

# Changes to the apprenticeship system

## Factsheet for employers

Due to new government policy, the apprenticeship system is undergoing some significant changes between now and 2018. This briefing outlines the key confirmed changes and incoming funding arrangements to help employers prepare for the new system.

*N.B. Skills policy in the UK is devolved, meaning that these changes only apply fully in England. For arrangements in the rest of the UK, please refer to the government's [guidance on apprenticeships](#).*

## Overview

In June 2015, the government announced that it would create 3 million additional apprenticeships by 2020 in order to improve and increase the training opportunities available for young people and address the skills gap in the economy. At the same time, it is reviewing and standardising the whole apprenticeship system in England to ensure training is delivered to a consistently high standard and reflects labour market demand.

The Chancellor announced in the November 2015 Spending Review that the government will be introducing an apprenticeship levy on larger employers across the UK in April 2017 to contribute to fund these changes. Please see our separate Factsheet on the Apprenticeship Levy, available on the [Vocational Routes](#) page of our Future Proof website, for the full details.

On 7 December 2015, the government published a report titled 'English Apprenticeships: Our 2020 Vision' which outlines details of some of the high level changes to the apprenticeships system that will gradually be implemented between 2015 and 2018. [Funding arrangements for 2016 - 17](#) were published in January 2016.

## Standards

The term 'apprenticeship' will be defined in law by Summer 2016. Anyone employed as an apprentice in England will need to follow an approved 'standard', formerly known as a 'framework'. Groups of employers have been developing these standards in partnership with the government as part of the Trailblazers pilot, and there are now over 190 standards ready for delivery and over 160 more in development.

Unlike frameworks, standards do not lead to individual qualifications, but are aligned with individual occupations and culminate in a final assessment to demonstrate occupational competence. Support with English and maths is still embedded into the training. The government wants as many new apprentices as possible to start on these standards instead of the old frameworks during the 2016/17 academic year, which are gradually being phased out.

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The government is establishing a new independent employer-led body called the Institute for Apprenticeships (IFA) to monitor the quality of standards and keep training guidance up to date. The IFA will also set the maximum fees training providers can charge for delivering each standard, which will fall into set bands depending on the relative costs of delivering training. The IFA will be established by April 2017.

### Support for employers

The National Apprenticeship Service will continue to provide dedicated account holders to support larger employers who wish to set up an apprenticeship scheme, and through an advice helpline for smaller employers.

The government is also expanding the existing support on the National Apprenticeship Service website into a new Digital Apprenticeship Service, which will be fully functional by April 2017. This will become an online portal where all employers will be able to research and choose standards, find and book registered training providers to deliver the standards and advertise their apprenticeships directly to candidates.

Once an employer has selected a training provider and recruited their apprentices, they will also be able to pay for training directly through the portal. Employers' accounts in the portal will be automatically credited with digital vouchers worth the amount of government funding available for the standard that they have selected, plus any additional incentives (see below). The employer will need to pay the remaining amount themselves.

### Funding

The government announced the funding arrangements for the new standards in January 2016.

Each standard will fall into 1 of 6 price bandings signifying the maximum amount a training provider can charge to deliver a standard, depending on how much it costs to deliver (for example, an Advanced standard in engineering will cost more to deliver than an Intermediate office-based standard). These banding range for £3000 for Level 1 up to £27,000 for Level 5.

The government will provide core funding to cover **two thirds** of the training costs for all apprenticeships.

On top of this, they will provide three additional incentive payments for these conditions:

- When an apprentice is aged 16 – 18 when they start
- When the employer is an SME
- When an apprentice completes their training, employers will receive a bonus payment

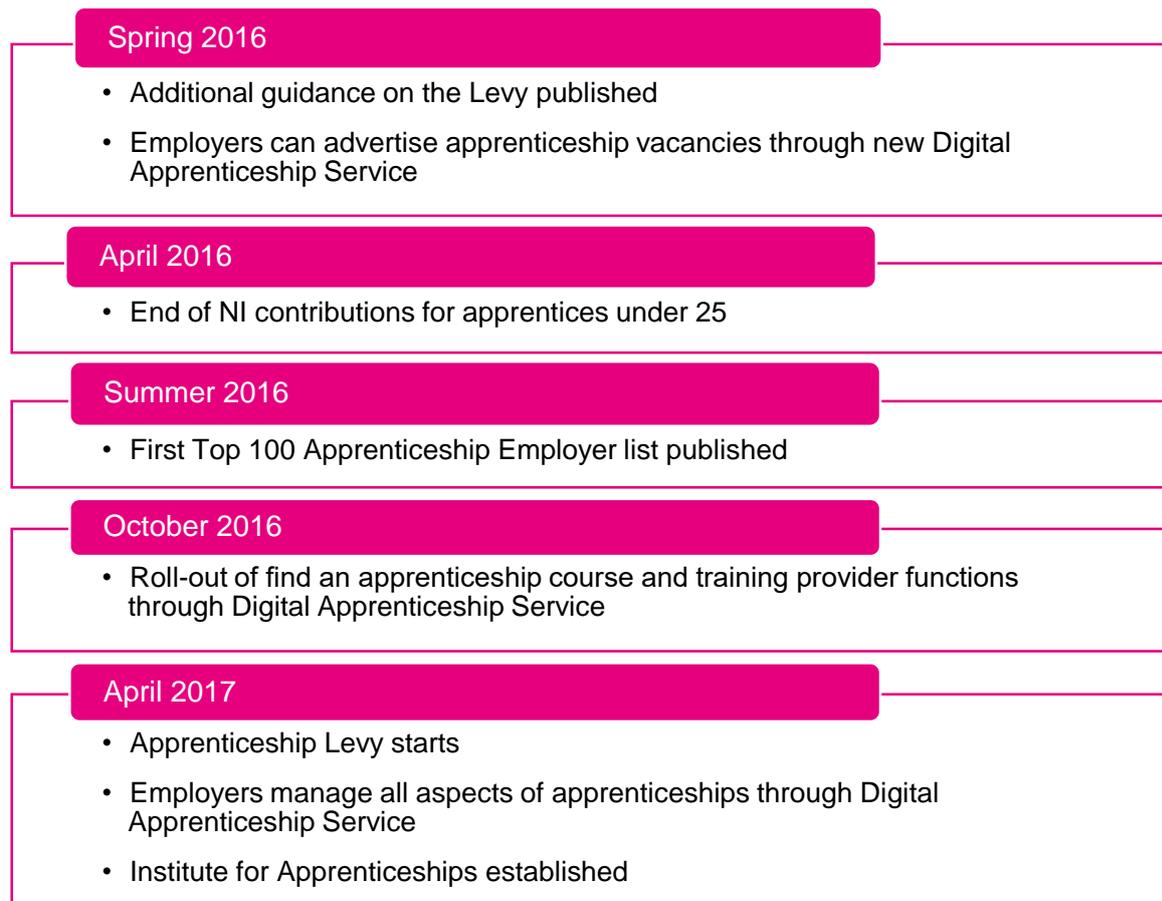
In some situations, these additional incentives will mean that 100% of training is covered. For full details about how much funding will be available for training in different circumstances, please see [p7 of the SFA's 2016/17 guidance](#).

The government has also announced that from April 2016, employers will no longer pay National Insurance contributions for apprentices under 25.

### Focus on transparency

As well as creating official standards for apprenticeships, the government also wants to drive up quality by increasing transparency. The government will start to publish average apprenticeship salaries by sector from January 2016. It will also start to publish a 'Top 100 Apprenticeship Employer' list from Summer 2016 based on ratings by apprentices.

## Expected timeframe for key changes



## Next steps

- Employers who currently or who are planning to employ apprentices can check whether there is an approved or planned standard that suits the needs of their business. If not, they need to consider what an appropriate standard might look like and take steps towards developing this new standard. A list of the existing standards can be found here: <https://www.gov.uk/government/collections/apprenticeship-standards>
- If an employer is interested in helping to develop new standards, they can contact the Trailblazer standards coordinators at [apprenticeship.trailblazers@bis.gsi.gov.uk](mailto:apprenticeship.trailblazers@bis.gsi.gov.uk)
- Employers can subtract the cost of paying National Insurance contributions for any apprentices under the age of 25 from their payroll budget planning for April 2016 onwards
- Employers can find out whether they will need to pay the apprenticeship levy and calculate how much it will cost by reading our Factsheet on the Apprenticeship Levy, available on the [Vocational Routes page](#)

## Sources:

*English Apprenticeships: Our 2020 Vision – December 2015*  
*BIS Trailblazer Evaluation – November 2015*  
*SFA Funding Rules 2016 - 2017*