

# APPRENTICESHIPS ARE CHANGING

New funding changes introduced this year will affect all employers in England. This will require large employers to contribute to a new Apprenticeship levy.

By 2018, all employers who train their staff or employ an Apprentice will be encouraged to use a new Apprenticeship Service Account to pay for the training or Apprenticeship qualification.

These changes will also give employers greater control over what training is being undertaken, including a wide range of qualifications to study, from GCSE level, right up to a Master's degree.

Apprenticeships have been reformed, a process that was initiated, developed and led by employers for employers. By 2020 the new Standard Apprenticeships will be fully operational.



*From May 2017,  
the funding for  
Apprenticeships  
in England will  
change.*



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# SO WHAT DOES THIS MEAN FOR YOUR BUSINESS?

**If you are currently training an Apprentice, who started before 1st May 2017, then the levy will not affect the way the Apprenticeship is funded.**

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.

However, if you are thinking about training an Apprentice after the 1st May 2017, then the new funding changes will apply. The amount you pay will depend on how many employees your business has and the type of Apprenticeship programme.

## I am an employer with less than 50 employees

If you choose to employ an Apprentice, who is aged 16-18, then you will not be required to contribute to the cost of the Apprenticeship. If you hire an Apprentice who is 19 or over, then the Government will ask you to make a 10% contribution towards the cost of the qualification.

If you are a small employer with less than 50 employees, then you will not have to pay into the Apprenticeship Levy, and you won't need to start using the new Apprenticeship Service Account until 2018.

## I am an employer with more than 50 employees

If you are an employer with 50 employees or more, then you will be asked to make a 10% contribution towards the cost of an Apprenticeship, whatever the Apprentice's age. The Government will cover the other 90%, and you will also be encouraged to start using the Apprenticeship Service Account by 2018.

## I am a large employer with a payroll in excess of £3m

If you are a large employer with an annual payroll totalling £3million or more, then you will be required to pay into the Apprenticeship Levy. The Levy will take effect from **6th April 2017** and you will pay 0.5% of your payroll into your Apprenticeship Service Account for any value above £3million. You will not be required to pay 0.5% on any value up to £3million.

The Government will then apply a 10% top-up to the amount you have paid, meaning that for every £1 you pay into your account, you will have £1.10 to spend on Apprenticeships and training in England. Your levy payment will expire after 24 months, so make sure to spend the funds before they disappear. You will be able to access your apprenticeship levy funds from May 2017.

In order to pay into your Apprenticeship Service Account, you will need to create an account and register. You can do this at [www.gov.uk/guidance/manage-apprenticeship-funds](http://www.gov.uk/guidance/manage-apprenticeship-funds).

Please get in touch if you would like to discuss the changes and costs to Apprenticeships further.



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