**Funding Reforms and Levy Update**

**Non-levy Employers**

* Non-levy employers - Providers will claim directly from government for Apprentices who start after 1 May. The providers will receive the first payments in June
* Employers will have to pay 10% of the agreed cost directly to the Provider (co-investment). The government will pay the remaining 90%
* Employers with fewer than 50 people working for them will be able to train 16-18 year old (or 19-24 on an Education, Health and Care Plan; EHCP) Apprentices without making a contribution towards the costs of training and assessment up to the funding band maximum
	+ These employers will also receive the £1000 for taking on a 16-18 year old or 19-24 on an EHCP. These payments will initially be paid to the Provider at a 3 month and 12 month point. Over time, the government will develop a system where the employer receives this payment directly
* It is envisaged that non-levy employers will be able to access the Digital Apprenticeship Service in 2018

**Levy Employers**

* The levy comes into effect on 6 April 2017 but funds will not appear in an employer’s digital account until just before the end of May for levy paid on their April payroll
* Will be able to access a new Digital Apprenticeship Service (DAS) that will allow them to spend their available funds on Apprenticeships only. Employers will be able to register for an account from January 2017
* The expiry of the funds in the digital accounts has been extended to 24 months unless they are spent on Apprenticeship training including 10% top-up
* Once employers have declared the levy to HMRC, they will be able to access funds for Apprenticeships through their DAS account
* Employers will be able to view the proportion available through DAS from March 2017. The first calculation will be run in February 2017 and then run quarterly
* Employers will also benefit from a 10% top up to monthly funds entering an account
* The level of funding will be calculated as
	+ Monthly levy paid to HMRC **x** proportion of employers pay bill for workforce living in England **+** 10% top-up by government
* In 2018, levy employers will be able to transfer up to 10% of the annual value of funds entering DAS to other employers in their supply chain or ATA’s. A new employer working group will further develop a transfers system
* If a levy employer has insufficient funds in their digital account to meet the full costs, they will co-invest 10% and the government will pay the remainder

**Funding**

* The start date for the new Apprenticeship funding is 1 May 2017
* The Apprentice will be funded if their main place of **employment** is in England with the exception of the Armed Forces and Apprentices whose occupation involves significant travel outside of the UK if they have an identified work location in England
* The Apprentice must be in learning for 42 days before they qualify for funds including learning support
* The final funding spreadsheet to include existing Frameworks and Trailblazer funding bands has been released
* All Providers and **all** Employers that deliver to 16-18 year olds or 19-24 year olds on an EHCP and on a **framework** will receive an additional £1000 each. The Provider will also receive a payment equal to 20% of the funding band maximum for that Framework as a transitional measure only. These funds will be paid direct from government and will not be deducted from an employer’s digital account. They will be paid in two equal instalments at 3 months and 12 months.
* Providers will set the duration of the Apprenticeship. 80% of the funds will be split evenly on OPP’s (monthly on programme payments). The remaining 20% will be paid at the end. For standards, the final payment will be paid once the end point assessment has been completed
* Disadvantage uplift – For the first year Providers will receive (direct from government) an uplift depending on postcode but through a more simplified system (**frameworks**)
	+ £600 for an Apprentice who lives in the top 10% of deprived areas
	+ £300 for an Apprentice who lives in the next 10% of deprived areas (10-20% range)
	+ £200 for an Apprentice who lives in the next 7% of deprived areas (20-27%)
* Functional skills will be paid direct to the Provider at a flat rate of £471. These will not be deducted from an employer’s digital account

**College/Training Provider**

* The College will apply to be on the Register of Apprenticeship Providers (RoATP)
* No grade 4 Providers or Colleges can apply
* Colleges are exempt from the financial health check section of the registration process
* The College will need to procure a funding allocation via the same system. We will no longer routinely get an automatic allocation. Procurement will range from a minimum of £100k to £10 million
* Payment to providers will be paid monthly in arrears for the training they report has been delivered. The first payments to providers for Apprentices with levy-paying employers who start in May will be June using funds that have appeared in levy digital accounts in May
* The College can put a price on the training that is higher than the funding band
* Providers can claim £150 each month for evidenced additional learning support and will receive it straight from the government and will not be deducted from an employer’s digital account

**General**

* All existing Apprenticeship frameworks have been placed in one of the 15 bands of funding ranging from £1500 to £27000
* New standards will be placed in a band as they become ready to deliver
* Employers will negotiate a price for their training & assessment, including any re-takes and the end point assessment
* There must be a written agreement between the employer and provider covering various points (detail in funding guides)
* The Provider that an employer contracts with must deliver some of the training
* An Apprentice can undertake an Apprenticeship at a higher level than a qualification they already hold, including a previous Apprenticeship if it is materially different and they will be learning substantive new skills
* STEM (Science, Technology, Engineering and Mathematics) subjects have had their adult rate increased by 40% at L2 and 80% at L3 and above and they have then been allocated to the nearest funding band
* All employers will need to meet, in full, any costs above the funding band limit for any particular Apprenticeship
* Additional English and maths training over and above the minimum standards must be paid for by the employer and negotiated separately as part of the overall price agreed with the Provider