



Davidson Training UK Ltd
Training for Growing Businesses

New Apprenticeship Reforms and Apprenticeship Levy

www.davidsontraining.com

What are the Apprenticeship reforms?

Apprenticeships in England are in the process of undergoing a dramatic transformation. As a result of Government reforms, a new style of apprenticeships has been designed to meet the changing needs of employers, learners and providers.

Employers are being placed in the driving seat. They are designing apprenticeships so that they focus on exactly the skills, knowledge and behaviours that are required of the workforce of the future.

The levy will put employers at the heart of paying for and choosing apprenticeship training, and place the funding of apprenticeships on a sustainable footing. Employers will choose between high quality education and training providers, or be able to train their apprentices themselves.

The benefits of apprenticeships

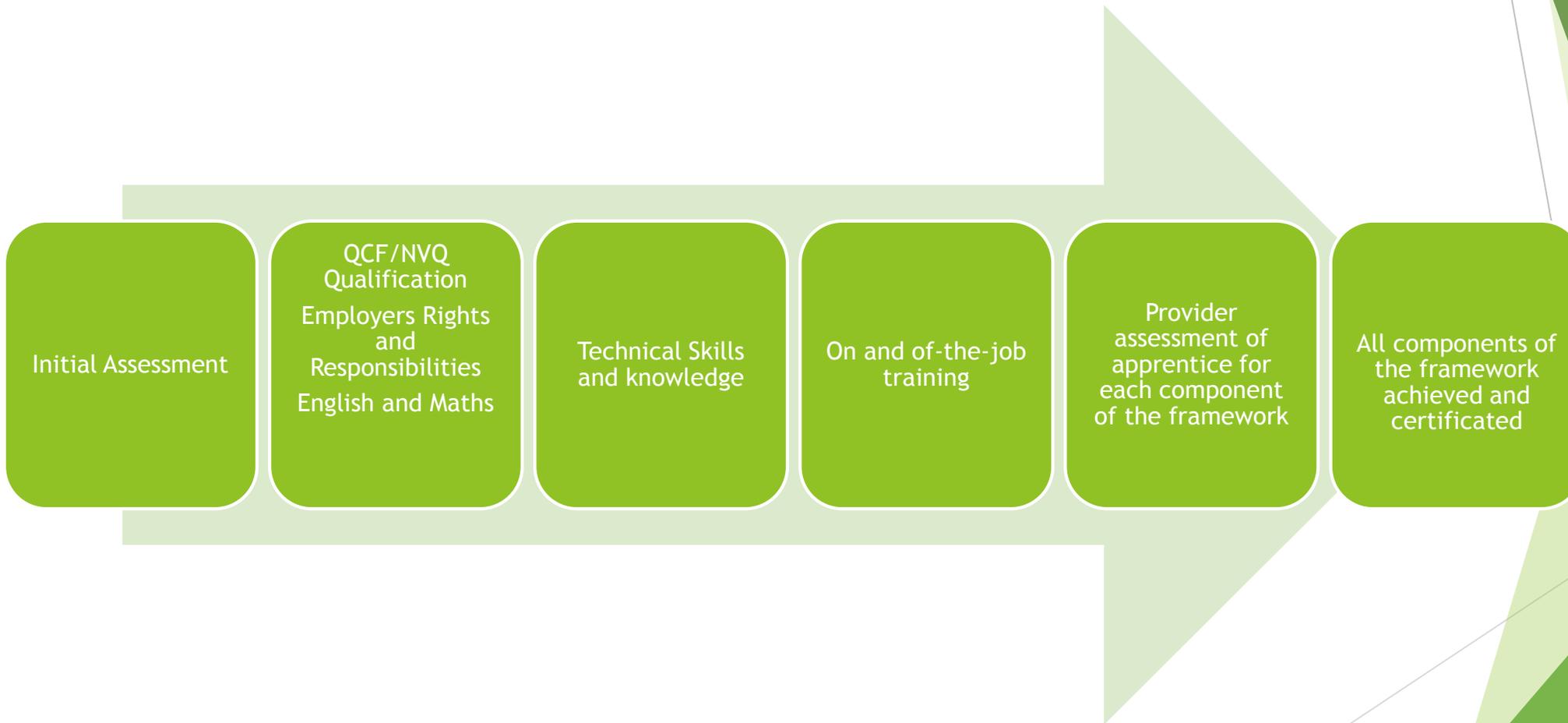
- ▶ Improving our work skills.
- ▶ We have a critical need for millions of new technical and professional skilled workers over the next decade.
- ▶ Our aims to grow and improve the quality of apprenticeships will help address this.
- ▶ The investment of UK employers in training has rapidly declined over the last 20 years, and is low when compared to our international competitors.
- ▶ The apprenticeship levy builds on the experience of other countries and it will shift incentives so that it is 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.
- ▶ Apprenticeships deliver important benefits to employers in terms of service and productivity. Meaning that the cost of apprenticeship training pays for itself within a couple of years of completion through increased productivity. 70% of surveyed employers said apprenticeships improved product quality and service.

What is changing?

Apprenticeship Standards are replacing
Apprenticeship Frameworks

The Apprenticeship Levy is replacing Fully
Funded Government Standards

Apprenticeship Framework



New Apprenticeship Standards

Initial
Assessment

Flexible on-
programme
training and
learning
English and
Maths

Gateway,
confirmation
that the
employer
decides the
apprentice is
competent

Independent
End
Assessment
Graded pass or
distinction.

Completion
and
Certification

Occupationally
competent.

The New Apprenticeship Levy

- ▶ All employers are subject to the apprenticeship levy if their annual pay bill is £3 million or over.
- ▶ Payable at 0.5% of payroll on a monthly basis.
- ▶ The levy will come into force from April 2017.
- ▶ All employers receive an allowance of £15,000.
- ▶ Pay bill will be calculated based on total employee earnings.
- ▶ Example
 - ▶ Annual pay bill £5,000,000
 - ▶ Levy: $0.5\% \times £5,000,000 = £25,000$
 - ▶ Minus allowance: $£25,000 - £15,000 = £10,000$
 - ▶ The employer has £25,000 to spend on Apprenticeship.



The New Apprenticeship Levy

- ▶ Employers will use their spend to pay for apprenticeships with approved providers.
- ▶ Non-Levy employers will be required to make a cash contribution of 10%. The government will pay the 90%.
- ▶ If you take on a 16-18 year old apprentice or young care leaver with an education, health and care (EHC) plan, you (the employer) will receive £1,000 to meet the extra costs associated with this. (this will be paid in 2 separate payments)
- ▶ Levy employers can use funds to retrain workers in new skills.
- ▶ Each Apprenticeship Standard will have a maximum funding limit.

How do you pay for your training?

- ▶ Employers that fall into the Levy bracket will need to set up a digital account with the Digital Apprenticeship Service.
- ▶ Work out your levy bill.
- ▶ Talk to a range of Training Providers and maybe talk to other employers and get any recommendations.
- ▶ Work together
- ▶ Once you have selected your provider, you will agree a rate and sign a service level agreement.
- ▶ The Digital Apprenticeship Service will then allow for the payment to be made.

Apprenticeship Levy

Skills Funding Agency

Access my levy

BETA This is a new service – your [feedback](#) will help us to improve it.

Access my levy

You can use this service to access and spend your levy on apprenticeships in England.

Create an account

You need to create an account to:

- view financial information
- create or amend apprenticeships
- spend money
- accept invitations you've received

[Create account >](#)

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Further Guidance

- ▶ You can get guidance from HM Revenue and Customs (HMRC) on how to calculate and pay the apprenticeship levy.
- ▶ Visit link below to estimate your Apprenticeship funding
<https://estimate-my-apprenticeship-funding.sfa.bis.gov.uk/>
- ▶ Contact us on 01375 480088
- ▶ Contact us: lorrainebunyard@davidsontraining.com