

# Employer guide to apprenticeships



## What is an apprenticeship?

An apprenticeship is a genuine job with an accompanying assessment and skills development programme. It is a way for individuals to earn while they learn gaining valuable skills and knowledge in a specific job role. The apprentice gains this through a wide mix of learning in the workplace, formal off-the-job training and the opportunity to practise new skills in a real work environment. Apprenticeships benefit employers and individuals, and by boosting the skills of the workforce they help to improve economic productivity.

## How do they work?

Apprentices must spend at least 20% of their time on off-the-job training, however, they may need more than this if, for example, they need training in English and maths. It is up to the employer and training provider to decide how the off-the-job training is delivered. It may include regular day release, block release and special training days or workshops. It must be directly relevant to the apprenticeship framework or standard and can be delivered at the apprentice's normal place of work as long as it is not part of their normal working duties. It can cover practical training such as shadowing, mentoring, industry visits and attending competitions.

On-the-job training helps an apprentice develop the specific skills for the workplace and they should be supported by a mentor.

Once an apprentice completes their apprenticeship they should be able to demonstrate that they can perform tasks confidently and completely to the standard set by industry.

## Apprenticeship levels

There are various levels of apprenticeship available

Name	Level	Equivalent educational level
Intermediate	2	5 GCSE passes
Advanced	3	2 A level passes
Higher	4, 5, 6 and 7	Foundation degree and above
Degree	6 and 7	Bachelor's or master's degree

## Who are they for?

Individuals over the age of 16, spending at least 50% of their working hours in England over the duration of their apprenticeship and not in full-time education can apply for an apprenticeship.

Employers can offer apprenticeships to new entrants or use them to grow talent from among current employees.

Apprenticeships equip individuals with the necessary skills, knowledge and behaviour they need for specific job roles, future employment and progression.

## Benefits of hiring apprentices

Hiring an apprentice is a productive and effective way for any business to grow talent and develop a motivated, skilled and qualified workforce.

Employers who have an established apprenticeship programme reported that productivity in their workplace had improved by 76% whilst 75% reported that apprenticeships improved the quality of their product or service.

Other benefits that apprenticeships contribute towards include:

- increasing employee satisfaction
- reducing staff turnover
- reducing recruitment costs

## Employer responsibilities

There must be a genuine job available with a contract of employment long enough for an apprentice to complete their apprenticeship. Employers must pay an apprentice's wages and the role must help them gain the knowledge, skills and behaviours they need to achieve the apprenticeship with support from the employer.

Employers can select a training provider from the Register of Apprenticeship Training Providers and agree a total price for the cost of training and assessment. For an apprenticeship standard, this should include the cost of the end-point assessment which must be agreed with the provider selected from the Register of End-Point Assessment Organisations.

Employers need to have:

- an apprenticeship agreement in place with their apprentice for the duration of the apprenticeship
- a commitment statement signed by the apprentice, their employer and the provider
- a written agreement with providers, for employers who pay the apprenticeship levy and use the apprenticeship service, they will need to have a contract for services with their main provider
- an apprenticeship in place for at least one year
- the apprentice on the correct wage for their age, for the time they are in work, in off-the-job training and doing further study

- apprentices who are paid a wage consistent with the law for the time they are in work and in off-the-job training, updates on progression and average weekly hours and changes to working patterns must be logged and checked with the training provider.

The government is offering additional support to organisations with fewer than 50 employees. Please refer to the 'Additional Payments and Funding' section for more details.

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## Additional payments and funding which may be available

- Employers are not required to pay National Insurance Contributions for apprentices under the age of 25 on earnings below the higher tax rate of £827 a week (£43,000 a year).
- £1,000 payment to both the employer and provider when they train a 16- to 18-year-old.
- £1,000 payment to both the employer and provider when they train a 19- to 24-year-old who has previously been in care or who has a local authority education, health and care plan.

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## Apprenticeship reforms

Government has reformed the way apprenticeships are delivered and funded in England. Its ambition is to increase the number of high-quality apprenticeships that meet the needs of employers. As part of the reforms apprenticeships are more rigorous, better structured, independently assessed and more clearly aligned to the needs of employers.

The reforms address the skills shortages reported by many industries and help keep the UK internationally competitive. Most importantly, apprenticeships offer high-quality opportunities for people to develop their talents and progress their careers.

Recent legislation has come into effect which changes the minimum English and maths requirements needed to complete an apprenticeship for people with a learning difficulty or disability.

The changes will lower the English and maths requirements for these apprentices to an Entry Level 3 qualification. It will make completing an apprenticeship more achievable for those who are able to meet all the occupational requirements to be fully competent in their role, but who may struggle to achieve English and maths qualifications at the level normally required.

'T levels' are new technical study programmes that will sit alongside apprenticeships from September 2020. The reforms are at the heart of a skills partnership between government, business and training providers – a partnership that will create the skills revolution needed to meet the needs of our business and education and training providers – a partnership that will create the skills revolution needed to meet the needs of our economy.

The government is doubling the annual level of apprenticeship spending between 2010 to 2011 and 2019 to 2020 to £2.5bn, which will be funded by the new apprenticeship levy.

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## The apprenticeship levy

If you're an employer with a pay bill over £3 million a year, you must pay the apprenticeship levy from 6 April 2017. Read guidance on [how to pay the apprenticeship levy](#). You will report and pay your levy to HMRC through the [PAYE process](#).

The levy will not affect the way you fund training for apprentices who started an apprenticeship programme before 1 May 2017. You'll need to carry on funding training for these apprentices under the terms and conditions that were in place at the time the apprenticeship started.

Less than 2% of UK employers pay the levy. Levy funds will create opportunities for young people across the country, delivering the skills British businesses need.

The levy will give employers control of their training, agree a total price for each apprenticeship, which includes the costs of training and assessment.

In England\*, the government will top up employers' levy with an extra 10%, paid directly to employers' apprenticeship accounts.

An employer's pay bill is made up of the total amount of the employees' earnings that are subject to Class 1 National Insurance contributions, such as:

- wages
- bonuses
- commissions
- pension contributions

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## What about non-levy-paying employers?

Employers with a pay bill of less than £3 million a year will not need to pay the levy.

At least 90% of non-levy-paying employers' apprenticeship training and assessment costs in England will be paid for by the government. The government will ask these employers to make a 10% cash contribution to the cost, paid directly to the provider, and the government covers the rest (up to the maximum agreed funding band).

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## The apprenticeship service

Through the apprenticeship service on GOV.UK employers can plan and manage their apprenticeship programme, giving them greater control over their apprenticeships and account funds.

The apprenticeship service is made up of the following:

- **Estimate my apprenticeship funding** allows employers to calculate whether they will pay the apprenticeship levy or not, and how much they will have available to spend on apprenticeships. It also shows all employers how much the government will contribute towards the cost of training.
- **Find apprenticeship training** gives employers easy-to-digest information on the choices available to them. They can easily search for and find a standard, framework and training provider, and compare one provider with another.
- **Recruit an apprentice** is a new platform through which training providers can post vacancies and manage applications for apprenticeships and traineeships. This will be opened up to employers at a later date.
- **Find an apprenticeship** and **Find a traineeship** are the recruitment sites that enable employers to advertise their vacancies for free and find candidates who match their criteria.
- **Manage apprenticeships** allows registered levy-paying employers to view their account balance, manage their apprentices and approve funds to pay for their apprenticeship training.

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\*Scotland, Wales and Northern Ireland will receive a share of the levy – the Devolved Administrations will receive £460 million. As skills is a devolved matter it will be for them to decide how levy funds should be used in their administrations.

**Call 08000 150 600**

**Search 'employing an apprentice' on GOV.UK**

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## Top 7 myths about the apprenticeship programme

### 1 “As my levy funds expire after 24 months then I cannot use them to fund all of an apprenticeship that lasts longer than 24 months”

- FACT: The fact that your funds expire after 24 months in your apprenticeship service account doesn't stop you meeting the full costs of an apprenticeship that lasts longer than 24 months. New funds enter your account every month for as long as you pay the levy.
- The costs of an apprenticeship are spread over the full length of the apprenticeship and are met in monthly instalments. We always use the oldest funds in an account first to minimise the potential for funds to expire.
- Only funds that are not spent will expire 24 months after they enter your account. If you do not have sufficient funds in your account to cover the monthly cost, we will pay 90 per cent of the balance due.
- You can use the National Apprenticeship Service's 'Estimate my apprenticeship funding' tool to estimate how much your organisation will have available to spend on apprenticeships.

### 2 “If you don't spend all your levy, it gets spent by central Government on other things”

- FACT: Unspent levy funds get re-allocated to other apprentices within financial years.
- The apprenticeship levy funds all apprentices currently in training – those already in an apprenticeship and those just starting, those working for employers who pay the apprenticeship levy, and those working for employers who do not.
- As businesses of all sizes recruit and train more apprentices, we expect there will be very little (if any) year on year underspend of the apprenticeship levy.

### 3 “20% off-the-job training is inflexible: it has to involve 1 day off a week, spent in college”

- FACT: Off-the-job training does not have to involve 1 day a week spent in college. It can be delivered in a way and place that suits you and the provider, allowing the apprentice to learn the new knowledge, skills and behaviours required.
- The style and timing of the learning is very varied – it could be a block of time in a residential setting or online learning to fit in with shifts. We published guidance with best practice examples in June 2017 – it's available [here](#).

### 4 “Providers have to advertise apprenticeship vacancies for us”

- FACT: As an employer you are free to advertise your own apprenticeship vacancies directly on your own websites, along with any other details including application processes. You do not have to advertise through providers.
- We also encourage you to advertise vacancies through our '[Find an apprenticeship service](#)' (FAA), so that potential apprentices can find lots of vacancies all in one place. The training provider you work with must post FAA vacancies on your behalf – talk to your provider to find out more.
- From October 2018, employers will be able to post their own vacancies on 'Recruit an apprentice,' which will then show up on FAA.

### 5 “Apprenticeships cannot be used for existing staff”

- FACT: Apprenticeships can be used to upskill and/or retrain employees of any age, including older workers or existing staff, as long as the apprenticeship is giving them new skills to enable them to achieve competence in their chosen occupation.

### 6 “Apprenticeships are only entry level – they are for low skilled people”

- FACT: Apprenticeships are available from Level 2 (GCSE equivalent) right through to Levels 6 and 7 (equivalent to a Bachelor's or Master's degree). Some apprenticeships may also offer additional professional qualifications, such as ACCA. You can check the [Institute for Apprenticeships website](#), which is constantly being updated as new standards come online every month.

### 7 “Apprenticeships are only for young people (16-18)”

- FACT: Apprenticeships are available to people of all ages; anyone over the age of 16 living in England can apply. There are different entry requirements depending on the industry, job role and apprenticeship level.

## Common myths about transferring apprenticeship service funds

### 1 “You can only make a transfer of apprenticeship service funds to an employer in your supply chain”

- FACT: You can make a transfer of apprenticeship service funds to any employer of your choice.

### 2 “You can fund any apprenticeship with a transfer”

- FACT: You can only fund apprenticeship standards with a transfer, not apprenticeship frameworks. Employers are designing new high quality standards to replace frameworks to ensure apprenticeships are more responsive to employers’ needs.

### 3 “If an employer makes a transfer to another employer, then they won’t know what they will spend it on”

- FACT: The employer sending the transfer has to give final approval to the apprenticeship(s) being funded in the apprenticeship service, after the receiving employer and training provider have agreed all of the details.

### 4 “Can I transfer 10% of my apprenticeship service funds to a charity as a gift?”

- FACT: Transfers can only be made to pay for an apprenticeship in another organisation. You can transfer funds to a charity to pay for an apprentice. The transferred money can be used only to pay the training and assessment costs of an apprentice.

### 5 “Training providers can transfer apprenticeship service funds and deliver the training”

- FACT: Training providers can make transfers, but they cannot then provide the training for that funding, either as the provider or as a subcontractor.

You can find more details of the policy on transferring apprenticeship service funds here:

[gov.uk/guidance/transferring-apprenticeship-service-funds](http://gov.uk/guidance/transferring-apprenticeship-service-funds)

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### 6 “You can only fund one apprentice at a time with a transfer and you can only make one transfer transaction”

- FACT: As a temporary measure when transfers were first introduced, you were only able to make a transfer to one employer (which could have funded as many apprenticeships as you chose, up to your 10% maximum allowance).
- From July 2018, you can transfer to any number of employers, for any number of apprenticeships with each, up to the maximum of your 10% allowance.

### 7 “If my 10% transfer is less than the cost of the apprenticeship standard, can I still transfer my funds to pay for that apprenticeship? For example, if I can transfer £10,000 but the apprenticeship standard I want to fund costs £27,000”

- FACT: Before setting up a transfer you need to ensure that your annual 10% transfer allowance is sufficient to cover the annual cost of an apprenticeship standard.
- When setting up a transfer you agree to cover the full cost of training and assessment up to the funding band maximum for that apprenticeship.
- You can use the National Apprenticeship Service’s ‘Estimate my apprenticeship funding’ tool, which will tell you whether you can afford a particular apprenticeship standard from within your allowance. You can access the tool from the ‘Transfers’ section of your accounts. For more information you can go [here](#).

### 8 “I want some of my unspent levy funds to be used to help others by aggregating some of my funds with theirs, but I can’t do that”

- FACT: We do that for you by reallocating unspent funds to other apprentices. There are also other ways that you can support other employers of your choice directly:
- You can transfer up to 10% of the funds in your apprenticeship service account to other employers of your choice directly (such as in your supply chain), and you can work with others to agree how best to support your supply chains in this way.
- You can use an existing body, such as a LEP, regional hub or sector body, or set up a new one to co-ordinate or manage transfers activity.
- You can loan or second an apprentice you employ to another employer for the work based part of their apprenticeship.

# The apprenticeship levy – where the money goes

## Levy income and forecast spend for 2019-20

