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Funding Guide for Employers
Advanced Level or Higher Apprenticeships
for employees aged 24 and over

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An Apprenticeship is a way for young people and adult learners to earn while they learn in a real job, gaining a real qualification and a real future. Apprenticeships are available at Intermediate, Advanced and Higher (degree) level, covering more than 170 industries and 1500 job roles, from advertising to youth work via environmental engineering and nuclear decommissioning. This information sheet provides an overview of funding available for employees aged 24 and over taking an Advanced Level or Higher Apprenticeship.

The guide:

- Highlights the benefits to your business of Advanced Level and Higher Apprenticeships
- Explains the different funding options for employers and apprentices
- Contains useful links to further information

Benefits of Advanced Level and Higher Apprenticeships for employees aged 24 and over



Advanced Level and Higher Apprenticeships can significantly benefit both the employer and apprentice.

Research¹ shows that the benefits of an Apprenticeship considerably outweigh the costs of training. Amounts vary between sectors, but benefits for the employer can include:

- The rapid increase of the individual's productivity during the period of the Apprenticeship
- The relatively inexpensive wage cost, compared to a fully-trained employee
- The transfer of new ideas into the workplace, for example by considering the apprentice's project work
- The relative productivity of fully experienced workers trained with the organisation, compared with those recruited externally
- A better organisational 'fit' between those trained in-house and the working practices of the organisation
- Improved labour retention of apprentices trained with the organisation;
- Removal of difficulties recruiting suitable fully-experienced workers from the external labour market
- A more motivated and satisfied workforce

For the individual, benefits include:

- The application of theoretical knowledge in real situations, and the opportunity to understand the working environment
- Increased employability and earning potential, as well as gaining skills and confidence
- Improved teamwork, communications and social skills
- Improved literacy, numeracy and IT skills
- A broader understanding of their chosen sector, as well as their rights and responsibilities as an employee

Quality and Satisfaction

Ensuring the quality of the Apprenticeship is paramount, and employers can be reassured that Apprenticeship qualifications are developed in association with the relevant Sector Skills Councils and experienced professionals to ensure that they represent the reality of the requirements of the role. The National Apprenticeship Service has recently tightened the rules regarding the length of time an Apprenticeship needs to last. (See: www.apprenticeships.org.uk/Partners/Policy/Apprenticeship-Delivery-Models.aspx)

¹"The Net Benefit to Employer Investment in Apprenticeship Training", Warwick Institute for Employment Research, 2009

Benefits of Advanced Level and Higher Apprenticeships for employees aged 24 and over (Continued)

Apprentices like Apprenticeships too:

NAS research (January 2013) shows that 72% of apprentices aged over 24 believe their earning potential has increased.

In addition:

Impact on personal development

- 88% are more confident in their own abilities
- 82% have more enthusiasm for learning
- 81% are more likely to do further training/learning
- 77% have a better idea about career aspirations
- 62% have an improved quality of life

Changes in employment circumstances since completing

- 89% record some sort of positive change
- 75% now have a job with more responsibility
- 71% feel they have increased their job satisfaction
- 70% have improved pay and promotion prospects
- 66% have better job security
- 36% have had a promotion

A worthwhile investment

The National Apprenticeship Service website includes a Return-on-Investment calculator (www.apprenticeships.org.uk/Employers/ROI-Tool.aspx) to give employers a feel for how much net benefit an Apprenticeship can bring.



72%

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From August 2013 apprentices aged 24 and over on Advanced Level and Higher Apprenticeships will no longer attract Skills Funding Agency funding.

It is expected that employers will make a contribution towards the cost of Apprenticeship training, with the remaining costs being met by the individual. There are however a number of possible variations to this model.

Investment by the Employer

- a) The employer pays for 100% of the Apprenticeship training
- b) The employer makes a contribution to the Apprenticeship training

Investment by the Individual

- c) The individual co-funds the Apprenticeship training with the employer, making a contribution of up to 50%.

This could be funded via:

- i) a 24+ Advanced Learning Loan
- ii) a Professional and Career Development Loan (PCDL)
- iii) self-funding
- iv) a combination of any of the above

Exploring the options in more detail:

a) The employer pays for the entirety of the training

Given the business benefits of an Apprenticeship, employers may choose to pay for all the Apprenticeship training costs.

It may be part of an employer's organisational practice to consider arrangements whereby the employee becomes liable for some or all of the cost of training paid for on their behalf if they choose to leave the employment before a certain period of time – this can help maximise investment and improve retention.

b) An employer loan repaid through salary deductions

Some employers may choose to pay for the Apprenticeship training and then offer their employees a beneficial loan for their contribution, recouping the cost through salary deductions.

Further information can be found on beneficial loans and any tax implications can be found on the HMRC website: hmrc.gov.uk

Funding options (Continued)

c) Loan and individual payment options

i) 24+ Advanced Learning Loans

It is expected that employers will contribute to and support the cost of Apprenticeship training. The apprentice may qualify for a 24+ Advanced Learning Loan to replace the previous government contribution. These loans from the UK government are administered by the Student Loans Company and can help apprentices pay for up to 50% of the fees of their Advanced Level or Higher Apprenticeship. The maximum loan amount that can be requested is capped, taking into account the assumed contribution of 50% made by the employer. Details of the agreed maximum amounts for Apprenticeship frameworks are available at <http://readingroom.lsc.gov.uk/SFA/24+ Advanced Learning Loans Maximum Amounts.xls>

Individuals can make an application for a loan when the training organisation issues them with a Learning and Funding Information letter confirming details of the course and costs. They will also advise individuals if both a further and higher loan application is required for a Higher Apprenticeship. Following the application being made to Student Finance England, a letter will be sent to the individual to let them know if their loan application has been approved.

Each employer should agree the balance of their contribution to support the Apprenticeship training with the training organisation.

It's easy to apply for a 24+ Advanced Learning Loan, household income isn't taken into account and there's no credit check. The apprentice won't have to pay anything back until their income is over £21,000 a year. Loan repayments begin in the April after completion of the Apprenticeship and are based on income, not the amount borrowed. Full details of the application procedures, repayments and interest rates calculations are available at <https://nationalcareersservice.direct.gov.uk/advice/courses/funding/pages/24AdvancedLearningLoans.aspx>

Research shows that on average learners derive substantial benefits from undertaking advanced and higher level qualifications, so these government backed loans are being introduced on the basis that these apprentices should make a higher contribution to the cost of their learning in line with the benefits they receive.

ii) Professional and Career Development Loans

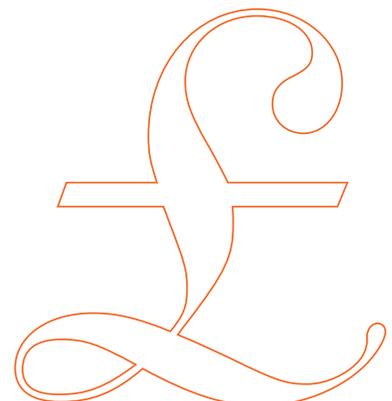
A Professional and Career Development Loan is a commercial bank loan, so the apprentice will have to pay it back once they have completed their Apprenticeship. However, the individual doesn't pay interest during the training period. Loans are generally available for between £300 and £10,000.

iii) The individual self funds the Apprenticeship

Where the individual has savings or other financing available to them, they may choose to pay the training organisation their proportion of the training costs directly. Training organisations may offer a payment by instalment facility which could make this an affordable and attractive option.

Further information is available via the National Careers Service: <http://nationalcareersservice.direct.gov.uk>

It is important that the apprentice considers their own circumstances and looks into all the options for paying for their Apprenticeship. If finance is a concern they can access impartial money advice from the Money Advice Service at www.moneyadviceservice.org.uk



Further Information

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Information for learners and apprentices:

What does taking a loan mean for the apprentice?

<https://nationalcareersservice.direct.gov.uk/advice/courses/funding/pages/default.aspx>

Financial information, support and making financial decisions around training:

www.moneyadvice.service.org.uk

For more on Professional and Career Development Loans (PCDLs)

www.gov.uk/career-development-loans/overview

Information for training organisations and employers who deliver their own training:

Information and support on Loans for Training Organisations:

www.24plusmicrosite.com

Implementation toolkits for Providers delivering loans:

www.excellencegateway.org.uk/24plusloans

