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Apprenticeships in England from May 2017

Introduction

The Government have radically changed the way in which apprenticeships in England will be funded from May 2017. These guidance notes are intended to provide a summary of the key points that will be relevant to the Leadership and Management apprenticeships that we intend will be available from CMBD.

Traditionally, apprenticeships have been perceived as being for young people joining an organisation. Under the new arrangements, any existing employees of any age requiring enhanced skills and knowledge to do their job or a job in the future can be funded as well as younger new starts.

For example, existing first line Managers can be funded to take a Chartered Management Institute (CMI) Level 5 apprenticeship over an average 18-month to 2 year period to prepare them for a more senior role. CMBD has applied to the Skills Funding Agency (SFA) to be an approved apprenticeship training provider and will offer CMI Level 3 Supervisor/First Line Manager and CMI Level 5 Operations/Departmental apprenticeships.

In addition to these funding changes, the Apprenticeship Levy scheme will also come into operation from May for certain large organisations and a summary of these arrangements is also provided.

Apprenticeship levy payments can only be used for an approved apprenticeship delivered via an approved training organisation.

All the information contained in these notes is based on current Government publications. It should be noted that some of these are draft documents and that all are subject to change by the Government without notice. For that reason we have prepared these notes in good faith but CMBD cannot guarantee the accuracy of the information.

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Paying the Apprenticeship Levy

Employers with an annual pay bill of more than £3 million will need to spend 0.5% of their total pay bill on the apprenticeship levy. There is a 'levy allowance' of £15,000 per year. This means that the

total amount you need to spend is 0.5% of your pay bill, minus £15,000. Payments will be made to HMRC via the PAYE system monthly from May 2017.

To calculate how much levy will be paid:

1) Work out what the total pay bill is.

The pay bill is made up of the total amount of employees' earnings that are subject to Class 1 National Insurance contributions. Employees' earnings include any money they make from employment, such as: wages, bonuses, commissions and pension contributions.

HMRC will not charge the levy on other payments to employees, such as benefits in kind.

2) Work out what 0.5% of your total pay bill is.

3) Subtract the £15,000 allowance.

Example: An employer with an annual pay bill of £3,500,000 will need to spend £2,500 on the levy:

levy sum: $0.5\% \times £3,500,000 = £17,500$

subtracting levy allowance: $£17,500 - £15,000 = £2,500$ annual levy payment.

The Government will 'top up' levy payments by 10%. In the example above, monthly payments would be £208.33 but the amount available to be spent on apprenticeships each month would be £229.16

If organisations wish to spend more than is available in the levy account each month, then the Government will 'co-fund' the additional expenditure and pay 90% of the additional cost up to the maximum banding for that apprenticeship. The remaining 10% is paid direct to the training provider by the organisation.

This is an example of an organisation with a £2,500 levy payment wishing to fund three CMI Level 5 Operations/Departmental Manager apprenticeships over an 18-month period (figures rounded to nearest £).

Total cost of apprenticeships $£9000 \times 3 = £27,000$ (these are band 9 in the SFA maximum funding table)

Total Levy payments over an 18-month period are $£208 \times 18 = £3,744$ plus 10% top-up = £4,118

Cost of training minus levy payment and top-up is $£27,000 - £4,118 = £22,882$. This will be 'co-funded' meaning the organisation will pay £2,282 and the Government will pay £20,600.

In summary, for three Level 5 apprenticeships for a levy paying organisation, the Government contribution to the total cost of £27,000 is co-funding support of £20,600 plus the 10% top-up on the levy payments of £374.

Therefore, total Government support is £20,974 and the organisation contributes £6,026.

Not Paying the Apprenticeship Levy

Organisations not having to pay the levy can still receive 90% 'co-funding' for eligible apprenticeships.

This is an example of an organisation with a no levy payment wishing to fund three CMI Level 5 Operations/Departmental Manager apprenticeships over an 18-month period (figures rounded to nearest £).

Total cost of apprenticeships £9000 x 3 = £27,000 (these are band 9 in the SFA maximum funding table)

Cost of training is £27,000. This will be 'co-funded' and the Government will pay £24,300.

In summary, for three Level 5 apprenticeships for a non-levy paying organization:

The Government contribution to the total cost of £27,000 is co-funding support of £24,300 and the organisation contributes £2700.

What is a Leadership and Management Apprenticeship?

All Government supported and funded apprenticeships must be delivered to an approved framework or standard. CMBD intends to offer the level 3 and Level 5 currently approved CMI Leadership and Management options. The CMI have worked closely with the SFA to develop these over many years and this is the Gold Standard for these apprenticeship options.

There are two levels at which Leadership and Management apprenticeships can be taken up through CMBD.

Level 3 Team Leader/Supervisor

This apprenticeship is for a team leader/supervisor first line manager. It can be used to upskill someone already in this role who needs to improve their current skills and knowledge level, or be used to prepare someone for this role in the future.

Key responsibilities are likely to include supporting, managing and developing team members, managing projects, planning and monitoring workloads and resources, delivering operational plans, resolving problems, and building relationships internally and externally.

The entry requirement will be decided by the employer but is typically three GCSE's at Grade C or higher All candidates must have or achieve at least Level 2 in Maths and English (support is available from the Government to help with this if required).

The apprentice will complete a CMI Level 3 Diploma qualification, develop a portfolio of evidence, complete regular performance and progress reviews with their line manager and take an end-point assessment to complete their apprenticeship.

Apprentices will attend CMBD training courses to provide the underpinning knowledge and skills that will help them to complete their CMI assignments. These will cover the three main areas of:

- Interpersonal Excellence – managing people and developing relationships
- Organisational Performance – delivering results
- Personal Effectiveness – managing self

In addition to the training days, apprentices will develop and assemble a portfolio of evidence demonstrating the required levels of competency and behaviour.

The End-Point Assessment will test the entire Standard, and be undertaken as follows:

- Assessment of knowledge through a test using scenarios, questions and responses
- Assessment of competency through competency based interview
- Assessment of portfolio of evidence
- Continuing Professional Development Log reviewed and professional discussion/question and answer session.

The End-Point Assessment requires apprentices to demonstrate they have achieved the standard.

A Level 3 apprenticeship will take a minimum of 12 months and is likely to require between 15 and 18 months in practice. Each Level 3 Leadership and Management apprenticeship is rated at band 7 by the SFA for 2017/18 and costs £5,000 including the end-point assessment by the CMI.

Level 5 Operations/Departmental Manager

An operations/departmental manager is someone who manages teams and/or projects, and achieves operational or departmental goals and objectives as part of the delivery of the organisational strategy.

They are accountable to a more senior manager or business owner, may work in the private, public or third sector and in all sizes of organisation. Specific responsibilities and job titles will vary, but the knowledge, skills and behaviours needed will be the same.

Key responsibilities may include creating and delivering operational plans, managing projects, leading and managing teams, managing change, financial and resource management, talent management, coaching and mentoring.

Roles may include: Operations Manager, Regional Manager, Divisional Manager, Department Manager and specialist managers.

The entry requirement for this apprenticeship will be decided by each employer, but may typically be five GCSEs at Grade C or higher. Level 2 Math's and English is a mandatory requirement either before or to be achieved during the apprenticeship.

The apprentice will complete a CMI Level 5 Diploma qualification, develop a Portfolio of evidence, complete a work based project, complete regular performance and progress reviews with their line manager and take an end-point assessment to complete their apprenticeship.

Apprentices will attend CMBD training courses to provide the underpinning knowledge and skills that will help them to complete their CMI Level 5 Diploma assignments. These will cover the three main areas of:

- Interpersonal Excellence – managing people and developing relationships
- Organisational Performance – delivering results
- Personal Effectiveness – managing self

In addition to the training days, apprentices will be assisted to develop and assemble the portfolio of evidence and complete a work based project to demonstrate the required levels of competency and behaviour.

The End-Point Assessment will test the entire Standard, and be undertaken as follows:

- Assessment of knowledge through a test using scenarios, questions and responses
- Assessment of competency through a structured competency based interview
- Assessment of portfolio of evidence
- Presentation on work based project with Question and Answer session
- Continuing Professional Development Log reviewed and professional discussion

The End-Point Assessment requires apprentices to demonstrate they have achieved the standard.

A Level 5 apprenticeship will take a minimum of 12 months and is likely to require between 18 months and 2 years in practice. Each Level 5 Leadership and Management apprenticeship is rated at band 9 by the SFA for 2017/18 and costs £9,000 including the end-point assessment by the CMI.

What is an apprentice?

An apprentice can be almost anyone who needs to develop their skills, knowledge and behaviour.

This can mean an existing employee or a new starter of any age who is eligible to receive Government funding. Typically, eligibility includes such criteria as being employed in England (separate rules and schemes exist for Wales and Scotland), having the right to remain in the UK and requiring new skills and knowledge to carry out their job role or to develop into a new role.

Apprenticeships would traditionally not be funded if the apprentice had existing higher level qualifications. If it can be evidenced that new skills are required for an existing or new job role then funding may be available but is not guaranteed as far as we can see.

We think that the commonest scenario for most organisations will be the use of the apprenticeship format to develop and retain the best talent in the organisation, growing them into more senior roles as they progress.

Apprenticeships may be particularly suited to growing organisations and for succession planning purposes.

Important points and summary

- Forget the traditional definition and perception of what an apprentice is. They can be a manager in an existing senior role preparing to take on more responsibilities or a 16-year-old new recruit.
- Organisations paying the levy can only use the funds to pay for apprenticeships, but these will be 'topped up' by the Government by 10%
- Organisations paying the levy will receive 'co-funded' Government support of 90% (up to the band limit for the apprenticeship) if their levy payments do not meet the full cost of their apprenticeship programmes.
- Non-levy paying organisations will receive 'co-funded' Government support of 90% (up to the band limit for the apprenticeship).
- There are additional support payments available to the training provider and/or the employer if new 16-18-year old apprentices are taken on, for certain 19-24-year old apprentices (e.g. with Education, Health and Care plans) and for apprentices being employed from certain

deprived areas. The Apprenticeship Grant for Employers (AGE) may also be available to eligible employers with less than 50 employees.

- Apprenticeships can only be delivered by an approved training provider (on the SFA Register of Apprenticeship Training providers).
- Employers are required to manage their apprentices, providing review, feedback and progress reports and to assist with the development of portfolios, work projects (if required) etc. CMDB can assist with this process if required at additional cost depending on the level of involvement. This can range from advice and guidance all the way to a turn-key solution.
- All apprenticeships require the apprentice to spend a minimum of 20% of their time on off-the-job training. This is defined as learning that is undertaken outside of the normal job. In practice this means attendance at in-house or open courses as part of the CMI diploma qualification, time spent on developing and building up the portfolio, time spent researching and writing assignments and completing any project work required. This time must be recorded and evidenced. CMDB will discuss and agree how this requirement will be met and evidenced on a case by case basis.
- All apprentices must have or complete Level 2 in Math's and English before they are end-point assessed. Funding support is available to help with this if required.
- All end-point assessments must be undertaken by an independent organisation that is on the SFA Register of Apprentice Assessment Organisations. CMDB intend to use the CMI as the end-point assessor.

If you would like more information or to discuss your requirements, please email apprentice@cmbd.org.uk