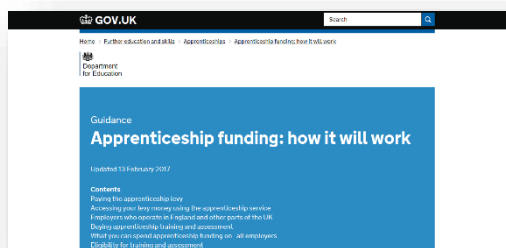


Levy paying employer information

Apprenticeship Funding

From May 2017, your route to funding an apprentice's training will depend on whether your business is in scope for the Government apprenticeship levy. This section will explain the changes for levy paying employers.

The Government funding changes apply to new apprenticeship starts from May 2017. Existing apprentices (starts prior to 1 May 2017) will be funded for their entire apprenticeship under the funding terms and conditions in place at start of programme



A document for all employers which summarises the funding changes being introduced for apprenticeships

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

The Government apprenticeship levy

The Government apprenticeship levy will apply to businesses in the UK with an annual payroll in excess of £3 million - which means less than 2% of UK employers will pay it.

Levy paying employer information.

Employers that are in scope for the apprenticeship levy will be able to reclaim these funds (English proportion) from their apprenticeship service digital account.

Below is a summary of the levy facts and links to more detailed information.

A summary of the Government apprenticeship levy facts

1. The apprenticeship levy will come into effect in April 2017. It will be payable by employers in the UK at 0.5% of paybill.
2. The levy will apply to employers across all sectors.
3. "Paybill" will be based on total employee earnings subject to Class 1 secondary NICs. It will not include other payments such as benefits in kind.
4. All employers will receive an allowance of £15,000 to offset against payment of the levy. This effectively means that the levy will only be payable on paybill in excess of £3 million per year.
5. The levy will be payable through Pay As You Earn (PAYE) and will be payable alongside income tax and National Insurance.
6. Payment will be taken monthly, meaning as your paybill changes each month, the levy amount will change.
7. The levy is calculated based on your full UK paybill but employers will only be able to only spend their English proportion on English apprenticeship training.
8. The Government will apply a 10% top-up to employers' apprenticeship service digital accounts. That means for every £1 that enters a digital account to spend in England on apprenticeship training, they will get £1.10.
9. Unused funds will expire 24 months after they enter an apprenticeship service digital account. Whenever a payment is taken from an account, the service automatically uses the funds that entered the account first.
10. If a Government apprenticeship levy paying employer has insufficient funds in their digital account to cover the apprenticeship training in any month, they are able to cover the outstanding costs using the [non-levy paying employer approach](#) (10% employer co-investment – [link to non-levy paying employers](#)).

Examples:

- i. Employer of 250 employees, each with a gross salary of £20,000:

Paybill: $250 \times £20,000 = £5,000,000$

Levy sum: $0.5\% \times £5,000,000 = £25,000$

Allowance: $£25,000 - £15,000 = £10,000$ annual levy payment

Top up: $10\% \times £10,000 = £1,000$

Total annual Government apprenticeship levy fund: £11,000



In conjunction with



Levy paying employer information.

ii. Employer of 100 employees, each with a gross salary of £20,000:

Paybill: $100 \times £20,000 = £2,000,000$

Levy sum: $0.5\% \times £2,000,000 = £10,000$

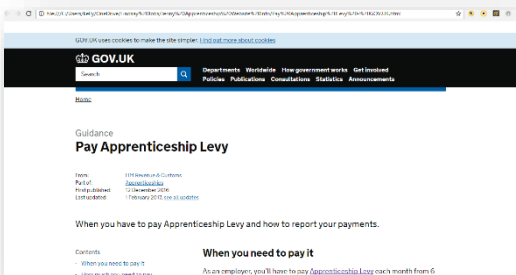
Allowance: $£10,000 - £15,000 = £0$ annual levy payment

Useful webpages about the apprenticeship levy



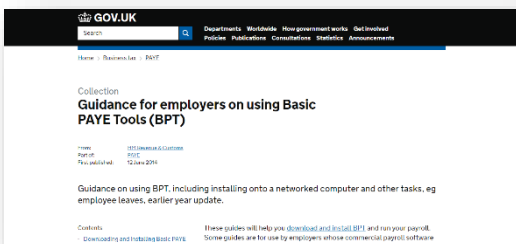
*A tool for all employers to:
estimate whether you are in scope for the
apprenticeship levy
plan your apprenticeship budgets using either
the levy or co-investment funding model*

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



*Guidance about when you have to pay the
Apprenticeship Levy and how to report how
much you will owe.*

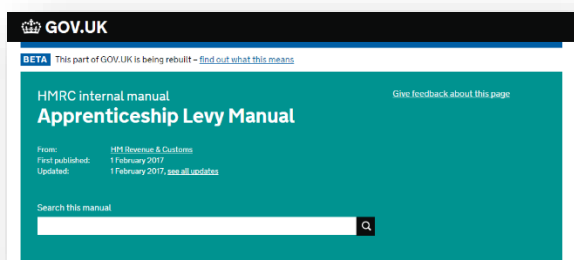
<https://www.gov.uk/guidance/pay-apprenticeship-levy>



*A link to HMRC's basic PAYE tools to help
you work out how much your business may
need to pay.*

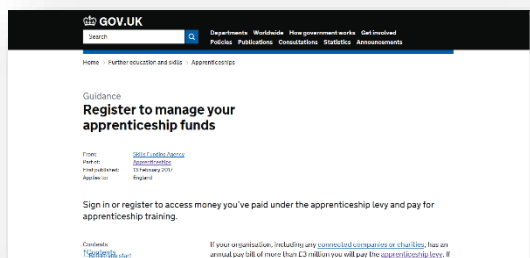
<https://www.gov.uk/government/collections/guidance-for-employers-on-using-basic-payee-tools-bpt>

Levy paying employer information.



HMRC detailed technical guidance with worked examples.

<https://www.gov.uk/hmrc-internal-manuals/apprenticeship-levy>



Register to access funds from your apprenticeship levy to pay for apprenticeship training

<https://www.gov.uk/guidance/manage-apprenticeship-funds>

Managing your apprenticeship service digital account

There are 3 options for a levy paying employer to manage their apprenticeship programme and digital account:

1. Employer **contracts with a training provider(s)** for all of their apprenticeship delivery.



Employer guidance

The rules and guidance for employing an apprentice and managing an apprenticeship service digital account.

2. The employer is classified as an **employer-provider** and delivers some, or all, of the 'off-the-job training element of an apprenticeship to their own staff. The employer holds a contract with the Skills Funding Agency (SFA) and must be registered as a training organisation on the Register of Apprenticeship Training.

Employer-providers can only deliver apprenticeship training and/or on-programme assessment to apprentices employed by them or a connected company or charity as defined by HMRC.

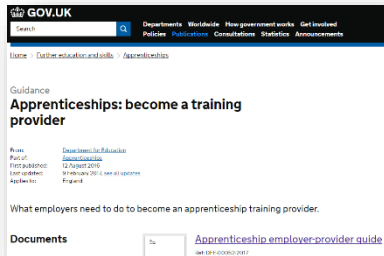


In conjunction with



Levy paying employer information.

As an **employer-provider**, an employer can either be the main provider or a subcontractor to a main provider, delivering some of the training to their own staff.



A guide to becoming an apprenticeship employer-provider



The funding rules for employer-providers. Employer-providers must comply with all of the rules within this document.

3. Levy paying employers who want to train their own staff, plus apprentices within their supply chain and/or in other levy paying organisations are classified as a **main provider**.

The employer holds a contract with the Skills Funding Agency (SFA) and must be registered as a training organisation on the Register of Apprenticeship Training.



Tools and guidance to support employers to prepare to become a training provider
<https://www.gov.uk/guidance/working-with-the-sfa-as-an-apprenticeship-training-provider>



The rules which will apply to all training providers delivering the apprenticeship programme from May 2017. ([click here](#))

Operating the digital account – general principles for all levy-paying employers

In all instances:

- Monthly payments will be taken from the employer's digital account to pay for the training and assessment.
- The price for apprenticeship standards needs to include the cost of the end-point assessment, which employers must agree with the apprentice assessment organisation.
- Employers should negotiate best value for apprenticeships - the funding bands for apprenticeship standards and frameworks are a maximum level. In some instances, employers will be able to secure better value e.g. due to economy of scale.
- Employers can agree a cost above the maximum funding band – all additional costs will be paid by the employer.
- If a levy-paying employer has insufficient funds available in their digital account to meet the full costs of training and assessment, they will need to co-invest 10% of the remaining balance, with Government paying the remainder.

Choosing an end point assessment organisation

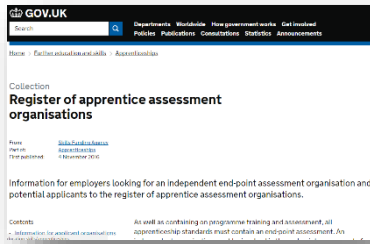
Apprentice assessment organisations are responsible for completing end-point assessments for apprenticeship standards. Employers can select assessment organisations from the register of apprentice assessment organisations.



In conjunction with



Levy paying employer information.



The register can be found here:

<https://www.gov.uk/government/collections/register-of-apprentice-assessment-organisations>

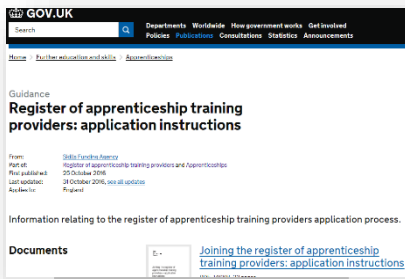
Managing an apprenticeship contract – employer-providers and main providers

Employer-providers and **main providers** are subject to data collection, reporting, quality (Ofsted) and audit requirements; and these are defined in their contract with the Skills Funding Agency.

This section provides links to webpages that will support employers (employer-providers and main providers) to manage their apprenticeship contracts.

The Register of apprenticeship training providers

Employers who wish to be classified as an **employer-provider** or a **main provider**, must be registered on the register of apprenticeship training providers. There are windows open throughout the year to apply.



Information about joining the Register of Apprenticeship Training Providers

<https://www.gov.uk/government/publications/register-of-apprenticeship-training-providers-application-instructions>

The Hub



The Hub provides online services for use by organisations working with the Skills Funding Agency (SFA).

On the Hub, you can access funding **contracts and finance** information for your organisation.

<https://hub.fasst.org.uk/Pages/default.aspx>



In conjunction with



The Individualised Learner Record (ILR) Specification



The Individualised Learner Record (ILR) is used to collect data about apprenticeship programmes and to measure performance. It records every individual apprentice, their progress and funding.

If you are an employer-provider or main provider delivering apprenticeships, you must operate within the terms and conditions of your funding agreement and the Individualised Learner Record (ILR) Specification.

Information about the ILR can be found here:

<https://www.gov.uk/government/collections/individualised-learner-record-ilr>

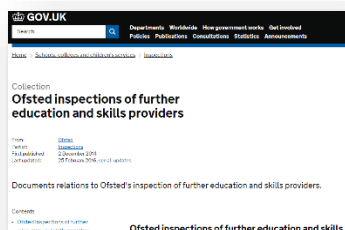
Sub-contracting

As an employer-provider and main provider, you can subcontract some of the apprenticeship delivery. A common example of employers using sub-contractors is for English and Maths training.

There are rules about the types of organisation that can be used as sub-contractors – these can be found [here on page 19](#)

Quality assurance and audit

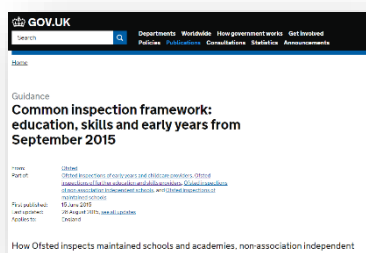
Employers that hold a contract with the SFA will be subject to inspection or review by Ofsted for further education and skills, or by the Quality Assurance Agency (QAA) for higher education.



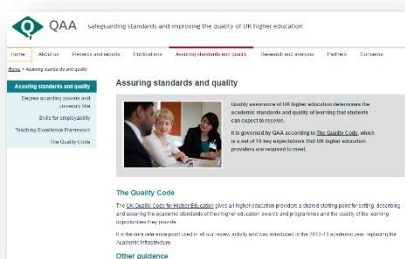
Information about the process of being inspected by Ofsted

<https://www.gov.uk/government/collections/ofsted-inspections-of-further-education-and-skills-providers>

Levy paying employer information.



The common inspection framework explains how Ofsted inspects further education and skills provision.
<https://www.gov.uk/government/publications/common-inspection-framework-education-skills-and-early-years-from-september-2015>



The QAA assures UK higher education and is governed by the Quality Code – details in this link.
<http://www.qaa.ac.uk/assuring-standards-and-quality>

English and maths qualifications

The Government will fund apprentices to achieve qualifications in English or maths (or both), if they do not already meet the required standard. A flat rate of £471 per qualification will be paid in full to the employer by the SFA, and will not be deducted from the employer's digital account or require employer co-investment.

Apprentices with additional needs

Government will pay providers up to an additional £150 each month for learners who have a learning or physical disability and who may require extra learning support to achieve their apprenticeship. Where there is evidence of greater learning support needed then additional funding may be provided.

Providers will also receive a payment if, at the start of the apprenticeship, the apprentice is undertaking an apprenticeship framework and is recorded on the ILR as having a postcode prior to enrolment, listed within the 27% most deprived areas of the country according to the Index of Multiple Deprivation (IMD) 2015.

Training younger apprentices

Young people often require extra support, particularly pastoral support, in the early stages of their apprenticeship.

To encourage employers to recruit and retain young apprentices, the Government will pay all employers and providers £1,000 for taking on a 16-18 year-old on an apprenticeship framework or standard. This payment is also available for 19-24 year olds who were formerly in care or who have an Education and Health Care plan.



In conjunction with



Employer-providers can receive both employer and provider payments if they meet the eligibility criteria.

Choosing apprenticeships and planning for the costs

Types of apprenticeships

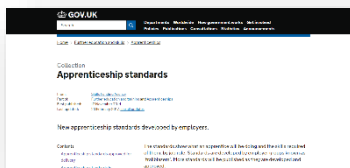
There are two different types of apprenticeship scheme – frameworks and standards. As part of the Government reforms, frameworks are being phased out between now and 2020, and the system will move to employer-led apprenticeship standards.

Differences between apprenticeship standards and frameworks

Apprenticeship standards cover a specific job role and set out the core skills, knowledge and behaviours an apprentice will need to be fully competent in their job role and meet the needs of employers, standards are developed by employer groups known as trailblazers.

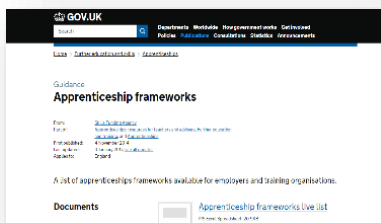
Apprenticeship frameworks - a series of work-related vocational and professional qualifications, with workplace and classroom based training.

Many new standards are ready for delivery and many others are in development – you can see the lists, which are regularly updated, here:



Apprenticeship standards

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



Apprenticeship frameworks

<https://www.gov.uk/government/publications/apprenticeship-frameworks-live-list>

Levy paying employer information.



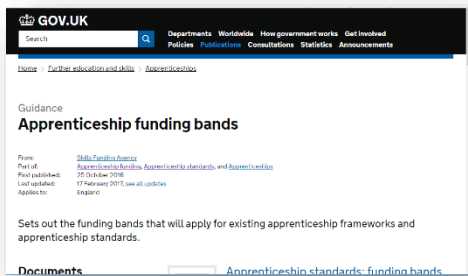
Apprenticeship frameworks online

You can use the frameworks library to search for an apprenticeships framework.

<http://www.afo.sscalliance.org/>

How much does an apprenticeship cost?

From May 2017, every apprenticeship will be placed within one of 15 funding bands. These funding bands range from £1,500 to £27,000 and represents the maximum cost for that training.



Apprenticeship funding bands

You can access the lists of apprenticeships standard and framework costings here.

You can also link to more detail about each standard and framework by clicking the apprenticeship title.

<https://www.gov.uk/government/publications/apprenticeship-funding-bands>

Construction apprenticeship standards approved for delivery and funding band value

Sector	Apprenticeship standard	Level	For starts from May 2017	
			Funding Band	Funding band maximum
Construction	Highway Electrician / Service Operative	3	9	£9,000
Construction	Highway Electrical Maintenance and Installation Operative	2	9	£9,000



In conjunction with



Examples of construction apprenticeship framework funding bands

Apprenticeship title	Pathway title	Level	Maximum funding band value
Construction Building	Decorative Finishing	3	£9,000
Surveying	Surveying	3	£6,000
Construction Management	Construction and Building Services Management and Supervision (Sustainability)	4	£12,000

Planning for the costs

The amount you will pay for your apprenticeship training will depend on:

- whether you are a Government apprenticeship levy payer
- whether you negotiate a lower rate than the maximum funding band
- whether you include extra training elements above the maximum funding band

If you negotiate a lower rate with your training provider than the maximum funding band, then both the Government and employer contribution will reduce accordingly. If you agree a higher rate than the maximum funding band, the employer will be responsible for all costs above the maximum band.

End-point assessments

If you are undertaking an apprenticeship standard, the price you agree with your training provider must include the cost of the end-point assessment. Costs of end-point assessment will vary but should not usually be more than 20% of the total agreed price for the delivery of the apprenticeship training and assessment.

Levy paying employer information.

Tools to help you plan your costs

There are a number of tools being developed to help employers to plan for the costs of apprenticeships.



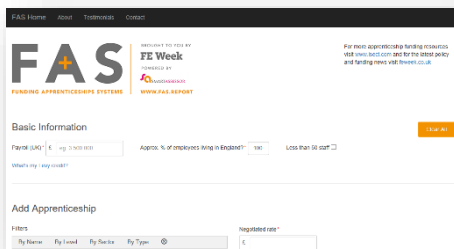
SFA estimate my apprenticeship funding tool

A tool for all employers to:

- estimate whether you are in scope for the apprenticeship levy
- plan your apprenticeship budgets using either the levy or co-investment funding model

model

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



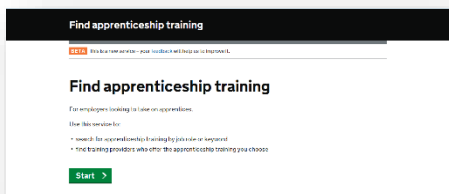
Funding Apprenticeships Systems (FAS)

A free tool for employers to plan apprenticeship delivery and forecast funding. Allows the user to input negotiated rates, set durations, forecast employer and provider incentives as well as emailing a PDF report of the results.

<http://www.fas.report/>

Finding a training provider

Once an employer has decided to employ an apprentice, it is useful to identify training providers and the apprenticeships they offer.



You can search for potential training providers and identify the apprenticeships that they offer using this apprenticeship service tool.

<https://findatrainingorganisation.nas.apprenticeships.org.uk/>



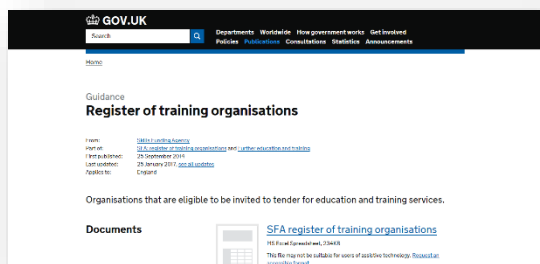
In conjunction with



Who can deliver training for apprenticeships?

Government funded apprenticeships can only be delivered by approved training organisations. The register of training organisations records all approved organisations (not all will currently be delivering apprenticeships) and is refreshed regularly throughout the year.

Some large employers are on the register, as this enables them to deliver apprenticeship training to their own staff and other businesses (employer-provider and main provider).

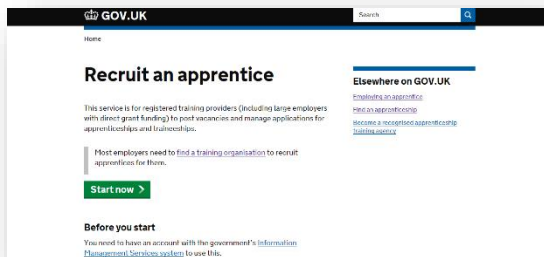


You can check who is on the register of training organisations through this link.

<https://www.gov.uk/government/publications/register-of-training-organisations>

Recruiting an apprentice

If you are recruiting an apprentice, you can promote and manage your vacancy on the Government's recruit an apprentice website. This is a free service and is highly visible - your training provider will manage this process with you; or if you are an employer-provider, you can access this system independently.



<https://www.gov.uk/recruit-apprentice>



Get in go far Information about apprenticeships for prospective apprentices

https://www.getingofar.gov.uk/?utm_source=google&utm_medium=cpc&utm_campaign=consumer&qclid=C1qL3rzNydICFRReRGwoduYcDJw

What is an apprenticeship?

This section provides general information on apprenticeships, how they work, roles and responsibilities and basic rules for employing an apprentice.

Apprenticeships are work-based training programmes, designed by employers, which combine on and off the job learning and development activities. This combined approach enables apprentices to begin putting their learning into action from day one and become increasingly expert as they progress.

Apprenticeships are available at a range of levels and are used to develop employees who might be new recruits, or existing staff with a need for re-skilling or up-skilling.



In conjunction with



Levy paying employer information.

The minimum duration for an apprenticeship is 12 months but many take far longer e.g. a degree apprenticeship may take 4 years - the expected duration can be found in the apprenticeship standard.

Levels of apprenticeship

Apprenticeships have equivalent educational levels.

Intermediate	2	5 GCSE passes at grades A* to C
Advanced	3	2 A level passes
Higher	4,5,6 and 7	Foundation degree and above
Degree	6 and 7	Bachelor's or master's degree

Apprenticeships rules

There are some important rules about apprenticeships and the roles and responsibilities of those who employ and train apprentices. These are in place to maximise the quality of the apprenticeship programme and ensure individuals are well supported.



The funding rules for all employers participating in apprenticeships, including specific detail for levy paying employers.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/588786/EMPLOYER_RULES_Final_010217.pdf

A summary of roles and responsibilities in apprenticeship training

An apprentice:

Is an employee with a job which they perform alongside their training.

Will undertake a mixture of on the job and off the job learning (20% off the job). This may be off site or on employer premises away from immediate work pressure.



In conjunction with



Levy paying employer information.

Should remain with the employer after the apprenticeship is complete, where a job opportunity continues to exist and where the apprentice wishes to remain.

An employer will:

Employ the apprentice and pay at least the national minimum wage for apprentices.

Induct the apprentice and support them on the job learning, utilising the existing skills and knowledge within the workforce

Be involved in reviewing the progress of the apprentice

A training provider will support employers to:

- Identify the apprenticeship that fits their business requirements
- Help employers to recruit an apprentice (if you require support)
- Develop a training plan which reflects the apprentice and employer requirements
- Review and test the progress of the apprentice and provide feedback
- Provide training

For apprenticeship standards only - an end-point assessment organisation will:

- Be selected by the employer and provider
- Conduct the end-point assessment of each apprentice so that all apprentices following the same standard are assessed consistently

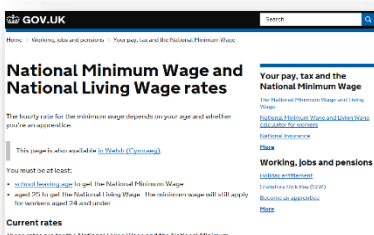
Who can be funded (eligibility)?

Apprentices must have a genuine job and have the right to work in the UK, with over 50% of their work undertaken in England.

Apprenticeships can be provided for individuals who have already achieved higher level qualifications; as long as the apprenticeship allows the individual to acquire substantive new skills and you can evidence that the content of the training is materially different from any prior qualification or a previous apprenticeship.

A good example is an individual with a technical qualification e.g. engineering degree, who wishes to undertake a management apprenticeship.

Apprenticeship pay



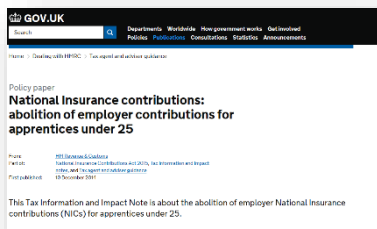
[Details on minimum wages for apprentices of all ages
https://www.gov.uk/national-minimum-wage-rates](https://www.gov.uk/national-minimum-wage-rates)



In conjunction with



Levy paying employer information.



A note about the abolition of employer National Insurance Contributions (NICs) for apprentices under 25.

<https://www.gov.uk/government/publications/national-insurance-contributions-abolition-of-employer-contributions-for-apprentices-under-25>

Length of apprenticeship and working hours

The minimum duration of an apprenticeship is one year, unless the framework or standard specification or assessment plan requires it to be longer.

The minimum duration is based on the apprentice working 30 hours a week or more, including any off-the-job training they undertake. Where a part-time working pattern is needed, the extended duration of the apprenticeship must be agreed by the apprentice, employer and the provider.

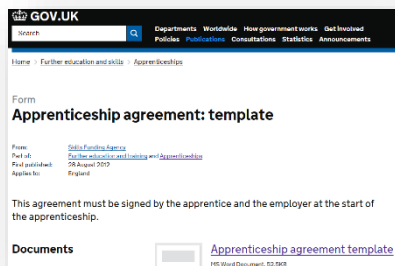
Formula for extending length of a part-time apprenticeship

12 (f/t duration of apprenticeship) x 30/average weekly hours = new minimum duration in months

Apprenticeship agreement and commitment statement

An apprenticeship agreement must be signed at the start of the apprenticeship – it confirms the apprenticeship that will be undertaken and the arrangements between the employer and apprentice.

The commitment statement sets out how the employer, provider and apprentice will support the successful achievement of the apprenticeship. All three parties must keep a current signed and dated version.



This link provides a template for an apprenticeship agreement

<https://www.gov.uk/government/publications/apprenticeship-agreement-template>