



Apprenticeship Reform

The Change

- The employer is the customer. Employers will receive a Government contribution of a % of the total cost of training and assessment charged for training delivery by the chosen training provider. .
- In order to claim government funding for Apprenticeships (regardless of the final funding route) employers will be expected to adhere to 'a number of essential terms and conditions'.

Funding Changes

- The employer will be required to co-invest for all age groups and will make a direct financial contribution towards the cost of training, including 16-18s. The amount is not yet set, but is likely to be above 20% of the total cost
- The employer will be reimbursed for contributions up to a maximum figure linked to a Maximum Government Contribution.

The possible administrative systems

a. PAYE Scheme

- Employers will have to register apprentices on line to claim funding
- Upon registering their apprentice via the website, the employer provides their PAYE reference(s) and is authorised with HMRC to deduct Apprenticeship funding from their PAYE payments.
- Employers will have to calculate payments due and deduct this from PAYE payments due, or claim it back if it is more than they owe HMRC. The employer then applies to HMRC for a reimbursement.
- The employer reports the apprentice's completion on the website
- This links to the website and notifies the employer that they are eligible to deduct a completion payment (PBR: payment by results) from their next PAYE payment
- Employers may have to adapt current payroll mechanisms to claim money back from HMRC

Employers Role

- Employers will have to go on line and identify which training provider/s is best suited to deliver the training they want and then contact them
- The employer will negotiate with providers on price, payment schedule and delivery. Payments will be freed from public control and set by the market between employers and providers. However the apprenticeship frameworks will have maximum values against them.
- The employer meets the costs of training according to the negotiated payment schedule they agree with the training provider and reports payments made through the website to HMRC.
- Employers may have to register with awarding bodies
- The employer will also have to negotiate with assessment companies on price and payments. This now has to be completely separate from the training. This money is contributed to and claimed back from HMRC in the same way as with the training.

b. Apprenticeship Credit Scheme

- The employer uses an authorisation code provided at registration to set up their Apprenticeship Credit account online.
- The employer is then able to make payments into their account at a time of their choosing, which automatically triggers payment of the government contribution into the account.
- The employer makes electronic payments to the registered training provider as agreed with their provider.
- The same process is used to pay the assessment provider

Administration

- Employers will have to set up and sign contracts with all training and assessment suppliers to protect government money they are receiving. Or maybe risk having it clawed back



Training Providers

- Training Providers will continue to receive the funding directly for the delivery of English and mathematics GCSE's part of apprenticeships
- Will no longer receive any other funding for apprenticeship delivery
- Are unlikely to have the resource to promote apprenticeships to schools, at skills fairs etc. It is expected that employers will assume this role.
- Will be able to offer services to employers around registrations, recruitment, monitoring progress, carrying out reviews, pastoral care, reporting back, applying for certificates etc, **BUT** this will be at an agreed price as they are no longer funded to carry out those tasks.

Time Line

- The employer-routed funding mechanism is expected to be available in 2016, meaning that, until then, funding for Apprenticeship training will continue to be routed via providers
- The transition period while both the new and the old systems co –exist is likely to be around three years