What you need to know about apprenticeship reform and the Apprenticeship Co-investment.

If you haven’t heard about the apprenticeship reform, don’t be alarmed. There is still time to act. From April 2017 the way the government funds apprenticeships in England will change for all employers.

Who this guidance applies to – all employers
This guidance is for all employers operating in the UK with staff working in England, whether they pay the Apprenticeship Levy or not.

These changes will only affect apprentices that start their training from the 1st May 2017. All apprentices that start up to the 30th April 2017 will remain funded as they currently are, for the duration of their apprenticeship programme.

What you can spend apprenticeship funding on – all employers
Funds in your apprenticeship service account, and funding provided by the government through co-investment, can only be used towards the costs of apprenticeship training and end point assessment. This must be with an approved training provider and assessment organisation.

It can’t be used on other costs associated with your apprentices or wider training efforts. For example, wages, statutory licences to practise, travel and subsidiary costs, managerial costs, traineeships, work placement programmes or the costs of setting up an apprenticeship programme.

What is an apprenticeship? – all employers
There are rules governing what an apprenticeship is. The main ones are:

- the apprentice must be employed in a real job; they may be an existing employee or a new hire
- the apprentice must work towards achieving an approved apprenticeship standard or framework
- the apprenticeship training must last at least 12 months
- the apprentice must spend at least 20% of their time on off-the-job training
- Employing an apprentice is very simple. The National Apprenticeship Service can provide all of the information you need to know, to employ an apprentice.

Apprenticeship Standards Vs Frameworks – all employers
apprenticeship standards – each standard covers a specific job role and sets out the core skills, knowledge and behaviours an apprentice will need to be fully competent in their job role and to meet the needs of employers, standards are developed by employer groups known as ‘trailblazers’
apprenticeship frameworks – a series of work-related vocational and professional qualifications, with workplace and classroom based training.

The government will phase out frameworks between now and 2020, as they move over to the employer-led apprenticeship standards.

Eligibility for training
Who provides the training – all employers
You can only spend the funds in your apprenticeship service account or access government support for apprenticeship training delivered by an approved training provider.

Full eligibility rules – all employers
A set of detailed rules exist to define what you can use apprenticeship funding for.
Who provides assessment – all employers
You can only spend the funds in your apprenticeship service account or access government support to pay for approved assessment organisations that are listed on the Register of apprenticeship assessment organisations. Organisations who wish to carry out end point assessments will need to show that they meet or exceed certain criteria.

Incentives – all employers
If you employ an apprentice under the age of 25 on the day they start you will not have to pay NI contributions for this individual for the duration of their apprenticeship. If you employ an apprentice 16-18 years old, you will receive £1000 for doing so. This payment will be split into two payments of £500, one at week 13 and one upon completion. If you have under 50 employees and are a non-levy paying employer, you will not have to make contributions towards apprentice training. Working with Knights Training Academy you will receive a bespoke training pathway for your apprentice and will be able to maximise access to funding to support their development.

Which category do I fit into?
If you are an employer with an annual PAYE salary bill of £3million or over then you will be required to contribute an apprenticeship tax each month to fund apprenticeships. This is called the Apprenticeship Levy and you are a Levy Paying Employer. For more info click here. If your PAYE salary bill is below this then you will now have to contribute 5% towards apprentices training with the remaining 95% coming from the government. You are a Non-Levy Paying Employer. For more info click here.

Examples:
A. Levy Paying employer – Employer with a gross annual salary bill of £5,000,000
Levy Sum: 0.5% x £5,000,000 = £25,000
Allowance: £25,000 – £15,000 = £10,000 annual Levy Payment

B. Non-Levy Paying employer – Employer with a gross salary of £2,000,000
Levy Sum: 0.5% x £2,000,000 = £10,000
Allowance: £10,000 – £15,000 = £0 annual Levy Payment

DAS (Digital Apprenticeship Service) – To access your account
When you register you will need:

- Government Gateway login details for any PAYE schemes you want to include in your account – your payroll or finance team will have access to these
- Companies House number or charity number (if your organisation has one)
- If your organisation is part of a group of connected companies or charities, you will also need to think about how you want to structure your account to manage your apprenticeships.

Your Digital Account Service will allow you to:

- Select an apprenticeship qualification that you would like your apprentices to complete. Either a Framework or Standard – further guidance on these can be found here
- Choose the training provider or providers you want to deliver the training
- Choose the organisation that will assess your apprentices
- Post apprenticeship vacancies

Buying apprenticeship training
Once you decide on which provider and programme, both parties will sign an SLA (Service Level Agreement). Shortly after, the enrolment will take place allowing for the a ULN (Unique Learning Number) to be issued to your employee. At this point, the provider will invoice the employer for the 5% contribution. The ‘NI contribution savings’ may apply (see incentives), which your finance
team will be able to change the tax code, in order to make the savings. Your KTA Account Manager can provide guidance on this.

Under 50 employees, recruiting a 16 to 18 year old?

A company with under 50 employees, who is has/recruiting for a 16 to 18 year old, means that the training is 100% funded. Please speak to your KTA Account Manager for more guidance.

What if I am a public sector employer?
Visit the [gov.uk website](https://www.gov.uk) for further guidance.

Non-Levy Paying employers

When the new funding system began in May 2017, you can choose the training you’d like your apprentices to receive, an approved training provider and an assessment organisation, using the registers available on the apprenticeship service. Help with this is available from the [National Apprenticeship Service](https://www.gov.uk/national-apprenticeship-service) – Knights Training Academy are linked on here nationally.

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