

Changes to apprenticeships



Everything you need to know

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The way that apprenticeships are funded and managed has changed, with lots of new rules brought in. This guide identifies how these changes affect your business.

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02. **Here's why apprenticeships are great**

"I enjoyed the whole experience, especially working as part of a team. I took great pride in doing my best and felt very proud of my achievements. I would like a career in engineering."

Jessica Teixeira, Silverson apprentice



"Apprentices make the best employees! Learning on the job worked well for me and I believe in paying it forward, so I spend a lot of effort mentoring our apprentices. We always do a rotation programme, so people find out what their skills are and get to learn all areas of our business."

Angela H Spång, JUNE MEDICAL

"I now feel that my skills are being passed on to others, ensuring continuity within my business and the industry. The time and money saved through an apprenticeship will help your business grow and you may just have a motivated, well trained, loyal staff member on your books after the apprenticeship finishes."

Alan Cooper, Alan Cooper Cabinetmaker



Introduction

Apprenticeships represent an opportunity for businesses to grow, to bring dynamic talent in to their workforce and to improve the quality of their products and services.

It's a transitional time due to recent and planned changes, but the benefits of apprenticeships to businesses and apprentices alike remain steadfast.

Apprenticeships are a way for employers to up-skill their current employees, future proof their workforce and support people of all ages to get experience of the workplace.

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Who can be an apprentice?

An apprenticeship is a job with an accompanying skills development programme. Apprenticeships are a combination of work and study where the individual gains workplace experience in a genuine job role, and also studies for nationally recognised qualifications through 'off the job' learning.

Apprentices can be:

- Current employees (this is not a backwards step for employees, they will be learning new skills that benefit themselves and their employer)
- Somebody new to the organisation

Apprenticeships are NOT:

- Just for the young, inexperienced or unskilled
- An inferior career path compared with college or university

Apprenticeships are available across a wide range of sectors and professions.

Why have apprenticeships changed?

The government has committed to creating three million apprenticeships by 2020.

Through the changes the government hopes to:

- Give employers more of a say. Apprenticeships will be based on standards designed by employers, ensuring they meet their needs.
- Increase the quality of apprenticeships. End assessments will be rigorous with apprentices required to demonstrate genuine competence and work readiness.
- Simplify what each apprenticeship should deliver. The new standards will describe the skills and knowledge that an individual requires to be fully competent in an occupation.



What are the benefits of apprenticeships?

- The cost of apprenticeship training pays for itself within a couple of years of completion through increased productivity.
- 83% of apprentices say their career prospects improved and they complete their apprenticeship with highly marketable skills that make it more likely for them to remain employed, including with the same employer.
- Apprenticeships create real benefits for the taxpayer and the wider economy, providing a typical return of £26-28 per £1 of government investment.



70% of employers say

that apprenticeships improved product quality and service

What are the main changes to apprenticeships?

Apprenticeship Levy

- As of April 6th 2017 employers with a payroll above £3 million pay a 0.5% levy on their total pay bill.

Apprenticeship Standards

- New Apprenticeship Standards outline what an individual requires in order to be fully competent in an occupation.

Apprenticeship Training

- All employers (levy paying and non-levy paying) can negotiate with training providers on the amount of money they will spend on an apprenticeship.



The Apprenticeship Levy

The Apprenticeship Levy is arguably the highest profile aspect of the changes to apprenticeships, but it will be paid by very few businesses.

- As of April 6th 2017 employers with a payroll above £3 million pay a 0.5% levy on their total pay bill.
- Only around 1.3% of all businesses will actually pay it.
- The levy is calculated annually and paid to HMRC in monthly instalments through PAYE.
- The government adds a 10% top up to each monthly instalment.
- Employers get a £15,000 allowance to subtract from their annual levy total which is deducted in instalments from each monthly payment.
- All employers can negotiate with training providers on the cost of training and assessing an apprentice.

- Payments by levy-paying employers will be transferred to their new digital account created on the **Apprenticeship Service**; this is a new system through which employers will choose their apprenticeship training provider, recruit their apprentice and pay for training.
- The funds generated from the Apprenticeship Levy may only be spent on government approved apprenticeship programmes.
- From July 2018, levy-paying employers will be able to transfer up to 10% of their levy 'pot' to an unlimited number of other businesses or approved Apprenticeship Training Agencies.
- Apprenticeship Levy payments are allowable for Corporation Tax.

“Apprenticeships help us plan for the future by mentoring the next wave of engineers. This experience is invaluable and cannot be learnt in the classroom alone – it is learnt on the job.”

Andy Darby, Apprenticeship Training Manager, Silverson



Examples of the Apprenticeship Levy in action



Your payroll is **£2 million**

0.5% of this is **£10,000** – minus the **£15,000** allowance = **£0** levy payment



Your payroll is **£3.1 million**

0.5% of this is **£15,500** - minus the **£15,000** allowance = **£500** levy payment. Divided by 12 months = approx. **£41** per month



Your payroll is **£5 million**

0.5% of this is **£25,000** – minus the **£15,000** allowance = **£10,000** levy payment.

Divided by 12 months = approx. **£833** per month

Estimate your level of apprenticeship funding

Use the government's tool to estimate:

- how much you will pay under the Apprenticeship Levy
- how much the training you may want to purchase will cost
- how much of this you will have to pay each month

bit.ly/estimate-apprenticeship-funding



What are the new Apprenticeship Standards?

The new standards describe the skills and knowledge that an individual requires in order to be fully competent in an occupation.

- These standards are designed by employers and will require an end assessment to ensure the apprentice is fully competent.
- This includes synoptic assessment, which tests the apprentice's ability to identify and effectively use a range of skills, techniques and knowledge they have picked up during their apprenticeship.

- The standards will be sufficiently challenging for an apprentice and the end assessment will judge whether or not the apprentice is ready to become a fully competent member of staff.
- The Institute for Apprenticeships, launched on 1st April 2017, is an employer-led body whose role is to drive apprenticeship quality to the highest level.

Apprenticeship Standards currently available

Check to see which occupations already have Apprenticeship Standards created for them >
<https://www.instituteforapprenticeships.org/apprenticeship-standards>

Apprenticeship Standards in development

Check to see which occupations have Apprenticeship Standards currently in development >

The pathway to apprenticeships...

In 2014/15 there were

19,400

traineeship starts, an increase of 86.3 per cent on the previous year

60%

were by those under 19 years of age

40%

were by those aged 19 to 24

5,400

under 19 year olds progressed to a job, apprenticeship, further full time education or other training

Source:

National Statistics: Further Education and Skills June 2016. For more info please visit www.thetalentportal.co.uk

Apprenticeship Training

All employers (levy paying and non-levy paying) can negotiate with training providers on the amount of money they will spend on an apprenticeship.



Employers who have not paid into the levy

will pay a maximum of 10% of the total cost of an apprenticeship, with the government paying the rest.



- The cost of training will be spread over the lifetime of the apprenticeship.
- 20% of the cost of training and assessing will be held back and paid upon completion of the apprenticeship.
- There are upper limits to the amount of funding the government will provide for apprenticeship training.

- All apprenticeships must now last at least 12 months.
- Employers can offer substantive new skills training to current employees and new workers by funding their apprenticeships regardless of the existing qualifications they hold. The message being: learning a new skill is still development, even if it's at a lower qualification level.



"The apprenticeship scheme has worked really well for us. It's a great way to grow your business and offer a young person the opportunity to get a head start in the workplace."

Ceri-Jane Hackling, Cerub PR

The Apprenticeship Service

The Apprenticeship Service is the system through which levy paying employers will choose their apprenticeship training provider and recruit their apprentice.

Each type of apprenticeship will have a specific funding limit applied to it, capping the amount that the government will pay for a single apprenticeship.

If employers want to spend more than this funding limit, or if they negotiate a cost with a training provider that is above the funding limit, they will need to use their own money to meet the remaining cost.

How is the training paid for?

Levy paying employers

- Will have a digital account on the Apprenticeship Service
- Will choose the training they'd like their apprentice to receive, as well as the training provider they'd like to use
- Will work with their training provider to advertise for and recruit an apprentice
- Will pay the negotiated costs through their digital account in monthly instalments

Non-levy paying employers

- Do not use the Apprenticeship Service at first and will instead pay up to 10% of the cost direct to the training provider with the government paying the rest
- Will agree a payment schedule with the training provider
- Will use the Apprenticeship Service eventually

Example for non-levy paying employers

- Your payroll is **£2 million** - 0.5% of this is **£10,000** – minus the **£15,000** allowance = **£0** levy payment.
- You select the training you wish to purchase from a provider at a cost of **£500** a month.
- Each month you pay **10% (£50)** directly to the training provider and the government pays **90% (£450)**.

Apprenticeship funding

What can the funding pay for?

- Apprenticeship training and assessment with an approved training provider

What does the funding NOT pay for?

- Travel and subsistence costs
- Managerial costs
- Traineeships
- Work placement programmes
- The costs of setting up an apprenticeship programme



Extra financial support



Employers with fewer than 50 employees will have 100% of the training and assessment costs covered by the government when they train:

- 16-18 year olds
- 19-24 year olds who were formally in care or who have a Local Authority Education, Health & Care (EHC) plan



The government will pay employers and training providers £1,000 each if they train:

- 16-18 year olds
- 19-24 year olds who were formally in care or who have a Local Authority Education, Health & Care (EHC) plan



Training providers can also access the following additional funding:

- Up to £150 a month to support those with additional learning support needs
- £471 each for English and maths training (Level 1 & 2 qualifications)

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Finding an apprenticeship training provider

Search the government's Find Apprenticeship Training portal for training providers who match your needs.

Here you can choose which apprenticeship standard you want and can compare providers in this field. You will see things like employer and learner satisfaction rates, achievement rates, distance of provider to you and the type of training available (i.e. at your workplace or elsewhere).

Search the Find Apprenticeship Training portal now > bit.ly/find-training

Training providers will need to be listed on the Register of Apprenticeship Training Providers.

Finding and recruiting an apprentice

This 'recruit an apprentice' government platform (bit.ly/recruit-apprentice) is for training providers and enables them to post vacancies and manage applications for apprenticeships.

Existing apprenticeships

The new rules only apply to apprenticeships that began on 1st May 2017 or beyond.

If you already had an apprentice in your organisation before this date, the rules you agreed to at the beginning of this apprenticeship will not be changed.

Sign up for alerts on the latest apprenticeship news

<https://www.gov.uk/topic/further-education-skills/apprenticeships/email-signup>

Get in touch with Buckinghamshire Business First



01494 927130



info@bbf.uk.com



bbf.uk.com



[@bbfuk](https://twitter.com/bbfuk)

Speak to one of our Business Support Advisers



01494 927130



bbf.uk.com/business-support

Get in touch with Opps in Bucks



07973 830440



info@oppsinbucks.org



oppsinbucks.org



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