

# Apprenticeship delivery options for employers

March 2017

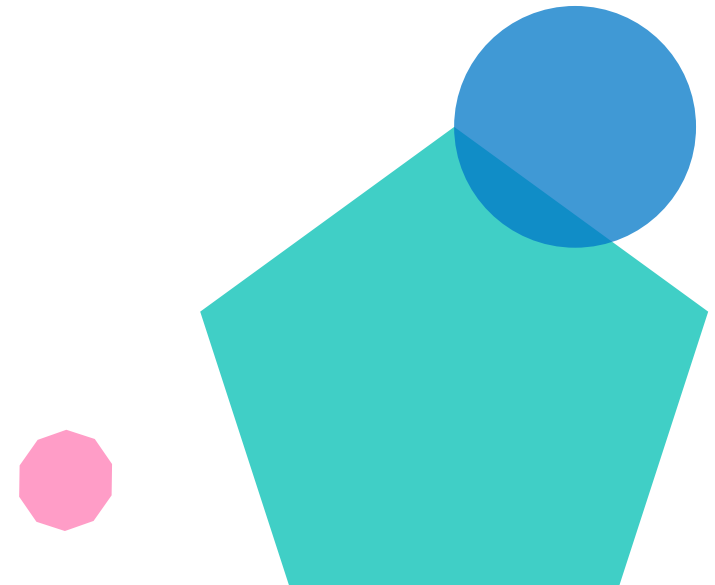
Bryony Kingsland – UK Funding Manager

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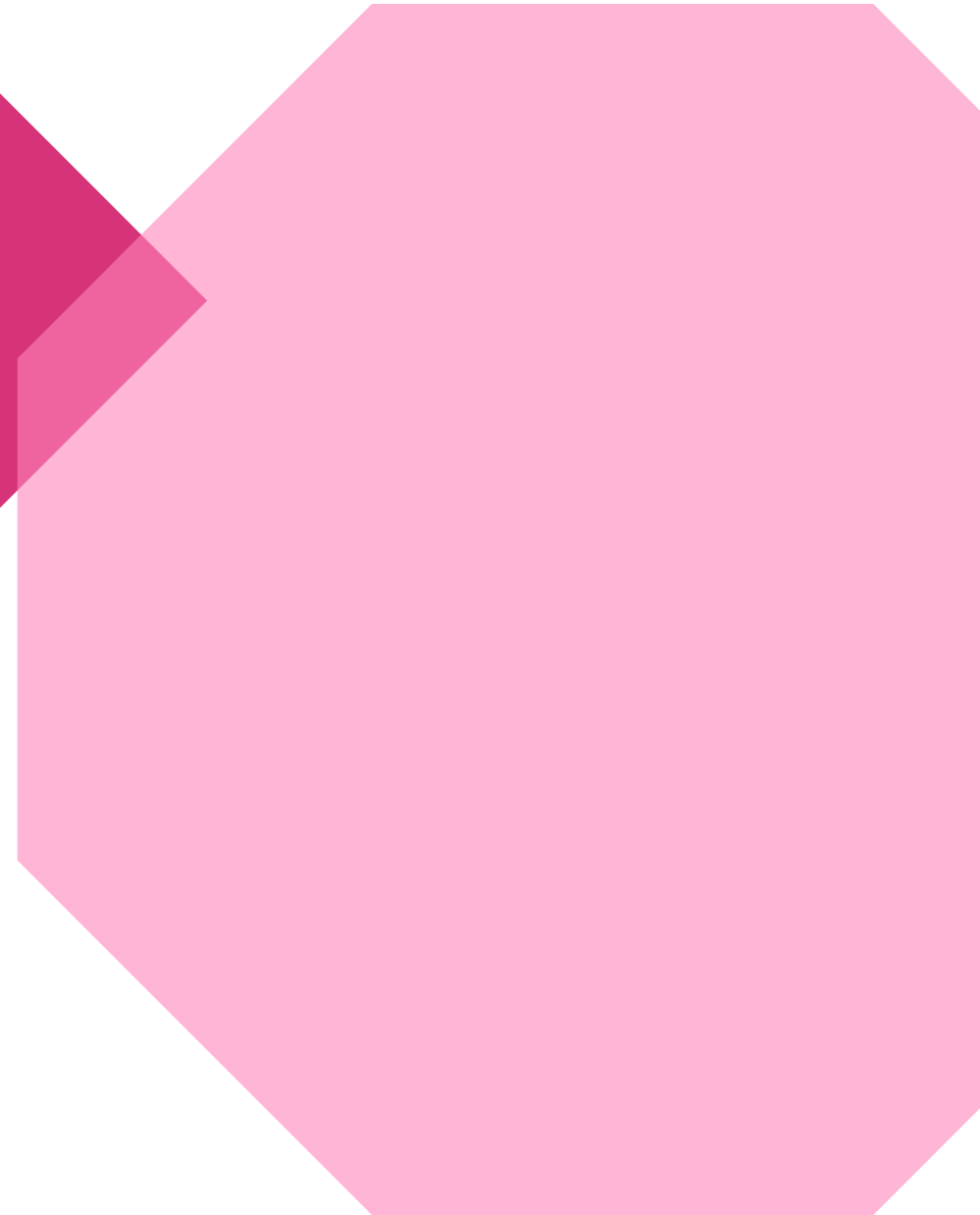
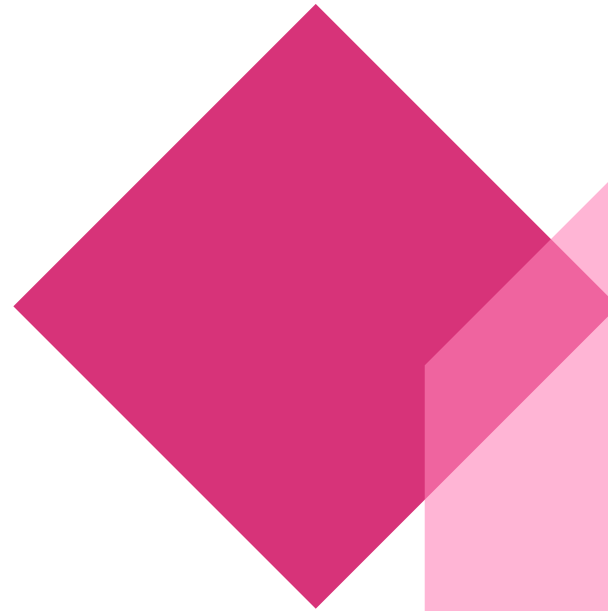
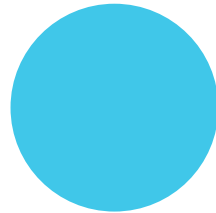


# Agenda

- Overview of the apprenticeship reforms
- Funding for apprenticeship training
- The Register of Apprenticeship Training Providers – is it right for you?
- The Digital Apprenticeship Service (DAS)
- Q & A



# Overview of changes and reforms



# Quick overview of the reforms

- The government is committed to significantly increase the quantity and quality of apprenticeships in England to reach 3 million starts in 2020.
- To enable this, the government are introducing an employer apprenticeship levy in April 2017.
- The levy applies to all employers with a pay-bill over £3million – 0.5% of pay-bill. There are no exceptions!
- Public Sector employers will have a statutory duty to employ a percentage of their workforce as apprentices.
- At the same time, the Dept for Education have reformed the funding and learning delivery arrangements – Apprenticeship Frameworks are transitioning to Apprenticeship Standards.
- Employers can work with local providers to deliver apprenticeships, or they can choose to deliver the apprenticeship themselves by becoming an employer-provider, or sub-contractor to a main provider.
- Almost any organisation wishing to deliver apprenticeships from May 2017, must be on the new Register of Apprenticeship Training Providers (RoATP).



# Dual system - levy and non-levy paying employers

**Employers with a pay-bill  
under £3million**  
(non-levy paying)



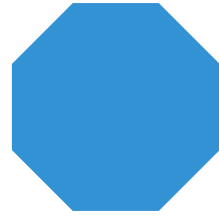
Will co-invest with the government on 1:9 ratio for the delivery of apprenticeships.  
There are a variety of extra support options and incentives.

**Employers with a pay-bill  
over £3million**  
(levy paying)



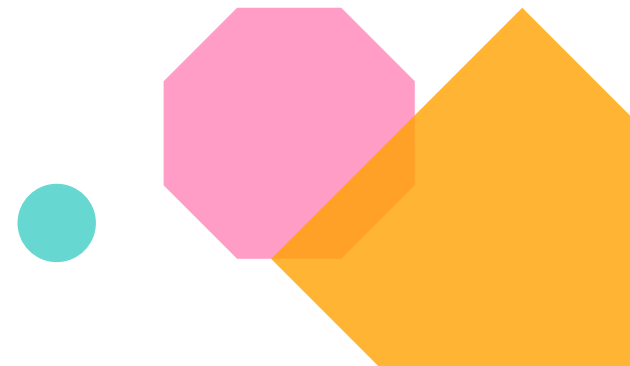
Pay an apprenticeships levy via PAYE and HMRC – funds go into the Digital Apprenticeship Service account.  
With 10% additional top-up from government.  
Once funds are used up, will co-invest with government on same 1:9 ration as non levy paying employers.

# The levy and funding



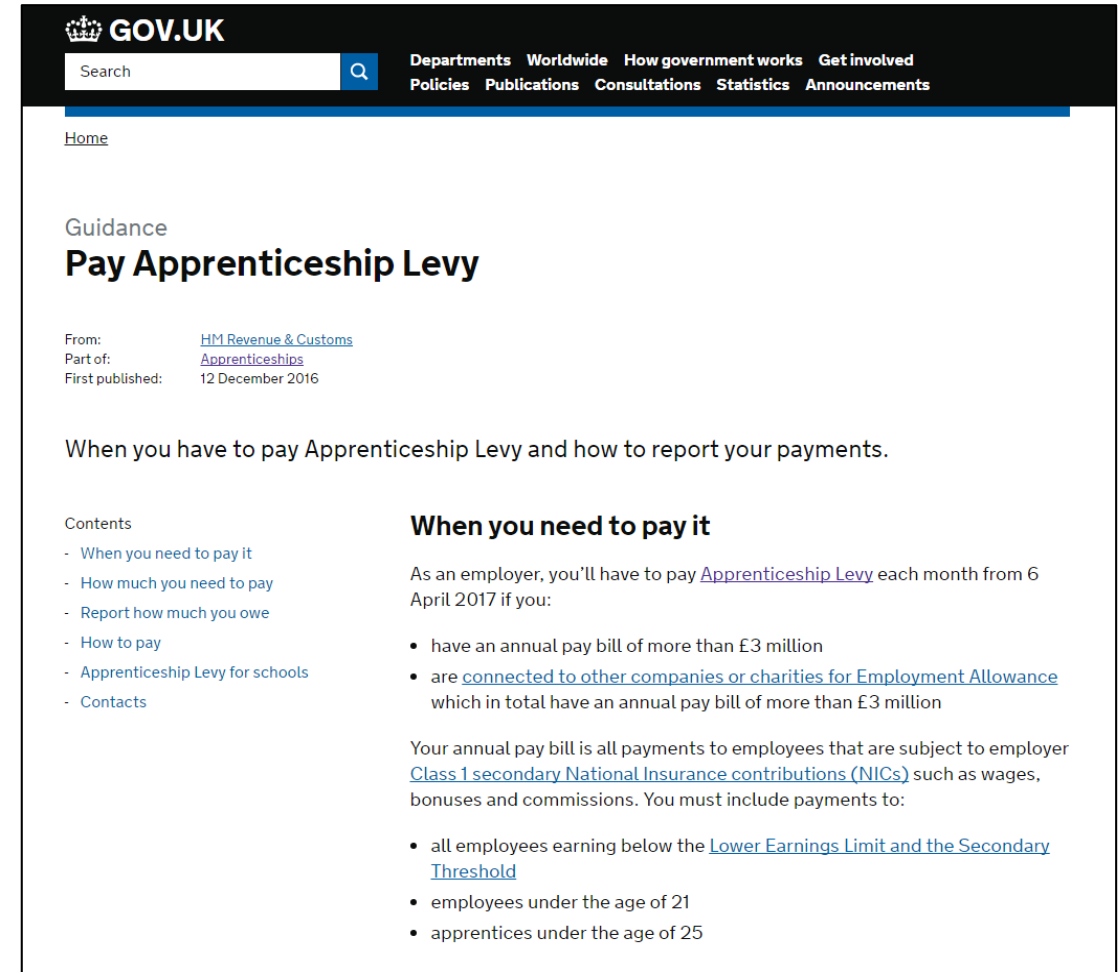
# Levy – main points

- The levy applies to any employer with a pay-bill over £3 million – 0.5% of pay-bill.
- The levy payment process will operate on a monthly basis, alongside PAYE processes. Levy monthly amounts will accumulate in employers Digital Apprenticeship Service (DAS) account throughout the year.
- The Government will contribute an extra 10% to employers levy accounts monthly as an additional incentive.
- Any unused allowance will be carried from one month to the next.
- Funds will expire 24 months after they enter an employers Digital Apprenticeship Service account and be removed.



# Levy – main points

- It is employers responsibility to declare via PAYE that they are a levy paying organisation.
- Levy amounts in the employer account will reflect the workforce of the employer based in England in the previous year. Percentage amounts for non-English employees will be removed and passed to the relevant nations – based on the employees home address.
- Monthly levy payments will go up or down according to employer payroll amount (fluctuations in staffing and seasonal employment), with overpayment rebated at year end.
- HMRC have published Levy Guidance for finance/PAYE departments.
- <https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work>



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, and Get involved. Below the search bar, the page is titled 'Guidance' and 'Pay Apprenticeship Levy'. It includes metadata such as 'From: HM Revenue & Customs', 'Part of: Apprenticeships', and 'First published: 12 December 2016'. The main content area starts with the text 'When you have to pay Apprenticeship Levy and how to report your payments.' followed by a 'Contents' list and a 'When you need to pay it' section. The 'When you need to pay it' section explains that employers must pay the levy from 6 April 2017 if they have an annual pay bill of more than £3 million and are connected to other companies or charities for Employment Allowance. It also lists the criteria for employees whose wages are included in the annual pay bill: all employees earning below the Lower Earnings Limit and the Secondary Threshold, employees under the age of 21, and apprentices under the age of 25.

**GOV.UK**

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Guidance

## Pay Apprenticeship Levy

From: [HM Revenue & Customs](#)  
Part of: [Apprenticeships](#)  
First published: 12 December 2016

When you have to pay Apprenticeship Levy and how to report your payments.

Contents

- [When you need to pay it](#)
- [How much you need to pay](#)
- [Report how much you owe](#)
- [How to pay](#)
- [Apprenticeship Levy for schools](#)
- [Contacts](#)

### When you need to pay it

As an employer, you'll have to pay [Apprenticeship Levy](#) each month from 6 April 2017 if you:

- have an annual pay bill of more than £3 million
- are [connected to other companies or charities for Employment Allowance](#) which in total have an annual pay bill of more than £3 million

Your annual pay bill is all payments to employees that are subject to employer [Class 1 secondary National Insurance contributions \(NICs\)](#) such as wages, bonuses and commissions. You must include payments to:

- all employees earning below the [Lower Earnings Limit and the Secondary Threshold](#)
- employees under the age of 21
- apprentices under the age of 25



# Apprenticeship funding from May 2017

- Levy paying employers will pay 100% of the costs of an apprenticeship to providers, out of their digital account.
- Non-levy paying employers will contribute 10% of the cost of an apprenticeship and the government will contribute 90% of the cost, in a co-investment arrangement.
- Levy paying employers who have exhausted their levy funds, but who wish to take on more apprentices, will co invest with the government at the same 1:9 ratio.
- Employers with less than 50 (49 or less), employees will pay no contribution if they take on a 16-18yr old apprentice, or 19-24 year olds who were formerly in care or who have an Education and Health Care plan. These are fully funded by the government.
- From 2018, employers will be able to transfer 10% of their levy funding to another employer with a digital account, e.g. an organisation in their supply chain.
- Government will contribute £2000 towards the costs of all 16-18 apprenticeships. £1000 for the employer, £1000 for the provider. This funding is claimed as follows – 50% after 90 days. The remaining 50% after 365 days.



# How the funding is changing

There are new funding arrangements that give employers a basis for negotiations with providers.

## New Funding Bands from May 2017

for Standards and Frameworks

Band	Band Upper Limit
1	£1,500
2	£2,000
3	£2,500
4	£3,000
5	£3,500
6	£4,000
7	£5,000
8	£6,000
9	£9,000
10	£12,000
11	£15,000
12	£18,000
13	£21,000
14	£24,000
15	£27,000

## Current Funding Caps

for Standards

Funding Band	Core Government contribution cap (£)	Employer contribution (£)
6	18,000	9,000
5	13,000	6,500
4	8,000	4,000
3	6,000	3,000
2	3,000	1,500
1	2,000	1,000

# Co-investment funding arrangements (non-levy payers)

Co-investment funding for new Digital Standards from May 2017

Standard name	Funding band	Government contribution	Employer contribution	16-18 employer incentive	16-18 Provider incentive
Network Engineer (4) / Software Developer (4)	Band 12: £18,000	£16,200	£1,800	£1,000	£1,000
Infrastructure Technician (3)	Band 11: £15,000	£13,500	£1,500	£1,000	£1,000

## Note:

- Micro-businesses (49 employees or less) will not be required to co-invest if they take on a 16 – 18 year old or a 19-24 year old apprentice formerly in care or with an Education and Health Care plan.
- £1,000 incentive payment received by both the employer and provider for each 16-18 year old apprentice.

# Levy paying employer arrangements

Company paybill of £13,000,000

Allowance: £65,000 - £15,000 = **£50,000 annual levy payment.**

Levy sum:  $0.5\% \times £13,000,000 = £65,000$

Total annual levy fund with 10% government uplift = **£55,000**

Standard name	Cohort size	Funding band	Total employer cost	16-18 Employer Incentive (£1,000 per apprentice)	16-18 Provider incentive (£1,000 per apprentice)
Network Engineer (4) / Software Developer (4)	2	Band 12: £18,000	£36,000	£2,000	£2,000
Infrastructure Technician (3)	1	Band 11: £15,000	£15,000	£1,000	£1,000
<b>TOTAL EMPLOYER COST:</b>			<b>£51,000</b>		

## Notes:

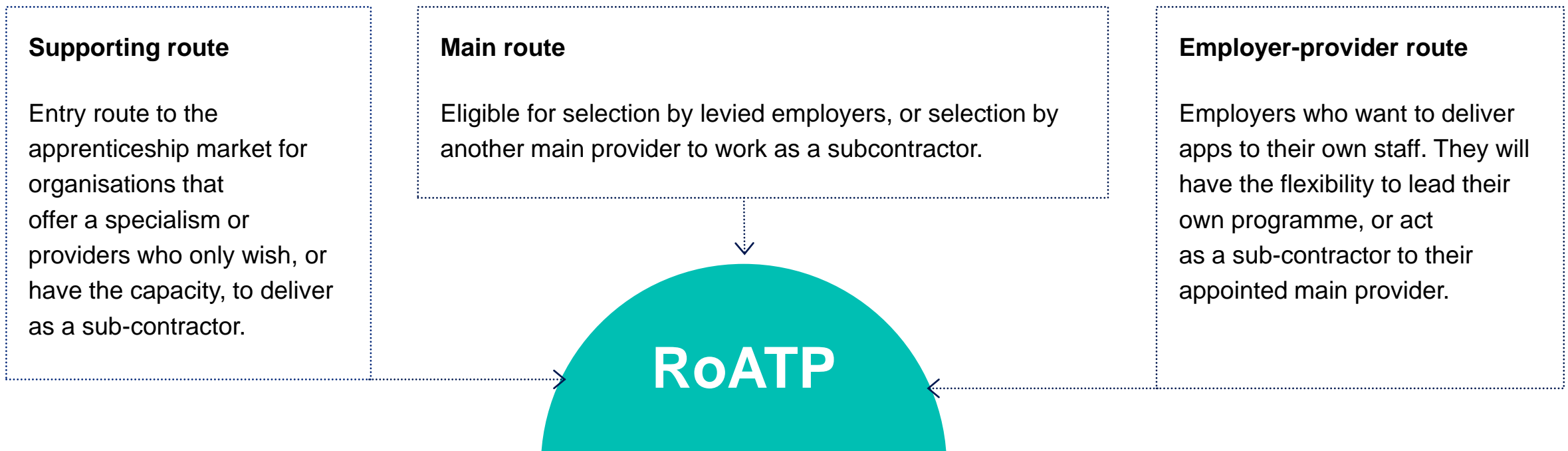
- If levy funds are exhausted and the employer wants additional apprentices, the employer enters the co-investment model (Government will contribute 90% of non-levy provision).
- Incentive payment paid to employer in cash by the provider, who will claim it on their behalf.

# **Register of apprenticeship training providers (RoATP) & sub-contracting**



# Register of apprenticeship training providers (RoATP)

- The first application process for entering the new register closed at the end of November. The next opening for registrations will be in late March/April 2017.
- There are three routes for application. You should apply to one route only and choose the most appropriate for your needs:



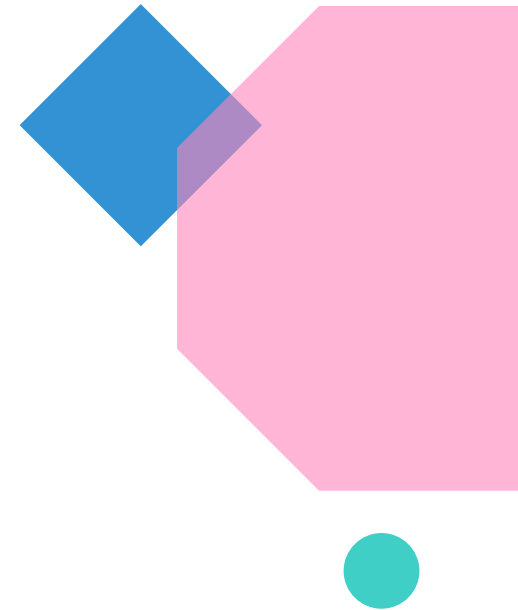
# Which route is right for you?

## Main Provider Route:

This route would be suitable for employers that want to deliver apprenticeships to their own staff or the staff of other organisations, such as those in their supply chain, their customers or any other organisation.

Go be a Main Provider you would need to:

- ✓ Apply to be a Main Provider on RoATP
- ✓ Be prepared for full Ofsted inspections
- ✓ Have your own data system to make ILR returns to the SFA on a monthly basis

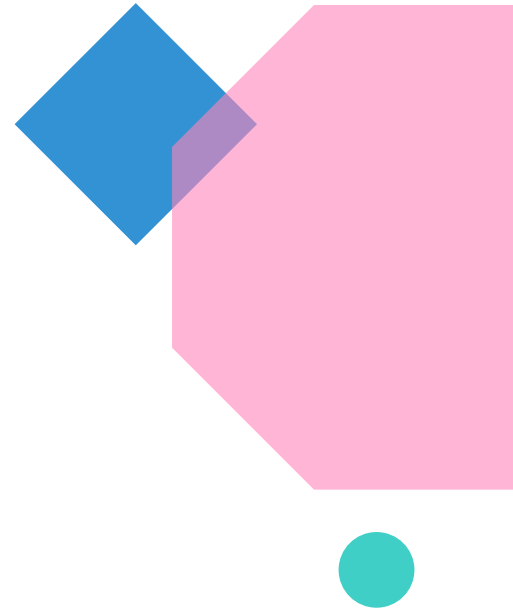


# Which route is right for you?

## Employer Provider Route:

For levy paying employers who wish to:

- ✓ Deliver apprenticeship to their own staff.
  - ✓ Act as a sub-contractor to a main provider to deliver to their own staff.
  - ✓ Sub-contract a proportion of their funds to a provider to deliver part or full apprenticeships.
- 
- Employer providers cannot deliver outside of their organisation, e.g. to a company in their supply chain.
  - Will not be included on the DAS search Tool.
  - Will be inspected by Ofsted.
  - Will need to make data returns to the Skills Funding Agency and maintain evidence for SFA audits.



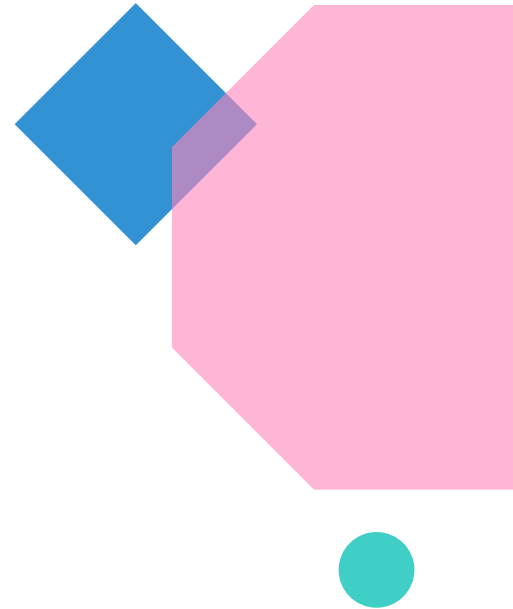


# Which route is right for you?

## Supporting Provider route:

This route may suit employers who do not wish to take on responsibility for managing all the processes for delivery of apprenticeships to their own staff. To be Supporting provider, you must be on the RoATP.

- ✓ You will not be responsible for Ofsted Inspections.
- ✓ You will be able to deliver full apprenticeships or partial apprenticeships up to the value of £500k per academic year via subcontracting arrangement with a main provider.
- ✓ You will still need to collate evidence of delivery, but main provider will manage overarching audit trail of learner progress and associated files.
- ✓ You will not need to manage ILR returns to the SFA monthly, Main provider can manage this for you but you will be required to provide information.

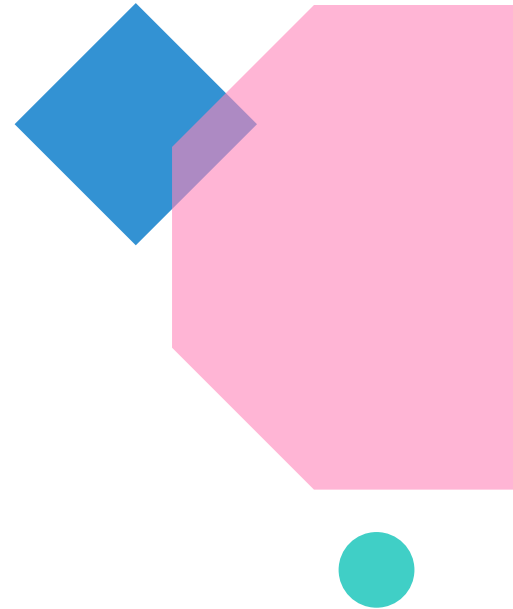


# Which route is right for you?

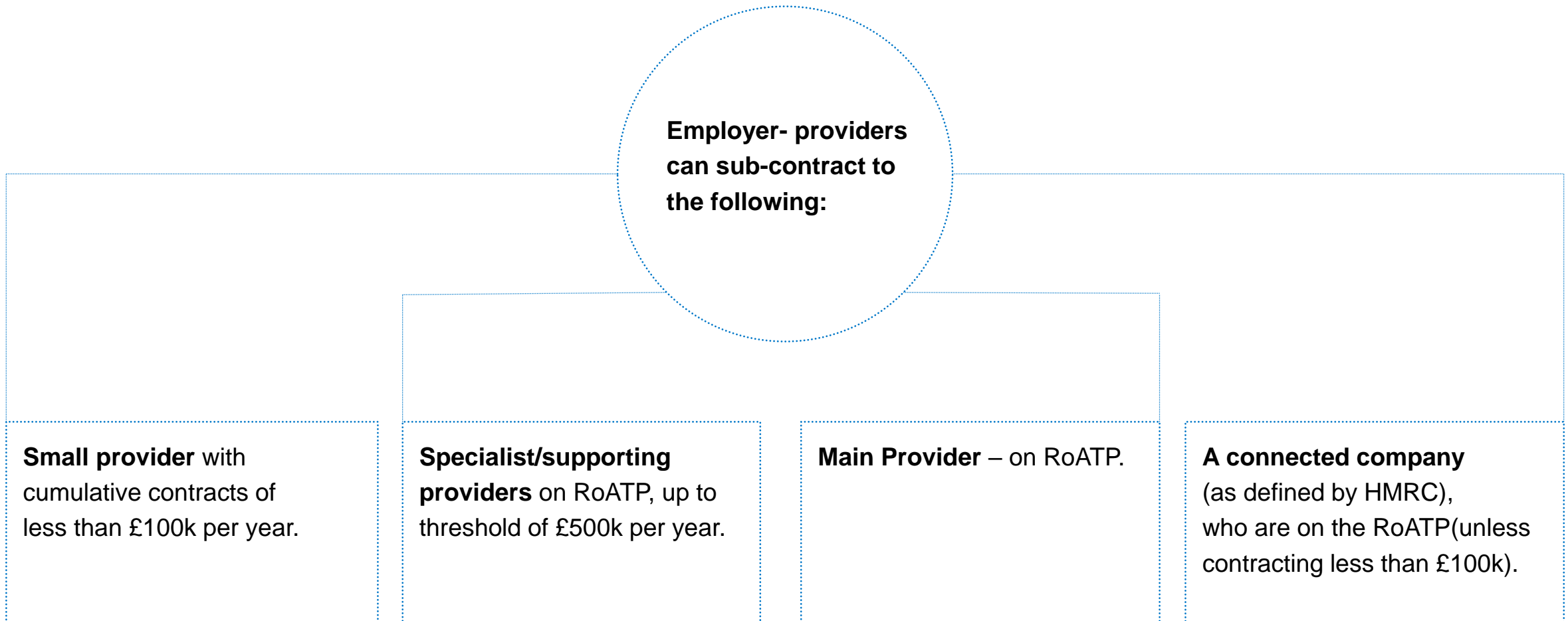
## Small Supporting Provider route:

This route would be suitable for employers who only wish to deliver a small number of apprenticeships or a specialist aspect of a full apprenticeship. Employers do not need to be on the RoATP for this route.

- ✓ You will not be responsible for Ofsted Inspections.
- ✓ You will be able to deliver full apprenticeships or partial apprenticeships up to the value of £100k per academic year via sub-contracting arrangement with a main provider.
- ✓ You will still need to collate evidence of delivery, but main provider will manage overarching audit trail of learner progress and associated files.
- ✓ You will not need to manage ILR returns to the SFA monthly, Main provider can manage this for you but you will be required to provide information.



# Employer-provider sub-contracting rules



# Sub-contracting due diligence

- Prime/Main providers must take their own legal advice before sub-contracting - Public Contracts Regulations 2015, re use of delivery subcontractors, and have this advice available for inspection by the SFA.
- There must have a legally binding contract with each sub-contractor.
- Delivery subcontractors can be used to complement your own delivery if you are an employer/provider. Information must included in the written agreement.
- You must have a contract in place with every organisation/provider that you use as a sub-contractor.



# Data returns and audit requirements

**If you are a Main or Employer-provider - the SFA will collect information from you on a monthly and annual basis to:**

- ✓ To ensure that you are delivering the training you are being paid to deliver and that it is good quality;
- ✓ enable payments to be made to you; and
- ✓ keep track of learners and their outcomes.

Your data returns will be used to assess quality, and financial probity.

The SFA will use their findings to inform which employer-providers will be audited.

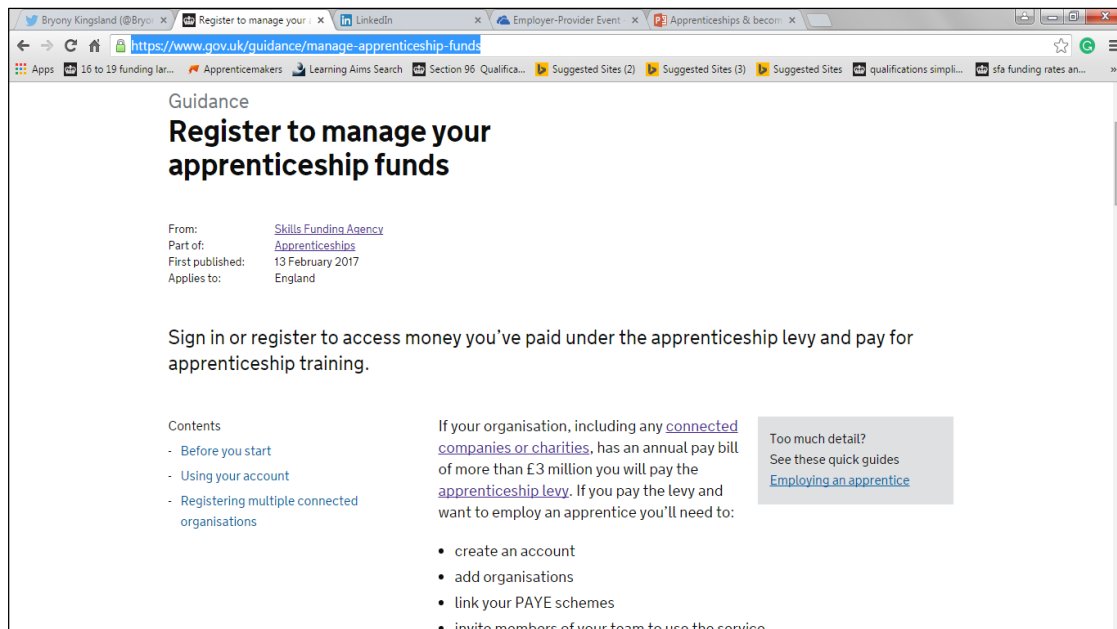
Employer-providers selected for an audit will need to share certain evidence with the SFA. If rules and requirements haven't been followed, the SFA may recover the funding from you.

- ❖ **We will cover the full sub-contracting, audit and data requirements for employer-providers in detail during our April Workshop, along with comprehensive guidance on applying to the RoATP.**



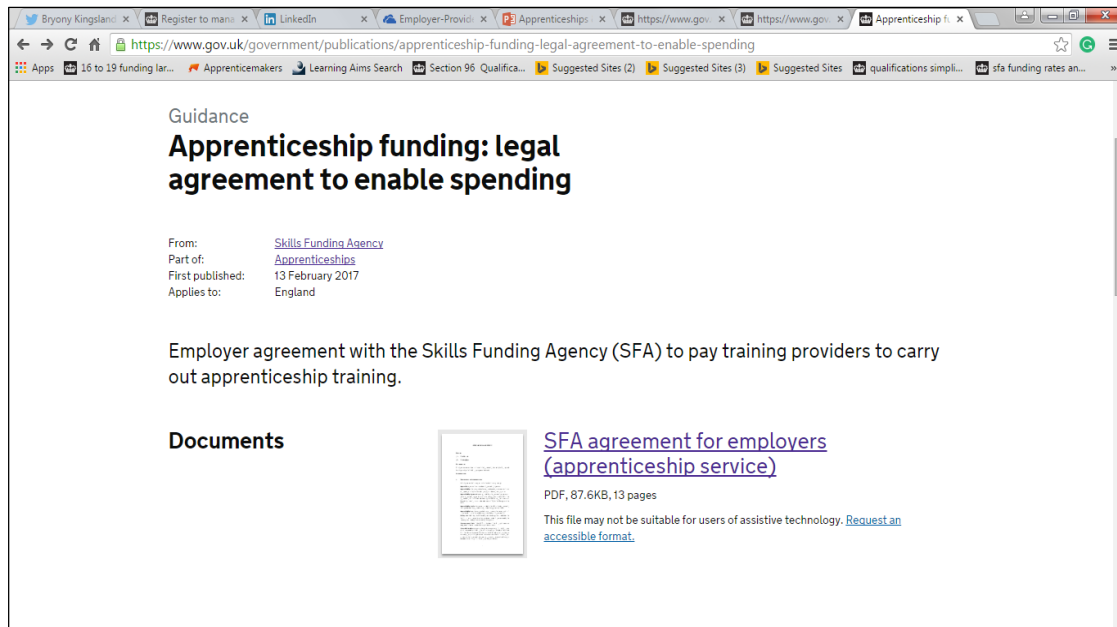
# **Digital Apprenticeship Service and SFA legal agreement**

# The Digital Apprenticeship Service (DAS)



- <https://www.gov.uk/guidance/manage-apprenticeship-funds>
- National Apprenticeship Service - You Tube video guidance – How to set up and use a Digital Apprenticeship Service Account – for employers.
- <https://www.youtube.com/watch?v=XDYEtj16E38>

# Legal agreement with the SFA



The screenshot shows a web browser window with the URL <https://www.gov.uk/government/publications/apprenticeship-funding-legal-agreement-to-enable-spending>. The page content includes:

- Guidance**
- Apprenticeship funding: legal agreement to enable spending**
- From: [Skills Funding Agency](#)
- Part of: [Apprenticeships](#)
- First published: 13 February 2017
- Applies to: England
- Employer agreement with the Skills Funding Agency (SFA) to pay training providers to carry out apprenticeship training.
- Documents**
- [SFA agreement for employers \(apprenticeship service\)](#)
- PDF, 87.6KB, 13 pages
- This file may not be suitable for users of assistive technology. [Request an accessible format.](#)

- As a Levy paying employer-provider or an employer working with a main provider to deliver apprenticeships, you will have a contract with the SFA for use of public funds.
- The Legal Agreement between the SFA and Employers can be found.
- <https://www.gov.uk/government/publications/apprenticeship-funding-legal-agreement-to-enable-spending>

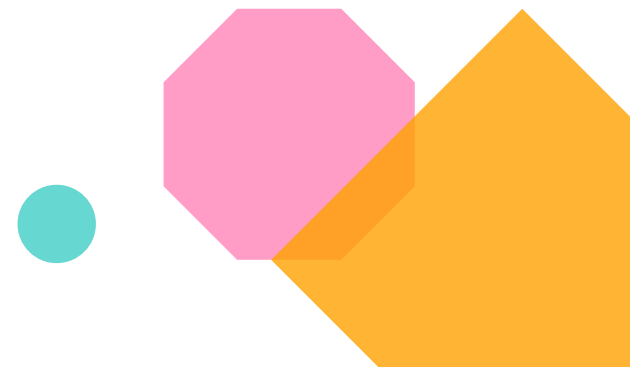


# Preparing for delivery and end-point assessment



# End-point assessment - costs and rules

- You must select an organisation to deliver the end-point assessment from the Register of Apprentice Assessment Organisations (RAAO). Only those organisations listed on the RAAO will be eligible to be funded.
- End point assessment costs are included in the funding band for each apprenticeship.
- Employers must ensure prices negotiated with a provider include the amount needed for end assessment.
- Levy payment from DAS to the provider, and government co-investment payments, will hold back 20% of funding to pay for end assessment.
- End assessment payment arrangements for non-levy paying employers must be included in the written legal agreement between employer and provider.
- End assessment assures quality and currency for learners and employers.



# Six key steps developing an apprenticeship programme



1. Understand the funding
2. What is your people plan?
3. Review current training programmes and where occupations can be mapped to apprenticeships
4. Decide which programmes to deliver
5. Decide how to deliver an apprenticeship programme
6. Ensuring readiness to deliver

Download your full length Employers' Guide to Apprenticeship Reforms today at:

[www.cityandguilds.com/employers](http://www.cityandguilds.com/employers)

# Developing a quality apprenticeship programme

## Understand the levy

- Calculate your levy allowance. Determine how it will be allocated in line with your business strategies.
- Things to consider:
  - The value of your levy.
  - Current spend on training, and what is paid into the levy.
  - Engage with finance and senior management teams. Ensure they are aware and discuss how the funds will be allocated.



# Developing a quality apprenticeship programme

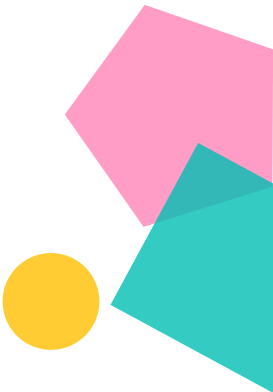
## Develop a People Plan

- With your HR and Senior Management teams. Align business goals in accordance with your workforce development programme.
- Identify any skills gaps or recruitment opportunities within your business. Determine if an apprenticeship is an appropriate solution.
- Things to consider:
  - Refer to or develop a HR People Plan across the whole organisation.
  - Check if current training provision meets future talent pipelines.
  - Consider apprenticeships for future opportunities within the business.

# Developing a quality apprenticeship programme

## Review current training programmes and where occupations can be mapped to apprenticeships

- Map new apprenticeship Standards to job roles to identify skills gaps, support progression and identify recruitment opportunities.
- Things to consider:
  - Alignment of any new progression opportunities against existing frameworks or new apprenticeship Standards.
  - Existing SASE Frameworks can also be considered as they will continue to be offered alongside the new Standards during the transitional period.



# Developing a quality apprenticeship programme

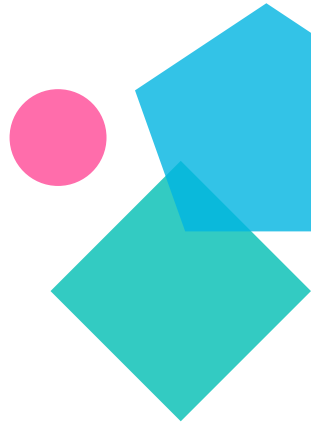
## Decide which programmes to deliver

- Things to consider:
  - Ensure enough funds are available as per the funding bands for each apprenticeship.
  - Consider offering new vacancies as apprenticeship opportunities.
  - Consider offering Level 3 Apprenticeships and above as a promotional route for internal staff.
  - Consider making Graduate Recruitment Programme a Higher Level Apprenticeship Programme.

# Developing a quality apprenticeship programme

## Decide how to deliver an apprenticeship programme

- Determine which delivery method is best suited to your business.
- Things to consider:
  - Choice between becoming a registered provider, or select a provider or college from the RoATP.
  - If partnering, ensure that the chosen provider or college has the capability and capacity to deliver.
  - If delivering across multiple regions, consider working with a national or several regional colleges/ providers.
  - Determine what percentage of the apprenticeship, if any, will be delivered by a college or provider.
  - Determine end-point assessment delivery method and end assessment organisation.
  - Select registered and approved delivery providers via DAS.





# Developing a quality apprenticeship programme

## Ensuring readiness to deliver

- Things to consider:
  - Determine if staff require leadership and management coaching or training to effectively support and manage apprentices and assess knowledge and competency.
  - Implement a strategy for training internal staff, mentoring and coaching.
  - Decide how to manage and monitor the apprenticeship programme.
  - Ensure internal systems, facilities and equipment are in place as per the requirements of the apprenticeship programme.

# Upcoming events



## Employer Conference

**Thursday 23 March, 9:30 – 5:30pm**

[Making Apprenticeships Work](#)

ICC, Birmingham



## Employer Training

**Wednesday 19 April, 9:30 – 5:30pm**

[Apprenticeships and becoming an employer provider](#)

City & Guilds – London office



## Employer Training

**Thursday 13 April, 9:30 – 5:30pm**

[Apprenticeships and becoming an employer provider](#)

City & Guilds – Wakefield office

# Thank you, any questions?

- Contact Paula if you need support with setting up apprenticeship delivery or applying to RoATP  
[Paula.Gibson@cityandguilds.com](mailto:Paula.Gibson@cityandguilds.com)
- Contact Bryony for support with funding and :  
[Bryony.Kingsland@cityandguilds.com](mailto:Bryony.Kingsland@cityandguilds.com)
- For information on how we can support your business, contact: [Amanda.Kilpatrick@cityandguilds.com](mailto:Amanda.Kilpatrick@cityandguilds.com)

