



Skills Funding  
Agency

# Apprenticeship Funding

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# What I will cover

- The apprenticeship levy
- Apprenticeship funding including changes
- Register of apprenticeship training providers
- Contracting
- The digital apprenticeship service

# What is the apprenticeship levy and who pays it?

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

Applies to all UK employers in all sectors

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

Only **1.3% 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



# Accessing levy funds to spend on training

- Levy funds will be available through a new digital service on gov.uk
- First funds appear in account in late May 2017

## How funds in the account will be calculated

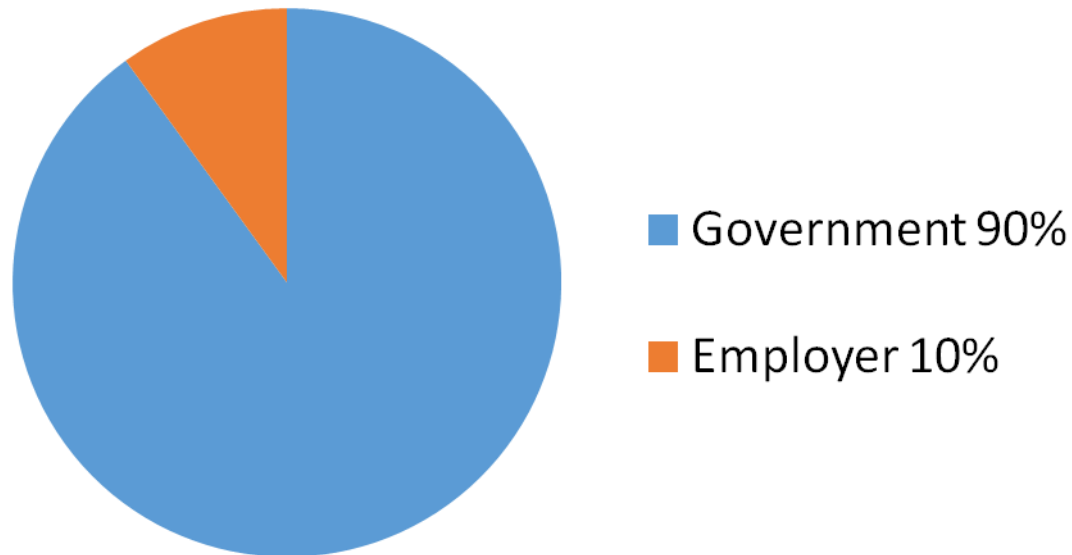
If 100% of pay bill is in England	100% of levy payment in digital account
If 80% of pay bill is in England	80% of levy payment in digital account

- 10% government top up to monthly funds entering an account

# What about non levy payers? Co-Investment

There are two types of employers who will benefit from government 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. A levy-paying employer 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

The cost will be spread over the lifetime of the apprenticeship.

We will hold back 20% of the total cost, to be paid on completion of the apprenticeship.

## 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

## 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

# Key changes

Proposals in August	Final funding policy
Digital funds expire after 18 months	Extended to 24 months – helping employers to prepare for the new system and to adapt training programmes.
Support for 16-18 year old apprentices - £1000 payment to employers and training providers	Retaining the £1000 payments plus extra government funding to provide a transitional 20% uplift for providers training 16-18 year olds on a framework. Also applies to 19-24 year olds formerly in care or with an Education, Health and Care plan.
Removal of disadvantage uplift	Retain a simplified version of current system for frameworks for one year to support those from disadvantaged areas whilst review best way to support disadvantaged groups.

# Funding bands for frameworks

We will allocate each individual framework pathway to:

- the nearest funding band based on the current rate of funding the government pays providers for training adult apprentices but with some extra support...

## 16-18 uplift

- Transitional support of 20% of funding band maximum paid directly to training providers
- Also applies to 19-24 year olds formerly in care or have Education and Health Care plan

## STEM Support

- For all STEM framework pathways we will increase the current government-funded adult rate by 40% at Level 2 and 80% at Level 3 and above, and then allocate these frameworks to the nearest funding band.

## Additional support in areas of disadvantage

Training providers receive:

- An additional £600 for training an apprentice from top 10% of deprived areas, £300 for next 10% range and £200 for the next 7% range



# Funding bands for standards

## Principles

- Lower cost standards should be allocated to the nearest funding band
- Those standards currently assigned to the widest and highest cost funding band will be allocated to a new band within this range.  
Taking into account:
  - Actual prices employers have negotiated with providers.
  - Evidence from Trailblazer employers on the estimated costs eligible apprenticeship training
  - The funding bands set for equivalent frameworks
  - The level and nature of the training, and consistency across similar types of apprenticeship standard.

# Additional support

## 16-18 year olds

Government will pay **£1,000 to employers**, and a further **£1,000 to training providers** if they train a 16-18 year old apprentice

## Disadvantaged young people

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

## Small Employers

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

## Additional learning support

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

## English and Maths training

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

# Funding rules

## 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.

## Transferring funding

During 2018 we 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.

New employer steering group to design this system so that it meets their needs

## 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 skills**

# Register of apprenticeship training providers

<b>Activity</b>	<b>Deadline</b>
Opened for applications	25 October 2016
Closed for applications	25 November 2016
SFA evaluating applications	To March 2017
Feedback to applicants	6 March 2017
Publication of the register	7 March 2017
Delivery commences	1 May 2017
Register re-opens	March 2017

# Procurement

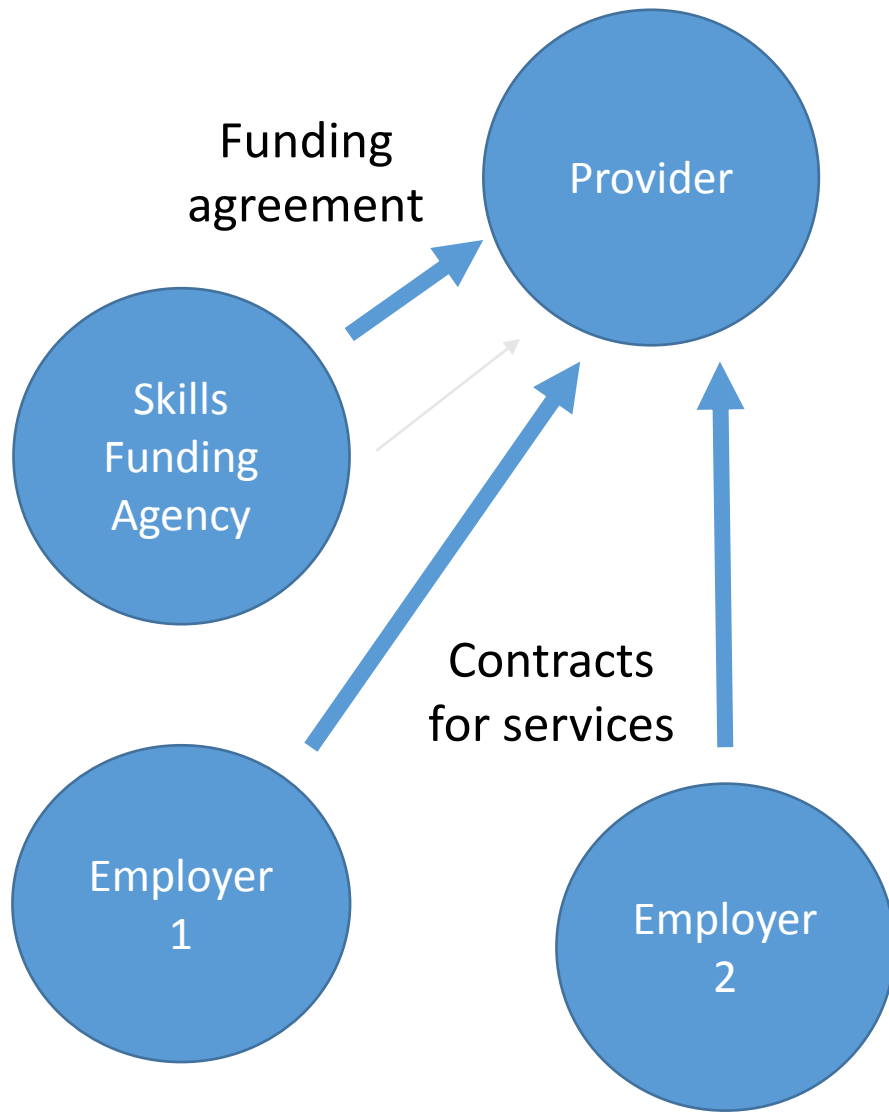
- Apprenticeship training delivery for employers without an account on the digital apprenticeship service
- Applications closed 25 November 2016
- Those successful in the ITT will be awarded a contract for services with the Skills Funding Agency

# Contracting

Once you have been selected by an employer to deliver training to their apprentices, you will need to negotiate costs and ensure contracts are in place so that the funding can flow.

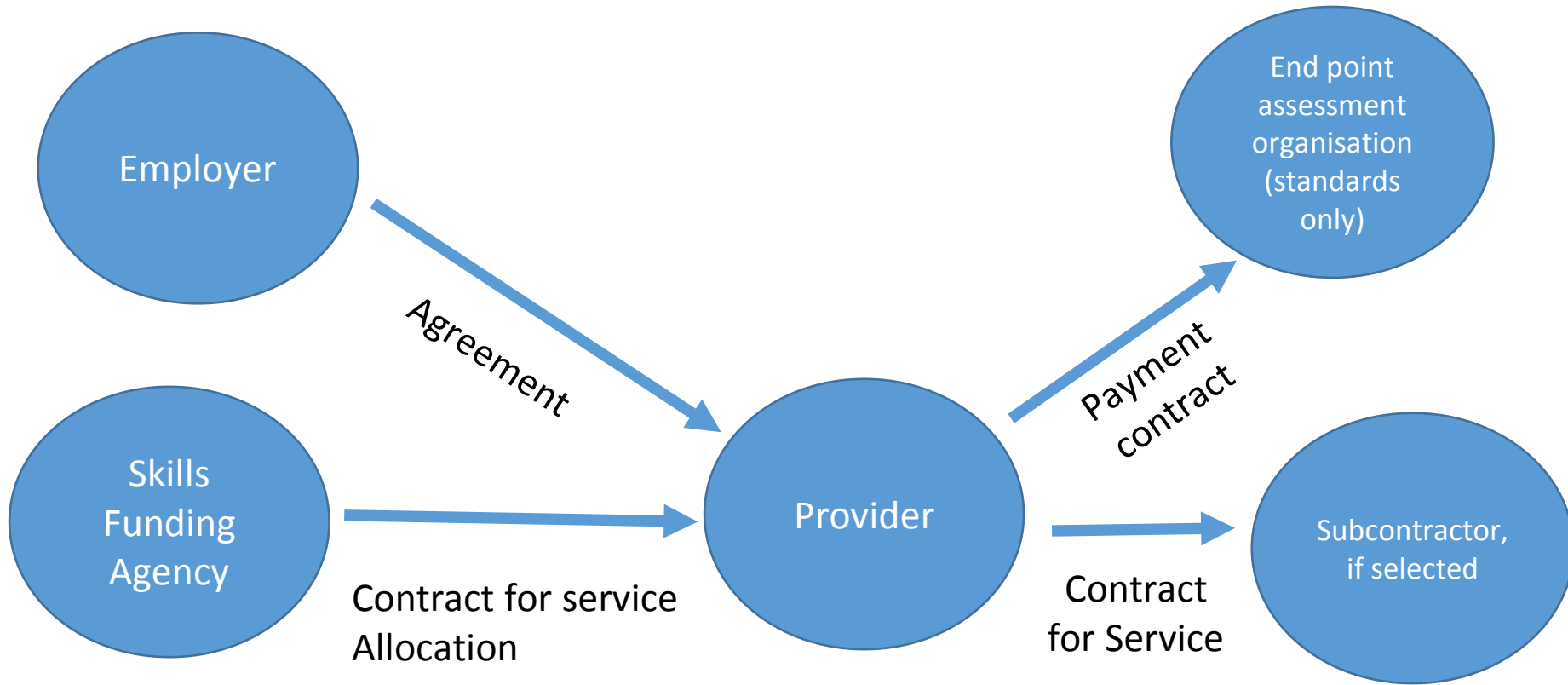
The costs for any end point assessment will be included in the total price for the apprenticeship you agree with the employer. You will be required to pass this agreed amount on to the assessment organisation selected by the employer.

# Working with employers with a digital account



- Contract for service with employer
- Main provider subcontracts and pays assessment organisation on employer's behalf
- Funding agreement with SFA
- Levy starts from 1 May 2017

# Working with employers without a digital account





# Digital apprenticeship service

## An employer's guide to the digital apprenticeship service

A new digital service will be available for employers early next year.

# 1

### Plan your apprenticeship programme

Estimate how much funding you will have to spend on apprenticeships

# 2

### Choose apprenticeship training and assessment

Find the right type of apprenticeship training for your business

Choose a training provider

Choose who will assess your apprentice at the end of their apprenticeship

# 3

### Advertise a vacancy to recruit an apprentice

Work with your training provider to post an apprenticeship opportunity

If you are a **levy paying employer**, carry on to steps 4 and 5.

If you are a **non-levy paying employer**, work with your training provider to complete the next steps.

# 4

### Manage the funding for your apprenticeship

Register securely to set up an employer account

View the current balance of your levy and any previous transactions

Forecast your funding available in the future

Find out support available if you don't have enough levy

To find out more use our online guidance or contact our employer helpline:

Phone: 08000 150 600

Email: [nationalhelpdesk@apprenticeships.gov.uk](mailto:nationalhelpdesk@apprenticeships.gov.uk)

Web: [www.gov.uk/take-on-an-apprentice/overview](http://www.gov.uk/take-on-an-apprentice/overview)

# 5

### Start a new apprenticeship contract

Agree how much you want to pay a training provider from your levy account

Manage payments to your training provider and see when they will be paid

Pause or stop a payment to your training provider

### The digital service is coming soon.

Want to see how the digital service might work? Email [DAS@bis.gsi.gov.uk](mailto:DAS@bis.gsi.gov.uk) to test the prototype and tell us what you think.

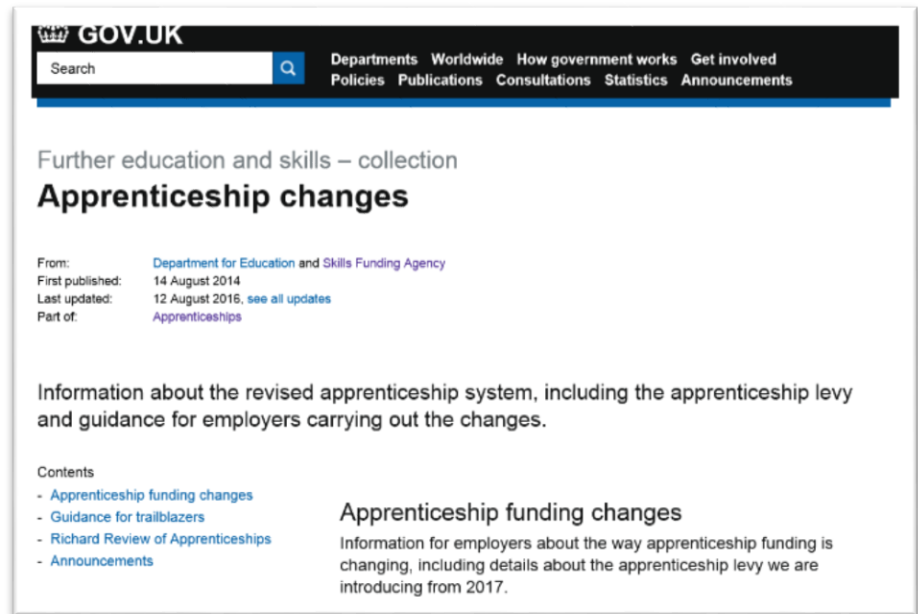
# Key milestones

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December	<ul style="list-style-type: none"><li>• Pilot testing with employers and providers continues</li><li>• Further employer guidance from HMRC on how to calculate and pay the apprenticeship levy</li></ul>
January	<ul style="list-style-type: none"><li>• Employers to start registering on the digital apprenticeship service</li></ul>
February	
March	<ul style="list-style-type: none"><li>• National Apprenticeship Week (6 to 10 March)</li><li>• Notification to Register and ITT applicants</li><li>• Non-levy contracts issued from 31 March</li></ul>
April	<ul style="list-style-type: none"><li>• Levy paid</li></ul>
May	<ul style="list-style-type: none"><li>• Digital apprenticeship service live</li><li>• Employers make commitments on their accounts</li><li>• Apprenticeship delivery starts</li></ul>
To 2020	<ul style="list-style-type: none"><li>• All employers to use the service</li></ul>

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## Search for Apprenticeship changes on GOV.UK



The screenshot shows the GOV.UK website interface. At the top, there is a search bar and navigation links for Departments, Worldwide, How government works, Get involved, Policies, Publications, Consultations, Statistics, and Announcements. The main heading is 'Further education and skills – collection' followed by 'Apprenticeship changes'. Below this, it lists the source as 'Department for Education and Skills Funding Agency', the first published date as '14 August 2014', the last updated date as '12 August 2016, see all updates', and the part of the collection as 'Apprenticeships'. The main text provides information about the revised apprenticeship system, including the apprenticeship levy and guidance for employers. A 'Contents' section lists links for 'Apprenticeship funding changes', 'Guidance for trailblazers', 'Richard Review of Apprenticeships', and 'Announcements'. A separate section titled 'Apprenticeship funding changes' provides information for employers about the changing way apprenticeship funding is handled, including details about the apprenticeship levy introduced from 2017.

Search the internet for the **Estimate my apprenticeship funding tool**

Search the internet for the guide to **working with the SFA as an apprenticeship training provider**



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**Any questions?**