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.
**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.

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**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).

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**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

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**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

**HOW THE LEVY WILL WORK**

![Diagram of levy workflow]

**EXAMPLE ONE**

Employer of 250 employees, each with a gross salary of £20,000
- Paybill: 250 x £20,000 = £5,000,000
- Levy sum: 0.5% x £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 x £20,000 = £2,000,000
- Levy sum: 0.5% x £2,000,000 = £10,000
- Allowance: £10,000 - £15,000 = £0 annual levy payment

For more information or to enquire about booking a place: www.training2000.co.uk, email reform@t2000.co.uk or call 01254 54659