



Skills Funding  
Agency

# Apprenticeship reforms

## Skills Funding Agency

Date 6 October 2015  
Benita Notley

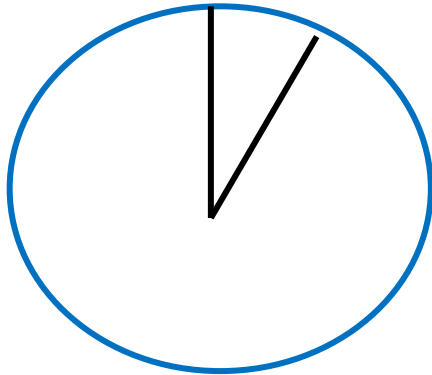
# Welcome



Skills Funding  
Agency

## Government's commitment to growth

Committed to delivering **three million apprenticeships** in this Parliament



*That is equivalent to **more than one apprentice** starting every minute of every day over the next five years*

Implementation of the Reform programme is central to that commitment



Department  
for Business  
Innovation & Skills

# WHAT : Main Elements of Reform

**Employer-led groups designing apprenticeships - Trailblazers**

**Giving employers the opportunity to set the skills, knowledge and behaviours required**

**Short, concise standards replace long, complex frameworks; not necessarily based on qualifications**

**Providing a clear and attractive 'shop window' for parents, apprentices and businesses**

**All apprenticeships have an independent end point assessment; grading; links to professional recognition (where relevant)**

**Ensuring that apprentices are signed off as fully competent at the end of their apprenticeship**

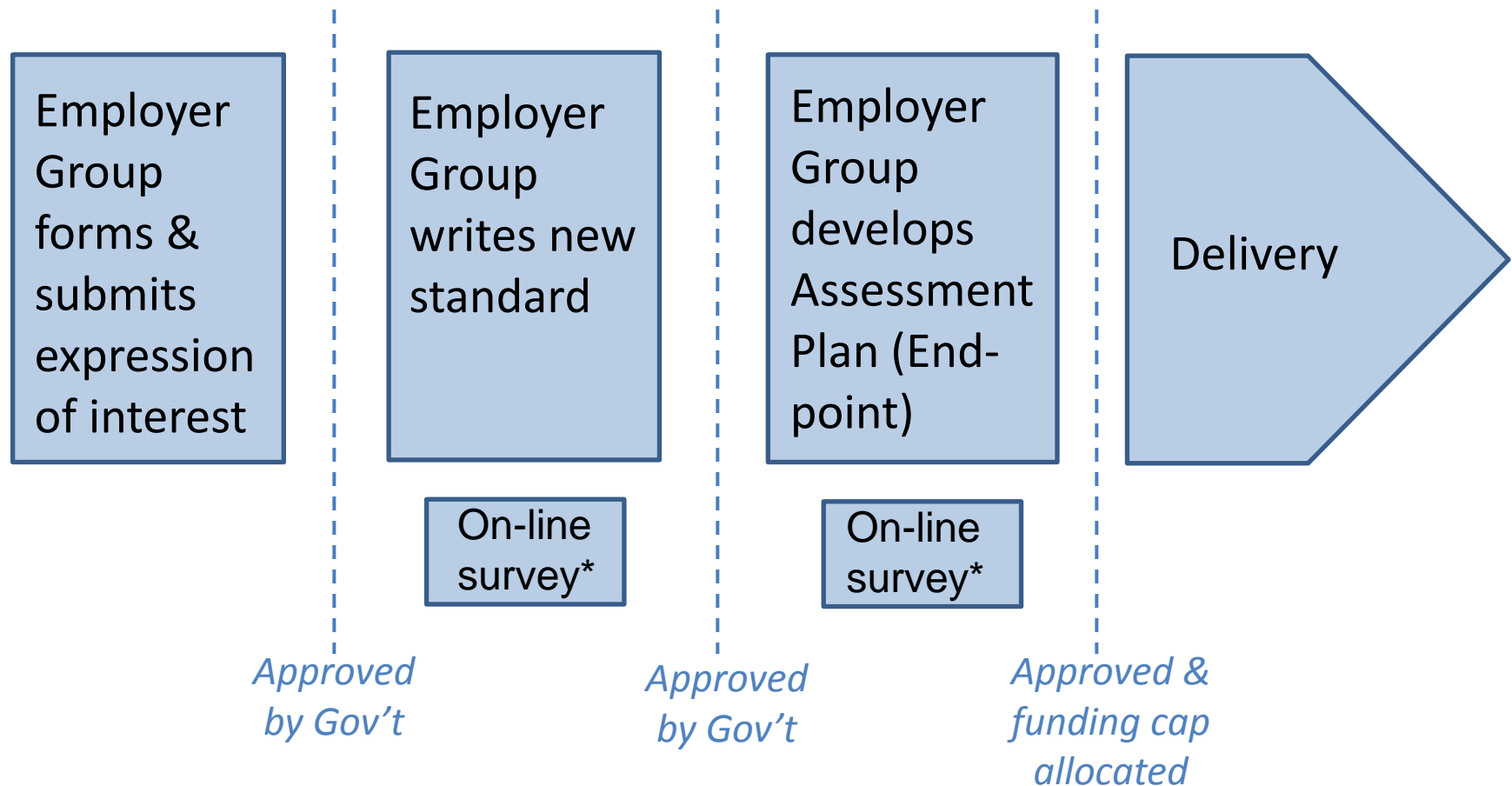
**All apprenticeships must last at least 12 months; 'quality statement' for standards**

**Continuing to drive up the quality of apprenticeships**

**Give employers greater control over funding**

**Enabling employers to be intelligent customers, getting the training they want and driving up quality**

# HOW: Standard and assessment plan design



- <https://www.gov.uk/government/publications/apprenticeship-standards-changes-to-the-process-for-approvals>

# HOW: Delivery so far

## Apprenticeship standards published on gov.uk

- Over 1,200 businesses in over 100 sectors involved in Trailblazers
- 189 standards published so far
- 54 are **ready to deliver**: standard, assessment plan and funding CAP are all approved
- Over 150 standards in development
- Rolling monthly deadlines for submissions
- Further standards and assessment plans published as they are approved
- Increasing percentage of higher / Degree Apprenticeships

## Starts on standards 2014/15

More than

**300**

apprentices have already started on the new standards including the following sectors...



**Automotive**

**Energy and Utility**



**Life and Industrial Science**

# HOW: Delivery so far

## Register of Apprentice Assessment Organisations

- Launched March 2015 – trial
- Identifies organisations suitable to conduct independent end-point assessment by standard
- Employers must choose end-point assessment organisation from the register
- Published on the SFA website:  
[www.gov.uk/sfa](http://www.gov.uk/sfa)
- Application portal  
<https://skillsfundingagency.bravosolution.co.uk/>
- Register support email:  
[apprenticeassessment@sfa.bis.gov.uk](mailto:apprenticeassessment@sfa.bis.gov.uk)

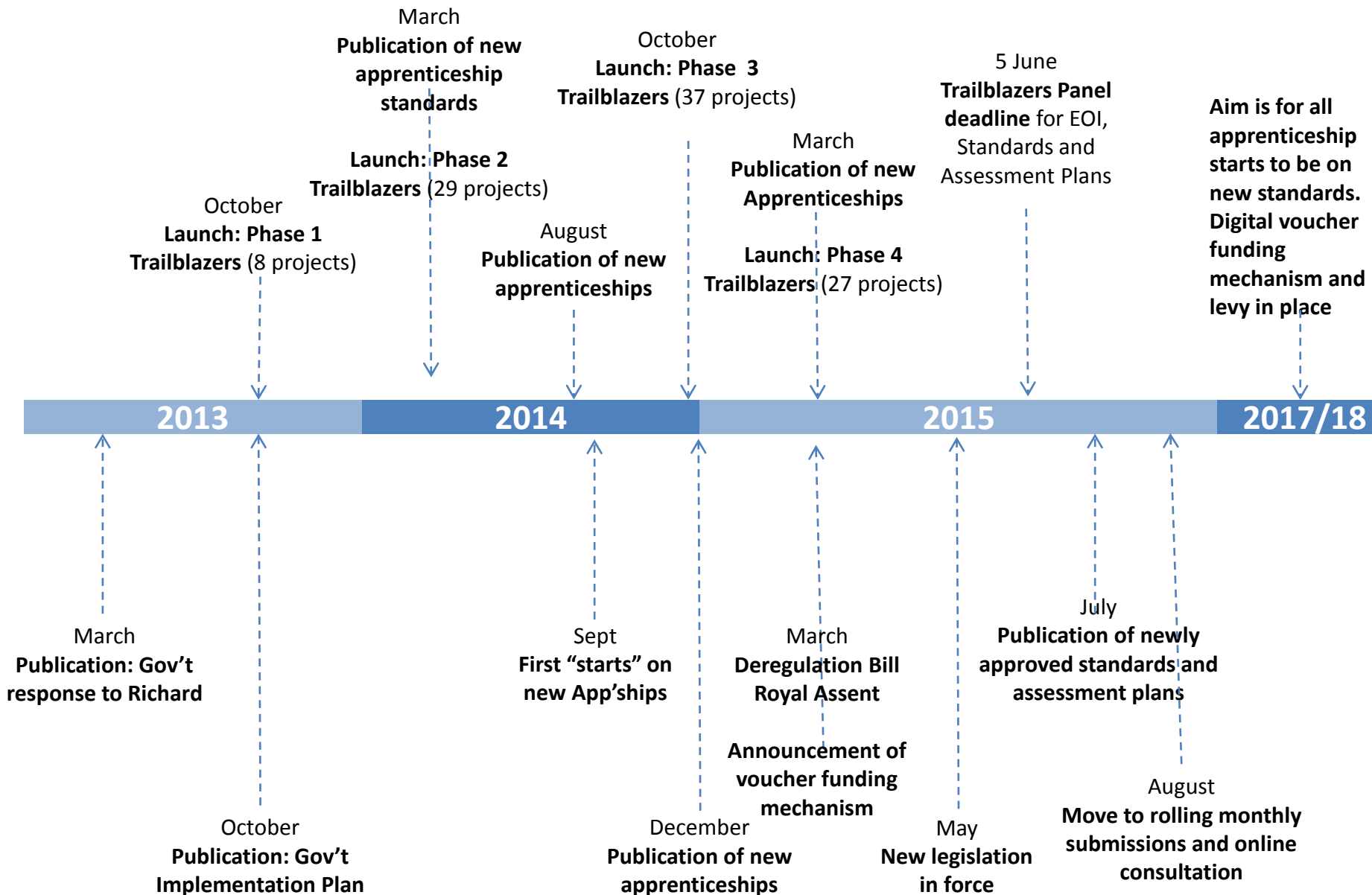
## Funding

- Trailblazer Funding Rules published 15/16
- Digital voucher funding mechanism to give employers greater control over funding for training announced, in development
- Apprenticeship Levy for larger employers announced, consultation taking place

## And...

- Consultation on Governance arrangements

# WHEN: Timetable for Apprenticeship Reform





Skills Funding  
Agency

# Support

- Education and Training Foundation, Apprenticeship Staff Support Programme  
<http://www.apprenticeship-staff-support.co.uk/>
- Agency funding workshops
- Provider networks
- Trailblazer briefings



Department  
for Business  
Innovation & Skills





Skills Funding  
Agency

# Get involved...

Employers interested in getting involved, can email:  
[apprenticeship.trailblazers@bis.gsi.gov.uk](mailto:apprenticeship.trailblazers@bis.gsi.gov.uk)

Providers interested in getting involved with an existing trailblazer group, can email:

[trailblazers@aoc.co.uk](mailto:trailblazers@aoc.co.uk)

(AoC, AELP and UVAC co-ordinating support)

For all other reform enquiries Providers can contact the Skills Funding Agency



Department  
for Business  
Innovation & Skills



Skills Funding  
Agency

# More information

We will keep our main hub page on apprenticeship reforms updated with all of the latest information:

<https://www.gov.uk/government/collections/apprenticeship-changes>

Published standards and those in development:

<https://www.gov.uk/government/collections/apprenticeship-standards>

<https://www.gov.uk/government/publications/apprenticeship-standards-in-development>

Guidance for developers of standards:

<https://www.gov.uk/government/publications/future-of-apprenticeships-in-england-guidance-for-trailblazers>



Department  
for Business  
Innovation & Skills



Skills Funding  
Agency

# Apprenticeship Reform

## Funding Trials 2014/15 & 2015/16



Department  
for Business  
Innovation & Skills



Skills Funding  
Agency

# Trailblazer funding model trial 2014/15 and 2015/16

- Employers will select a lead SFA approved provider to coordinate their training and assessment delivery
- Employers will agree a price for their delivery with their chosen providers
- Providers can include many of the services they offer as part of their price
- Government will pay £2 for every £1 of this price invested by an employer up to the cap allocated for the standard
- Employer Incentive Payments are paid:
  - for 16-18 year old - 50% at 3 months and 50% at 12 months
  - For small businesses – 100% at 3 months
  - For completion - at the end of the Apprenticeship
- Employers have complete flexibility on what they use any incentive payments for



Department  
for Business  
Innovation & Skills



Skills Funding  
Agency

# Funding model for trailblazers

Maximum Core Government contribution (£2 for every £1 from employer)		Cap 1	Cap 2	Cap 3	Cap 4	Cap 5
		£2,000	£3,000	£6,000	£8,000	£18,000
Employer contribution if the maximum cap is claimed		£1000	£1,500	£3,000	£4,000	£9,000
Additional incentive payments	Recruiting a 16-18 year old	£600	£900	£1,800	£2,400	£5,400
	For a small business (<50)	£500	£500	£900	£1,200	£2,700
	For successful completion	£500	£500	£900	£1,200	£2,700
Maximum total Government contribution		£3,600	£4,900	£9,600	£12,800	£28,800



## 2014 to 2016 Delivery Model

- Employers agree a price for their delivery with their chosen providers:
  - **Trailblazer standards funded through current Agency system**
  - Price agreed with employer entered onto ILR
  - Apprentice/ apprenticeship details and entered onto ILR separately identified as a Trailblazer apprenticeship
- Employer makes cash payments in line with payment schedule:
  - Lead provider, on receipt of employer contribution, updates ILR to confirm amount received from employer
  - Agency 'pays' lead provider / lead provider earns the linked government co-investment after the ILR has been received/validated





Skills Funding  
Agency

## 2014 to 2016 Delivery Model

- Lead Provider completed Agency ILR for using Trailblazer codes:
  - Apprentice must be registered on the ILR by month three
  - Employer contribution added to ILR when each employer payment received
  - ILR triggers provider earnings = £2 for every £1 paid/received from the employer
- Employer completes / lead provider receives incentive payment claim form:
  - for 16-18 year old - 50% at 3 months and 50% at 12 months
  - for small businesses – 100% at 3 months
  - for completion - at the end of the Apprenticeship
  - Incentive payment made to employer by lead provider within ten days of correct claim form receipt



Department  
for Business  
Innovation & Skills



Skills Funding  
Agency

# Implications

- The delivery of training and assessment is a commercial agreement between employer and provider
- Government £2 payment is a triggered payment - by provider receipt of employer £1 contribution
- Delivery milestones and payment schedules agreed need to reflect balance and timing of cost/expenditure
- Provider services for employers, particularly for SMEs remain an important part of the provider offer
- Payment schedules may differ from employer to employer



Department  
for Business  
Innovation & Skills





## Delivery - 3 Employer Options

### Employers contract out all their assessment and training

- one third employer cash contribution matched by two third government investment
- Employer where eligible receives all incentive payments

### Employers contract out *some* of their assessment and training

- Contracted out element **ONLY** paid by one third employer cash and matched by two thirds government co-investment – via a lead provider for 2014/16
- Employer where eligible receives all incentive payments

### Agency Direct Grant

- Employers hold a direct contract for delivery with the Agency
  - one third employer investment in cash but can also include evidenced costs of direct delivery where delivery takes place through an in-house team
  - Employer where eligible receives all incentive payments





Skills Funding  
Agency

# Funding Rules

## Trailblazer Funding Rules published

- Funding Rules for apprenticeship Standards is published on gov.uk at:

<https://www.gov.uk/government/publications/sfa-funding-rules-2015-to-2016>

- All trailblazer funding queries to the email inbox :

[trailblazerfundingenquiries@sfa.bis.gov.uk](mailto:trailblazerfundingenquiries@sfa.bis.gov.uk)



Department  
for Business  
Innovation & Skills



Skills Funding  
Agency

# Employer Routed Funding: Voucher Funding Mechanism



Department  
for Business  
Innovation & Skills



Skills Funding  
Agency

# Voucher Model – Funding Mechanism not Funding Policy

**Proceeding with the Digital Apprenticeship Voucher announced in March 2015**

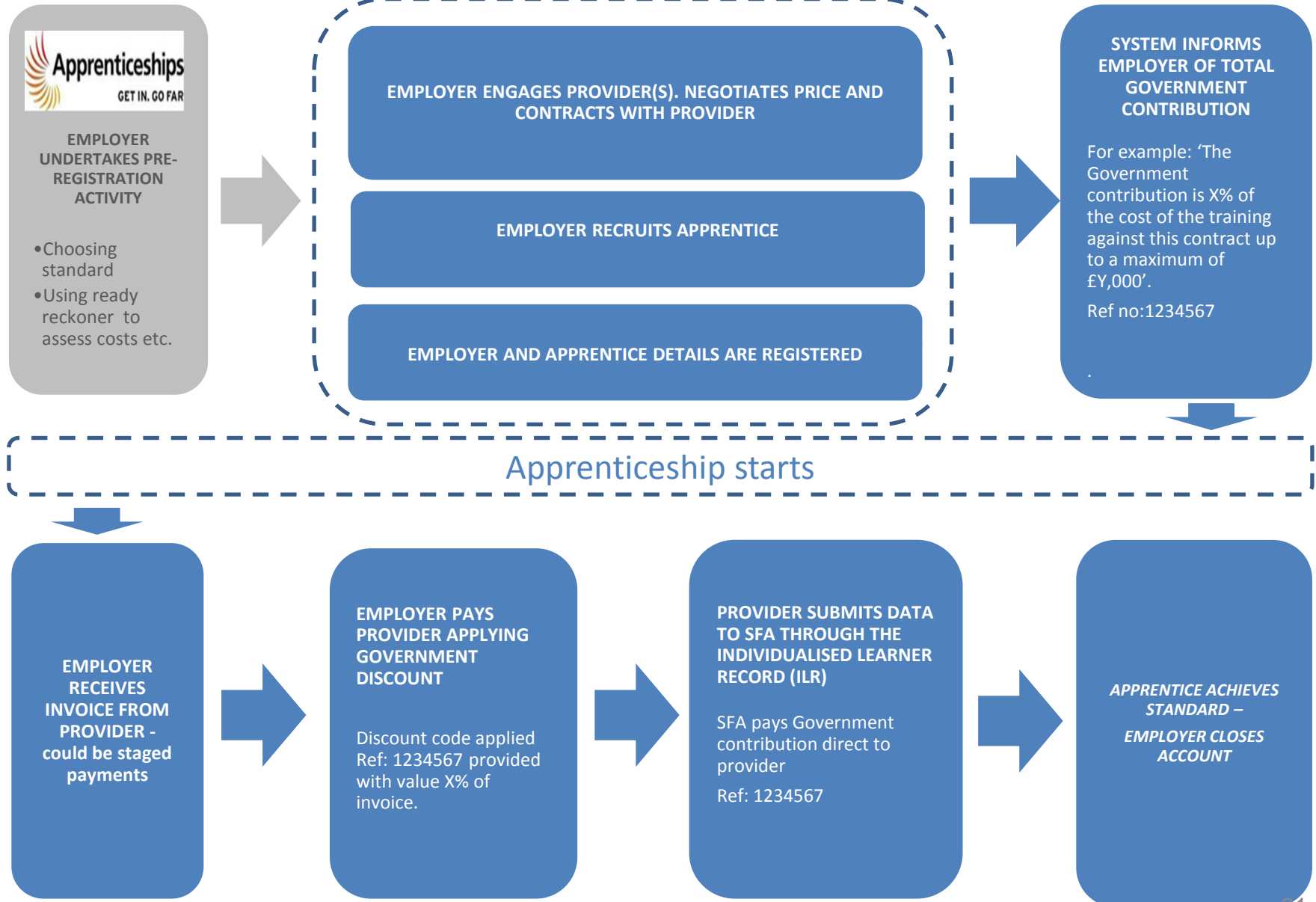
**Voucher to be implemented from 2017/18 – as part of a broader end-to-end system that simplifies the employer journey:**

- Enabling employers to make decisions about taking on apprentices
- Giving transparency on apprenticeship standards and their costs
- Giving employers greater purchasing power and oversight of providers available
- Clear communication of the Government contribution to the cost of taking on an apprentice



Department  
for Business  
Innovation & Skills

# The employer journey through the new voucher mechanism



# Employer Routed Funding – example web page

During Discovery, we used clickable mock ups to facilitate discussion with employers. We used a funding model based on trailblazers for illustrative purposes.



# EXAMPLE WIREFRAMES

Subject to change



Skills Funding  
Agency

## Apprenticeship Levy:



Department  
for Business  
Innovation & Skills

# Introducing an Apprenticeship Levy

The levy puts the apprenticeship programme on long-term sustainable footing, and will allow system to become genuinely employer-led

## Who will pay?

- The levy will apply to large employers.

## What will it pay for?

- The levy will support post-16 apprenticeships.

## How much can an employer get out?

- In England, any firm will be able get back more than it puts in by training sufficient apprentices.

## How will the funding be accessed by employers?

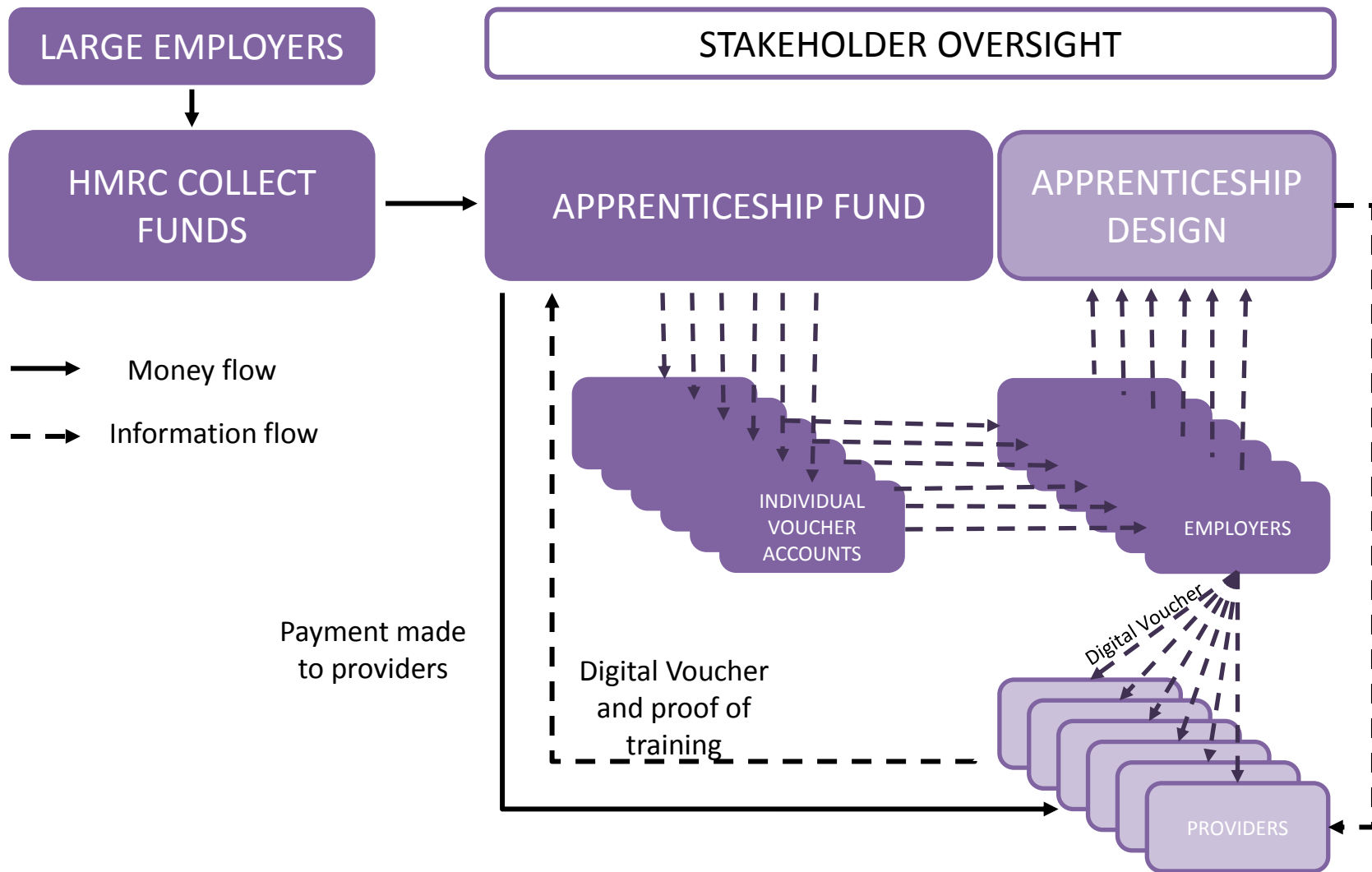
- The funding will be in the hands of employers via the digital voucher.

## How will it be implemented?

- There will be a formal engagement with business on the implementation of the levy, which will also consider the interaction with existing sector levy boards.



# ...so funding is put into the hands of employers alongside the design of apprenticeship standards



# Next steps

SUMMER 2015

AUTUMN 2015

...TO IMPLEMENTATION

## Formal Consultation on implementation

- Design and governance frameworks
- Interaction with existing levies

## Response to Consultation

- A blueprint for delivery
- A timetable for implementation

## On-going stakeholder discussion

- Detailed mechanism design
- Transition arrangements
- Employer/Provider testing

## CONTACTS – The levy Implementation team

Sarah Hodgetts      [sarah.hodgetts@bis.gsi.gov.uk](mailto:sarah.hodgetts@bis.gsi.gov.uk)      020 7215 5512

Charlotte Bown      [charlotte.bown@bis.gsi.gov.uk](mailto:charlotte.bown@bis.gsi.gov.uk)      020 7215 6593

David Weaver      [david.weaver@bis.gsi.gov.uk](mailto:david.weaver@bis.gsi.gov.uk)      020 7215 1449

Philip Edmeades      [philip.edmeades@bis.gsi.gov.uk](mailto:philip.edmeades@bis.gsi.gov.uk)      020 7215 5069