

Apprenticeships Reforms

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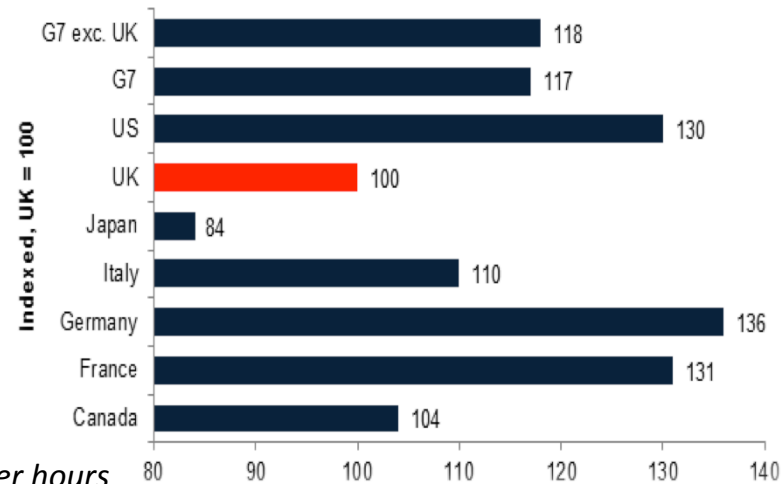


**GET IN
GO FAR**
APPRENTICESHIPS

Context - Action needed to address current trends

UK productivity lags behind other developed economies...

GDP per hour worked for the UK and comparator countries, 2014



Number of employees who worked fewer hours than usual because they attended a training course away from their workplace



... and employers are investing less in training

The Levy is one element of wider reforms

Government is committed to **significantly increasing the quantity and quality of apprenticeships** in England to achieve **3 million new starts by 2020**:

- **Targets for public sector bodies** – public sector to have **2.3%** of its workforce comprised of apprentices
- Employers groups designing new **Apprenticeships Standards** through the Trailblazer programme
- New **Institute for Apprenticeships** led by employers to support quality apprenticeships
- **Secondary Class 1 NICs abolished** for apprentices under the age of 25 from **April 2016**
- **Doubling** of annual apprenticeship spending to **£2.5b** via new **Apprenticeship Levy**

The Apprenticeship Levy

Starts on 6 April 2017, at a rate of **0.5% of UK pay bill**, paid through PAYE

Applies to all **UK employers** in all sectors

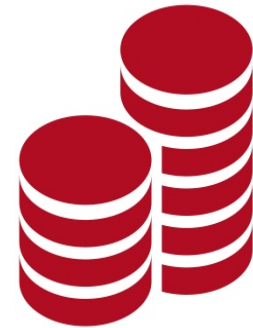
£15,000 offset allowance is **not a cash payment**

Less than **2.0% of employers** will pay the levy

The levy will be set at **0.5% of an employer's pay bill**. It will only be paid on any pay bill in excess of

£3m

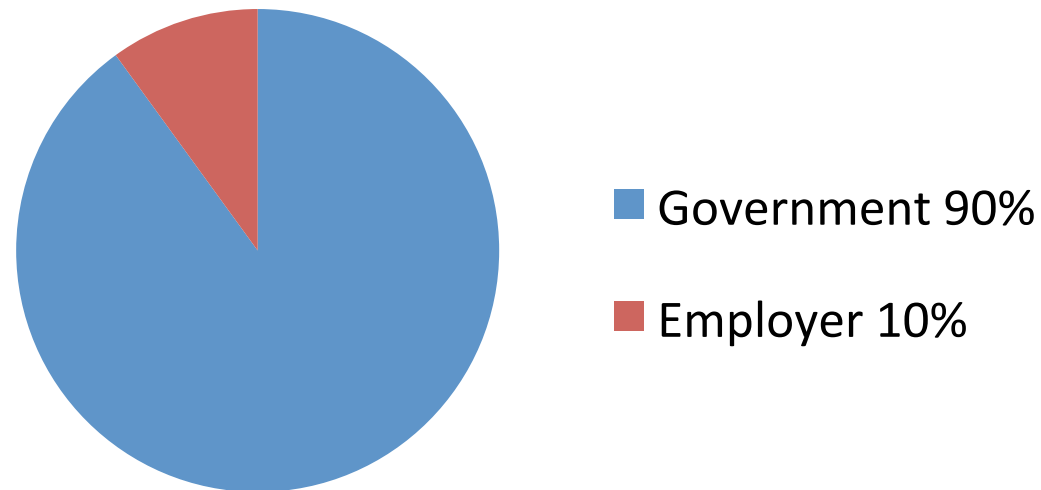
Employers will have an allowance of **£15,000** to offset against their levy payment



Non-levy Paying Employers - Co-Investment

There are two types of employers who will benefit from government co-investment support towards the cost of their apprenticeships training:

1. **Employers who haven't paid the levy** and want to purchase apprenticeship training from a provider
2. **Levy-paying employers with insufficient funds in their digital account** to pay for the cost of training and assessment they want to purchase



- The **government will pay 90%** of the costs of training and assessment.
- The **employer will be responsible for paying 10%** of the costs.



Purchasing Training – both groups

New funding system comes into effect on 1 May 2017

- Apprenticeships started before 1 May will be funded through to completion according to the existing rules
- The cost will be spread over the lifetime of the apprenticeship
- Gov will hold back 20% of the total cost, to be paid on completion of the apprenticeship

Levied employers buying training from May 2017

- Can commit to apprenticeship starts from the beginning of May
- Funds will automatically leave the digital account on a monthly basis

Non-levied employers buying training from May 2017

- Continue to make payments direct to providers
- Move onto the digital system at a later date

Funding Rules 2017 - capped bands

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

Every apprenticeship will be allocated 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 funds

Employers will be able to negotiate the best price for the training they require

Funding bands:

<https://www.gov.uk/government/publications/apprenticeship-funding-from-may-2017>

Online calculator:

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

Funding Limits – how they work

WITHIN THE FUNDING BAND LIMIT

- Example funding band limit = **£6,000**
- Price negotiated with training provider = **£5,000**
- The cost is **within** the funding band limit

Levy payers

£5,000 will be deducted from levy account over the life of the apprenticeship.

Non-levy payers*

Employer required to **contribute 10% of the £5,000 cost.**

OVER THE FUNDING BAND LIMIT

- Example funding band limit = **£6,000**
- Price negotiated with training provider = **£7,500**
- The cost is **above** the funding band limit

Levy payers

£6,000 will be deducted from levy account over the life of the apprenticeship. **Employer responsible for paying extra £1,500.**

Non-levy payers*

Employer required to **contribute 10% of the £6,000 cost,** and **responsible for paying the extra £1,500.**

Apprenticeships Funding Rules 2017

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.

Expiry of Digital Funds

Extended to 24 Months – helping employers to prepare for the new system and adapt training programmes

Prior qualifications

Currently, you cannot attract funding to 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 in order to acquire substantive new skills**

Transferring funding

During 2018 gov 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.



Apprenticeships Funding 2017 - Additional Support

16-18 year olds

Government will pay **£1,000 to employers**, and **£1,000 to training providers** if they train a 16-18 year old apprentice plus extra government funding to provide a transitional 20% uplift for providers training 16-18 year olds on an 'old' framework

Smaller sized employers

Employers with 49 or fewer 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

Disadvantaged young people

Government will pay **£1,000 to employers**, and **£1,000 to training providers** if they train 19-24 year olds leaving care or who have a Local Authority Education and Healthcare plan.

Additional support in areas of disadvantage

English and Maths training

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

Additional learning support

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

