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Apprenticeship reforms

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Welcome



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Apprenticeship Reform



Putting employers at the heart of apprenticeships and the reform to date

The government is **committed to significantly increase the quantity and quality of apprenticeships in England to 3 million starts this Parliament**, putting control of funding in the hands of employers.

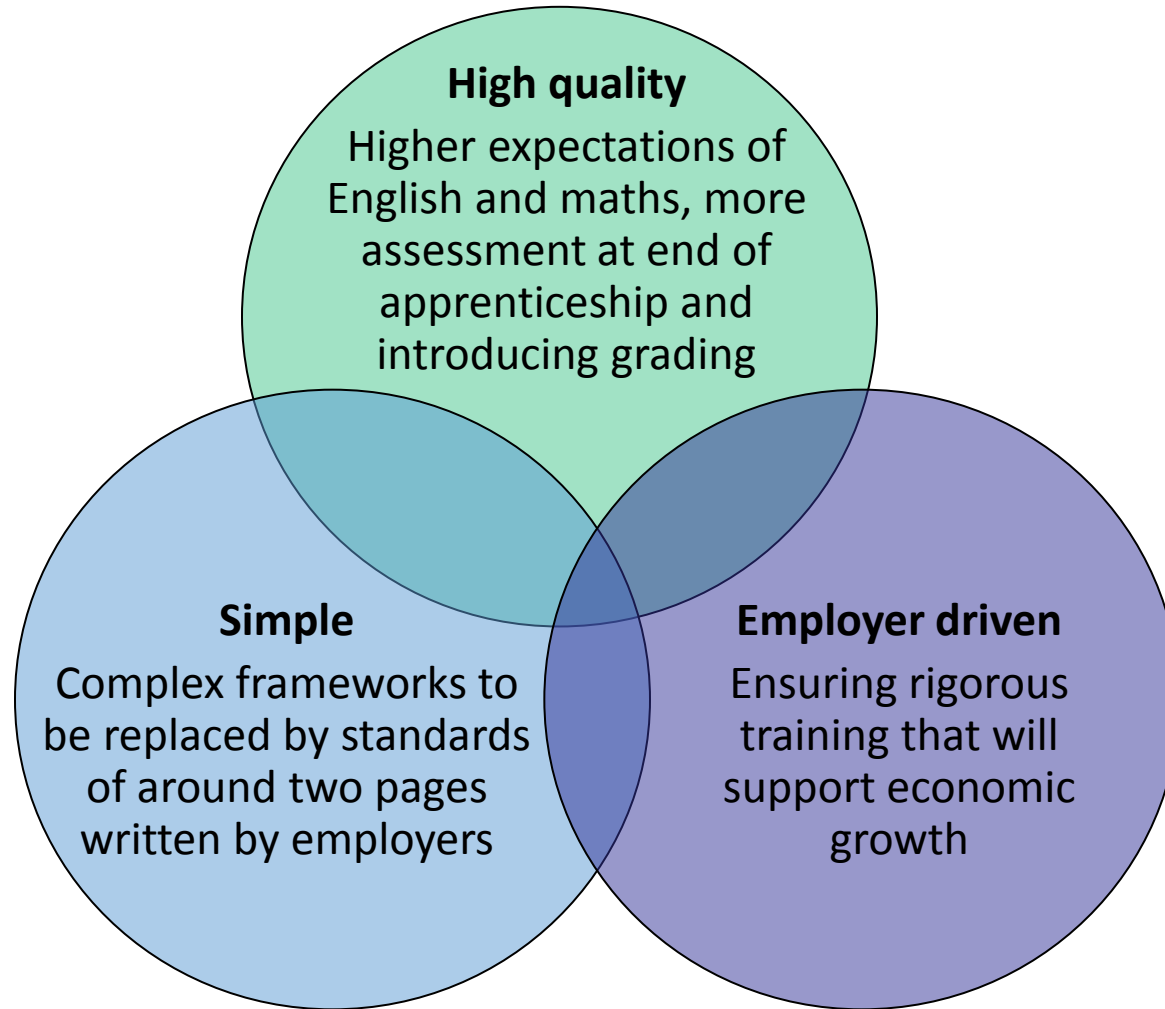
In the last parliament there were over 2.2 million apprenticeships starts. Increasing to 3 million new starts this Parliament will mean an increase of over 35% on the achievement of the last five years.

The Government has delivered significant reform to date:

- Employers at the heart of designing new **Apprenticeships Standards** through the Trailblazer programme
- **Employer-routed funding reforms**, such as the digital apprenticeships voucher, is putting control of funding directly into hands of employers
- Apprenticeships will be given **equal legal treatment to degrees**
- The government is **abolishing employer National Insurance Contributions** for apprentices under the age of 25 from April 2016
- The government will set **apprenticeship targets for public sector bodies**



What are the main aims?



Apprenticeship Frameworks



- Currently Apprenticeship Frameworks are available at mainly at levels 2 & 3 and some at Higher level covering more than 200 industries and 1700 job roles.
- It is planned that from April 2017 no new starts will be registered on an Apprenticeship Framework

Advanced Level Apprenticeship (Level 3)

Intermediate Level Apprenticeship (Level 2)

Apprenticeship Standards



- New Apprenticeships Standards will be available at levels 2 through to Level 7.
- It is planned that all new starts from April 2017 will be registered on a new standard programme

Higher Apprenticeship (Level 4, 5, 6 & 7)

Advanced Level Apprenticeship (Level 3)

Intermediate Level Apprenticeship (Level 2)



Trailblazer Standards Funding Model 2015/ 16

		Cap 1	Cap 2	Cap 3	Cap 4	Cap 5
Maximum Core Government contribution (£2 for every £1 from employer)		£2,000	£3,000	£6,000	£8,000	£18,000
Employer contribution if the maximum cap is claimed		£1000	£1,500	£3,000	£4,000	£9,000
Additional incentive payments	Recruiting a 16-18 year old	£600	£900	£1,800	£2,400	£5,400
	For a small business (<50)	£500	£500	£900	£1,200	£2,700
	For successful completion	£500	£500	£900	£1,200	£2,700
Maximum total Government contribution		£3,600	£4,900	£9,600	£12,800	£28,800

Trailblazer Standards Funding Model for 2016/17

Standards funding 16/17		CAP 1	Cap 2	Cap 3	Cap 4	Cap 5	Cap 6
Maximum core government contribution (£2 for every £1 from employer)		£2,000	£3,000	£6,000	£8,000	£13,000	£18,000
Employer contribution if the cap maximum is required		£1,000	£1,500	£3,000	£4,000	£6,500	£9,000
Co-payment for training and assessment if the cap maximum is required		£3,000	£4,500	£9,000	£12,000	£19,500	£27,000
Additional Incentive payments for the Employer	16-18 start	£600	£900	£1,800	£2,400	£3,900	£5,400
	For a small business (<50)	£500	£500	£900	£1,200	£1,950	£2,700
	Completion Payment	£500	£500	£900	£1,200	£1,950	£2,700
Maximum total government contribution		£3,600	£4,900	£9,600	£12,800	£20,800	£28,800



Current Working Example

- Business Admin Level 2

(Equivalent to 5 GCSE's)

CAP 1

- Government funding £2,000
- Company contribution £1,000

Additional Government support

- Recruit a 16 -18 £600
- Completion £500

- The company receives additional £100 from government and therefore is not paying for training

- IT Apprenticeship (Level 6)

- (Degree level)

CAP 6

- Government funding 18,000
- Company contribution £9,000

Additional Government support

- Completion £2,700

- Therefore company contribution is only £7,300
- *What do you currently pay to put someone through a degree*



Introducing an Apprenticeship Levy

The levy puts the apprenticeship programme on long-term sustainable footing, and will allow system to become genuinely employer-led

Who will pay?

- The levy will apply to large employers.

What will it pay for?

- The levy will support post-16 apprenticeships.

How much can an employer get out?

- In England, any firm will be able get back more than it puts in by training sufficient apprentices.

How will the funding be accessed by employers?

- The funding will be in the hands of employers via the digital voucher.

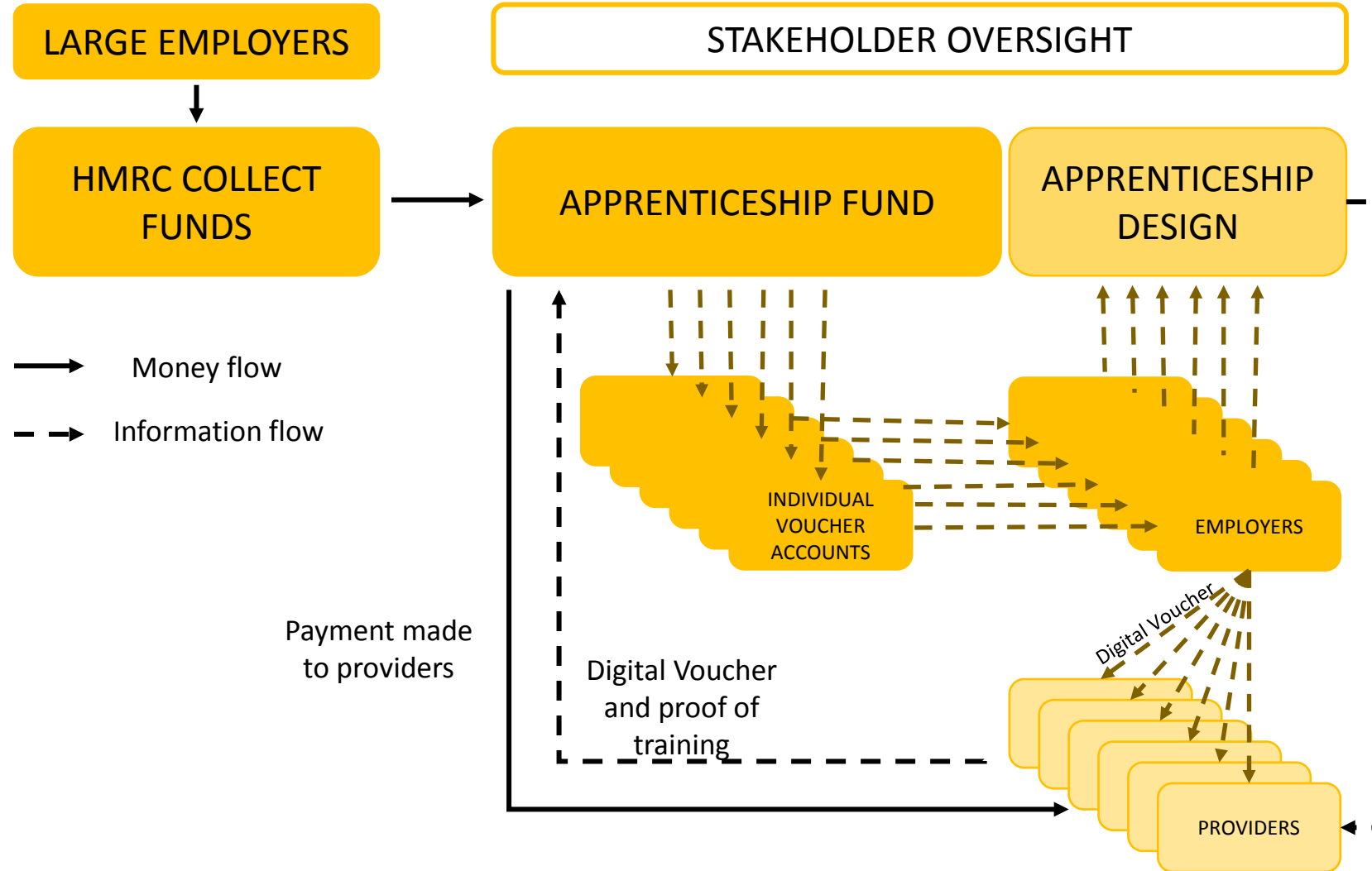
How will it be implemented?

- There will be a formal engagement with business on the implementation of the levy, which will also consider the interaction with existing sector levy boards.



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...so funding is put into the hands of employers alongside the design of apprenticeship standards





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The Levy

- All companies with a pay bill of over £3million will contribute to the Levy
- The first £3million of any PAYE amount will not be liable to the levy contribution
- All Large Companies will attract a initial voucher value of £15,000
(up to £3m)



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All Large Employers will have an allowance of £15,000,

Example 1:	Example 2:
Employer of 250 employees, each with a gross salary of £20,000 would pay:	Employer of 100 employees, each with a gross salary of £20,000 would pay:
Pay bill: $250 \times £20,000 = £5,000,000$	Pay bill: $100 \times £20,000 = £2,000,000$
Levy sum: $0.5\% \times £5,000,000 = £25,000$	Levy sum: $0.5\% \times £2,000,000 = £10,000$
Allowance: $£25,000 - £15,000 = £10,000$ annual levy payment	Allowance: $£10,000 - £15,000 = £0$ annual levy payment



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Benefits

- Employers in the driving seat
- Simplified apprenticeship standards
- Increased quality of apprenticeships
- Recognition for apprentices who demonstrate high level performance
- Increased flexibility for training delivery
- SME's (less than 50 employees) Employer Grant



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Future information

- Updated information will be available on the LEVY on April 2016
- Standards funding for 2016 /17 will be issued by Skills Funding Agency in July 2016
- **Links to documents**
- https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/482049/apprenticeship_levy_response_25112015.pdf
- <https://www.gov.uk/government/collections/apprenticeship-standards>
- <https://www.gov.uk/government/publications/qualifications-simplified-funding-rates-2015-to-2016>
- <http://www.bpp.com/professional-education/corporate?infinity=ict2~net~gaw~ar~91529647830~kw~%2Bapprenticeship%20%2Blevy~mt~b~c~mp~App+-+Levy+-+%5BB%5D~ag~Levy+-+Core&gclid=CKmd1eKOncsCFekp0wodGBACGQ&gclsrc=aw.ds>



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Your Challenge as a Large Employer

- Identify what your contribution to the Levy will be
- Identify your current participation of the Apprenticeship programme
- Using current standards funding model what your contribution would be against those on a current programme
- Identify what your L & D budget supports.
- Map New standard programmes to job roles.
- Model potential new starts from 2017 & funding cost.



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Any Questions

Thank you