

## Central Training Group

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# IMPORTANT CHANGES TO FUNDING AND APPRENTICESHIPS

## APPRENTICESHIP FUNDING

From May 2017, the government is changing the way that apprenticeships are funded. An Apprenticeship Levy is being introduced as part of the government's plan to help fund 3 million new Apprenticeships by 2020.

The Levy payment will only be paid by employers who operate in the UK and have a pay bill of £3 million or more each year. Employers whose pay bill is less than £3 million will **NOT** be required to pay the Apprenticeship Levy.

*Funding for apprentices who started an apprenticeship programme before 1<sup>st</sup> May 2017 will **NOT** change. Funding for these apprentices will continue under the same terms and conditions that were in place prior to the end of April 2017.*

### **So how will this affect you?**

If your annual pay bill is less than £3 million, you have fewer than 50 employees, and you take on an apprentice aged 16-18, 100% of the cost of training and delivery will be paid by the Government.

An additional grant of £1000 will be available to non-levy paying employers who recruit an apprentice aged 16-18. This will be paid in equal instalments at month 3 and month 12 via your training provider (e.g. Central Training). Please note, however, that the AGE grant is not available when an apprentice is completing an apprenticeship standard.

*Employers of any size who recruit an apprentice aged 19 or over will be required to contribute 10% of the cost of training, with the remaining 90% funded by the Government.*

*Employers with more than 50 staff will also be required to contribute 10% of the cost of training, regardless of the age of the apprentice.*

## LEVY PAYING COMPANIES

If you are a company with a pay bill of £3 million or more, you will need to register and pay your levy to HMRC through the PAYE process. More information at: <https://www.gov.uk/guidance/pay-apprenticeship-levy>

Guidance on how to pay the levy is at: <https://www.gov.uk/guidance/pay-apprenticeship-levy>

When you have declared your levy to HMRC, you will be able to access funding for apprenticeships through a new apprenticeship service account. Registration is now open to all levy paying employers. Visit: <https://www.gov.uk/guidance/manage-apprenticeship-funds>

Levy payers will also be able to set the price they have agreed with their training provider, pay for apprenticeship training and assessment, instruct the service to stop or pause payments (e.g. if your apprentice ceases training or employers are not receiving the agreed service with the provider).

All levy paying employers will benefit from a 10% top-up from the Government on the monthly funds entering their digital account and any unused funds will be carried from one month to the next. However, any unused funds will expire after 24 months if not used on Apprenticeship training.

## NON-LEVY PAYING COMPANIES

Employers who don't need to pay the levy will not need to use the apprenticeship service to pay for apprenticeship training and assessment until next year (2018). The government will help any employers not paying the levy to prepare when this is required.

Central's recruitment team will continue to keep you updated with how these changes will affect you but in the meantime if you have any queries, please telephone 0800 783 2901.

Alternatively, you can find more detailed information at: <https://www.gov.uk/guidance/manage-apprenticeship-funds>

## APPRENTICESHIP CHANGES

Apprenticeships are currently set and delivered under the relevant framework provided by the appropriate sector skills council (e.g. Skills Active (HABIA) for Hairdressing, Instructus Group (formerly CfA) for Business Administration, Customer Service).

Apprenticeship reforms are:

- The existing frameworks will be replaced with short, simple, accessible apprenticeship standards describing the skills and knowledge that an individual needs to be fully competent in an occupation. It will be written by employers in a language they understand.
- The quality of the apprenticeships will be improved through higher expectations of English and Maths, more rigorous testing to ensure the apprentice is fully competent and raising aspirations for apprentices by introducing grading at the end of the apprenticeships.

All current frameworks will gradually be withdrawn over 2017/18 as the new Apprenticeship Standards are approved for delivery and funding. All learners currently working towards a framework will, however, continue as planned.

Over 200 Trailblazers involving more than 1400 employers with 260 standards have already been published. Each month new expressions of interest can be submitted to the SFA for proposed new standards.

NOTE: The AGE grant is not available for apprentices who are completing an apprenticeship standard.

Visit <https://www.instituteforapprenticeships.org/apprenticeship-standards/> to confirm the current occupations ready for delivery.

## New Standards

Each standard details the knowledge, skills, behaviours and attitudes that the apprentice is required to demonstrate during their apprenticeship.

All new standards require the apprentice to complete a final end point assessment by an external organisation.

End point assessments may contain on demand tests, practical observation, professional discussion, apprentice showcase, presentation, trade test or workplace projects.

Functional English and Maths are still a requirement of the new standards and learners must achieve the required level of Functional Skills before they can move on to the end point assessment.

End Point assessment cannot be carried out by the same organization that delivered the on programme assessment and learners will still be required to put together a portfolio of evidence showing how they have progressed over the length of their apprenticeship.

Some standards will not require the learner to achieve a formal qualification (i.e. some learners may not achieve an NVQ as part of their apprenticeship).

There will be 3 Gateways to the new apprenticeship.

**Gateway 1** – Continual development of skills, knowledge and behaviours.

**Gateway 2** – Learner must have successfully completed the on-programme assessments before the tutor and the employer confer and agree the learner is ready to take the end point assessment.

**Gateway 3** – End point assessment.

Apprenticeships will be for approximately 24 months with a minimum length of stay of 372 days and outcomes will be Pass, Distinction or Fail.