

KEEPING YOU INFORMED

# Apprenticeship funding guide

## From 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.
- Employers paying the Apprenticeship Levy will be able to access the funds they have paid for 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, using money available in your digital account.
- Details of the training providers you can use are available at: <https://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

- 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 do at present.
- 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 won't affect apprentices who started an apprenticeship prior to 1 May 2017. If an apprentice starts a new course after 1 May (e.g. moves from a Level 2 to a Level 3 apprenticeship or starts a new subject area) they will be subject to the new apprenticeship funding rates, through the new digital account.

## 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.
- 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 2018, you will access funding through a new digital account, in the same way as levy paying employers will do from 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.*

*Different 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 Skills Funding Agency (SFA) at [www.gov.uk/guidance/manage-apprenticeship-funds](http://www.gov.uk/guidance/manage-apprenticeship-funds).
- The SFA will also require you to estimate the amount of apprenticeship funding you will need from May 2017 onwards.
- 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.

Contact the SFA at [helpdesk@manage-apprenticeships.service.gov.uk](mailto: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
<b>Apprenticeship Levy paying employer</b>	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.
<b>Non Apprenticeship Levy paying employer (50+ employees)</b>	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.
<b>Non Apprenticeship Levy paying employer (fewer than 50)</b>	0% of any apprenticeship training fees for 16-18 year olds or 19-24 year old with an Education, Health Care 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 Education, Health Care 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.

## 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](http://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](http://www.builduk.org/trailblazer).
- CITB has helped employers develop over 30 new apprenticeship standards through our employer-led steering group. The Government has approved a sector plan by CITB to fast-track the move to new apprenticeship Standards for construction employers.



## How can CITB support your apprenticeship training, as a main training provider?

- 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](http://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](http://www.goconstruct.org).

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

## 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.

Our 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

## Look out for further apprenticeship funding reforms in 2018

Employers cannot transfer funds to an Apprenticeship Training Agency (ATA) or sub-contractor. However, the Government has committed to allowing employers to transfer up to 10% of the annual funds entering their accounts to other employers or ATAs in 2018.