

# Employer guide to apprenticeships



## What is an apprenticeship?

Apprenticeships benefit employers and individuals, and by boosting the skills of the workforce they help to improve economic productivity.

An apprenticeship is a real job with training. It is a way for individuals to earn while they learn gaining valuable skills and knowledge in a specific job role.

Apprenticeships are available in 1,500 occupations across 170 industries. Businesses of all sizes and sectors in England can recruit an apprentice and they can last anything from 12 months to 4 years.

## How do they work?

A training organisation – college, training provider or university – will work closely with you to ensure that the apprenticeship offered is the most appropriate for the individual's job role, whilst reflecting individual employer and learner needs.

Most of the training is on-the-job, working with a mentor to learn job specific skills in the workplace.

Off-the-job training will depend on the occupational area, the training organisation and the requirements and wishes of the employer. This training may be delivered in the workplace, through 'day release' or at premises away from the working environment.

On completion of the apprenticeship the apprentice must perform tasks confidently and completely to the standard set by the industry.

## Apprenticeship levels

There are various levels of apprenticeship available.

Name	Level	Equivalent educational level
Intermediate	2	5 GCSE passes at grades A* to C
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, living in England 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.

The focus of an apprenticeship is to equip individuals with the necessary skills and knowledge required for specific job roles, future employment and progression.

## Benefits of hiring apprentices

Hiring apprentices is a productive and effective way for businesses to grow their own talent by developing a motivated, skilled and qualified workforce.

83% of employers would recommend apprenticeships to others.<sup>1</sup>

The average apprenticeship completer increases business productivity by £214 per week, with these gains including increased profits, lower prices and better products.<sup>2</sup>

Other benefits that apprenticeships contribute towards include:

- improving productivity in the workplace
- increasing employee satisfaction
- reducing staff turnover
- reducing recruitment costs

## Employer responsibilities

Employers must give their apprentice an induction into their role and provide on-the-job training. Employers are responsible for paying their apprentice's wages and issuing their contract of employment.

By employing an apprentice, employers have certain requirements to meet:

- An Apprenticeship Agreement between the employer and the apprentice must be in place
- The apprentice must receive the Apprenticeship National Minimum Wage. Apprentices aged 16-18, or in the first year of their apprenticeship, must be paid a minimum of £3.50 per hour. All other apprentices are entitled to the National Minimum Wage for their age i.e. £5.60 per hour for apprentices aged 18-20, and £7.05 for those 21 and over.<sup>3</sup> Many businesses pay more.
- The minimum hours of employment for an apprentice should be at least 30 hours per week. By exception, where the individual's circumstances or the particular nature of employment in a given sector makes this impossible, then an absolute minimum of 16 hours must be met. In such cases the duration of the apprenticeship should be extended.
- All apprentices must receive the same benefits as other employees.

<sup>1</sup> BEIS Apprenticeship Employer Survey, 2015

<sup>2</sup> Productivity Matters, Centre for Economic and Business Research, 2013

<sup>3</sup> National Minimum Wages change in April 2017

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## Government support

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).

From May 2017 the following incentives will also be available to employers who take on apprentices:

- £1,000 payment to both the employer and provider when they train a 16-18-year-old.
- £1,000 payment to both the employer and provider when they train a 19-24-year-old who has previously been in care or who has a Local Authority Education, Health and Care Plan.
- Employers with fewer than 50 people working for them will be able to train 16-18-year-old apprentices without making a contribution towards the costs of training. The government will pay 100% of the training costs for these individuals.

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## Apprenticeship reforms

Over the last few years the government has embarked on a large-scale programme to reform the way apprenticeships are delivered and funded in England. The reformed 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 the reformed apprenticeships offer high quality opportunities for people to develop their talents and progress their careers.

The government will double the annual level of apprenticeship spending between 2010-11 and 2019-20 to £2.5bn, which will be funded by the new apprenticeship levy. The levy will be paid by employers with a pay bill of over £3m from April 2017.

The apprenticeship service on GOV.UK will enable employers to directly manage their apprenticeship programmes and purchase training.

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## The apprenticeship levy

The levy will be introduced on 6 April 2017 and will be charged at a rate of 0.5% of an employers' pay bill, paid through PAYE on a monthly basis.

Each employer will have a levy allowance of £15,000, this is not a cash payment. It works in a similar way to the personal tax allowance and cannot be used to purchase apprenticeship training.

The impact of the allowance means that **fewer than 1.3% of UK employers**, those with an annual pay bill of more than £3 million, **are liable to pay the levy**.

Employers in England who pay the levy will be able to get out more than they pay in, through a 10% top-up to their online 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% contribution to the cost, paid directly to the provider, and the government covers the rest. This cost will be spread over the lifetime of the apprenticeship.

The government is offering additional support to organisations with fewer than 50 employees\* by paying 100% of training and assessment costs for their apprentices aged 16-18 and for those aged 19-24 formerly in care or with a local authority education, health and care plan.

The government will also pay employers, no matter what size, £1,000 for each 16-18 year old apprentice they employ.

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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 their funds.

The apprenticeship service is made up of:

- **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** – 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** – registered levy paying employers can manage their funding and apprentices, view their levy balance, forecast and plan their spending and pay training providers through their online account.

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## Support

The National Apprenticeship Service supports the delivery of apprenticeships and traineeships in England.

It works with businesses of all sizes to analyse training needs, identify relevant apprenticeships or traineeships and the best way of providing the training.

The Business Support Team offers free, impartial advice and support to employers looking to recruit for the first time or expand their apprenticeship and traineeship workforce.

**Call 08000 150 600**

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

**Follow National Apprenticeship Service on LinkedIn**