

AN EMPLOYER'S GUIDE TO THE CHANGES MADE TO APPRENTICESHIP FUNDING

WHAT IS AN APPRENTICESHIP?

An apprenticeship is paid employment which offers individuals the opportunity to train in the skills and knowledge required within the workplace. 'Earn as you Learn' is the most common catch phrase used to describe this career path way.

WHAT ARE THE TWO TYPES OF APPRENTICESHIPS?

FRAMEWORKS

Frameworks are the original vocational qualifications that existed for workplace learning/training.

STANDARDS

Standards are the new definitions created by groups of employers known as 'Trailblazers'. Standards outline the knowledge, behaviour and skills a vocation requires from their apprentice and are slowly replacing Frameworks.

LEVY PAYING EMPLOYERS

WHAT THIS MEANS

Employers that pay out in excess of £3 million in wages per year have to pay a Levy to HMRC which will have commenced on 6th April 2017. Funding for apprentices enrolled on courses prior to 1st May 2017 will not be affected.

WHAT CAN YOU BUY

Levy money can only be used to fund training costs for apprentices up to the funding band maximum for the apprenticeship framework or standard. Any costs that exceed this will have to be paid by the employer in order for training to continue.

HOW TO SPEND YOUR MONEY

Levy paying employers will need to create an account with the Apprenticeship Service (DAS). This allows employers to have access to their Levy funds in order to pay training providers.

Once logged on to the Digital Apprenticeship Service Levy paying employers should first select a training provider and the type of apprenticeship framework standard that suites your occupational needs. You will be guided through the process online, but GHQ can help you through all stages.

AGREE ON PAYMENT SCHEDULE

Once the company has chosen a provider, employers can then agree on the cost of the training and assessments for apprentices. Subsequent payments will be transferred from the levy service account to the training provider over the course of the apprenticeship.

NON LEVY PAYING EMPLOYERS

WHAT THIS MEANS

Employers spending less than £3 million on their pay role will not have to pay the Levy but will have to share costs of training and assessments with the government.

CO-INVESTMENT

As of May 2017, Non-Levy paying employers will be asked to contribute 10% of the apprenticeship framework or standard costs, and the government funds the remaining 90%, up to the funding band maximum set by government. This is known as Employer Co-investment.

The only exception to co-investment is when an employer employs an apprentice aged under 19 years of age. In this case the training is fully funded by government.

WHAT YOU CONTRIBUTE TOWARDS

The company will have to select a training provider and an apprenticeship framework or standard that provides the training required in the workplace and off the job training.

AGREE A PAYEMENT SCHEDULE

The Digital Apprenticeship Service is not available to Non-Levy paying businesses until 2018. A payment schedule will need to be agreed with your training provider and payments will be made to them directly. The training provider provides the government with evidence of your co-investment payments and claims the remaining 90% direct from the government.

For more information and guidance on Apprenticeship Funding, please visit;

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