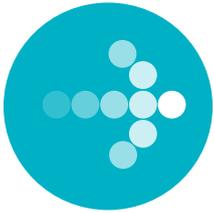


APPRENTICESHIP LEVY

Apprenticeship funding guide





Apprenticeship funding guide



Since 1 May, 2017 employers with a wage bill of more than £3 million will pay the Apprenticeship Levy

- The Apprenticeship Levy requires all employers to pay **0.5%** of any wage bill over **£3 million** into the Government's new apprenticeship service, to pay for apprenticeship course fees in England.
- Employers paying the Apprenticeship Levy will be able to access the funds they have paid to cover the cost of apprentice training through a new digital account. The Government top-up this amount by an additional **10%**.



Selecting an apprenticeship training provider

- Under the new system, you will be expected to approach an apprenticeship training provider for apprenticeship training, such as CITB Apprenticeships.
- Details of the training providers you can use are available at: findapprenticeshiptraining.sfa.bis.gov.uk/
- You can select an apprenticeship training provider from the Government's approved list. You will need to negotiate the cost of delivering the training and sign a contract with the training provider and the apprentice to begin any apprenticeship.

Paying for training from the Apprenticeship Levy

- The Government has set funding bands to determine the maximum you can spend on each apprenticeship training course through your digital account. Employers will pay in full any amount they agree with the training provider above this maximum level. The new funding bands will vary by apprenticeship occupation and level, but will not vary by age as they did under the previous system.

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- You will be entitled to a **£1,000** incentive payment for recruiting a 16-18 year old apprentice or 19-24 year old apprentice with an Education, Health and Care (EHC) plan. This will be paid to you in 2 instalments by your training provider – **£500** after 3 months and **£500** after 12 months.
 - Funds in your digital account will expire after 24 months if not used.
 - The changes don't affect apprentices who started an apprenticeship prior to 1 May 2017.

For employers who do not pay the Apprenticeship Levy

- If your company has more than **50 employees** but still doesn't pay the levy, you will pay **10%** of the training costs of each apprentice you take on, direct to a college from the Government's approved list.
- If you are a small employer (**fewer than 50 employees**) there will be no cost towards training an apprentice who is **under 18** or **aged 19-24** with an EHC plan, providing the cost of their training is within the maximum funding band.
- Employers who do not pay the Apprenticeship Levy will be subject to the same apprenticeship funding bands as employers who do.
- **£1,000** is available to any employer taking on a **16-18 year old apprentice**, or a **19-24 year old with an EHC plan** – the same as for levy paying employers.
- From 2020, you will access funding through a new digital account, in the same way as levy paying employers have done since 2017, to pay for the costs of training.



Different rules apply to apprenticeship funding in **Scotland** and **Wales**, where funding will be accessed in the same way as it is at present.

Additional rules also apply to groups of companies with the same owner (Connected Companies) and you should contact **HMRC** on **0300 200 3200** for more information.



How you can access apprenticeship funding through the new system

- To access the funds in your new digital account you will need to register online with the Education and Skills Funding Agency (ESFA) at www.gov.uk/guidance/manage-apprenticeship-funds.
- If you use up all the funds in your digital account you will need to pay **10%** of any additional apprenticeship training costs, with the Government paying the remaining **90%**, up to the maximum in the funding band.



Transferring funds to other employers

- If there are funds left in your Digital Account in April, up to **10%** of this can be transferred to other employers to pay for their apprenticeship training, This is expected to rise to **25%** in April 2019
- These funds can only be used to pay for Apprenticeship Standards, not the older Frameworks.
- Transfers can be made to any employer funding apprenticeships in England, providing they are not also transferring funds to another employer.
- The funds must cover **100%** of the cost of the apprenticeship training, and cannot be co-funded with another employer.
- If for any reason the transferred funds cannot cover the full cost of the apprenticeship, the remainder must be paid by the receiving employer. If they pay the Apprenticeship Levy and have funds in their digital account this should be used. If they do not pay the Apprenticeship Levy or have exhausted their Digital Account funds, they will pay **10%** and the Government will pay **90%**.

Contact the **SFA** at helpdesk@manage-apprenticeships.service.gov.uk or call **08000 150 600** for further information.

How the new apprenticeship funding works

EMPLOYER	YOU PAY	GOVERNMENT PAYS	INCENTIVE PAYMENTS	TRANSFERRED FUNDS
Apprenticeship Levy paying employer	The cost of training from your digital account and 10% of any amount over this, plus any fees over the funding band maximum.	90% of any fees your digital account will not cover, up to the funding band maximum.	£1,000 for each 16-18 year old apprentice or 19-24 year old with an Education, Health and Care (EHC) plan.	Eligible to receive transferred funds providing you do not also transfer funds to another employer. Transferred funds cover the cost of training until exhausted, you pay 10% of any amount over this.
Non Apprenticeship Levy paying employer (50+ employees)	10% of any apprenticeship training fees, plus any fees over the funding band maximum.	90% of any apprenticeship training fees, up to the funding band maximum.	£1,000 for each 16-18 year old apprentice or 19-24 year old with an EHC plan.	Eligible to receive transferred funds. Transferred funds cover the cost of training until exhausted, you pay 10% of any amount over this.
Non Apprenticeship Levy paying employer (fewer than 50)	0% of any apprenticeship training fees for 16-18 year olds or 19-24 year old with an EHC plan. 10% for other apprentices. Additionally, you will pay any fees over the funding band maximum.	100% of any apprenticeship training fees for 16-18 year olds or 19-24 year old with an EHC plan. 90% for other apprentices, up to the funding band maximum.	£1,000 for each 16-18 year old apprentice or 19-24 year old with an EHC plan.	Not eligible to receive transferred funds for 16-18 year olds or 19-24 year olds with an EHC plan. Eligible to receive funds for other apprentices. Transferred funds cover the cost of training until exhausted, you pay 10% of any amount over this.



The Government is giving employers more ownership of apprenticeship training

- Employers who wish to deliver their own apprenticeship training can find out more about becoming an employer-provider here: www.gov.uk/government/publications/apprenticeships-become-a-training-provider.
- The Government is also encouraging employers like you to develop new apprenticeship standards to better meet your training needs.
- Further information on how to develop an apprenticeship standard is available on the Build UK website: www.builduk.org/trailblazer.

How can CITB support your apprenticeship training?

- CITB provides up to **£10,250** for each apprentice a construction employer takes on, to help with the costs of having an apprentice.
 - CITB Apprenticeships can help you find appropriate apprenticeships, access funding and will support you through every stage of your apprenticeship journey.
 - Our Experience Construction programme helps to give young people a taste of whether or not an apprenticeship is right for them and you. For more details visit www.citb.co.uk/citb-apprenticeships/work-experience-programme
 - Find out more about construction apprenticeships through the construction careers website Go Construct at www.goconstruct.org.
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The Government Apprenticeship Levy and the CITB Levy are not the same

The Government Apprenticeship Levy is only designed to cover apprenticeship training fees.

The CITB Levy is used to support construction employers to make sure industry has the skilled workforce it needs.

This includes the apprenticeship grants that **support employers** with the additional costs of employing an apprentice in construction.

CITB Levy will cover these additional apprenticeship costs, as well as supporting a wide range of other benefits to construction employers, such as:

- Grants to support and encourage training
- Promoting construction as career of choice and encouraging young people to enter the industry
- Research to identify future skills needs
- Developing standards and qualifications to qualify our industry and keep employees safe

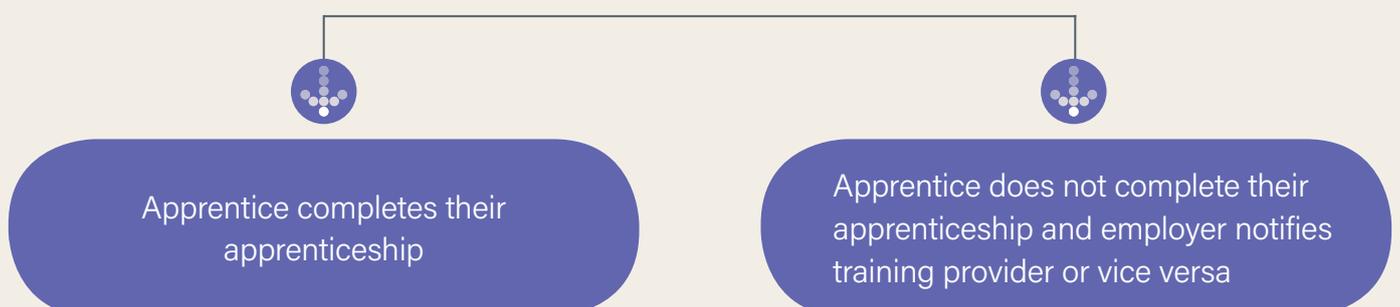


LEVY PAYING EMPLOYERS

Set up digital account and pay levy



*Levy-paying employers and non-levy paying employers can receive transferred funds



NON-LEVY PAYING EMPLOYERS

OPTION 1

Claim directly from government



Identify apprentices and apprenticeships



Register and agree contract with training provider for off the job training and end point assessment



Government pays training provider 90% of fees, or 100% for certain employers. Employer pays remainder



Apprentice completes their apprenticeship

OPTION 2

Receive funding from levy-paying employer



Identify apprentices and apprenticeships



Register and agree contract with training provider for off the job training and end point assessment



Agreement from levy-paying employer to fund



Set up digital account



Receive payment from levy-paying employer into digital account – if funds are insufficient, pay 10% of any remaining fees, and government pays the remainder



Apprentice does not complete their apprenticeship and employer notifies training provider or vice versa



APPRENTICESHIP FUNDING GUIDE

For more information on how we can help you take on an apprentice or develop standards email citbapprenticeships@citb.co.uk or call **0344 994 4010**.

