

Apprenticeships  
are changing.  
You are part  
of that change.

An employers' guide to the new levy  
payment and apprenticeship reforms.



# What's in this guide and why it's important to your business

This guide will help you develop a greater understanding of how the new levy payment and apprenticeship reforms will benefit your business.

It also includes a series of strategic considerations and actions for developing and delivering successful apprenticeship programmes that can greatly enhance your workforce development plan.



The Government  
are committed to  
**3 million**  
new apprenticeship starts  
by the end of 2020

# How apprenticeships are changing

The new apprenticeship reforms are being driven by Government and are redefining the shape of the apprenticeship system to meet the needs of the fast changing economy.

Starting in April 2017, all employers operating in the UK, with an annual pay bill over £3 million, will be required to contribute to a new apprenticeship levy. In return, new apprenticeship reforms mean you will have more opportunity to directly drive the skills and training you need for your business.

The apprenticeship reforms aim to:



## **Give employers control in designing apprenticeships**

Developed by employers, for employers.



## **Increase the flexibility of delivery**

Businesses take control to ensure the programme meets their needs. Employers can deliver apprenticeships independently or work with a college or provider.



## **Simplify the funding system**

Employers control how and where their funding is spent.

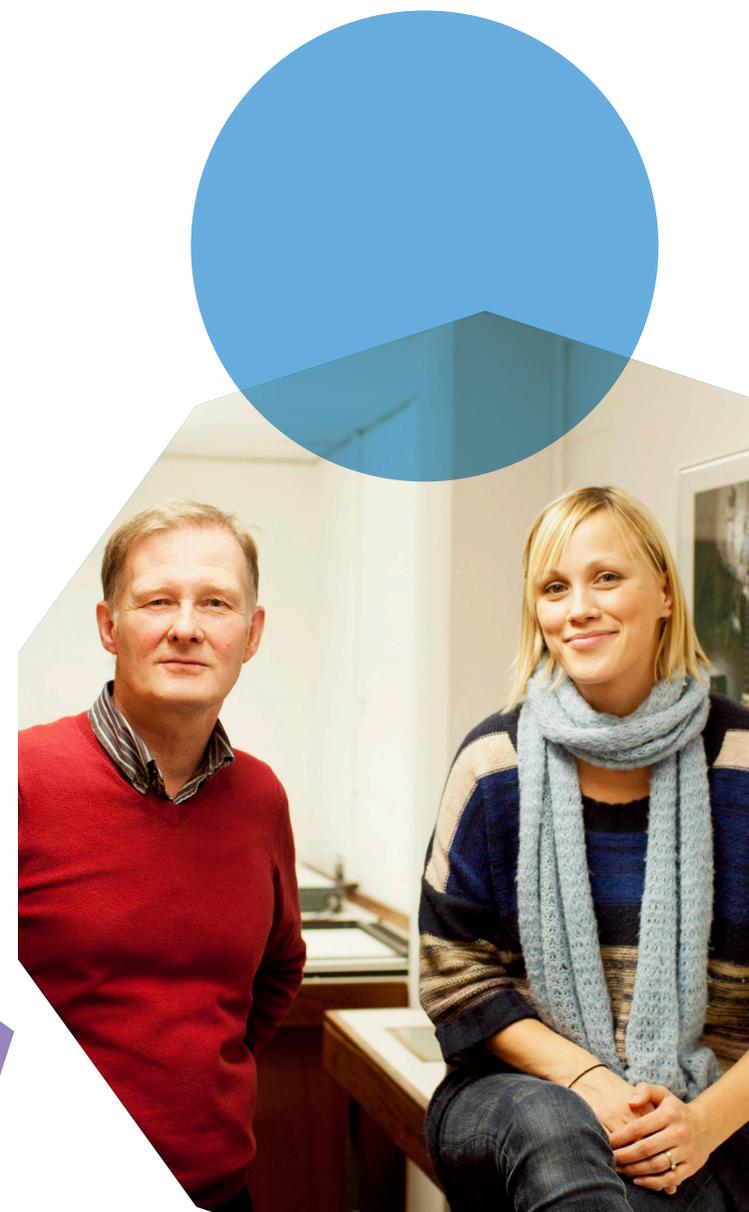


## **Increase the effectiveness of training**

Developing skills to match workplace requirements.

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01

The proven value  
of apprenticeships



# The proven value of apprenticeships

As you know, in the UK, we need millions of new technical and professional skilled workers over the next decade. Good quality training, including apprenticeships, will play a vital role in raising employment levels and improving productivity.

This is why the Government is committed to increasing the quality and quantity of apprenticeships, setting an objective of three million starts by the end 2020.



## £1,670

Each apprentice, in England, is estimated to deliver an average positive net gain of £1,670 per annum to their employers.\*



## 25%

1 in 4 people said that they would be more likely to pay more for goods and services offered by businesses employing apprentices\*\*



## 5 million

consumers would prefer to do business with apprentice employers\*\*

“Not only do apprentices contribute to the productivity of a company from day one, but consumers are more likely to switch to brands and firms that employ apprentices.”

**Scott Corfe** co-author of the report  
The Benefits of Apprenticeships  
to Businesses



\*Cebr. \*\*The Benefits of Apprenticeships to Businesses Report.



02

## The new apprenticeship levy

# The new apprenticeship levy

When the Government set a target of creating three million apprenticeships in their 5-year term, it was clear that a sustainable, long-term funding solution was needed to help the education and skills system better meet the needs of employers. The new apprenticeships levy was created.

## Who pays the levy?

The new apprenticeships levy is a mandatory government tax that will be payable by all UK employers with a pay bill over £3million. No company is exempt and it is expected to generate £3billion by 2020.

## Who benefits from the levy?

Levy-paying businesses will have more opportunity to directly drive the skills and training they need. Companies will be able to access their levy funds via the new **Digital Apprenticeship Service (DAS)**.



## Pay bill under £3million?

Companies with a pay bill under the £3million threshold are classed as non-levy paying and will receive apprenticeship funding through a co-funded model. For more information, see page 16.

# Six need to know facts about the apprenticeship levy

- The levy will be 0.5% of an employer's pay bill which is in excess of £3million (No employer is exempt). It is employer's responsibility to declare via PAYE that they are a levy paying organisation.
- The levy will be collected monthly by HMRC, directly via the PAYE process and accessed through the new Digital Apprenticeship Service. 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.
- There will be a £15,000 allowance for levy-paying companies, similar to PAYE tax allowance, to off-set against the levy.
- The Government will top-up monthly funds for apprenticeship training by 10%\*. In addition, Government will contribute £2000 towards the cost of apprenticeships for all apprentices aged 16-18 and apprentices aged 19-24 with a local authority Education Health and Care Plan. £1000 for the employer, £1000 for the provider.
- Non-levy paying companies (those under the £3m pay bill threshold) will access apprenticeship funding through a new Government funded co-investment model.
- A proportion of the levy collected across the UK will be allocated to Wales, Scotland and Northern Ireland and funding in these regions will continue as 'business as usual'.

Further guidance about the apprenticeship levy, how employers will report and pay their levy is available on the Government website: [www.gov.uk/guidance/pay-apprenticeship-levy](http://www.gov.uk/guidance/pay-apprenticeship-levy)

\*England only

## Some examples of what different companies might have to spend on apprenticeships:

### Non-Levy Payer:

Employer with a pay bill of £2million

Levy sum (0.5% of pay bill)	0.5% of £2,000,000 = £10,000
Allowance (£15,000)	£10,000-£15,000 = -£5,000
Annual Levy Payment	£0 because total levy sum equals less than the £15,000 allowance
+10% Government top-up*	N/A
<b>Total to spend on apprenticeships</b>	<b>Non-Levy Payer.</b> Funds will be through co-investment model.

### Levy-Payer:

Employer with a pay bill of £50million

Levy sum (0.5% of pay bill)	0.5% of £50,000,000 = £250,000
Allowance (£15,000)	£250,000-£15,000 = £235,000
Annual Levy Payment	£235,000 annual levy payment
+10% Government top-up*	10% of £235,000 = £23,500
<b>Total to spend on apprenticeships</b>	<b>£258,500</b> to spend on apprenticeship delivery and assessment.

# The new Digital Apprenticeship Service

From April 2017, employers will use the new Digital Apprenticeship Service (DAS)\* to manage their apprenticeships. The DAS will enable levy-paying employers to see how much is in their account and make virtual payments to colleges and providers that are delivering their apprenticeships (this could be an employers own training). The college or provider will receive this money via their monthly ILR return. The funding bands will set the maximum spend for each apprenticeship.

Levy monthly amounts will accumulate in employers DAS account throughout the year. 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.

## The DAS will also hold the following information:

- A list of colleges and providers and their performance records
- A list of approved End-point Assessment Organisations
- Apprenticeship vacancies
- A function to allow levy-paying employers to purchase apprenticeship training.

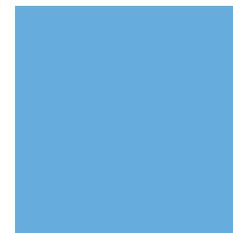
Funds from the levy account can only be used for all Government approved apprenticeships.



\*England only



03  
The new  
apprenticeship  
structure



# The new apprenticeship structure

Apprenticeships in England currently follow the Specification of Apprenticeship Standards for England (SASE) Frameworks, which set out the minimum requirements for the apprenticeship. Under the new apprenticeship reforms, all SASE Frameworks will be replaced by new apprenticeship Standards, also known as 'Trailblazer' apprenticeships.

## Who sets the new 'Trailblazer' Standards?

The new apprenticeship reforms place employers firmly 'in the driving seat' when it comes to defining the knowledge, skills and behaviours required for the new occupational Standards. Groups of employers, large and small, known as Trailblazers, work together to design new Standards for apprenticeships. This will ensure that apprenticeships of the future deliver the expertise that both employers and learners need.

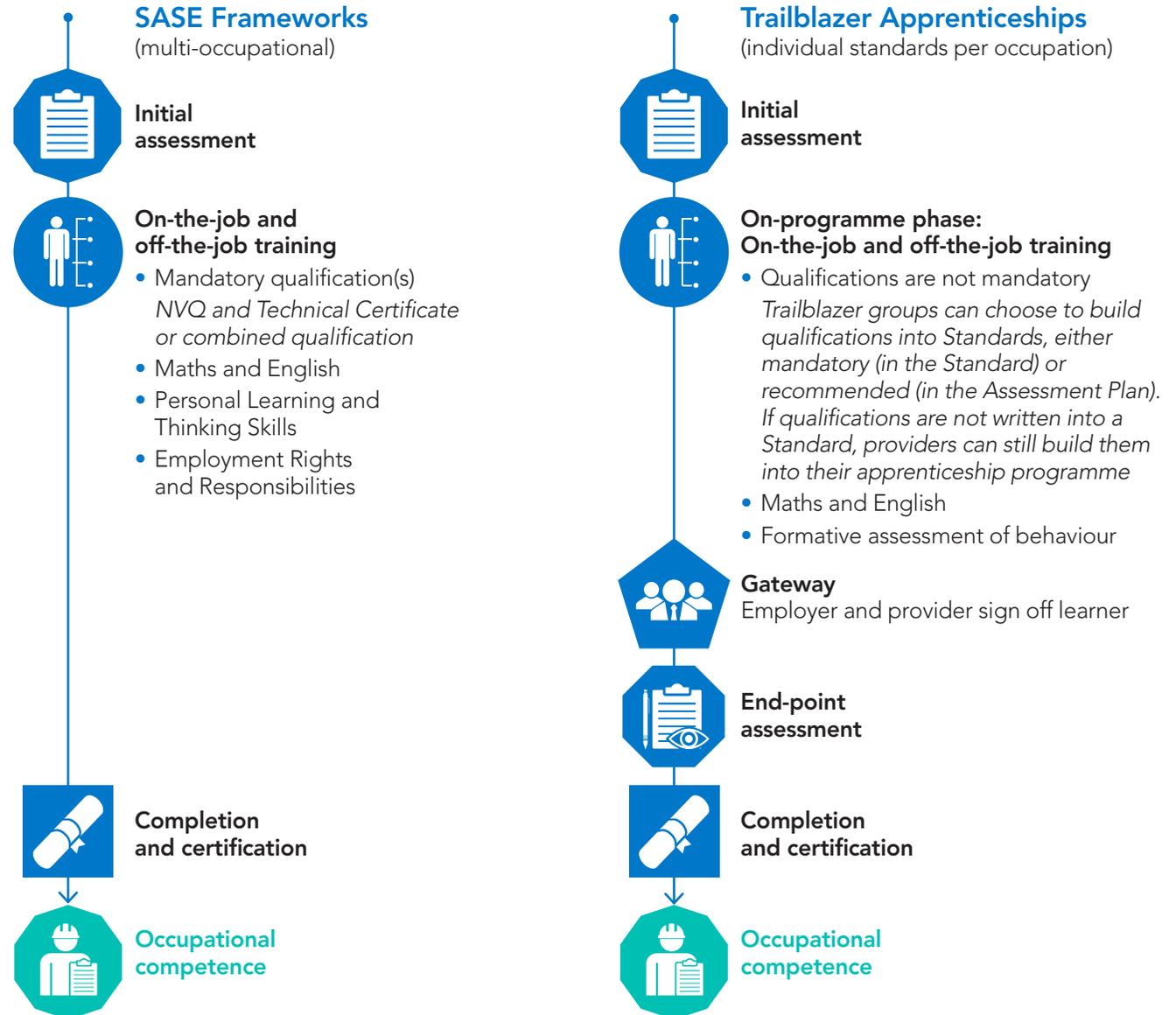
## How will the changeover work?

The transition from Specifications of Assessment Standards for England (SASE) Frameworks to the new Trailblazer apprenticeship Standards will see a period where both are delivered alongside one another. However, once an existing apprenticeship Framework is covered by the new Standard, the out-dated Framework will be discontinued at a point that is reasonably practical.

Each occupation will now have its own new apprenticeship Standard linked to a specific occupational level.

# Moving from Frameworks to Standards

## The difference between SASE Frameworks and new Trailblazer Apprenticeships



# This is how the new structure works

## On-programme training and learning

The on-programme training and learning develops the apprentice's knowledge, skills and behaviours – as required by the Standard. Clear progression milestones may incorporate assessment. Where there are no mandatory qualifications, employers will need to track the learner's progress and have confidence that they are ready for end-point assessment. Ofsted will be responsible for quality assuring on-programme delivery.

Employers can choose to work with a college or provider to deliver on-programme training and learning or choose to deliver an apprenticeship programme independently. **For more information see page 25.**

## Gateway to the end-point assessment

Towards the end of the apprenticeship, employers and providers will 'sign-off' the apprentice as ready for the end-point assessment, as specified in each Assessment Plan. The employer and college/provider will need to agree a method to sign-off the apprentice.

## End-point assessment

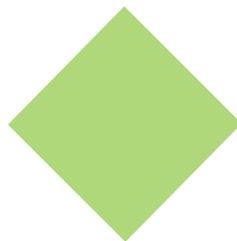
The end-point assessment must demonstrate that the apprentice can perform in the occupation in a fully competent, holistic and productive way. Assessment methods vary by occupation and could be practical, involving work that can be observed, such as plumbing and hairdressing, or knowledge-based, where work output can sometimes be partly observable, such as insurance and digital.

## Who delivers end-point assessment?

End-point assessment will be delivered by assessment organisations that are on the Register of Apprentice Assessment Organisations (RoAAO). Assessment organisations and their assessors must be independent of and separate from the individual apprentice's training. Individual employers have the freedom to select their own training provider and assessment organisation from the RoAAO.

City & Guilds is a Registered Assessment Organisation for a number of new apprenticeship Standards. **Find out more on our website.**

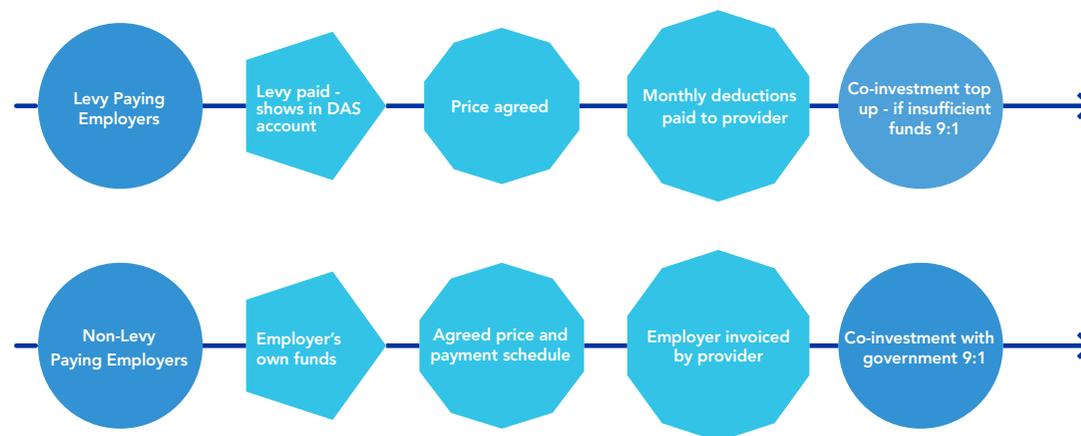
04  
Apprenticeship  
funding



# How will funding work?

For SMEs with a pay bill under £3million, (non-levy paying companies) funding will continue to be channelled through college and/or provider allocations using the co-investment model. Employers will co-invest 10% and government will contribute 90%. The payment method will eventually be transitioned to the new Digital Apprenticeships Service (DAS).

## A dual system



Until the full changeover, SASE Frameworks and new Standards will be running concurrently. From May 2017, both types of apprenticeship will have a single funding band applied, outlining the maximum amount the Government considers is required to deliver that apprenticeship. Within the maximum band, employers will be expected to negotiate delivery costs with colleges and providers.

Bands	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

# How will funding work? (continued)

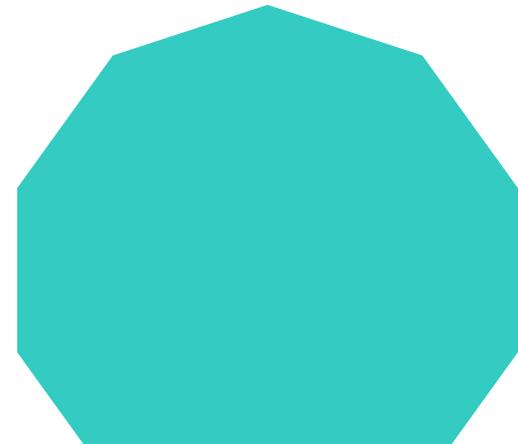
## **What if there isn't enough in my levy account for the apprenticeships I want to deliver?**

Employers exceed their levy allowance will enter the co-investment model that applies to non-levy paying employers. Employers will co-invest 10% and government will contribute 90%.

## **What if I am delivering apprenticeships in Scotland, Wales or Northern Ireland?**

Apprenticeships are a devolved policy, so authorities in the UK nations manage their own apprenticeship programmes, how funding is spent on apprenticeship training and how employers access apprenticeships. A proportion of the levy collected in the UK will be allocated to Scotland, Wales and Northern Ireland via the relevant authorities and funding in these regions will continue as 'business as usual'.

Employers that have cross-border operations will only be able to use their apprenticeship levy and government co-investment funding on employees whose home address/postcode is in England.



05

## The apprenticeship quality model



# The apprenticeship quality model

The City & Guilds Industry Skills Board (ISB) is a diverse group of employers set up by the City & Guilds Group for the practical implementations of the wider skills agenda.

## What is quality in apprenticeships?

City & Guilds and the ISB introduced a model (illustrated overleaf) for delivering quality apprenticeships. The model was developed by employers, for employers to ensure a sustainable, progressive journey is delivered that meets employer needs.

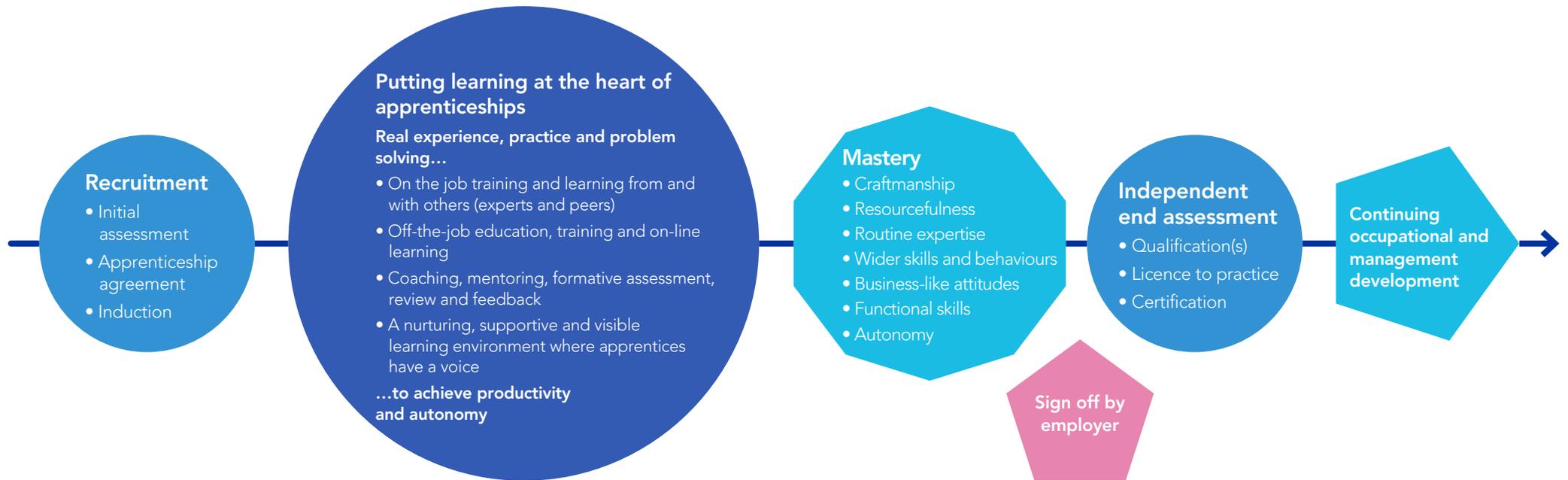
The model focuses on placing learning right at the heart of apprenticeships. It also forms part of the ISB's drive to ensure businesses become better informed in how to train staff at all levels, and in the benefits of doing so.

Having carefully considered what would achieve actual and perceived quality, as the central theme in apprenticeships, our view is that this is about:

- Recruitment into apprenticeships that are intrinsically demanding and worthwhile
- Training and learning programmes that use a range of effective methods and are built on the support of highly skilled adults in the workplace
- High standards built into a demanding assessment at the end of the apprenticeship
- Progression opportunities that display the potential career routes beyond the initial apprenticeship

**For more information, see the full Making Apprenticeships Work report.**

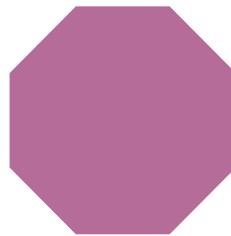
# The apprenticeship quality model





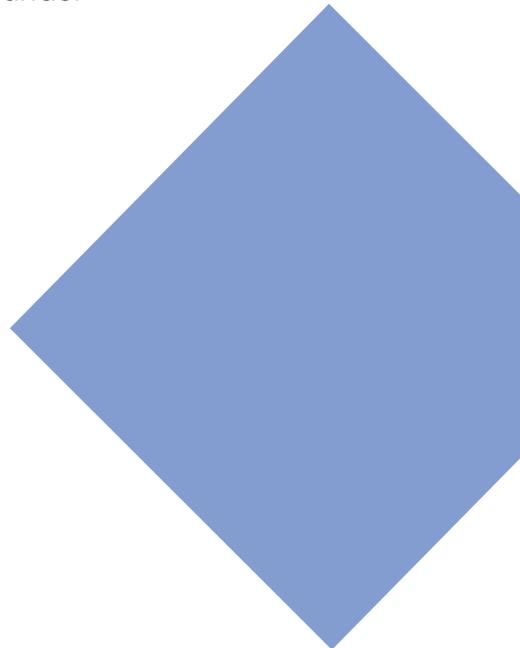
06

Key decisions for you  
and your business



# Key decisions for you and your business

Changes often mean challenges and we're here to support you in making the new apprenticeship changes work for you and your business. Here are some of the key areas that you will need to consider when delivering a quality apprenticeship programme under the new reforms.



## 01 Understand the levy

The levy will be a significant cost for many businesses but will present an opportunity to drive new skills and enhance productivity. Employers are able to calculate their levy allowance and determine how it will be allocated in line with their business strategies.

### Things to consider:

- The value of the levy
- Current spend on training, and what is paid into the levy
- Engage with finance and senior management teams. Ensure they are aware and determine how the funds will be allocated

## 02 Develop a people plan

It is recommended that employers work with their HR and Senior Management teams to align their business goals in accordance with their workforce development programme.

Employers may use consultants or work with colleges/providers to analyse and identify any skills gaps or recruitment opportunities within their business and 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

## 03 Review current training programmes

Employers offering existing apprenticeship programmes can map new apprenticeship Standards to job roles to identify skills gaps, support progression and identify recruitment opportunities.

### Things to consider:

- Review alignment of any recent and future recruitment strategies and progression opportunities against existing frameworks or new apprenticeship Standards. Consider where apprenticeships could be introduced
- Map and plan training against the apprenticeship Frameworks and Standards in order to maintain a seamless 'Business As Usual' approach.

Existing SASE Frameworks can also be considered as they will continue to be offered alongside the new Standards during the transitional period.

## 04 Decide which programmes to deliver

In setting up an apprenticeship programme, employers can identify any competencies they require as a business and if an apprenticeship model sufficiently meets their needs or if a bespoke/accredited programme is more appropriate.

Additionally, employers can determine the number of apprentices they are able to afford under the levy or the additional investment required under the co-investment model if exceeding the levy allowance.

### Things to consider:

- Choose apprenticeship/s for delivery (using the levy)
- 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 promotion route
- Consider making Graduate Recruitment Programme a Higher Level Apprenticeship Programme

## 05 Decide how to deliver your apprenticeship programmes

Employers can determine which delivery method is best suited to their business needs. Their business' capability and capacity to deliver an apprenticeship programme independently will need to be taken into consideration. Alternatively, employers can partner with a provider or college for delivery.

### Things to consider:

- Choice between becoming a registered provider and delivering training independently, or select a provider or college from the Register of Apprenticeship Training Providers (RoATP) to partner with.
- If partnering, ensure that the chosen provider or college has the capability and capacity to deliver the apprenticeship.
- If delivering across multiple regions, consider working with a national or several regional colleges or 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

## 06 Ensuring readiness to deliver

The quality apprenticeships model places learning at the heart of apprenticeships to achieve productivity and autonomy. As such, employers will want to consider their staff training and planning strategies when developing apprenticeships programmes within their businesses.

### 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.

# Setting up a quality apprenticeship programme

Apprenticeships are often delivered with the support of a college or provider, however, employers can now also apply to be on the Register of Apprenticeship Training Providers (RoATP) and deliver an apprenticeship programme independently.

Employers have the following two options:

## 1. Partnering with a college or provider

Providers and colleges can support employers with recruitment, off-the-job learning (such as knowledge based qualifications), on-the-job learning and training and preparation for end-point assessment.

Employers wishing to deliver an apprenticeship via partnership with a college or provider must agree how the apprenticeship will be delivered and assessed (including end-point assessment), as well as agreeing a fee and payment schedule.

We recommend that all employers and providers have a legal contract and payment schedule. Funds will be transferred directly from an account on the Digital Apprenticeship Service (DAS).

## 2. Independent delivery of an apprenticeship

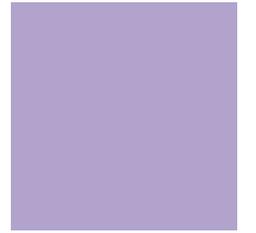
Organisations that intend to become an employer-provider and deliver their own apprenticeships must apply to be listed on the new **Register of Apprenticeship Training Providers (RoATP)**.

The RoATP is a new register which is intended to 'raise the bar' of apprenticeship delivery quality via increased information requirements.

From May 2017, any organisation, including employers, will not be able to access levy funding to deliver apprenticeship training if they are not listed on the RoATP. The register will be open for applications at regular points. Organisations will need to reapply every 12 months. Further information is available on the Government website:  
[www.gov.uk/government/collections](http://www.gov.uk/government/collections)

There are three areas which applicants will be tested on:

- Due diligence;
- Financial health;
- Quality, capacity and capability.



07  
Get in touch

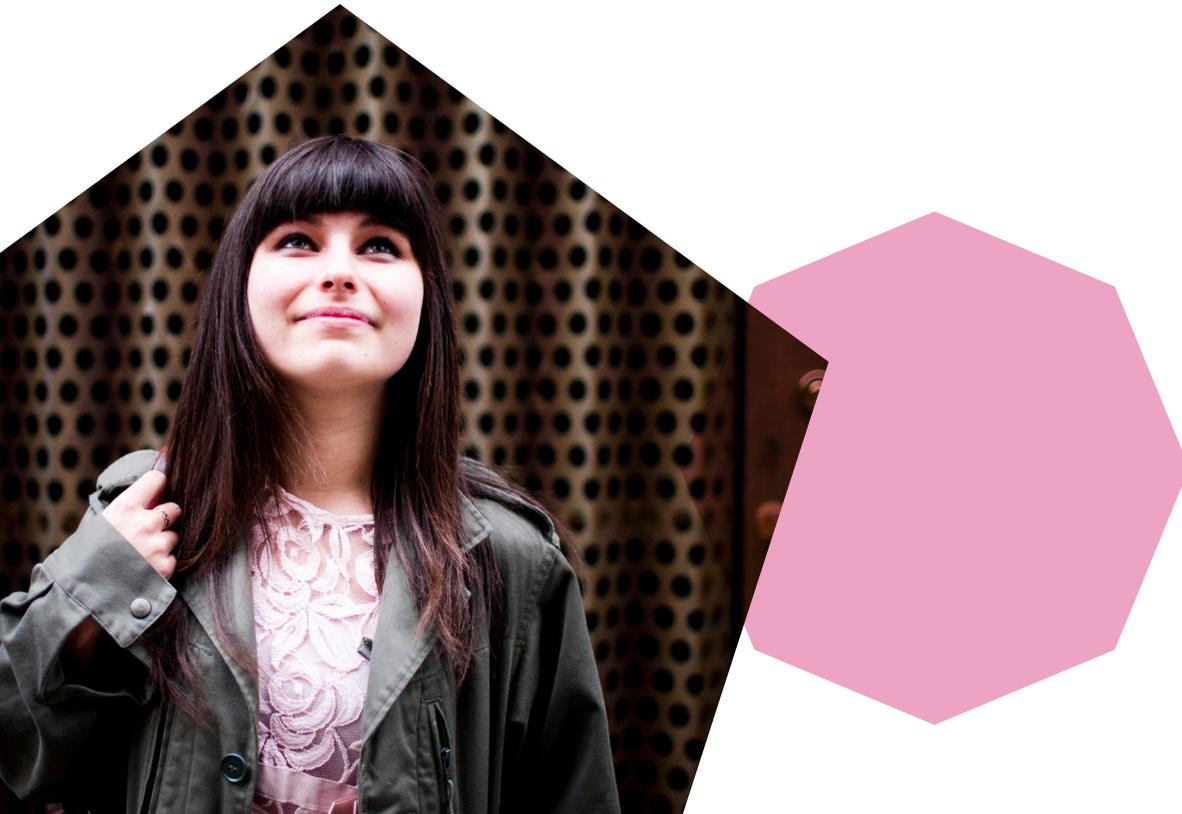
# Making the apprenticeship changes work for your business

## How we work

We are leading the way in supporting trailblazer groups to shape assessment plans for the new apprenticeship Standards. We are developing quality on-programme tools to keep learning at the heart of apprenticeships and will offer an end-point assessment service that will be fair, rigorous and high quality.

## Our team can help you:

- Understand the levy, calculate your allowance and help finance and senior management teams determine how it can be allocated in line with your business and recruitment strategies.
- Review current training provision and map to apprenticeship programmes, providing a seamless, 'business as usual' transition.
- Choose the right apprenticeship Standard and provide a programme of learning to prepare the apprentice for end-point assessment.
- Understand the options available and how to implement and deliver your apprenticeship programme.



# Get in touch

City & Guilds has over 100 years of experience working with employers like you, in vocational training and education. We develop tailored solutions for private and public-sector employers that you can trust to deliver the best for your business.

We set the standard for workplace skills that transform careers, businesses and economies. We offer:

- Consultancy and support on your Workforce Development Strategy
- Operational support and quality implementation
- Professional development
- Solutions for nurturing talent
  - Apprenticeship on-programme learning
  - End-point assessment of apprenticeships
  - Off-the-shelf, bespoke or customised qualifications
  - Accreditation of your in-house training programmes
  - Recognition of training materials
  - Technology solutions and elearning

To speak to our dedicated Employer Services team, call Amanda Kilpatrick on 020 7294 8128 or email [apprenticeships@cityandguilds.com](mailto:apprenticeships@cityandguilds.com)

Or for more information visit our website [www.cityandguilds.com/employers](http://www.cityandguilds.com/employers)



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