

APPRENTICESHIP LEVY FREQUENTLY ASKED QUESTIONS (FAQS)

On 25 November 2015, the Government announced in its Spending Review and Autumn Statement, the introduction of the Apprenticeship Levy from April 2017. The Government has published data that demonstrates that Apprenticeships already deliver real benefits to business and young people: these new reforms, of which the Levy is a key part, aim to boost these even further. Some key decisions have been made about the Levy, but there are details that need to be clarified by the Government. Energy & Utility Skills has collated this frequently asked questions paper to help employers in the sector to better understand and be informed on the current and emerging Levy proposals.

Given the range of details yet to be available, this document is as accurate as possible at the date published. Updated versions will appear at regular intervals on our website as more details and further information becomes available.

The FAQs have been divided into the following sections:

1. PAYING THE LEVY NEW ADDITIONS

What the rate means for Levy paying employers and how the proposed payments will be made.

2. THE DEVOLVED NATIONS NEW ADDITIONS

Issues related to devolved nation policy.

3. USE OF APPRENTICESHIP LEVY IN ENGLAND NEW ADDITIONS

How the funds will be used and the rules and eligibility criteria.

4. TRAINING PROVISION NEW ADDITIONS

Changes to the training provision model, employers becoming a training provider and the new proposals for a Register of Apprenticeship Training Providers.

5. NON-LEVY PAYING EMPLOYERS

Primarily for non-Levy payers and outlines the key policy implications and changes for these employers.

6. DIGITAL APPRENTICESHIP SERVICE NEW ADDITIONS

Proposals and functioning of the DAS is described.

7. INSTITUTE FOR APPRENTICESHIPS NEW ADDITIONS

The new establishment and its role.

8. AOB

Crucial other information to note and consider.

1. PAYING THE LEVY

The Levy Rate

What is the Levy rate?

The Levy rate is set at 0.5% of an employer's pay bill and will be collected via PAYE. The pay bill will be based on total employee earnings.

Who will pay the Levy?

Employers operating within the UK, in any sector, with a pay bill of more than £3million per year.

Definition of pay bill?

The total amount of an employers pay bill will be equal to the total earnings paid in that tax year in respect of which the person is liable to pay Secondary Class 1 National Insurance contributions. This includes earnings below, as well as above, the secondary threshold.

Can employers opt out of paying the Levy?

No. This is a mandatory tax for all public and private companies operating within the UK and will come into effect from 6th April 2017.

Does the Levy apply to bonus payments?

Yes – the Levy payment is 0.5% of the employer's total PAYE. Earnings include any remuneration or profit coming from employment, such as wages, bonuses, and pension contributions which an employer pays NICs on.

Is the 0.5% gross or net?

Gross.

What is the £15,000 allowance?

Employers will receive an allowance of £15,000 to offset against their Levy payment per year to spend on Apprenticeship training. Only employers with a pay bill in excess of £3million will therefore pay the Levy.

Will the allowance be paid in advance or on a monthly basis?

The Levy allowance will operate on a monthly basis and accumulating throughout the year. This means on a monthly basis the allowance is £1,250. Any unused allowance will be carried from one month to the next. If an employer has some unused allowance in a month, but paid the Levy previously in the tax year, they can receive a credit which can be used to offset against other PAYE liabilities. The credit will reduce the amount of Levy paid.

How does it impact on group/connected companies?

Where groups of employers are connected, they will only be able to use one £15,000 allowance. The definition of connected companies and charities is the same as the definition used with the Employment Allowance.

The Government intends to introduce an amendment to the Finance Bill 2016 concerning the allocation of the Levy allowance. The amendment will mean that if an employer is part of a group of connected employers, they must decide what proportion of the Levy allowance each employer in the group will be entitled to. This decision must be taken at the beginning of the tax year and will be fixed for that tax year. Each employer will then calculate what they have to pay through the same processes set out, but using their portion of the £15,000 allowance.

If an employer has multiple PAYE schemes and does not use the full £15,000 allowance, they will be able to offset the unused amount against another one of their schemes once the tax year has ended.

NEW: When will the final funding and eligibility rules be available?

The final set of rules have been published, please see [Apprenticeship funding and performance management rules 2017 to 2018](#).

How will HMRC calculate the annual Levy amount for each company?

HMRC will calculate annually the amount of Levy to go into the account based on the proportion of employees with an English home postcode. The proportion will be available to view through the Digital Apprenticeship Service from March 2017.

What date will the Levy payment be due?

Employers will need to make provision for the due date of the Apprenticeship Levy to be by the 19th (or 22nd if you report electronically) and pay at the same time as the amount of tax and earnings-related contributions.

Will it impact directly on individuals in society?

There are no direct impacts on individuals. However, it is expected that the Apprenticeship Levy will create more Apprenticeship vacancies in the near term.

How will Government ensure employers get out more than employers put in to the Levy?

Employers in England who pay the Levy and are committed to Apprenticeship training will be able to get out more than they pay in to the Levy through a 10% top up to their digital accounts.

What is the government top-up?

The Government will apply a 10% top-up to monthly funds entering Levy paying employers digital accounts, for Apprenticeship training in England, from April 2017. All funds entering a Levy payer's account will be increased, so every £1 will be increased to £1.10 in value.

Making Payments

NEW: How will employers calculate, report and pay Levy contributions?

The draft legislations set out the regulations for the calculation, payment and recovery of the Apprenticeship Levy, the processes proposed are:

- Employers are required to assess their annual pay bill amount for the previous and current tax year to decide if they are liable for the Levy
- Employers are required to notify HMRC of the Levy which is to be paid and make provision for the information which should be included in this return. The employer will use the Employers Payment Summary (EPS) to report their Apprenticeship Levy liability due to date and also the amount of annual Levy allowance the employer may allocate to multiple PAYE references
- Enabling the employer to elect to apportion their annual Levy allowance between more than one PAYE references
- Employers can calculate the monthly Levy allowance on a cumulative basis, in order to calculate Levy liability - they also set out how to calculate Levy liability both in the first month of the tax year, and in subsequent months
- Provisions for the recovery of overpaid Levy by the employer. Employers must set-off any overpaid Apprenticeship Levy against any amount which the employer is liable to pay under these Regulations before making a claim to HMRC for a refund of the overpaid Levy.

HMRC have updated their guidance on when employers have to pay the Apprenticeship Levy and how to report their payments, read guidance from HMRC on [how to pay the apprenticeship levy](#). Also further guidance has been provided by HMRC on reporting and paying the levy through the [PAYE process](#).

How/ when will the payments be taken?

The Government wants this measure to be administratively simple, and therefore employers will pay and report Levy payments through their normal payroll processes, using PAYE real time information (RTI). The Apprenticeship Levy will also operate on the basis of known definitions, which employers already use in relation to National Insurance contributions.

The policy intention is that they will calculate and pay the Levy on a monthly basis. Employers will calculate and declare their Levy calculation and include it in the usual PAYE payment by the 19th (or the 22nd if reported electronically) of the following month.

Who is responsible for the collection and management of the Apprenticeship Levy?

Commissioners of Her Majesty's Revenue & Customs (HMRC) will be responsible for its collection and

management. The Levy will be collected through PAYE RTI employer submissions. There will be also be a need to change HMRC's accounting systems. HMRC's costs for setting up the Levy are estimated at £7million.

What is the charge criteria?

Where an employer has a pay bill for a tax year where they have a liability to pay Secondary Class 1 National Insurance contributions for a tax year, because of being the secondary contributor in relation to the payments of earnings.

Will Levy paying employers have to put in their own money as well as the Levy to pay for training?

There are two circumstances where employers will have to pay:

1. Where the cost of the training is greater than the limit of the funding band for a particular Apprenticeship Standard or framework.
2. Where an employer has spent all their contribution and top-up and wishes to spend more on additional Apprenticeship training.

How will the Levy measure be monitored?

The measure will be monitored through the information collected through an employer's tax returns.

What is the link between Corporation Tax and the Levy?

Any Apprenticeship Levy payments to HMRC will be allowable for Corporation Tax.

Employers have been approached by third parties offering to manage the Levy on their behalf, some are even stating that the guidance suggests one provider manages it on behalf of an employer? Is there any guidance on what to do if approached by such organisations?

There is no guidance because this is not the intention of employer-leadership. It is very likely that third parties will approach employers but unless they are the main subcontractor this arrangement will be complex and the employer is unlikely under the current rules to be able to fund these services out of the Levy. This is an aspect that the LAG will need to scrutinise once the final guidance including the subcontracting rules are published.

Questions we don't have the answers for yet:

Will the levy rate of 0.5% of an employers pay bill be fixed or are there plans to increase?

Is the £15,000 allowance likely to be a fixed feature of the funding model?

2. THE DEVOLVED NATIONS

Will the Levy apply to all UK wide companies?

Yes, the Levy will apply to all employers across the UK.

Is the Levy funding system applicable for Apprenticeships UK wide?

No – the new system is England only. Only employers in England will receive funds via their digital account. Funding strategy for devolved nations will be set by their individual administrations. The funding rules proposed are that only an apprentice whose main place of employment is England will be funded through the English system.

What proportion of the Levy funds will be allocated to the devolved nations?

The proportion for the devolved nations is presented in the table below; this deal will provide the devolved administrations with a population share of the Office for Budget Responsibility's latest Apprenticeship Levy forecast (published in March 2016).

Population share of Levy funding (£m)	2017-18	2018-19	2019-20
Scottish Government	221	230	239
Welsh Government	128	133	138
Northern Ireland Executive	76	79	82

The devolved administrations will be provided with funding certainty, as the UK government will manage any difference between the Levy forecast and actual Levy revenues.

This population-based agreement is consistent with the UK's general approach to sharing UK-wide revenues. Beyond 2019-20, once the Levy is embedded, the normal operation of the Barnett Formula should provide a similar

It has been suggested that companies registered in England but with operations in Scotland/Wales (but no registered offices there) - will be unable to draw down Levy in those nations. Is there any guidance on this?

At present, there is no clarity on what will happen with the proportion of the Levy that is distributed to the Devolved Administrations. This is because they are not intending to use the system that has been set up for England and because it conflicts with how they currently determine the amounts, they use to fund Apprenticeships.

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main subcontractor this arrangement will be complex and the employer is unlikely under the current rules to be able to fund these services out of the Levy. This is an aspect that the LAG will need to scrutinise once the final guidance including the subcontracting rules are published.

Will the Levy funds allocated to Scotland, Wales and Northern Ireland be an increase in the Apprenticeship budget?

According to the devolved nations, it will not result in an increase in funding.

NEW: Will the Levy funds allocated to the devolved nations be used for Apprenticeships or wider skills development?

Both Wales and Scotland's administrations have announced that they will use the funds for wider workforce and skills development. Northern Ireland's government are currently consulting on how the apprenticeship levy funds will be utilised.

NEW: Wales

NEW: What is Welsh Apprenticeship Levy policy?

On the 7th February, the Welsh Government has launched its new Apprenticeship policy. The policy: Aligning the Apprenticeship model to the needs of the Welsh Economy, its five year action plan and additional supporting information is available on the [Welsh Government website](#).

To help minimise the impact of the levy the Welsh Government will:

- Provide support for businesses to recruit new apprentices in the identified priority areas.
- Increase its investment in apprenticeships from £96m to £111.5m for 2017-18. This brings total investment in apprenticeships and traineeships next year to over £126m. Of the additional funding, £15.5m will be invested this year to ensure that both public and private sector employers are not disadvantaged as a result of the Apprenticeship Levy.
- Support and help levy paying employers they will consult annually with them via the Regional Skills Partnerships to understand the needs of levy paying employers and they have produced an information pack to support levy paying employers.

What impact will the Levy have on provision in Wales?

The Welsh Government is working with the UK Government to understand the impact of the introduction of the Levy in Wales, in particular the impact of the funding settlement.

Will a digital voucher system operate in Wales in the same way as England?

The Welsh Government have no plans to introduce a digital voucher system. Many employers and employer bodies have criticised the system being proposed in England.

How can an employer in Wales draw down Levy funds?

Employers do not need to wait until the Levy is introduced to benefit from Apprenticeship programmes in Wales. The current Apprenticeship programme is open to all employers with funding prioritised to meeting the economic needs of Wales.

Why is the Apprenticeship system different in Wales?

Skills, including Apprenticeships, is a matter devolved to the Welsh Government. The Welsh Government has developed its Apprenticeship system to meet the needs and priorities of Wales.

Can vouchers in an employer's English account be used in Wales?

The Welsh Government are working with the UK Government to consider this. It is unlikely monies that have been allocated, in the form of vouchers in England will be redeemable directly in Wales.

What will be the impact on companies that already deliver their own training?

In Wales, there will be no impact. Employers can of course continue to invest in training as they wish.

How will the Levy impact on employers with a cross border workforce?

The Welsh Government are working with the UK Government and the other devolved administrations to resolve a range of cross border issues. It is recognised that there is a need to maintain flexibility to enable employers to choose whatever training is best for their business.

NEW: Scotland

NEW: What is Scotland's Apprenticeship Levy policy?

The Scottish government has announced that its use of the apprenticeships levy will be more flexible than in England, funding a "range of employment measures". Less than half of Scotland's estimated £221m levy funding in 2017-18 will be used for apprenticeships, with the rest to be spent on a range of workforce development and pre-employment support programmes.

NEW: Will the Scottish Government be applying the English levy funding model?

The Scottish Government have reaffirmed that they will not be applying the English levy model in Scotland. The only statements made to date by the Scottish government are:

- There is a continued commitment to the 30,000 apprenticeships target for 2020
- They are also committed to expanding and foundation apprenticeships (which are run in senior phase at school in partnership with colleges and employers) and the graduate level apprenticeships which are under development at present.
- There is also a commitment to fund employability skills training, but as yet there is no detail on that.

- There is recognition that greater flexibility is needed, but as yet there is no further detail.
- The minister has also announced a rural supplement and the public sector restrictions have been removed.
- They will not be using the DAS.

Questions we don't have the answers for yet:

Will the devolved administration allocation be protected?

Further details on the overall changes between Standards and frameworks and the impact on devolved administrations?

Will the Standards work across the UK and how?

Do the devolved Administrations agree with your 50% rule in terms of where an apprentice is working?

3. USE OF APPRENTICESHIP LEVY IN ENGLAND

Using the Funds

NEW: How can I spend/utilise the Levy fund?

Funds in your apprenticeship service account, and funding provided by the government through co-investment, can only be used towards the costs of apprenticeship training and end point assessment. This must be with an approved training provider and approved assessment organisation.

Funds can't be used on other costs associated with your apprentices or wider training effort. The Levy cannot be used to pay or subsidise apprentice salaries.

Can employers use the fund for pre-Apprenticeships, up-skilling and reskilling training?

No – it can only be used for Apprenticeship programmes that meet Government's published Apprenticeship Standards and the eligible costs associated with delivering those programmes.

Can employers fund apprentices with prior qualifications?

Employers can use funds in their digital account or access government co-investment support to train those with prior qualification in the following cases:

- When taking a higher level than a qualification they already hold, including a previous Apprenticeship
- When the same or lower level than a qualification they already hold, if this allows the individual to acquire substantive new skills and the content of the training is materially different from any prior training or a previous Apprenticeship.

Can I use the Levy funds to offer Apprenticeships to existing staff?

Existing staff will be eligible as long as the Apprenticeship is relevant to their role and the most appropriate way of progressing/developing the learner's career as a result.

Is there any guidance on what constitutes progression for learners i.e. does their job title have to change or can they just have additional responsibilities?

There is nothing published on this as yet but it should be addressed when the outcomes of the consultation have been published. In a recent set of case studies where officials explored what constituted the possibility of securing Apprenticeship funding a role, which did not change a job title but specified extensive additional duties that required extensive training was deemed to be eligible.

Are there any age restrictions for the apprentice to be eligible for the new funding?

No – employers can use funds to train an apprentice of any age.

NEW: Can an employer's supply chain benefit and claim from the Levy my organisation pays?

In the first year of the Levy, the funds in the digital account can only be used for Apprenticeships training and assessment for the employer's employees.

There is a commitment to introducing the ability for employers to transfer digital funds to other employers in the supply chains, sector or to Apprenticeship training agencies in 2018.

A new employer group including the Confederation of British Industry, Federation of Small Businesses, British Chambers of Commerce, Charity Finance Group and EEF - the Manufacturers' Organisation – has been established to help government develop this system. The Government is currently consulting on a 10% allocation to supply chain.

Can employers pool funds in a Levy account with other employers?

Only if they are connected companies, if they are not employers will not be able to pool funds in a Levy account using the digital service.

NEW: How does the Levy align with the Engineering Construction Industry Training Board (ECITB) and Construction Industry Training Board (CITB) funding?

Those who contribute to existing industry Levy schemes will still be required to pay the Apprenticeship Levy. They will not be exempt from paying the Apprenticeship Levy.

A review of the Industrial Training Boards (ITBs) was announced by the Government when publishing the Post-16 Skills plan for England, launched in July 2016. DfE have initiated their [review](#) and are looking for evidence on:

- the effectiveness of the CITB and ECITB
- their role after the apprenticeship levy starts in April 2017

The review will close on the 21st March.

Is there any criteria for apprentice recruitment or elimination from the programme?

Employers can set their own criteria when selecting apprentices. Some professional bodies will set minimum education criteria to start a qualification within an Apprenticeship Standard. In terms of elimination, apprentices should be subject to normal performance management as they must be a paid employee throughout their Apprenticeship.

NEW: Will there be a transition process/period from the current to the new system of funding?

Yes – only new starts on standards and frameworks from 1st May 2017 will be funded on the new funding Bands.

NEW: What is the Apprenticeship agreement?

The agreement is between an employer and the apprentice. Employers must have an Apprenticeship agreement with the apprentice at the start of, and throughout, their Apprenticeship, as defined in the

Apprenticeships, Skills, Children and Learning Act 2009. They must give evidence of this to the provider to keep in the evidence pack.

The agreement must contain a commitment statement setting out how employers will support the successful achievement of the Apprenticeship. The commitment statement must be retained with, or in, the written agreement between employers and the main provider. Where the Apprenticeship is being funded from the employer's digital account, this must be within the contract for services between employer and the provider.

NEW: Is a written commitment statement needed?

Yes, the commitment statement must be signed by the employer, the apprenticeship and the training provider. The commitment sets out how the employer, provider and apprentice will support the successful achievement of the apprenticeship.

NEW: Has there been any relaxation in the Government's view that the Levy can be used to fund training other than Apprenticeships?

Whilst many commentators have suggested that this is possible the Government's official position remains, the Levy can only be used on eligible costs of training an apprentice.

What arrangements do employers need to make for the End-point Assessment?

Employers must select an organisation to deliver the end-point assessment from the Register of Apprentice Assessment Organisations (RAAO).

Employers must ensure the price they agree with the training provider for the Apprenticeship includes the amount required to pay for the end-point assessment (including any re-takes). This includes the cost of external quality assurance, which involves an external body.

What is the process for agreeing the price for an Apprenticeship?

Employers, main providers and their contracted providers must agree a price to meet the costs of training and for standards, the end-point assessment for each Apprenticeship.

The agreed price must reflect any reduction in length or content of the Apprenticeship to ensure the funds are not used to pay for skills already attained.

If the price negotiated is more than the maximum allowed by the funding band for the chosen Apprenticeship, then employers must pay in full the difference between the band maximum and the agreed price. This cannot be funded from the digital account or co-investment. Providers may charge VAT on the difference.

NEW: When will the final payment be made?

The government hold back 20% and will pay this remaining balance of the agreed price, up to the maximum value of the funding band, to the training provider when the apprentice has undertaken all the learning activity relevant to the Apprenticeship, including: all mandatory elements of the framework, or taking the end-point assessment for standards.

NEW: Will employers need to sign a contract with SFA?

Yes, employers will have to sign Apprenticeship Levy contract with the SFA.

The new apprenticeship arrangements have spawned a series of contracts: SFA/provider, provider/employer, employer/apprentice (contract of employment), employer/provider/apprentice (commitment statement), provider/subcontractor, and provider/apprenticeship assessment organisation.

Funding Rules

NEW: Have the Government clarified the funding rules?

Yes, the [funded rules](#) were confirmed in the Government guidance published on the 1st February 2017.

Every Apprenticeship Standard and framework will be placed in a funding band, with maximum funding limits. The Government have proposed 15 funding bands, with the upper limit of these bands ranging from £1,500 to £27,000. Employers will need to negotiate the cost of the Apprenticeship training and assessment with providers. Any costs above bands will need to be covered by the employer. This is the case for employers that pay and do not pay the Levy.

What criteria will be used to assess whether Apprenticeship training can be funded through the English system?

The government have confirmed that a single test for whether Apprenticeship training can be funded through the English system will be used. The approach is to confirm the apprentice's workplace, thus their main place of employment (50% or more of their time spent), is in England.

They must also be undertaking an English statutory Apprenticeship framework or standard and satisfy all other general rules on learner eligibility.

NEW: What if my Apprenticeship training costs exceeds the Levy payments I have made?

The Government has outlined that they will allow employers to draw down more funds from un-claimed Levy that other employers have paid. They have confirmed that that employers co-invest 10% of the costs, with the Government paying the remaining 90%.

What is the difference between the funding cap and the funding rate for Apprenticeships?

The funding cap is what the Government has agreed for current the employer-led trailblazer Apprenticeship Standards. There are currently five funding caps with Cap 5 denoting the highest payment for the more technical and therefore expensive Apprenticeships.

Will there be 'caps' set for recovery/over-recovery of funds?

The amount of funding an employer can spend per apprentice will be capped and will vary depending on the level and type of Apprenticeship.

What are these funding caps based on?

Currently, all new Apprenticeship Standards have a funding cap allocated to them. These funding caps are set against a five-point scale and based on employers' recommendations. In the future the Institute for Apprenticeships will be responsible for recommending the funding caps for each Apprenticeship.

What funding will be available for English and maths training?

The Government will continue to fund at the current rate of £471 for each level 2 English and maths qualification.

NEW: What are the transitional measures for funding bands for frameworks?

Additional funding for STEM Apprenticeship frameworks in thirteen sector subject areas including Engineering and Manufacturing Technologies; Information and Communication Technology; Science and Mathematics; and Construction, Planning and the Built Environment. The government has increased the current government-funded adult rate by 40% at Level 2 and 80% at Level 3 and above, and then allocated these framework pathways to the nearest funding band.

For young people:

In addition to the price that the employer and provider agree for training 16-18 year olds on a framework, the provider will also receive a payment from government equivalent to 20% of the funding band maximum for that framework. The uplift will also apply to 19-24 year olds who were formerly in care or who have an Education and Health Care plan.

Additional support in areas of disadvantage:

For now the uplifts will be retained, for frameworks only. A simplified version of the current system is proposed and will provide at least the same level of funding to support those from disadvantaged areas. This will be for one year whilst the Government conduct a fuller review into the best way to support individuals from all backgrounds into Apprenticeships.

NEW: The Government proposed that they will be offering extra-support, what is this support?

The confirmed extra support for employers and providers is:

- 100% of training costs will be paid by government for employers with fewer than 50 employees who take on apprentices aged 16 to 18 years old. This will also apply to smaller employers who take on 19- to 24-year-olds who were in care or 19- to 24-year-olds with an education and health care plan. This will be paid to employers in two equal instalments at 3 months and 12 months. Initially, these payments will be made to employers via their training provider.
- £1,000 each from government to employers and training providers who take on 16- to 18-year-olds and 19- to 24-year-olds who were in care or who have an education and health care plan.

Who will monitor and decide how funding is spent?

The Institute for Apprenticeships – it was legislated for in the Enterprise Bill 2015. Its role will be to advise the Secretary of State for Business, Innovation and Skills on the administration of funding raised from the Levy to various Apprenticeship Standards.

Will the pot of money be protected, i.e. just for Apprenticeships?

In England, spending will be ring-fenced – meaning it will be protected within departmental budgets to be spent on Apprenticeships only.

What are the funding arrangements for Apprenticeship training started before May 2017?

Apprentices who have started on an Apprenticeship programme before May 2017 will be funded on the existing funding models. Employers will not be able to use Levy funds for these apprentices.

Questions we don't have the answers for yet:

Is the 20% withheld from the Employer or Government funding?

Where will funds for non-Levy payers come from? In addition, what % of the collection pot will be distributed/ or ring fenced for them?

How will the Government ensure the market and industries have the right number of Apprenticeships?

Majority of apprentices in England are employed by SMEs, have their views and concerns been captured?

4. TRAINING PROVISION

Can I use multiple training providers or only one?

Yes – employers can use different training providers if they are on the register.

NEW: Can an organisation become their own training provider and draw down the training funds?

Yes. Employers will be subject to Ofsted inspections and the administration that goes along with being a training provider.

When will providers receive their first payment?

The new system will pay providers one month in arrears for training they report has been delivered. This means the first payment for training purchased in May, will be in June.

NEW: When will payments by Government be made to providers?

Payments totalling 80% of the negotiated price will be allocated on a monthly basis, spread evenly across the period of the Apprenticeship.

The remaining 20% will be paid at the end of the Apprenticeship. For standards, the final payment (20%) will be made once the end-point assessment has been completed.

Becoming an employer training provider

The role of employer training providers is paramount in the new system, so what are the routes for employers to become providers?

There are two routes for employers to become training providers:

1. As an employer-provider who delivers some or all of the off-the-job training element of an Apprenticeship to their own staff.
2. As a provider who delivers training to other employers' staff, as well as their own staff.

NEW: What is the process of becoming a training provider?

The proposed process is:

1. Get advice and support from SFA via the workshop or one-to-one contact.
2. Apply for approval to become a provider. All organisations that want to deliver Apprenticeship training in the future, including employers will need to meet the requirements of the new Register of Apprenticeship Training Providers.
3. Enter into contractual agreement with SFA
4. Develop training content and materials. Providers will need to manage the majority of the development and delivery work. As subcontracting will be restricted to 'significantly less than half'.
5. Deliver 20% off the job training.
6. Reporting and monitoring – reporting to SFA on a

monthly basis and annual reporting of successful Apprenticeship completions.

7. Ofsted inspection – Ofsted will inspect providers to assess the quality of the training, help ensure the apprentices learn, develop, and progress and check training quality. **Note Ofsted will only inspect a sample of employers.**

Why is a new register needed? How will it differ from the current training organisation register?

The register has been created to:

1. Provide assurance to employers, as well as to the Government, that it is focused solely Apprenticeships
2. Allow employers who wish to deliver training to their own employees to do so
3. Set a high bar for providers to meet if they want to deliver Apprenticeships in the future

NEW: What do employers that wish to become providers need to do, to register?

There will be three different proposed application routes: a main route, an employer-provider route and a supporting route. Employers who want to deliver training to other employers' staff will have to apply via the main route of the register.

The next opportunity to apply to become an apprenticeship training provider is in March 2017.

Those that applied in the first round will be informed if they have been successful with their application to be on the Register for Apprenticeship Training Providers by the 8th March 2017.

NEW: When will the Register of Apprenticeship Training Providers open for applications (RoATP)?

The first application point closed on the 4 November 2016, the next application window is to be confirmed. The first edition of the Register of Apprenticeship Training Providers will be published by February 2017.

If an employer is already on the SFA register, do they need to register onto the Register of Apprenticeship Training Providers (RoATP)?

Yes, all existing and new providers will have to make an application to become an Apprenticeship training provider. There will be no automatic transfer to the Register of Apprenticeship Training Providers.

What can employer-providers use funds in their digital account for?

They can use the funds to pay for the following:

1. Training to achieve the Apprenticeship, which could include qualifications, e-learning (as part of a broader training package), vendor qualifications
2. Registration, assessment, materials and examination
3. Administration related to the delivery of the Apprenticeships.
4. Accommodation for residential trips if necessary

for all apprentices to achieve

5. Costs for use of premises where these are used for the Apprenticeship
6. Wages and associated costs (such as pension and National Insurance contributions) for employees directly involved in the delivery of the Apprenticeship.

What can't employers use funds in their digital accounts for?

Employer providers won't be able to use it for:

1. Costs that are the employer's responsibility, for example health and safety requirements, wages, travel, commercial choices (e.g. CSCS cards)
2. Wages for line managers or other colleagues supporting the apprentice

What tests for the application must be completed?

The guidance outlines that all applicant will be asked a number of questions that will be divided into three tests:

1. Due diligence test.
2. Financial health test.
3. Quality, capacity and capability tests.

Applicants must pass all three of the tests to be included on the RoATP. For levied employers applying to the employer-provider route, the Government are considering the best approach to the financial health test. Currently, employers who have a turnover of more than £100 million and those whose funding from the SFA is less than 5% of their annual turnover are exempt from the financial health test.

How do these changes impact non-Levy payers?

The SFA will run a procurement exercise for the delivery of Apprenticeship training to non-levied employers until at least 2018, until these employers purchase training through the Digital Apprenticeship Service. SFA will award contracts to successful providers.

Non-Levy Paying Employers

What support will be available for non-Levy paying employers?

Government will help employers who are not paying the Levy to meet the costs of Apprenticeships training by providing financial government support. Non-Levy payers will be asked to make a financial contribution to the cost of training and assessment in partnership with government.

Will non-Levy paying employers have to make a financial contribution to Apprenticeship training?

Government is proposing a co-investment model whereby employers that don't pay the Levy will be asked to make a contribution to the cost of the training and government will pay the rest, up to the maximum amount of funding available for that Apprenticeship. Employers will pay this directly to the provider and they will be able to spread it over the lifetime of the Apprenticeship, to a

schedule agreed by the provider and employer. The DfE are proposing that non-Levy payers should contribute 10% of the cost of Apprenticeship training.

How do non-Levy payers pay for training?

Non-Levy payers do not need a Digital Apprenticeship Service (DAS) account. Employers will agree a price and pay their co-investment to the training provider directly and the Government will make their contribution directly to employers. Although by 2020, non-Levy payers will need to transfer to the DAS to pay for Apprenticeship training and assessment.

Questions we don't have the answers for yet:

Do Ofsted have the capacity to manage providers going on to the register? Will the approach be tailored?

5. DIGITAL APPRENTICESHIP SERVICE

NEW: Has there been a name change for the Digital Apprenticeship Service (DAS)?

Yes, it has been changed to the – Apprenticeship Service.

NEW: When will the DAS be rolled out?

Employers can [now register](#) to create an account. From April 2017, employers will manage Apprenticeships through Digital Apprenticeship Service.

How will employers draw down funds?

Employers who pay the Levy will receive a digital voucher, which they can spend on training with an approved training provider and an approved independent assessment service.

What provisions will the Digital Apprenticeship Service offer?

Whether an employer pays the Levy or not, the DAS will help them to:

- Select an Apprenticeship Standard or framework
- Choose the training provider or providers employers want to deliver the training
- Choose an assessment organisation
- Advertise Apprenticeship vacancies

From April 2017, if employers pay the Levy they will also be able to

- See the funds they have available to spend in England
- Set the price they've agreed with their training providers
- Pay for Apprenticeship training and assessment through the Digital Apprenticeship Service.

By 2020, all employers will be able to use the Digital Apprenticeship Service to pay for training and assessment for Apprenticeships.

How long do employers have to use the digital vouchers?

Employers will have a 24 month period to use their voucher and this applies to top-ups in the account.

Transferability of unused digital vouchers has yet to be determined.

How can I create a Digital Apprenticeship account to access funds?

Online tools for employers will be available via the Digital Apprenticeship Service over the next year. Employers will be able to register to create an account from February 2017. Levy-paying employers will be able to use the service to pay for the training and assessment of

apprentices from April 2017. When they have registered, they will need to verify PAYE schemes and link them to employer account. Employers will be able to use more than one account if they would like to keep schemes separate.

What about employers that don't pay the Levy?

If an employer does not pay the Levy, they will not need to use the Digital Apprenticeship Service to pay for Apprenticeship training and assessment until at least 2020.

Questions we don't have the answers for yet:

6. NEW: INSTITUTE FOR APPRENTICESHIPS AND TECHNICAL EDUCATION

NEW: Why has 'The Institute for Apprenticeships' been renamed to 'The Institute for Apprenticeship and Technical Education'?

The Institute, which was set up to be the ultimate decision maker for approving Apprenticeship Standards, will now ensure that all technical training available to young people and adults is of the highest quality and based on the needs of employers.

This is a new organisation independent of Government and led by employers. It will be funded directly by Government and not from 'top slicing' the Levy. The Institute will be a statutory body – a 'Crown Body'. The Enterprise Bill for the Institute outlines that there are measures in the Bill, which will enable the Secretary of State (SoS) to make recommendations to the Institute which it must have regard to when exercising its function.

Note - the Institute will only cover England.

When will the Institute be established?

The Government's intention is to have the Institute in place by summer 2017 so it can shadow developments and be operational by April 2017. The Chair and Board members will both be appointed via public appointment and will be comprised of employers/business leaders.

What are the key functions of the Institute?

To regulate quality of Apprenticeships and advise Government on pricing of Apprenticeship Standards. The Institute will not be responsible for operational functions associated with Apprenticeship funding, or administration of the Levy. Ofsted and Ofqual will continue to provide existing functions. Employers will also continue to design new Apprenticeship Standards and assessment plans and submit them to the Institute for approval.

NEW: What remit has the Government set for the Institute?

The Government published its draft strategic guidance for the initial work of the Institute, outlining the core functions as:

- Developing and maintaining quality criteria for the approval of apprenticeship standards and assessment plans
- Supporting the development of standards and assessment plans by employer groups and reviewing and approving them
- Maintaining a public database of apprenticeship standards and publishing information illustrating potential gaps
- At regular intervals, reviewing published standards & assessment plans

- Advising Government on the maximum amount of funding that should be assigned to each apprenticeship standard
- Ensuring all end-point assessments are quality assured
- Having a role in quality assuring the delivery of apprentice end point assessments, where employer groups have been unable to propose one of the other three external quality assurance models (employer-led, Ofqual, Professional Body-led) and have named the Institute in their assessment plan.

NEW: What role will employers have?

The proposed role of employers is to:

- Sit on the Board, Stakeholder Group, 15 sector-based route panels, peer reviewers panel, Trailblazer Groups and Technical Education Employer panel; illustrated in the governance structure below.
- Develop, approve, maintain and keep under review the standards and end-point assessment.
- Participate in the review and approval of standards meeting via the Chair of the Trailblazer groups.

What is the role of the Apprenticeship Delivery Board?

Established to encourage more businesses to develop quality Apprenticeships. Members will act as Apprenticeship champions within their sector, working with employers of all sizes to increase both the number of Apprenticeship places on offer and the supply of talented candidates.

Will the Institute approve future Apprenticeship Standards?

Yes. It is anticipated that the Institute will approve all Standards (no approval means no Levy funds), the payment cap for that Standard and how it will be assessed.

What changes are included in the future Apprenticeship Standards?

All new Apprenticeship Standards will be developed by employers. The new funding rules for 2016/17 state that the on programme training must take place over at least 12 months which must include a minimum of 20% off the job training. The Standard itself must describe the knowledge, skills and behaviours to make the apprentice competent, and be presented on a maximum of two pages of A4 (2 page rule does not apply if it's a core and options approach).

The assessment will need to be done by an independent third party, also detailed on a register of apprentice assessment organisations held by the Skills Funding Agency (SFA).

When will the new Apprenticeship Standards replace the current framework?

A final date has not been published, but it is anticipated that it will be phased over the course of the parliament. We await more details.

Questions we don't have the answers for yet:

What is the exact remit of the Institute?

What is the switch-off date for Apprenticeship frameworks?

What are the governance arrangements for end-point assessment organisations?

Can we achieve and maintain quality and quantity?

What about the relationship with National Occupational Standards?

What might the Levy impact be on employer recruitment and training patterns?

7. AOB

How does the Apprenticeship Levy Policy link with the National Infrastructure Plan for Skills?

No published linkages as yet. However, there will need to be recognition of the importance of Apprenticeships in delivering the infrastructure projects.

How will graduate programmes be affected?

New Level 6 (degree level) and Level 7 (masters level) Apprenticeships have been approved. This is an early indicator that L6 and L7 Apprenticeships could, if employers want it, replace graduate programmes to enable employers to use Levying for all early talent development.

How much revenue will the Levy generate?

The Government predicts that by 2019-20 the Levy will bring in over £3billion of revenue per year.

What is the Enterprise Bill: Apprenticeships (data sharing and spending)?

The Bill will create new data sharing powers between HMRC and BIS to facilitate the spending of the proceeds of the Levy in England; and support the interface between HMRC's Levy collection system and the new Digital Apprenticeship Service for England. Expand existing spending powers of the Secretary of State (SoS) in relation to Apprenticeships in England.

As well as create new data sharing powers between HMRC and devolved administrations to enable the relevant authorities in each country to administer their Apprenticeship schemes.

What is the impact on Apprenticeship Training Agencies (ATA)?

As an Apprenticeship Training Agency (ATA) usually employs apprentices themselves, they will be eligible to pay the Levy (if their pay bill is above £3million per year). This means they will be able to use funds in their own digital account to pay for training and assessment costs.

Where ATAs do not pay the Levy, they will be able to access support for training and assessment on the same basis as other employers who don't pay the Levy.

Some employers want to use the funds in their digital account to pay for training of apprentices employed by an ATA. The Government is seeking views on proposals to allow employers to transfer 10% of their funds to an ATA's digital account, from 2018.

What is an Apprenticeship?

When it comes to the Apprenticeship Levy, there are rules governing what an Apprenticeship is. The main ones are:

- The apprentice must be employed in a real job; they may be an existing employee or a new hire

- The apprentice must work towards achieving an approved Apprenticeship Standard or framework
- The Apprenticeship training must last at least 12 months
- The apprentice must spend at least 20% of their time on off-the-job training

The Enterprise Act 2016, has legislated to protect the term Apprenticeship from misuse by education and training providers.

Do apprentices need to have Level 1 and 2 English and maths?

Yes, apprentices have to meet a minimum requirement in both English and maths up to Level 2. Employers will need to work with their provider to identify which of their apprentices require this training. The Government will pay providers directly, for the Level 1 and 2 English and maths training they provide to apprentices. Employers will not be asked to pay the training provider for it directly.

Questions we don't have the answers for yet:

What has been learnt from other Levy type schemes such as CITB and ECITB?

Are there any lessons that can be learnt from international Levy schemes?

If there will be no employer national insurance for under 25 apprentices from 6 April and if the Government incentivise this group further, what impact will this have on take-up?

With the three million target, how will Government ensure that apprentices fill required sector skills needs?

Are the requirements of the National Infrastructure Plan and the Migration Advisory Committee and other components of vocational policy aligned with the Levy policy?

What are the impacts of wider regulatory requirements? How will all the legislation (national living wage, increase in pension enrolments, CITB and Apprenticeship Levy) impact on companies in terms of what they actually end up paying in the long term?

Has the impact of the Levy on recruitment agencies been considered? In particular, how will the system account for short-term assignments with clients?

From 2017, how will Traineeships fit with Apprenticeships? How will the Government ensure that the quality and investment in workplace training is not reduced, as a result of the Levy?

For English and maths it is the requirement that the apprentice sits a Level 2 even if the Apprenticeship requires only Level 1?

For further information about the Apprenticeship Levy
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