

A GUIDE TO THE CHANGES IN APPRENTICESHIP FUNDING

FROM MAY 2017

for smaller organisations who will not pay the Levy

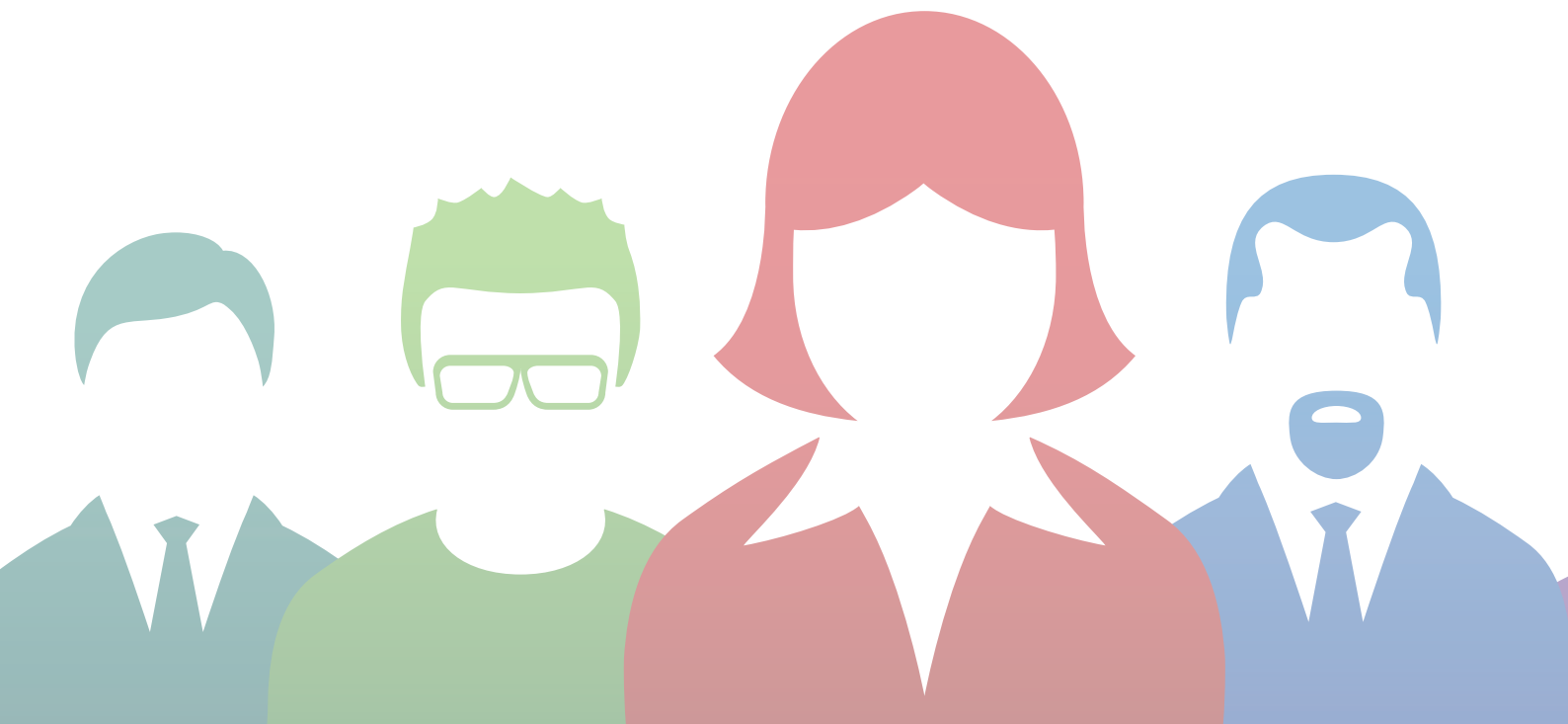
What is the Apprenticeship Levy

The government is introducing the Apprenticeship Levy from April 2017. It will replace all taxpayer funding of apprenticeships for companies of all sizes.

Any employer, in any sector with a payroll bill of more than £3 million per year is liable to pay the Levy.

My payroll bill is less than 3 million per year, what do I need to know?

If your business falls below the £3 million payroll threshold you will not be required to pay into the new Apprenticeship Levy or use the new Digital Apprenticeship Service (DAS) to pay for apprenticeship training and assessment until at least 2018.



HOWEVER, THE WAY APPRENTICESHIPS ARE FUNDED WILL STILL CHANGE FOR YOU!

Funding bands and co-investment

Every individual apprenticeship Framework and Standard will be allocated to a funding band. The upper limit of the funding band will cap the maximum price that government will 'co-invest' towards.

The government will fund 90% of the agreed price for training and assessment, and you as the employer will pay 10%. An example of how this might work is provided below:

- Employer chooses an Apprenticeship in band 9 with a maximum price of £9,000
- Government co-invests 90%
- Employer co-invests remaining 10%
- Employer and provider agree to spread this over 10 instalments of £90

In the first year of the new system, employers will need to pay their co-investment share directly to the training provider e.g. Wigan & Leigh College.

If you employ less than 50 employees, the apprenticeship training for 16-18 year olds will be full funded via the government.

Who sets the cost of the training?

The government has released a document that includes 15 new funding bands ranging from £1,500 to £27,000.

A full breakdown of the provisional funding bands are available on the government website:

www.gov.uk/government/publications/apprenticeship-funding-from-may-2017

The new bands replace the old apprenticeship framework rates, which varied by age.

What happens if an employer starts an Apprentice before the changes are introduced?

Employers that start an apprentice before April 2017 will receive funding under the current system, and that funding will continue for the duration of the apprenticeship.

What do employers need to do now?

Our expert team can work with you to ensure your business gets the best return from your apprenticeship

For more information on apprenticeship funding contact:

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