

The Apprenticeship Reforms 2017

FAQ for Employers

1. What are the reforms and how do they affect my business?

- ▶ The purpose of the Apprenticeship reforms is to fund an increase in the number and quality of Apprenticeships in England and help to deliver the Governments commitment to 3 million Apprenticeship starts by 2020.
- ▶ The reforms come into effect in April 2017. Employers are being put into the driving seat and will determine the content and structure of Apprenticeship delivery, empowering them to get what they need from the training market.
- ▶ From May 2017, Apprenticeships will be more responsive to the needs of industry/commerce but the Government will also require a contribution from employers. This contribution will be either via a new Levy Process for large employers, **or** via a contributory model for other employers.

2. Will my company have to pay the Levy, or a contribution?

- ▶ If your annual PAYE exceeds £3 million, you will be a **Levy Payer**.
- ▶ If your annual PAYE is less than £3 million, you will pay a small contribution (**Co-Investment**) for your Apprentice trainees.

3. How much will I pay?

Levy Payers

- ▶ Employers will receive an annual Government allowance of £15,000 to off-set the payment of the Levy, which means that your Pay As You Earn (PAYE) bill must exceed £3 million for it to be payable. The Levy will be paid alongside Income Tax and National Insurance, at the rate of 0.5% of your PAYE bill from April 2017.

Example;

- Employer of 250 employees, each with a gross salary of £20,000:
- Paybill: $250 \times £20,000 = £5,000,000$
- Levy sum: $0.5\% \times £5,000,000 = £25,000$
- Allowance: $£25,000 - £15,000 = \mathbf{£10,000}$ annual levy payment

This payment will then be held within a Digital Account with a 10% 'top up' from the Government. This digital fund can be used on Apprenticeship Training and remains accessible for 24 months. Each month your contribution will add to your Levy fund, whilst the payment from 24 months ago will expire, provided it has not been spent.

If you use up all the funds in your Digital Account, further Apprenticeship training can be funded using the Co-Investment model outlined below.

Co-Investment

- ▶ If your paybill is less than £3 million per year, the Government will fund 90% of the Apprenticeship training cost. The 10% Co-Investment from yourselves can be either paid up front or by instalments across the training year.

Example:

- A small employer wants to train up an Accounting Assistant
- The agreed training costs, including all fees, materials and the final assessment is £9,000
- The employer will pay 10% (£900) of this amount
- The Skills Funding Agency will pay the other 90% (£8,100)
- In this example the programme is over 2 years, so the employer can either; pay an instalment of £37.50 per month (24 months) or; the total amount of £900 at the start

Remember Apprenticeships can also be used by Levy Payers and Co-Investors to upskill existing staff, moving into a new or more complex role.

4. Are there any funding incentives for employers?

YES

- In many cases AGE and CITB Grants will continue which Carlisle College can assist you with.
- The employer co-investment will be waived for small employers (under 50 staff) training young (16-18) Apprentices.
- There is a £1,000 incentive for each 16-18 yr old Apprentice recruited. This is paid directly to employers in 2 instalments (at 3 and 12 months after the start date)
- Other funded support is available towards the cost of transferable skills for Apprentices e.g Maths/English/IT.
- There are further incentives depending upon the individual circumstances of the Apprentice recruited and the sector operated in, which we are always able to discuss with you.

5. What are the other benefits of training Apprentices with Carlisle College?

- We are rated by Ofsted as a 'GOOD' provider of Apprenticeships and Further Education.
- Highly qualified staff with specialist knowledge and a wealth of industry experience.
- Over £30 million campus investment in the last 10 years.
- Fantastic industry standard equipment and resources.
- Programme success rates which have been higher than national rates for the past 7 years.

6. Next Steps

- Whatever your company size, Carlisle College will continue to work with you to provide excellent apprenticeship training opportunities, maximising the benefits that you can gain from the funding/levy system.

Please contact us for further information or to arrange any of your Apprenticeship requirements

TRAINING NEEDS ANALYSIS & LEVY INFORMATION

Contact Colin Luhrs
Email: cluhrs@carlisle.ac.uk
Tel: 01228 822869

RECRUITMENT

Contact Oli Matthews
Email: omatthews@carlisle.ac.uk
Tel: 01228 822708