

A Guide to – Higher Level and Degree Apprenticeships, the Levy and Funding

Employer Guide

November 2016

We hope you will find this guide to Higher Level and Degree Apprenticeships useful to you and your organisation going forward. The government's reform of apprenticeships, and its aspiration to grow the number of apprentices in training during this Parliament, is shaping how apprenticeships are being designed, developed, delivered and funded going forward.

This guide aims to provide you with a brief oversight of these developments and explains how you will be able to gain further information, on what is a changing landscape.

Contents

- 3** What is a Higher Apprenticeship?
- 5** Changes to apprenticeships
- 6** What are the benefits for employers and apprentices?
- 7** Who provides the off the job training?
- 8** The Apprenticeship Levy: what you need to know
- 9** Funding key facts
- 10** The Digital Apprenticeship Service (DAS)
- 11** Non Levy Paying Employers
- 12** Framework and Standard Apprenticeship Funding Changes
- 13** Co-investment
- 14** Additional support for apprentices
- 16** What do employers need to do?
- 16** Contact details

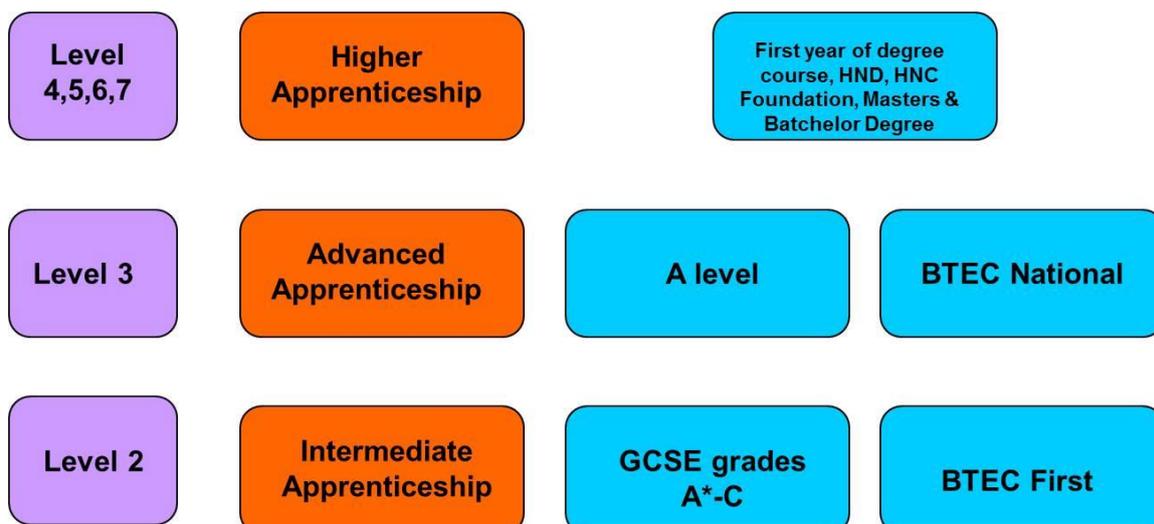
Higher and Degree Level Apprenticeships

Higher apprenticeships are the best combination of on the job training and studying for a higher level qualification providing the high level skills businesses need in an increasingly competitive global market. First and foremost, though, an apprenticeship is a job with substantial training and the development of transferable skills. It's a way to earn and learn, gaining a real qualification and future. ¹

Any apprenticeship (based on either an apprenticeship standard or framework) that also includes achievement of a full bachelor's or master's degree can be referred to as a degree apprenticeship.

What is a Higher Apprenticeship?

Like intermediate (Level 2) and advanced apprenticeships (Level 3), higher apprenticeships combine on the job training while studying towards a high level qualification. Higher apprenticeships are available at a range of levels (Level 4 through to and including Level 7), from the equivalent of a foundation degree to a bachelor's degree and at master's degree level in some occupations.



¹ Skills Funding Agency April 2016

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/513573/The_Complete_Guide_to_Which_Uni.pdf

Degree Apprenticeships – working in partnership to create a new generation of highly skilled workers

Apprenticeship ‘provision’ is, solely focused on those in work and achieving the skills, knowledge and behaviours set out in the apprenticeship standard and assessment plan.

The new approach to apprenticeships signify some key shifts in the overall ‘skills system’, which has opportunities for employers who require a higher level skilled workforce.

The main benefits include:

- The employer is in the ‘driving seat’ as customer and actual purchaser of learning and accreditation for the apprenticeship.
- Bringing together the best of higher and vocational education. Apprentices achieve a full bachelor’s or master’s degree as part of their apprenticeship.
- Partnership between employers, universities, and professional bodies.
- Apprentices employed throughout, and spend part of their time at university and part with their employer.
- Apprentices will complete a rigorous end assessment: tests occupational competence and academic learning.

Visit the BIS website Link for Apprenticeship Standards, updated on a weekly basis:

<https://www.gov.uk/government/collections/apprenticeship-standards>

Changes being made to Apprenticeships

Trailblazers Standards

Apprenticeship standards designed by employers, working with professional bodies where relevant, will replace existing frameworks.

- Standards will be clear and concise, written by employers and no more than a few pages' long
- All apprenticeships will last a minimum of 12 months
- All apprenticeships will have an end-point assessment
- Apprenticeships will be graded for the first time
- Apprenticeships will meet relevant professional registration /license to practice requirements
- The price for the apprenticeship standard must be agreed between the lead provider and the employer; the price must include the 'End Point Assessment' mandatory element.
- The Government will apply a limit on the amount of government or digital funds that can be used for a single apprenticeship training and support

What are the benefits?

What are the benefits of Higher Apprenticeships to the Employer?

Higher Apprenticeships deliver business benefits on many levels:

- Higher level skills are vital to business performance and UK economic growth – through higher apprenticeships businesses can fill higher level skills gaps
- Apprentices develop higher-level skills and in so doing keep up-to-date with the latest techniques and technology increasing productivity
- Higher apprenticeships can develop existing staff as they work
- Higher apprenticeships enable businesses to attract and retain new talent and through learning at work apprentices are able to develop specific knowledge and competencies that meet the unique needs of the business.

The benefits for apprentices?

Higher apprenticeships allow individuals to study towards a higher level qualification while remaining in employment and earning a salary. Apprentices benefit from:

- Opportunity to achieve graduate and postgraduate-level qualifications whilst learning and earning in a business
- Recent reports estimate that completing a Level 4 higher apprenticeship could result in increased lifetime earnings of around £150,000²
- Chance to gain professional accreditation and membership
- Opportunity to move their career forward and gain professional skills
- Achieve a higher level qualification equivalent to a degree with no debt via student loans – the Government has announced additional budget to fund higher apprenticeship qualifications.

² University Education, Is this the best route into employment? AAT and Cebr, Feb 2013

Who provides the off the job training?

The Skills Funding Agency has approved many training providers, further education colleges or higher education institutions to deliver the formal, off-the-job and some on-the-job training required in the higher apprenticeship. As well as delivering agreed elements of the apprentice's training, training providers will manage the relationship with the National Apprenticeships Service (NAS), securing government funding and other support for the employer and their apprentices.

Employers are encouraged to speak to their preferred training provider to find out whether they will be providing the higher apprenticeship or use the Digital Apprenticeship Service (DAS), when launched in spring 2017.

The Apprenticeship Levy: what you need to know

In spring 2017 the way the Government funds apprenticeships training in England for all employers is changing, with the introduction of the apprenticeship levy for all UK employers based on the annual pay bill.

The levy will support all post-16 apprenticeships in England. It will provide funding that each employer can use to meet their individual needs. The funding will be directly controlled by employers via the digital apprenticeships voucher, and firms that are committed to training will be able to get back more than they put in.

The levy will be introduced 6th April 2017

Current information known:

- The levy will be 0.5% of paybill with an allowance of £15,000.
- Levy paid on paybill in excess of £3m.
- Employers will have the responsibility to calculate, report and pay the Levy to HMRC alongside their usual PAYE payments.
- The first time eligible employers will have to declare their liability will be May 2017, for the levy due on their April payroll. Employers will then be able to see funding in their digital accounts, after their declaration to HMRC, after 22nd May 2017.
- The first payments to providers for apprentices with levy paying employers who start in May 2017 will be June 2017.
- Employers in England who pay the levy and are committed to apprenticeship training will be able to get out more than they pay into the levy, through a 10% top-up of funds to their digital account to spend in England on apprenticeships.
- Funds will expire 24 months after they enter an employer Digital Account, unless spent on apprenticeship training. The account will work on a first in, first out basis to minimise the amount of expired funds.

Funding key facts

Who will pay?	• The levy will apply to large employers.
What will it pay for?	• The levy will support post-16 apprenticeships.
How much can an employer get out?	• In England, any firm will be able get back more than it puts in by training sufficient apprentices.
How will the funding be accessed by employers?	• The funding will be in the hands of employers via the digital voucher.
How will it be implemented?	• There will be a formal engagement with business on the implementation of the levy, which will also consider the interaction with existing sector levy boards.

EXAMPLE 1 – Levied Employer

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: $£25,000 - £15,000 = £10,000$ annual levy payment.

EXAMPLE 2 – Non Levied Employer

Employer of 100 employees, each with a gross salary of £20,000

Paybill: $100 \times £20,000 = £2,000,000$

Levy sum: $0.5\% \times £2,000,000 = £10,000$

Allowance: $£10,000 - £15,000 = £0$ annual levy payment.

The Digital Apprenticeship Service (DAS)

Once you have declared the levy to, individual employers' funding for apprenticeship training in England will be made available to them via the Digital Apprenticeship Service (DAS). Employers will be able to use their levy funds to pay for training and assessment for apprentices in England. The service will also support employers to identify a training course and find a candidate. Scotland, Wales and Northern Ireland have their own, separate arrangements because skills and apprenticeships are a devolved responsibility.

Employers will access their funds through their DAS account. Employers will have the opportunity to familiarise themselves with the DAS system before the levy is launched in April 2017.

The funding amount entering the digital accounts will correspond to the proportion of employees with an English home post code (this is an English based system, even though the tax is UK wide).

Employers will be able to use their digital account to support apprenticeship training whose main place of work is in England, whether they live in England or other parts of the UK.

Creating a Digital Account

Registration for the Digital Apprenticeship Service will be open January 2017. When an employer is registered they need to verify the PAYE schemes, and link them to their account. For those employers with more than one PAYE scheme, these can be either combined into one account, or you can use more than one account, if you would like to keep them separate. Employers will see the first funding appear in the digital accounts from May 2017 and it is from this point onwards they can start to spend their levy funds.

Apprenticeships which start before the introduction of the Levy i.e. before April 2017 will be funded for the duration of their apprenticeship on the existing funding scheme. It is understood that they will not be allowed to transfer onto the levy funding scheme.

National Insurance contributions: abolition of employer contributions for apprentices under 25

Who is likely to be affected?

From April 2016 employers of apprentices under the age of 25 will no longer be required to pay secondary Class 1 (employer) National Insurance contributions (NICs) on earnings up to the Upper Earnings Limit (UEL), for those employees.

Non Levy Paying Employers

The new apprenticeship funding system comes into effect on the 1st May 2017, for those employers who will not pay the levy it is expected that they will continue to make co-investment payments towards apprenticeship training directly to providers in the first instance. Non Levy paying employers will move on to the Digital Apprenticeship Service (DAS) at a later date.

Providers will claim directly to the government for apprentices who start after the 1st may 2017, for those apprentices employed by non-levied employers, with the first payments being made to the training provider in June 2017.

Framework and Standard Apprenticeship Funding Changes from 1st May 2017

The Government is changing the way apprenticeships will be funded from the 1s May 2017, the changes will apply to Apprenticeship Frameworks and Standards for all new apprentice starts on the training programmes.

Funding Bands		
Number	Band Limit	
1	£1,500	<ul style="list-style-type: none"> This limits how much levy finding can be spent per apprenticeship All Standards and Frameworks will be placed within one of these funding bands. The upper limit of each funding band will be the maximum amount of digital funds a Levy employer can use towards an individual apprenticeship. The upper limit of each band will be the maximum the government will co-invest towards an apprenticeship when the employer does not pay the levy or has insufficient digital funds and is eligible for additional support. Employers can negotiate the price with providers.
2	£2,000	
3	£2,500	
4	£3,000	
5	£3,500	
6	£4,000	
7	£5,000	
8	£6,000	
9	£9,000	
10	£12,000	
11	£15,000	
12	£18,000	
13	£21,000	
14	£24,000	
15	£27,000	

Co-Investment

There are two types of employers who will benefit from government support towards the cost of their apprenticeship training:

1. Employers who haven't paid the levy and want to purchase apprenticeship training from a provider
2. A levy-paying employer who with insufficient funds in their digital account to pay for the cost of training and assessment they want to purchase

The proposal is that:

- The government pays 90% of the costs of training and assessment.
- The employer will be responsible for paying 10% of the costs.

For employers to receive the government funding to support the apprentice, the employer has to make the co investment as a cash contribution towards the cost of training.

Additional support for apprentices on standards and frameworks Apprenticeships from 1st May 2017

<p>Funding for 16-18 year olds</p> <p>Government to pay £1,000 to employers, and a further £1,000 to training providers if they train a 16-18 year old apprentice.</p>	<p>Disadvantaged young people</p> <p>Government to 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.</p>
<p>Funding for English and Maths training</p> <p>The government is committed to helping apprentices gain the minimum standard of Level 2 in English and maths.</p> <p>When employers agree with their training provider that their apprentice needs training to meet the minimum standards in English and maths the government to pay training providers £471 for each of these qualifications (Level 1 and 2).</p> <p>This will come direct from the government and will not be deducted from an employer's digital account.</p>	<p>Funding for additional learning support</p> <p>This is the extra amount that the government will pay to the training provider where an apprentice requires additional learning support as a result of conditions such as dyslexia, learning difficulties or disabilities. The Government to pay training providers up to £150 a month to support these learners, plus additional costs based on evidenced need. This is a continuation of the current system.</p>
<p>Prior qualifications</p> <p>Employers will be able to use funds in their digital account or access government co-investment support to train any individual to undertake an apprenticeship at a higher level than a qualification they already hold.</p> <p>In addition, 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 a previous apprenticeship.</p>	

Funding Bands for Framework Apprenticeships

In response to the changes being made to Apprenticeship Framework Funding the government has introduced some transitional measures to support the stability of this provision whilst the apprenticeship reforms are being implemented.

The government will allocate each individual framework pathway to the nearest funding band based on the current rate of funding the government pays providers for training adult apprentices but with some extra support.

16-18 uplift

Transitional support of 20% of funding band maximum paid directly to training providers, which also applies to 19-24 year olds formerly in care or have Education and Health Care plan. This additional funding will come straight from the government to providers and will not be deducted from an employer's digital account if they are a levy paying employer. This payment is in addition to the £1,000 payment made to employers and providers who take on a 16 – 18 year old on an apprenticeship standard or framework.

Additional support in areas of disadvantage

The government has recognised that there are additional costs associated to supporting individuals from disadvantaged backgrounds. For a one year period have agreed that training providers receive an additional £600 for training an apprentice from top 10% of deprived areas, £300 for next 10% range and £200 for the next 7% range (as per the Index of Multiple Deprivation). The payment will not be deducted from an employer's digital account if they are a levy paying employer.

STEM Support (Science, Technology, Engineering and Maths)

The government has recognised the additional costs for apprentices undertaking STEM. Therefore, they have adjusted the funding bands applied to STEM frameworks. For all STEM framework pathways, the government will increase the current government-funded adult rate by 40% at Level 2 and 80% at Level 3 and above, and then allocate these frameworks to the nearest funding band. The framework subject areas included are: engineering and manufacturing technologies; information and communication technology; science and mathematics; and construction, planning and built environment.

What employers need to do?

Start planning! Even though the apprenticeship levy does not come into force until April 2017, eligible organisations will have to factor this significant additional cost into budgeting exercises that are taking place now.

The introduction of the levy is also likely to have a major impact on how training is organised and funded within larger organisations going forward.

As an employer, you may need to 'step-back' and conduct a fairly high-level review of the skills required by your business. Where might you expand your training offering (either by recruiting apprentices or encouraging existing employees to take up apprenticeship training) to make the most of your levy payment? Where will external training provision help you boost productivity?

Contact us

For further information on Higher and Degree Level Apprenticeships at the University of Cumbria, contact:

Ewan Pullan
Employer Engagement Manager
University of Cumbria
Tel: 01228 888733
Mob: 07801 340433
ewan.pullan@cumbria.ac.uk

Useful links

The main website for Apprenticeship Trailblazers is on the BIS site

<https://www.gov.uk/government/publications/apprenticeship-trailblazer-quality-statement>

<https://www.gov.uk/government/collections/apprenticeship-standards>

<https://www.gov.uk/government/organisations/skills-funding-agency>

Stay up to date on the changes to apprenticeships

<https://www.gov.uk/government/collections/apprenticeship-changes>

Plan your apprenticeship spending

<https://estimate-my-apprenticeship-funding.sfa.bis.gov.uk/>

Check out the draft regulations for the calculation, payment and recovery of the Apprenticeship Levy

<https://www.gov.uk/government/publications/draft-legislation-regulations-for-the-calculation-payment-and-recovery-of-the-apprenticehip-levy>

Apprenticeship funding: rules and guidance for levy-paying employers - May 2017 to March 2018

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/562442/Apprenticeship_funding_rules_May_2017_to_March_2018_EMPLOYER_DOC.pdf