



# The Apprenticeship Levy

# Government Vision



- The investment of UK employers in training has rapidly declined over the last 20 years, and is low when compared to our international competitors.
- The Apprenticeship Levy builds on the experience of other countries such as Denmark and France.
- It will shift incentives so that it is far more in employers' interests to take on apprentices.
- It will put investment in apprenticeships on a long-term, sustainable footing.
- By increasing the number of apprenticeships significantly to reach three million in 2020, our goal is to secure greater benefits from apprenticeships for more apprentices, employers and our economy.

# The benefits - employers



Apprenticeships deliver important benefits to employers in terms of service and productivity.

- 70% of surveyed employers said apprenticeships improved product quality and service
- The cost of apprenticeship training pays for itself within a couple of years of completion through increased productivity

# The benefits - apprentices



Individual apprentices achieve higher levels of qualification and increase their own employment prospects, productivity and wages.

- 83% of apprentices said their career prospects had improved
- Apprentices completing an apprenticeship at level 4 or above could earn £150,000 more, on average, over their lifetime

# What is an apprenticeship?

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 apprenticeship 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

# The Apprenticeship Levy



- Comes into effect on 6 April 2017 for employers with a pay bill in excess of £3m
- Rationale: to increase number of apprentices and put employers in control of training

# Points to note



- An allowance of £15,000 will offset against levy liability
- Employers will get a 10% top up to monthly funds to their digital accounts
- Funds are available to employers for 24 months only
- Digital Apprenticeship Service will enable employers to choose their training provider and purchase training

# Points to note



- No restrictions on previous qualifications
- Funding available for all ages (no upper age limit)
- An additional £1,000 will be given to employers recruiting 16-18 year olds or 19-24 year olds with an education, health or care plan or a care leaver
- Ability to recruit for specific areas of growth within the business



# Non levy payers



Will receive 90% of funding from government and will pay 10% of the cost unless:

- Fewer than 50 employees and recruiting a 16-18 year old or a 19-24 year old with an Education, Health and Care Plan, or who is a care leaver
- Currently there is no change to the way we procure apprentices but government plan to extend the Digital Apprenticeship Service to all employers in 2018 (to be confirmed)

# Funding



- Every apprenticeship will be placed in a funding band
- There will be a total of 15 funding bands
- Government will only fund up to maximum of band from digital accounts (but employers can pay more!)
- New Apprenticeships Standards to replace Apprenticeship Frameworks by 2020

# New Apprentice Standards



- Standards occupation / job-specific
- Qualifications not mandatory – apprenticeships can include behaviour competence
- Employers and providers sign off apprentices when ready for end assessment
- End assessment completed by a registered end assessment centre

# How we can help



- Provide updates on any funding/levy changes
- Give advice on the apprenticeships available and your responsibilities as an employer of apprentices
- Training needs analysis for your current staff – to help with upskilling
- Help you recruit new apprentices by advertising vacancies on the “find an apprentice” website and pre-screening applications
- All of the above will help you to get the most out of the new levy and/or apprenticeship funding