

# APPRENTICESHIP REFORMS FACTSHEET

Make sure you're up to speed on the apprenticeship reforms affecting businesses across the UK.

APRIL 2017



## 'TRAILBLAZER STANDARDS'

The Government has committed to growing apprenticeships with a target of **3 million by 2020**. The apprenticeship reforms are currently being trialled through new employer-led apprenticeship standards. Public bodies are also required for 2.3% of the workforce to be comprised of apprentices.

### THE GUIDING PRINCIPLES OF THE REFORM ARE:

- Employer-led apprenticeship standards that meet their needs
- Simplify current funding system
- Secure more effective training by changing funding to employers
- Provides freedom and flexibility for employers

### EMPLOYER BENEFITS:

- Apprenticeship content will be exactly what you need
- Ensure you are getting value on your investment when working with your training provider
- Access to higher and degree level apprenticeships
- Ensure that at the end of the apprenticeship your apprentice is competent in the role you need them to do

## FUNDING RULES

### 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 skill**.

## FRAMEWORKS V STANDARDS

### CURRENT APPRENTICESHIPS

- Qualification-based framework, informed by employer feedback
- Extensive requirements
- Jargon-heavy structure
- English & maths qualifications
- ERR and PLTS requirements
- Portfolio and qualification-dependent assessment methods
- Continuous on-programme assessment
- Knowledge and competence elements separately assessed
- Apprenticeship completion on achievement of qualifications
- Not always linked to professional registration requirements

### NEW APPRENTICESHIP STANDARDS

- Outcome-based, employer-defined standard and assessment
- Small number of government criteria
- Plain English standard
- English and maths qualifications
- No ERR or PLTS requirements
- Employer-specified on-programme assessment approach
- End-point assessment
- Synoptic, or combined, assessment
- Graded apprenticeship achieved if fully competent at end of training – with some solely pass/fail exceptions for some industries
- Must meet professional/trade body registration requirements

## 16-18 YEAR OLDS

Government will pay £1000 to employers, and a further £1000 to training providers if they train a 16-18 year old apprentice.

## WHAT FUNDS CAN 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 cost of setting up an apprenticeship programme

## FUNDING BANDS

All existing and new apprenticeship frameworks and standards will be placed within one of these new funding bands – depending on the level and type of apprenticeship.

The **upper limit** will cap the maximum amount of digital funds an employer who pays levy can use, and cap the maximum price the Government will ‘co-invest’ towards for those with insufficient digital funds or non-levy payers, towards an individual apprenticeship.

Employers will be able **to negotiate the best price** for the training they require with providers.

There is also an **incentive for the hiring of 16 – 18 year olds** onto an apprenticeship – with £1000 going to the employer and £1000 to the provider.

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

Number	Band Limit
9	£9,000
10	£12,000
11	£15,000
12	£18,000
13	£21,000
14	£24,000
15	£27,000

## NON LEVY PAYING BUSINESSES

Non-levy paying businesses, those with an annual pay bill less than the £3 million threshold, that have over **50 employees**, or businesses that have used their levy pot, will have to make a contribution of **10 per cent** towards the cost of apprenticeships.

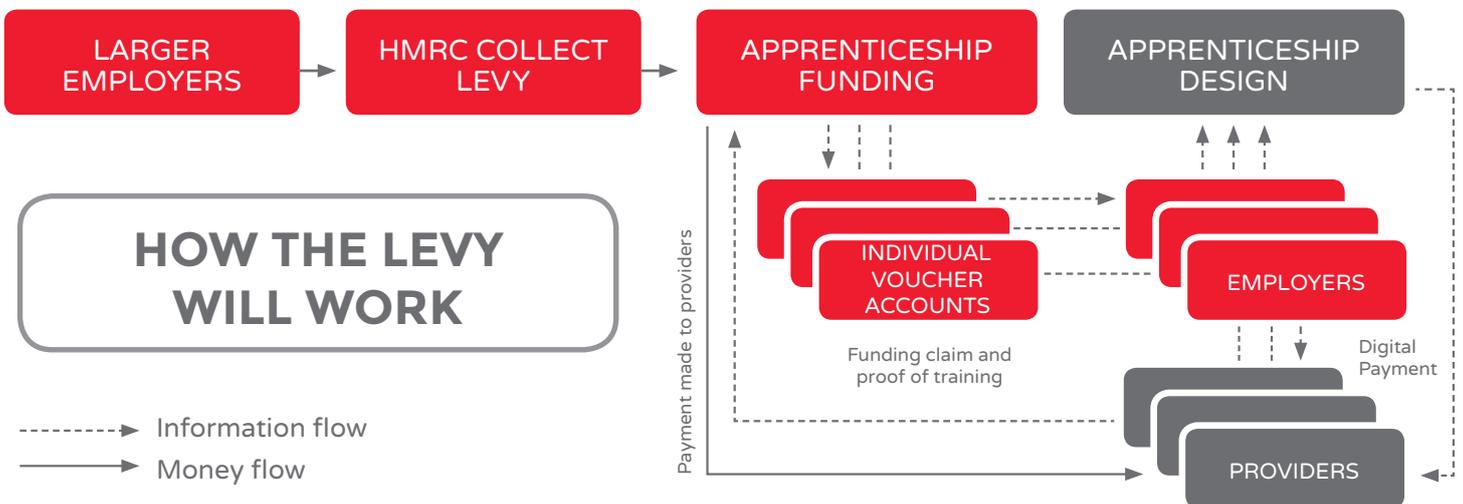
Employers with fewer than 50 employees will have 100% of the training and assessment costs covered when training a 16-18 year old (or 19-24 year old formerly in care or has a Local Authority Education, Health and Care plan).

# APPRENTICESHIP LEVY

During the Summer Budget in March 2015, Chancellor George Osborne announced the introduction of an Apprenticeship Levy – as part of the Government’s drive to create 3 million apprenticeships in England by 2020.

## WHAT YOU NEED TO KNOW

- The Levy will be calculated, reported and paid to HMRC through PAYE process alongside tax and NICs by the 19th (or 22nd if reporting electronically) or the following month.
- Levy charged at 0.5% of employers pay bill
- Each employer receives a £15,000 allowance – meaning levy will only be paid on annual pay bills in excess of £3 million.
- Employers in England will be able to reclaim their contributions and choose training providers via a voucher system, through the new Digital Apprenticeship Service.
- The Government will apply a 10% top-up to monthly funds – so every £1 will be increased to £1.10 in value
- After 24 months, unused levy funds will be reallocated to other employers.
- Employers who operate multiple payrolls will only be able to claim one allowance for the levy



### EXAMPLE ONE

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

### EXAMPLE TWO

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

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