Maths training

- To meet minimum standards of English and maths we will pay training providers £471 for each of these qualifications (Level 1 and 2).

Funding Rules

Cross-border funding

- Applying a single test for funding through the English system: 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.



Transferring funding

- During 2018 we will introduce means for employers to transfer up to 10% of the levy funds to another employer with a digital account, or to an ATA.
- New employer steering group to design this system so that it meets their needs

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.
- From May 2017, an individual can be funded to undertake an apprenticeship at the same or lower level to acquire substantive new skills

Purchasing training from May 2017

Levied employers buying training

- Funds available through the digital apprenticeship service for them to purchase apprenticeship starts
- Funds in their account will reflect the levy they have paid against their English employees plus 10%

Non-levied employers buying training

- Employers will be able to access training through providers who have a contract with the Agency
- They will not use the Digital Apprenticeship Service until a later date

For all employers the SFA will pay

- Providers 80% of the price spread over the lifetime of the apprenticeship and the remainder on completion

Approved for Delivery so far

- Over 1400 businesses in developing 441 standards
- 146 'approved for delivery'
- Over 4,200 starts so far
- Around 30% of standards so far are for Higher and Degree apprenticeships
- A total of 112 training providers are delivering the new Standards to date

Next steps...

- Start now and don't leave it too late
- Be clear about the size of your levy pot
- Register and test the Digital Apprenticeship System



- Use the new funding calculator
- Review your current workforce development plans
- Ensure you have chosen a training partner
- Advertise on Find an Apprentice (for new roles)
- New standard or old framework?
- Introduce standards in the future

Key milestones- dates subject to change

December - Further employer guidance from HMRC on how to calculate and pay the apprenticeship levy

January - Levy employers set up their Manage your apprenticeships account. Final Funding Guidance issued

April - Levy Paid

May - Service Live. Make Levy Commitments

To 2020 - All employers to use the service

Recently Published

Apprenticeship funding from May 2017 -

Apprenticeship funding: rules and guidance for levy-paying employers

Apprenticeship funding: draft rules for training providers

Apprenticeship funding: draft rules for employer providers

Apprenticeship technical funding guide for starts from May 2017

Apprenticeship funding: how it will work

Read further – go to <https://www.gov.uk/government/collections/apprenticeship-changes>

What you can do now

Plan your apprenticeship spending - <https://estimate-my-apprenticeship-funding.sfa.bis.gov.uk/>

Check out the draft regulations for the calculation, payment and recovery of the Apprenticeship Levy - <https://www.gov.uk/government/publications/draft-legislation-regulations-for-the-calculation-payment-and-recovery-of-the-apprenticehip-levy>



More Information

Main hub page on apprenticeship reforms updated with all of the latest information:
<https://www.gov.uk/government/collections/apprenticeship-changes>

Published standards and those in development:

<https://www.gov.uk/government/collections/apprenticeship-standards>

<https://www.gov.uk/government/publications/apprenticeship-standards-in-development>

Guidance for developers of standards:

<https://www.gov.uk/government/publications/future-of-apprenticeships-in-england-guidance-for-trailblazers>

Easy reference listing of all standards:

<https://www.gov.uk/government/publications/apprenticeship-standards-list-of-occupations-available>

Online survey for feedback on EOIs, standards and assessments plans:

<https://www.gov.uk/government/publications/apprenticeship-standards-changes-to-the-process-for-approvals>

Note

Information contained in this briefing is based on information provided by the Skills funding Agency National Apprenticeship Service