

Apprenticeship funding reform consultation

In partnership with NCFE
7 March 2014

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Nick Linford
Director at Lsect

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Learning & skills ~ events,
consultancy and training



Welcome to this Lsect webinar

More than 1,000 registrations for this webinar

Agenda

- 15:00 Registration
- 15:05 Appren funding reform update from Nick Linford, Lsect
- 15:40 Amy Van Zyl, Business Development Coordinator, NCFE
- 15:50 Q&A
- 16:00 End

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Funding reform technical consultation



"Building on the results of our funding consultation last summer and our subsequent decision, announced in the Autumn Statement, to route Apprenticeship funding direct to employers using HMRC systems, this consultation sets out a core model that could be implemented either through PAYE or an Apprenticeship Credit."



Matthew Hancock MP,
Minister for Skills & Enterprise



David Gauke MP
Exchequer Secretary to the Treasury

<https://www.gov.uk/government/consultations/apprenticeship-funding-reform-in-england-payment-mechanisms-and-funding-principles>

*21 questions, nearly
all aimed at employers*

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Overview of the new system

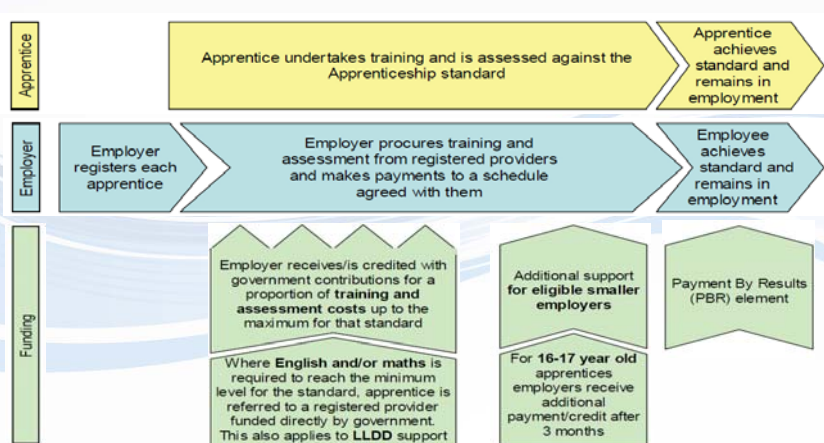


Figure 1 - apprenticeship funding diagram, page 8

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16, 17 and 18 year-olds fees

"Younger apprentices currently attract full government funding for their Apprenticeship. Whilst this will no longer be the case as **enforced co-investment** is introduced, the government recognises that such apprentices (particularly those aged 16 and 17) require a greater level of supervision, guidance, education and induction into the workplace. To address this, a simple one off payment/credit will be made to the employer once any 16 or 17 year old apprentice is settled into their learning and workplace, and has completed the first three months of the their Apprenticeship. The government will separately consider the approach to 18 year olds."



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<http://feweek.co.uk/2014/03/07/reforms-signal-death-of-teen-apprenticeships/>

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Government contribution percentage

"The government will set a single overall co-investment rate for Apprenticeships (including Higher Apprenticeships where appropriate) to apply to the costs of all external training and assessment regardless of the size of the employer and age of the apprentice. This will be expressed as the **percentage of the overall cost of the external training as negotiated by the employer.**"

"The government will be working with Trailblazers and other organisations to determine an optimum and affordable percentage of employer co-investment. This work will also be informed by the recently published BIS research exploring employers' likely behavioural responses to changes in Apprenticeship funding"

<https://www.gov.uk/government/publications/employer-routed-funding-employer-responses-to-funding-reform>

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Maximum Government Contribution (MGC)

"Based on experience of the current system (in which costs range from around £2,000 to over £20,000) it is clear that a single maximum level would not be appropriate. The government expects that there will be **between three and five maximum levels** with each standard being allocated to one of them based solely on the anticipated cost of the external training and assessment needed for the apprentice to achieve the standard." So no PW, DU, ACU or age-banding?

The MGC would exclude:

- Employer paying provider % of MGC as "enforced co-investment" for training
- Employer paying provider % of MGC as "enforced co-investment" for assessment
- Government reducing PAYE bill or extra credit to employer for young apprentices
- Government reducing PAYE bill or extra credit to employer as a small business
- Government (EFA or SFA) paying provider for English
- Government (EFA or SFA) paying provider for maths
- Government paying provider for supporting apprens with LDD

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Funding for achievement of the 'standard'

"The details of this approach will be considered in the context of work to model different payment options over the coming months. In this work, the Government will take into account the preference expressed by some employers not to adopt an approach which involves withholding until completion re-imbursement of funds that employers have spent on training."

So some employers not so keen on payment by results (PBR), or just referring to the training (non-assessment) element of the MGC?

Maybe not a surprise, but I think Government taking it seriously is.

And no clues as to how to deal with

- Apprenticeship Training Agencies
- Authorised by non-employed apprentices (e.g. in certain sports)
- The armed forces

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The new MGC payment mechanism

Paying employers directly ruled out as an “unacceptable risk of fraud”

Pure provider payments ruled out as “does not go far enough to deliver the Richard principle of giving employers the purchasing power” - oh, righto

So two HMRC payment mechanisms presented for consultation

PAYE

Existing system, but issues with low-payroll small employers and even big employers expressed concerns where they run multiple payroll schemes and over half contract out some or all of their PAYE services so may be charged for the extra administration

or

Credit

An online account for employers. They and the government pay in their contribution and from that the employers buy training and assessment from registered providers

Both systems proposed includes a new .gov.uk website portal to include assessing eligibility, registering the apprentice, and recording their start and assessment outcomes...

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PAYE

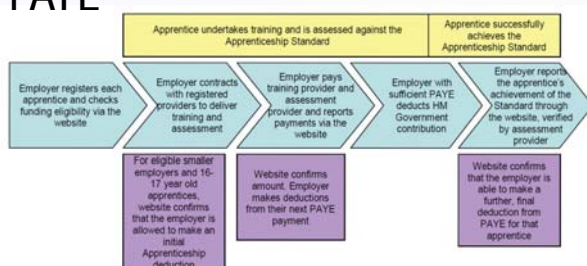


Figure 2 - Overview of the PAYE model for employers with sufficient PAYE payments

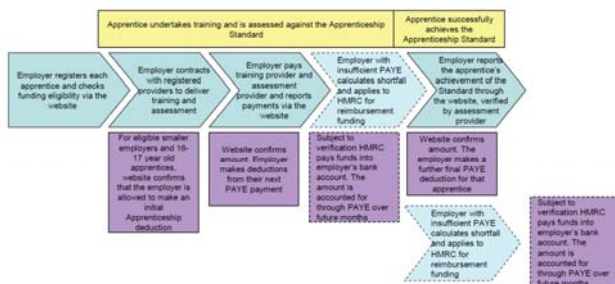


Figure 3 - Overview of the PAYE model for employers with insufficient PAYE payments

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Credits

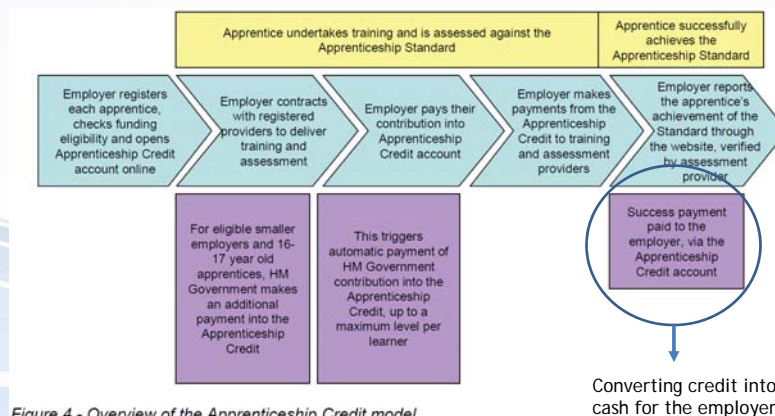


Figure 4 - Overview of the Apprenticeship Credit model

"This includes processes to enable the government to verify that its contribution has been spent only with registered providers, for example, running reports on payments made to providers, on total balances in accounts (to understand the government's financial commitment) and to monitor any exceptional or unusual activity that may suggest the presence of fraud."

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Data requirements x 2

"Data requirements will be kept to a minimum, whilst ensuring the government is able to account for the funding. The system will need to accommodate employers passing some of the responsibility for data collection to their chosen training and assessment providers. Training providers may also choose to offer an administration service to employers as part of their Apprenticeship package, as many of them do in the current system."

Not a lot of technical information nor exploration here!

Protecting public investment

"Assurance arrangements for the reformed programme will be put in place. These need to be proportionate, and the starting point should be an approach that minimises the administrative burdens of taking on apprentices rather than the wholesale transposition of current arrangements onto employers. The government recognises that a different approach is needed and will work closely with both employers and training providers to design this."

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Timetable

March 2014	Draft Trailblazer funding guidance issued.
1 May 2014	Technical Consultation closes and informs subsequent policy development.
May 2014	Co-investment and payment rates for Trailblazer-developed Apprenticeship standards set for 2014/15 starts.
May 2014	Outline funding guidance published.
Autumn 2014	Announcement on which payment mechanism to develop.
May 2014 to March 2015	Testing of new funding policies via Trailblazer-developed Apprenticeships starts.
Autumn 2014	Description of Apprenticeship Funding methodology published.
February 2015	Deregulation Bill, which contains clauses to enable the reforms, comes into effect following Royal Assent.
February 2015	Funding conditions for Trailblazer-developed Apprenticeships starting in 2015/16 published.
December 2015	Details for 2016/17 system published.
2016	Employer-routed funding mechanism introduced.
June 2017	Learners no longer able to start a framework-based Apprenticeship after this point.

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And did respondents to the last consultation want any of this?....

No, hardly any (less than 10%)

"The consultation received 366 responses, including from a wide range of employers, training providers and their representative groups. The consultation received 80 responses from businesses (32 from micro and small businesses, 18 from medium businesses and 30 from large businesses). Smaller businesses in particular tended to prefer the provider payment model as they felt this was likely to generate the smallest administrative burden. Medium-sized businesses were more likely than others to prefer the PAYE model (25%), considering it easy to implement using existing payroll structures. Large businesses were more likely than others to prefer the direct payment model (33%), especially where they were already in receipt of direct funding to deliver Apprenticeship training. Independent training providers and colleges made up slightly more than a third of respondents (138) and 90% of them supported provider payment."

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Q&A

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Apprenticeships

Amy Van Zyl
Business Development Coordinator

Objectives

- Apprenticeships Solutions
- Resources
- Switching to NCFE

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NCFE Apprenticeships Solutions

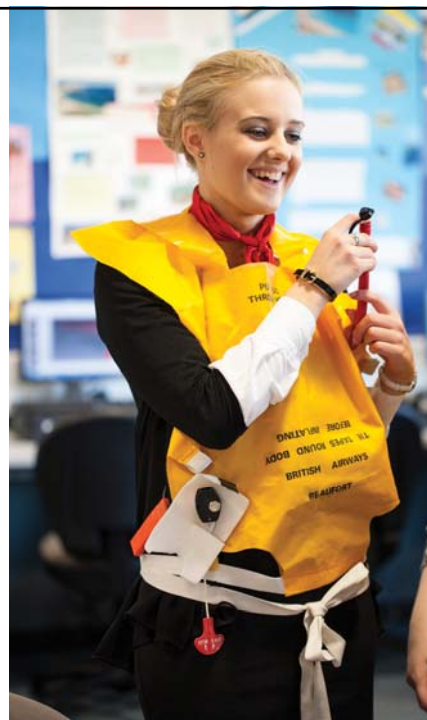
40 Apprenticeships frameworks which include;

- Business, Admin
- Customer Service
- Cleaning Principles
- Warehousing and Storage
- Retail and Commercial Enterprise
- Team Leading
- Management
- Leisure Operations
- Spectator Safety
- Supporting Teaching and Learning
- Exercise and Fitness
- IT Application
- Children and Young People Workforce
- Health, Public Services and Care
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thanks for listening.