Guidance for legal sector employers on funding for legal apprenticeships
Introduction

This note relates to England only. Apprenticeships are a devolved issue, and different rules apply to employers in Wales, Northern Ireland and Scotland. For more information on Welsh apprenticeships, visit the Welsh Government website, or contact our Wales Office.

In October 2014, the government pledged to deliver three million new apprenticeships by 2020 as part of a campaign to raise UK productivity. This has brought some big changes to the structure and delivery of apprenticeships in England, and the way they are funded. These changes aim to simplify existing arrangements and encourage employers to embrace apprenticeships in every sector and industry.

As part of this initiative, a number of new apprenticeships standards have been developed by employer-led Trailblazer groups, including three new legal apprenticeships. It is now possible to qualify as a paralegal, chartered legal executive, or a solicitor by completing an apprenticeship.

Currently, the apprenticeship system is divided into frameworks and standards - frameworks are funded based on the age of the apprentice, and standards are assigned to one of five or six funding bands. Under the new system, frameworks will be phased out and replaced by the more rigorous and robust standards.

The Apprenticeship Levy

From May 2017, any employer with a pay bill of more than £3 million will contribute 0.5% of that pay bill, as a levy, towards the funding of apprenticeships. Once they have declared the levy to HM Revenue and Customs, employers will be able to access funding for apprenticeships through a digital account. The funding available to an employer in England will depend on what proportion of their pay bill is paid to employees living in England.

Levy rate and allowance

Although employers with an annual pay bill of more than £3 million will need to contribute 0.5% of their total pay bill to the apprenticeship levy, the government has also introduced a levy allowance of £15,000 per year. This means that the total amount employers need to spend is 0.5% of your pay bill, minus £15,000.
Non-levy paying employers

Employers who do not pay the Apprenticeship Levy will pay 10% of the cost of training their apprentices and the government will pay 90%. The training provider will invoice the employer directly. All employers will need to meet any costs above the funding band limit for any particular apprenticeship.

Example:
An employer that does not pay the levy agrees with a training provider to pay £10,400 for the training of a paralegal. The upper limit of the paralegal funding band is £9,000.

The employer will pay 10% (£900) of the cost of training up to £9,000 and the government will pay the remaining 90% (£8,100). The employer will have to cover all agreed costs over and above the upper limit of the funding band, in this case £1,400.

Government funding bands

Alongside the Apprenticeship Levy, new funding bands will also be introduced on 1 May 2017 and will apply to all apprenticeships starting from then. These bands will not apply to apprenticeships that start before 1 May 2017.

Under the new system, each apprenticeship standard will be associated with one of 15 funding bands (see Table 1 for legal apprenticeship bands), with upper limits ranging from £1,500 to £27,000.

These upper limits represent the maximum amount that:
(a) the government will contribute, or
(b) that employers can take back out of their levy fund for the delivery of the training and assessment for an individual apprenticeship.

Table 1: Apprenticeship Levy funding bands

<table>
<thead>
<tr>
<th>Band number</th>
<th>Band upper limit</th>
<th>Legal apprenticeship standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>£9,000</td>
<td>Paralegal</td>
</tr>
<tr>
<td>10</td>
<td>£12,000</td>
<td>Chartered legal executive</td>
</tr>
<tr>
<td>13</td>
<td>£21,000</td>
<td>Solicitor</td>
</tr>
</tbody>
</table>
What does this funding cover?

Government and digital account funding, including levy contributions, can only be spent on training, education and assessment, including the end point assessment and is not to be used for wages or incidental costs, such as travel. For a comprehensive list of what the funding can and cannot be used for, see the Skills Funding Agency’s *Apprenticeship funding: rules and guidance for levy-paying employers* guide on pages 13-15.

The actual cost of apprentice training may be higher than the upper limit of the relevant funding band as this for the employer and the training provider to negotiate. The cost of the training, and other add-ons, which the training provider might offer, such as workplace assessment or assistance with recruitment, will depend on the employer’s particular needs and should be negotiated with the training provider.

The government will release a *Register of Apprenticeship Training Providers* in May 2017 which employers can use to select an appropriate provider. A current list of *Approved Apprenticeship Training Agencies* is available, and guidance on factors to consider when choosing a provider can also be found online.

Any sum that is agreed over and above the upper limit for the relevant band is the sole responsibility of the employer to fund – the government will not contribute and digital account / levy funds cannot be used.

**Example:**

The solicitor standard falls within band 13 with an upper limit of £21,000. Up to £21,000 will be paid by the government (in the case of a non-levy paying employer) or can be taken from the levy fund (by a levy paying employer) to fund the training and assessment of a solicitor apprentice over the duration of the apprenticeship. If an employer and a training provider agree to a training package to the value of £23,000, the government / levy would fund the first £21,000, but the employer would have to cover the remaining £2,000.
Key facts

- Levy paying employers will pay their contributions monthly to HMRC via the PAYE process, starting in May 2017. The government will top up these monthly payments, multiplied by the proportion of the pay bill paid to their workforce living in England, by an extra 10%. This will go directly into an employer’s digital account. Employers will then pay 100% of the cost of training their apprentices from their account.

- Digital account funds can only be spent on training, not on apprentice wages or travel costs.

- Unspent funds will expire after 24 months.

- Certain individuals will receive an additional £1,000, paid in two instalments, to meet the extra costs of supporting them. This is for employers who take on an apprentice who might be in need of some additional support, such as a young apprentice aged 16-18 years, or a 19-24 year old who has previously been in care or who has a Local Authority Education, Health and Care Plan. Employers who employ less than 50 staff will be able to take on apprentices from these groups without making a financial contribution to the costs of their training, with the government paying 100% of training.

- The government will withhold 20% of the total price for training and assessment, including end-point assessment, until the apprentice completes the programme.

Useful resources:

- Apprenticeship funding: rules and guidance for levy-paying employers
- Welsh Government website and Welsh Office
- Law Society of Northern Ireland
- Law Society of Scotland
- The Skills Funding Agency
Employer checklist

Before the apprenticeship starts:

- There must be a genuine job available after the apprenticeship is completed, unless the apprentice is employed by a recognised apprenticeship training agency.
- Choose a training provider and negotiate a price.
- Check the eligibility of the apprentice, which includes, but is not limited to:
  » having the right to work in England
  » spending at least 50% of their working hours in England
  » the apprentice must be working for you or a connected company as defined by HMRC
- You must have an apprenticeship agreement with the apprentice.
- You must have a commitment statement, signed by you, the apprentice and the main provider.
- Make sure you have evidence required for any additional payments.
- Record the apprenticeship in your digital account (you can ask the provider to do this for you).
- Choose an end-point assessment organisation.

During the apprenticeship:

- Make sure the apprenticeship will last for at least one year, or more if specified in the apprenticeship standard or framework.
- Make sure the apprentice is taking part in learning throughout the apprenticeship.
- Provide evidence to the training provider of the apprentice’s average weekly hours.

Source: Skills funding agency guide - Apprenticeship funding: rules and guidance for levy-paying employers.