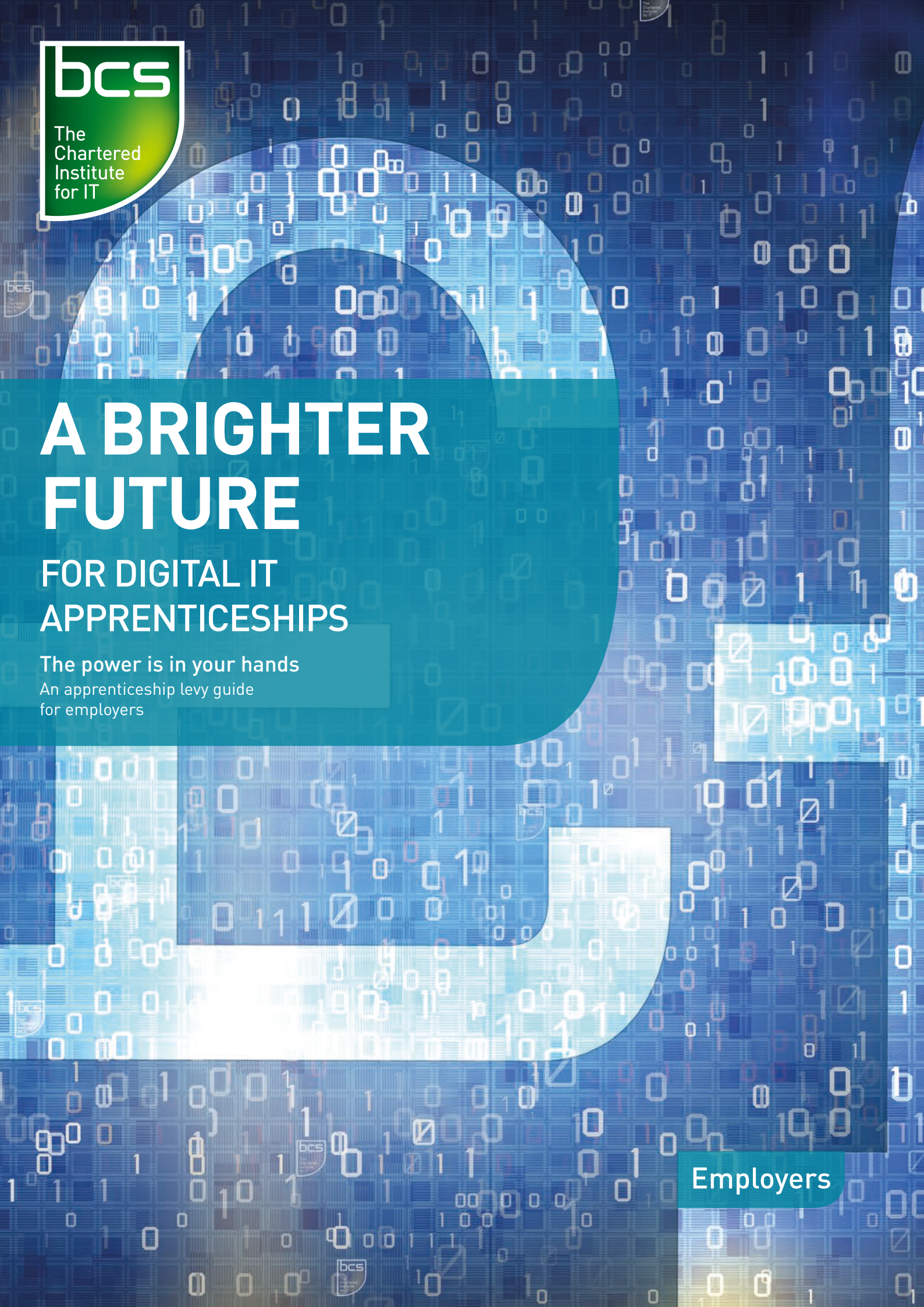

A BRIGHTER FUTURE

FOR DIGITAL IT APPRENTICESHIPS

The power is in your hands

An apprenticeship levy guide for employers

Employers



Overview

Commencing from 6 April 2017 employers with a UK payroll of over £3m will have 0.5% of the payroll deducted via PAYE. Monthly levy deductions will be made in the 'Named Employer's' account and paid into the new Digital Apprenticeship Service.

The levy will be deducted monthly starting from May and will go into a digital account for the named employer. These payments will be stored and transferred via a digital voucher that can only be spent against an approved apprenticeship framework or standard that is delivered by an approved training provider. Each monthly deduction will have a 24 months' expiry date. Funds will not appear in an employer's digital account until the end of May deducted against their April payroll and will pay providers one month in arrears for training they have started to deliver.

The levy calculation will commence in February 2017 and subsequently run quarterly in July, October, January and April each year. In order to have an accurate reflection in the accounts, employers can update their employees address data on their real-time information tax return to HMRC.

The level of funding entering an employer's account will be calculated as:

- Monthly levy paid to HMRC
- Multiplied by the proportion of the employer's pay bill to their workforce living in England
- Plus, a 10% government top-up on this amount

Levy paying employers

- Can commit to apprenticeship starts from the beginning of May
- Employers pay their levy to HMRC, through the **PAYE** process
- Single employers with multiple PAYE schemes will only have **one** allowance
- Connected employers **share** one allowance
- Funds will automatically leave the digital account on a monthly basis
- The cost will be spread over the lifetime of the apprenticeship
- 20% of the total cost will be held back, to be paid on completion of the apprenticeship

How does this effect non levy paying employers taking on an apprentice?

- Through co-investment employers will continue to make payments direct to providers
- There is no timescale to move onto the digital system at this point in time



Co-investment

- If you are not a levy payer, or have insufficient funds left in your levy account, then employers will co-invest 10% of the apprenticeship costs to be paid direct to the provider and the government will pay the remaining 90%
- SMEs who employ fewer than **50 employees** and employ an apprentice who is 16-18 years old, or a 19-24 year old formerly in care, or has a local authority education, health and care plan will not have to co-invest. The government will pay 100% of the apprenticeship training costs.

Transferring funding

During 2018 the government will introduce means for employers to **transfer up to 10% of the levy funds** to another employer with a digital account, or to an ATA.

Key points to note

- Any employer starting an apprenticeship **prior** to 30 April 2017 will be funded using the existing system. Starts from 1 May 2017 will be paid for from the levy
- The first time eligible employers will have to declare their liability to HMRC will be in May 2017, for levy due against their April payroll
- There are 15 funding bands which all Apprenticeship Frameworks / Standards are mapped to, these range from £1,500 – £27,000
- Each Apprenticeship Framework / Standard will have a single funding band, regardless of the **age** of learner or geographical location
- A commitment to introducing the ability for employers to transfer digital funds to other employers in their supply chains or sector, or to Apprenticeship Training Agencies in 2018. A new employer group including the Confederation of British Industry, Federation of Small Businesses, British Chamber of Commerce, Charity Finance Group and EEF has been set up to help government develop this system so that it works for.



Incentives

- Any employer who takes on 16-18 year old apprentice will receive £1,000 to help in the extra costs associated with this. This will be paid in two equal instalments at 3 and 12 months. This also applies for 19-24 year olds who have an education, health and care plan
- From April 2016 employers of apprentices under the age of 25 are no longer required to pay secondary class 1 (employer) National Insurance contributions (current rate of 13.8%). There is a potential NI saving for existing staff moving onto an apprenticeship, or new apprentice hires, if they are within this age range

Disadvantaged young people

Government will pay **£1,000 to employers**, and a further **£1,000 to training providers** if they train 19-24 year olds leaving care or who have a local authority education and healthcare plan

Who is eligible to have their training funded by the levy

- There is **no age** limit, existing employees and new hires are able to complete an apprenticeship. This can also now include university graduates where significant new skills are required and can be demonstrated through the apprenticeship they are undertaking
- Employed individuals wishing to take an apprenticeship at a higher level than a qualification they already hold
- An individual can be funded to undertake an apprenticeship at the same or lower level than a qualification they already hold, if the apprenticeship will allow the individual to acquire **substantive new skills** and the content of the training is materially different from any prior training or previous apprenticeship
- The levy is based on workplace location and **postcode**. Therefore, anyone living in the Nations but working in England (postcode of place of work) is able to complete an apprenticeship using the levy voucher system

Cross-border funding

'Workplace' is where the apprentice is expected to spend the majority of their time during their apprenticeship.



Funds from your digital account or government-employer co-investment can only be used for activity directly related to the apprenticeship. This includes:

- On-the-job and off-the-job apprenticeship training and assessment through an externally contracted provider against an approved framework or standard
- With an approved training provider and assessment awarding organisation
- Up to the funding band maximum for that apprenticeship
- Planned on-programme assessment and the formal end-point assessment
- Any costs associated with external quality assurance and the certification of the apprenticeship
- Registration, materials, examination and certification, that are delivered as part of the apprenticeship programmes
- Administration that is directly linked to the training, education and end-point assessment
- Costs to re-take qualifications or components of the apprenticeship, providing additional learning takes place
- Accommodation costs where there is a residential learning requirement for all apprentices that represents value for money
- Participation in a skills competition that directly contributes to achieving the apprenticeship

Digital funds and government funding cannot be used for:

- Wages
- Travel and subsistence costs
- Capital purchases
- Managerial costs, mentoring or the time of other employed staff arranging training support
- Work placement programmes or traineeships
- The costs of setting up an apprenticeship programme, induction and enrolment
- Personal protective clothing and safety equipment
- Off-the-job training delivered solely by distance learning
- Repeating the same regulated qualification where previously achieved, unless a requirement of the apprenticeship
- Accommodation costs where the apprentice requirements for their day-to-day work is to be away from their home base
- Any training in excess of those required within the standard



To use funds in the digital account or through government-employer co-investment, the apprentice must:

- Be over 16
- Have the right to work in England
- Spend at least 50% of their working hours in England over the duration of their apprenticeship
- Not be enrolled in another apprenticeship at the same time
- Not be asked to contribute financially to the cost of the learning
- Not use a student loan to pay for their apprenticeship
- Be able to complete the apprenticeship. (If the individual will be unable to complete the apprenticeship in the time specified, they cannot be funded)
- Be either:
  - a citizen of a country within the European Economic Area (EEA) (including other countries determined within the EEA or those with bilateral agreements), or have the Right of Abode in the UK, and have been ordinarily resident in the EEA (including other countries determined within the EEA or those with bilateral agreements), for at least the previous three years on the first day of learning, or;
  - a non-EEA citizen with permission from the UK government to live in the UK, (not for educational purposes) and have been ordinarily resident in the UK for at least the previous three years before the start of learning

What should you be doing?

1. Find out if you are going to be a levy paying employer
2. Find out who will be managing your levy
3. Make sure you know what your levy bill is, have you included the government's 10% top up?
4. Identify your company's skills gaps and requirements
5. Know what apprenticeship standards are available and the cost of each apprenticeship
6. Understand how much of the levy you will be using with existing staff and with new staff
7. Know how to locate the training providers and assessment organisations to use
8. Understand how the co-investment works if you exceed your levy

Points to remember

- Vouchers will 'expire' 24 months after they have been paid in **'Use it or lose it'**.
- Employers and providers must agree a price that does **not exceed** the specified funding band, this should cover the costs of training, the end-point assessment and any resit
- The price should reflect any **reduction in length** of delivery and ensure that funds are not used to pay for skills already attained
- 80% of the agreed price up to the maximum value of the funding band will be paid to the provider from DAS in equal **monthly instalments** according to the planned duration of the apprenticeship
- 20% of the agreed price will be paid to the provider when all elements of the apprenticeship are **completed**
- If you exceed your levy pot the government will **co-invest 90%** of the funding towards additional apprenticeships

John Pritchard, Head of Apprenticeships, BCS, The Chartered Institute for IT in collaboration with Jason Moss, CEO, Arch Apprentices



Standard	Typical duration	Proposed new funding value	Funding Band
Software Developer – L4	24 months	£18,000	BAND 12
Cyber Security Technologist – L4	24 months	£18,000	BAND 12
Network Engineer – L4	24 months	£18,000	BAND 12
Data Analyst – L4	24 months	£15,000	BAND 11
Digital Marketer – L3	18 months	£12,000	BAND 10
Infrastructure Technician – L3	12 months (min)	£15,000	BAND 11
Software Development Technician – L3	18 months	£18,000	BAND 6

Please note there are new standards being developed and will appear on our website **bcs.org/apprentices** when available.

BCS The Chartered Institute for IT
First Floor Block D North Star House North Star Avenue Swindon SN2 1FA
T +44(0)1793 417 417 www.bcs.org
© BCS, The Chartered Institute for IT is the business name of The British Computer Society (Registered charity no.292786) 2017

If you require this document in accessible format please call +44 (0) 1793 417 600

L&D/WP345/0117