

aat

Completing the apprenticeship equation

AN EMPLOYER'S GUIDE

AAT is a registered charity. No. 1050724



KPMG are using AAT qualifications as part of the knowledge learning for Trailblazers.

“Our 360° Apprenticeship programme gives apprentices the opportunity to gain a really diverse range of experience. When this is coupled with the knowledge they get from studying the AAT Accounting Qualifications, the apprentices are well equipped to tackle the breadth of the modern accounting industry.”

Kathryn Roberts

Senior Manager of KPMG360°
Qualification Training,
KPMG





AAT, supporting you every step of the way towards adopting the new Apprenticeship Standards.

A review of apprenticeships in England was commissioned by the Secretary of State for Business, Innovation and Skills (BIS). The purpose was to ensure that apprenticeships deliver high quality training, qualifications and skills appropriate for the needs of employers.

The headlines

- Employers to be charged with defining and maintaining Apprenticeship Standards.
- An End Point Assessment (EPA) to be introduced to demonstrate apprentices' competence.
- Apprenticeships to be graded.
- Funding to be accessed from the Apprenticeship Service.

The groups of employees who were instrumental in creating the Apprenticeship Standards are called 'Trailblazers'.

The new apprenticeships aim to:

- 1 give employers more control over the design of their apprenticeships
- 2 increase delivery flexibility
- 3 streamline and simplify the apprenticeship funding
- 4 refocus and increase the effectiveness of apprenticeship training.

The new Apprenticeship Standards will replace the existing Apprenticeship Framework. As an employer you'll need to understand and consider the changes to delivery requirements and assessment methods.

We've created this guide to help you understand the new Accounting Apprenticeship structure and what these changes mean to you as an employer wishing to offer the following apprenticeships:

Assistant Accountant Apprenticeship

– Level 3

Professional Accounting Technician Apprenticeship

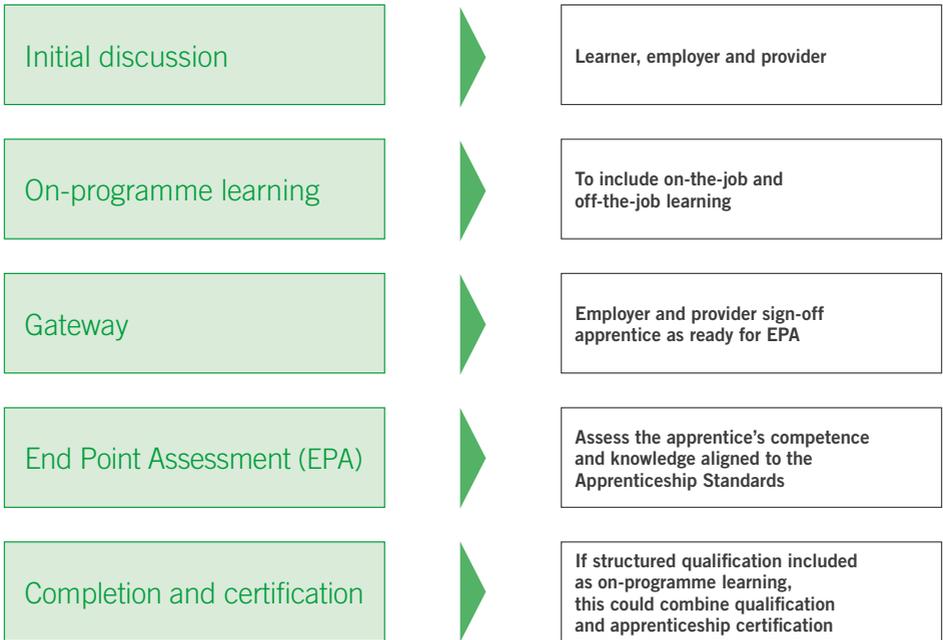
– Level 4

INTRODUCING THE Standards

This section includes:

- a summary of the new standards
- guidance on core maths and English skills
- an outline of behaviours.

The individual Accounting Apprenticeship Standards provide you with an outline of the knowledge, skills and behaviours your apprentice should accomplish during their apprenticeship. The Standards link to a specific job level and are accompanied by a detailed Assessment Plan.



Occupational competence

Elements of the new Standards

Continuous assessment of the apprentices' progression and development will still be a requirement of the new Apprenticeship Standards. This will be gathered as feedback and used as a benchmark to determine their readiness for the EPA.

The development of knowledge and skills, including maths and English and specific behaviours as outlined in the Assessment Plan are the fundamental requirements of what is known as the **'on-programme learning'** element of the apprenticeship.

Apprenticeships and qualifications

AAT qualifications and accounting apprenticeships develop your staff and your business.

As an employer, you can choose to build a qualification into your apprenticeship. Our Accounting Qualifications are the perfect answer for addressing the knowledge requirements of the on-programme learning.

Our Accounting Qualifications set out clear progression milestones for you and your apprentices, while providing the opportunity to gain internationally recognised qualifications.



70%

of surveyed employers said apprenticeships improved product quality and service.

Source: Go in Get Far

Maths and English

Maths and English skills are fundamental to achieving success in all career paths. Apprenticeships need to incorporate opportunities for apprentices to enhance their knowledge and understanding of the use of maths and English within the business environment.

Behaviours for the workplace

Behaviours and the ability to deal with different scenarios within the workplace are just as important as having the required skills and knowledge. The Apprenticeship Standards and Assessment Plans outline the expectations and behaviour requirements.



▶ 89%

of employers say that apprentices make their business more productive.

Source: Go in Get Far

END POINT

Assessments (EPAs)

This section includes:

- information about the EPA
- assessment methods
- information on EPA scheduling.

Both the Assistant Accountant and Professional Accounting Technician Apprenticeships have a minimum time frame of 12 months of on-programme learning. After completing the on-programme learning and being deemed competent, the apprentice moves to the 'apprenticeship gateway', ready to sit their End Point Assessment (EPA).

An EPA is a holistic assessment for the knowledge, skills and behaviours that have been learnt throughout the apprenticeship.

We're registered as an Apprentice Assessment Organisation (AAO). As the AAO we'll organise independent assessors to mark the EPA elements.



53%

of employers reported they benefited from lower recruitment costs, while 59% experienced lower training costs.

Source: www.hfe.co.uk

Methods of assessment

AAT's EPAs will consist of two parts.

- 1 An online synoptic assessment. This will use our existing AQ2016 synoptic assessments, mapped to both the Assistant Accountant and Professional Accounting Technician apprenticeship standards, and will test the apprentices' knowledge and practical capabilities, via a series of business related tasks through a role specific simulation.
- 2 A portfolio and reflective assessment. Apprentices will need to collect evidence from the workplace to demonstrate competence of the defined knowledge, skills and behaviours. The portfolio of evidence will support and inform the assessment of a reflective statement.

Apprenticeship Standard	Assessment one	Assessment two
Assistant Accountant Apprenticeship	Online synoptic assessment	Portfolio of evidence and reflection: <ul style="list-style-type: none">• professional discussion.
Professional Accounting Technician Apprenticeship	Online synoptic assessment	Portfolio of evidence and reflection: <ul style="list-style-type: none">• written statement, or• professional discussion.

Assessment scheduling and grading

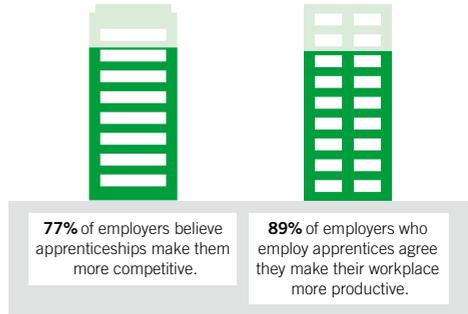
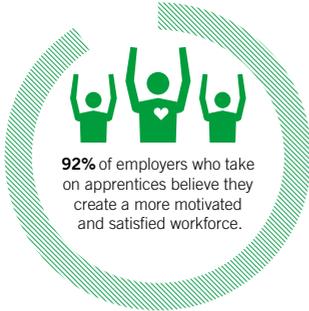
The apprentice's training provider will be responsible for scheduling the assessments. Both elements of the EPA will be scheduled and managed using our well established online assessment platform.

For the EPA to be scheduled, four criteria need to be met.

- 1 The apprentice must have completed a minimum of 12 months' on-programme learning.
- 2 The apprentice needs to have reached a Level 2 standard in maths and English.
- 3 The apprentice must have progressed to the 'gateway' phase, signed off as competent in relation to the knowledge, skills and behaviour requirements.
- 4 The portfolio of evidence needs to be signed off by all involved parties.

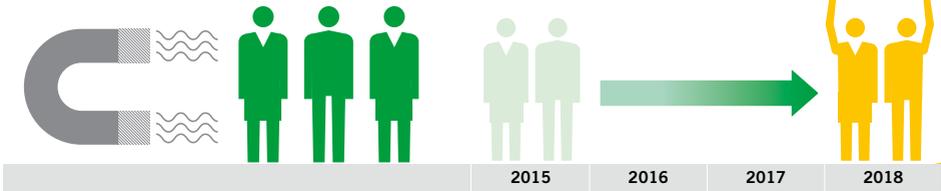
On completion of the EPA, the apprentice will be awarded a grade of either Pass or Distinction.

Why have an apprenticeship scheme?



80% of companies who invest in apprentices have reported a significant increase in employee retention.

80% of employers who employ apprentices rely on their apprenticeship programme to provide the skilled workers they need for the future.



Source: skillstraininguk.com

They can make your business more productive

Apprentices tend to be keen to advance and eager to impress their employers, which leads them to be more productive. They can also encourage other workers to work more efficiently.

They're cost effective

Apprentices are a really cost-effective way to both hire and train staff. You receive contributions towards training costs from the government and the recruitment process is typically simpler than hiring a regular employee, meaning it tends to be less expensive.

APPRENTICESHIP funding

This section includes:

- information about the new funding structure
- a breakdown of the funding bands
- examples of how the levy will work.

A compulsory apprenticeship levy applies to employers across England. As an employer you'll fall into one of two groups – levy payer or non-levy payer.

The apprenticeship levy is a government tax of 0.5% of your pay-bill. This will apply to all employers with a pay-bill in excess of £3 million, even if you don't employ an apprentice. The levy will be paid monthly through your PAYE.

Employers with a pay-bill
of under £3 million
(non-levy paying)

will co-invest in the delivery
of their apprenticeships

Employers with a pay-bill
of over £3 million
(levy payers)

will pay the apprenticeship levy into
the new Apprenticeship Service.
Levy funds can only be spent on
training and assessments for
chosen apprenticeships.

*Your pay-bill includes all payments to employees that are subject to Class 1 secondary National Insurance Contributions, such as wages, bonuses and commission.

Levy payers

0.5% of your pay-bill. Paid monthly for every month your pay-bill is over £250,000.

£15,000 offset against levy payments.

Government will apply a 10% top-up to monthly funds entering an employer's Apprenticeship Service account. For every £1 that goes into your Apprenticeship Service account to spend in England you'll get £1.10.

Single companies with multiple PAYE schemes will be combined for the purpose of Levy calculations.

Your levy funds will expire after 24 months.

If your levy funds run out and you still wish to hire an apprentice you'll revert to the co-funded model for non-levy payers.

Non-levy payers

Will co-invest with the government. Employer will pay 10% regardless of the age of the apprentice and government will pay 90%.

£15,000 offset against any potential levy payments.

Benefit from a £1,000 incentive payment for taking on a 16–18 year old or 19–24 year old who was formally within a care or Local Educational or Health Plan.

Government will contribute 100% of the cost of training an apprentice aged 16–18 years old for employers with fewer than 50 employees.

The Apprenticeship Service

The online Apprenticeship Service will be the central portal for administering apprenticeships. Through the service you'll be able to:

- select an Apprenticeship Standard
- choose the training provider or providers that you want to partner with for delivering the training
- choose the organisation that will act as the AAO to assess your apprentices
- post apprenticeship vacancies.

If you're an employer who pays the levy, you'll also use the service to:

- set the price you've agreed with your provider
- make the payments for the apprenticeship training and assessments
- arrange payment stops/pauses (if for example, your apprentice stops their training).

Levy example:

Employer with a pay-bill of £2,000,000 (non-levy payer)

Levy sum: $0.5\% \times £2,000,000 = £10,000$

Allowance: $£10,000 - £15,000 = £0$ annual levy payment

Employer with a pay-bill of £5,000,000 (levy payer)

Levy sum: $0.5\% \times £5,000,000 = £25,000$

Allowance: $£25,000 - £15,000 = £10,000$ annual levy payment

10% top up on annual levy payment: $0.10\% \times £10,000 = £1,000$

Total amount into Apprentice Service account = £11,000

Funding bands

All apprenticeships will be placed into one of 15 funding bands. The upper limits of each band will:

- cap the amount of Apprenticeship Service funds the employer can apply towards an individual apprenticeship
- cap the amount the government will co-invest, where the employer doesn't pay the levy or has insufficient funds
- the Assistant Accountant and Professional Accounting Technician apprenticeships are in band 9.

Funding band	Finding cap
1	£1,500
2	£2,000
3	£2,500
4	£3,000
5	£3,500
6	£4,000
7	£5,000
8	£6,000
9	£9,000
10	£12,000
11	£15,000
12	£18,000
13	£21,000
14	£24,000
15	£27,000

As an employer it's within your interest to negotiate the best price for the training. If you wish to spend more than the maximum funding band limit you can do so, however, levy funds can't be used to cover fees above the band limit.

Example:

Funding band limit £9,000.

You negotiate a fee of £10,500 for the training, £1,500 above the band limit.

With funds in your Apprentices Service account – £9,000 will be deducted for your account over the period of the apprenticeship. You'll be responsible for the extra £1,500. This can't be paid out of your Apprenticeship Service account.

With insufficient funds or if you're a non-levy payer – The government will pay £8,100 (90%) and you'll pay £900 (10%). You'll then also need to pay the additional £1,500 above the band limit.

If you have funds within your Apprenticeship Service account, these will be used first then the government will pay 90% of the remaining costs (up to the £9,000 band limit), and you'll pay the remaining 10% plus the additional £1,500.



£26-28

Apprenticeships provide a typical return of £26–28 for every £1 of government investment in apprenticeships at Level 2 and Level 3.

Source: Go in Get Far

Buying apprenticeship training and assessments

You can only spend your apprenticeship levy funds within your Apprenticeship Services account on training provided by a government-approved provider.

The current Apprenticeship Frameworks will continue to run alongside the new Apprenticeship Standards into 2018. During this time, as an employer you'll have the option to choose which type of apprenticeship training you opt for:

- Apprenticeship Standards – designed by employers from within the relevant apprenticeship sector. These are linked to specific job roles and set out the core knowledge, skills and behaviours an apprentice will need to be fully competent.
- Apprenticeship Frameworks – a workplace and classroom training programme that covers a series of work-related vocational and professional qualifications.

If you're opting for the Apprenticeship Standards, you'll need to choose an AAO for assessment of the End Point Assessments (EPAs). You'll also need to register for the Apprenticeship Service, to enable you to manage your apprenticeship and levy funds.

Register at www.gov.uk/guidance/manage-apprenticeship-funds

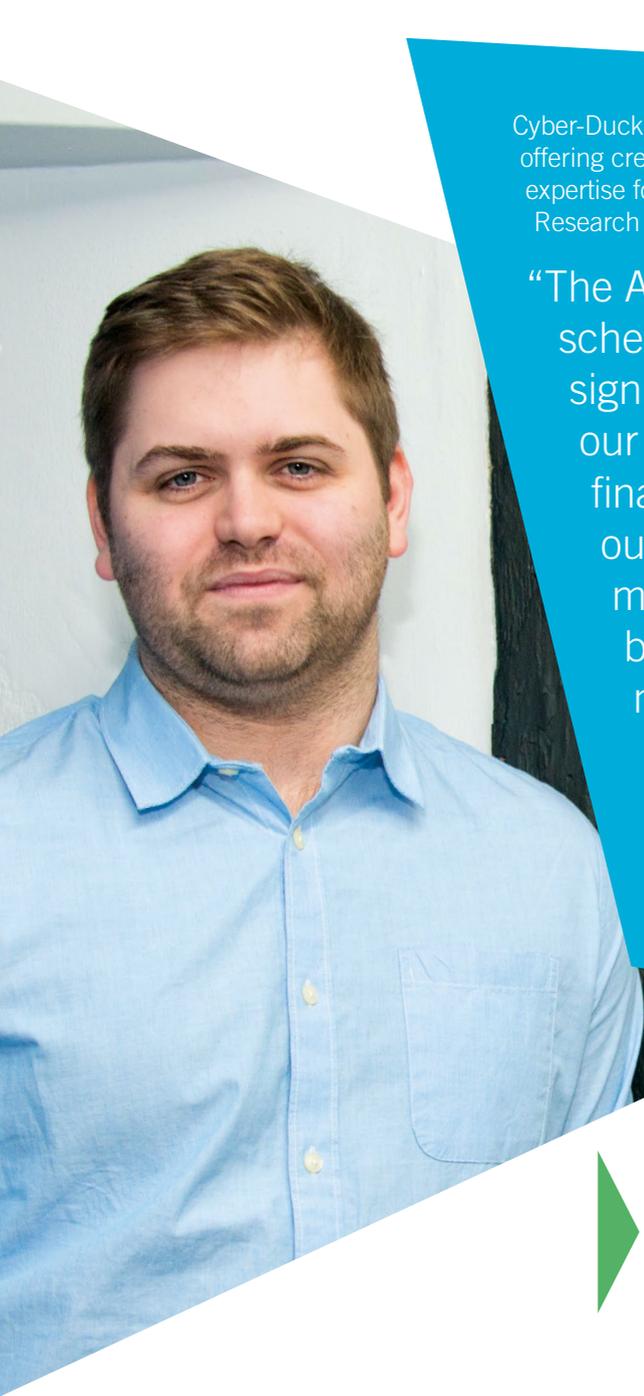


▶ 50-50

Just over half of employers know about traineeships and just under half are planning to offer traineeships.

What do all the changes really mean for you?

- The reformed apprenticeships will deliver more effective apprentices for your business, allowing you to manage and grow existing and new talent.
- You'll have increased flexibility for the apprenticeship delivery.
- You'll be able to self-manage the apprenticeship funds available to you and allocate these to the provider following price negotiation.
- You'll need to agree with a provider the method and requirements for formally signing off the apprentice as ready for the EPA.
- The new Standards may take longer and you'll need to consider the scheduling of the EPA.
- Unspent levy funds within an Apprenticeship Service account will expire after 24 months.



Cyber-Duck is a leading digital agency offering creative, technical and marketing expertise for clients including Cancer Research Technology and the EU.

“The AAT Apprenticeship scheme has secured significant benefits for our award-winning finance team. I’ve found our apprentices are more ambitious and believe they become more entrepreneurial, and eager to learn.”

Mike Copping FMAAT
Financial Controller,
Cyber-Duck

▶ 80%

of employers surveyed say that apprenticeships will play a bigger part in their future recruitment plans

Source: Go in Get Far

Any questions?

If you'd like to know more about AAT and our qualifications, please get in touch with us.

Call us on **+44 (0)20 3735 2468**. Lines are open 09.00 to 17.00 (UK time), Monday to Friday.

Email us at **aat@aat.org.uk** or visit **aat.org.uk/standards**



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