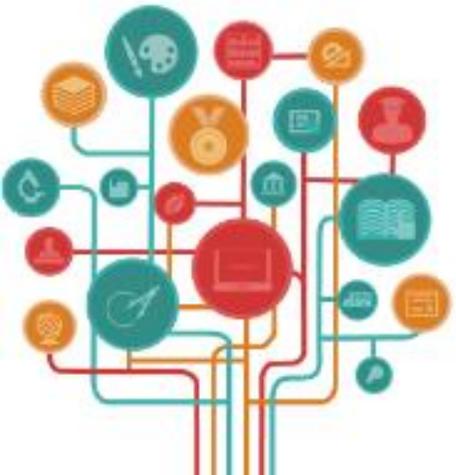


Update on Apprenticeship funding, from April 2019

Beej Kaczmarczyk

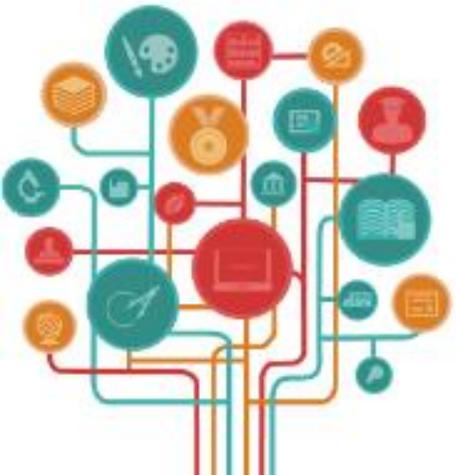


Recent ESFA publication updating policy in place since August 2018

- Rate of co-investment
- Transfer of annual funding from levy paying employers
- Expiry of levy funds
- Additional payments to employers, providers and individuals

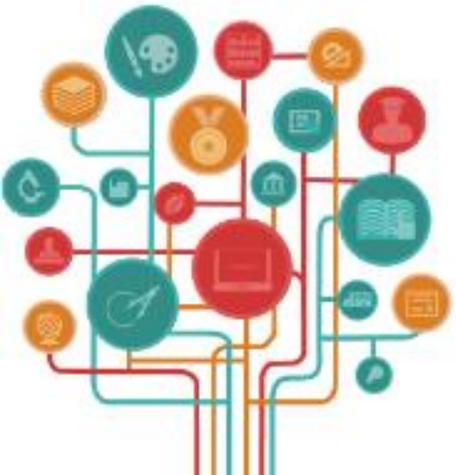
But little change to

- Overall direction of policy
- Funding methodology
- Audit



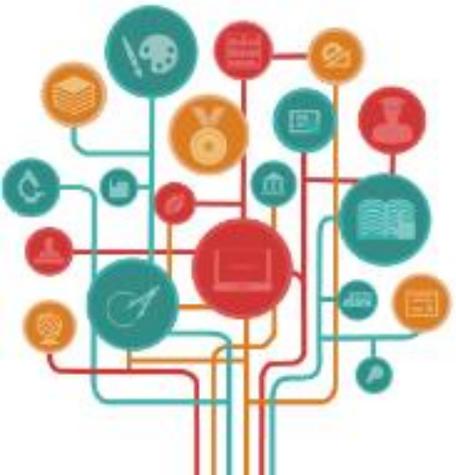
Main changes for 2019 to 2020

- Rate of co-investment reduced from 10% to 5%
- Transfer of annual funding increased from 10% to 25%



Other clarifications

- 20% off-the-job training
- Recognition of prior learning
- Cost of end point assessment



Changes in apprenticeship funding policy *

Funding bands

All existing frameworks and standards have been placed into one of **30 funding bands**, with the upper limit of those bands ranging from **£1500 to £27000**. Employers negotiate a price for their apprentices' training and assessment.

Co-investment*

Employers that do not pay the levy or do not have sufficient funds in their levy accounts need to contribute **5% of the training and assessment cost**, the government pays the remaining **95%**.

16-18 year old uplift

Providers and employers training **16-18 year olds** receive **£1,000 payment each**. For frameworks, the government provides a transitional 20% uplift, also applies to 19-24 year old care leavers or with EHCP

Small Employers

Employers with fewer than 50 employees have **100% of the training and assessment costs** covered when training a 16-18 year old (or 19-24 year old formerly in care or has a Local Authority EHCP

Additional learning support

ESFA pays training providers **£150 a month** to support learners with learning difficulties or disabilities, plus additional costs based on evidenced need (excess learning support)

Care leaver bursary

ESFA pays a care leaver aged 16-24 **£1000** via the provider in recognition of financial hardship faced by many care leavers

Disadvantaged uplift

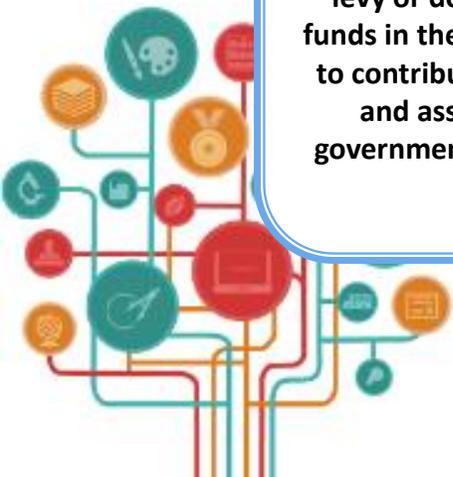
Training providers receive additional payments for training apprentices on frameworks who live in the top 27% deprived areas. **£600** for the top 10% of deprived areas, **£300** for the next 10% range and **£200** for the next 7% range.

English and Maths training

To meet minimum standards of English and maths ESFA pays training providers **£471** for each of these qualifications (Level 1 and 2)

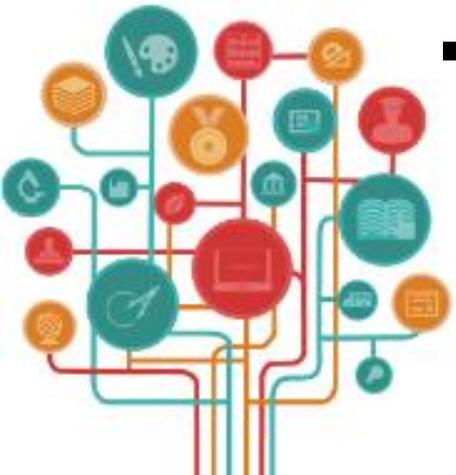
Prior qualifications

Levy funds and co-investment can be used to fund an individual undertaking an apprenticeship **at the same or lower level** provided they acquire substantive new skills.



Rate of co-investment

- For new starts from 1 April 2019 the employer has to pay 5% of the cost of training and assessment for their apprentices, to the funding band limit
- Government funding of 95% is provided to cover the remaining costs
- All co-investment payments are made directly to the training provider
- Also applies to any levy-paying employer who wants to invest more in apprenticeship training than they have in their digital account
- Reducing the rate is expected to increase demand for apprentices from smaller employers, and allow them to take advantages of the benefits of employing apprentices



Changes to operation of the levy**

Expiration of digital accounts

Funds in digital accounts expire after 24 months. This also applies to the 10% top up. The oldest funds in the account will always be spent or expire first. **No change in policy.**

UK workers

Employers are able to use levy funds and government co-investment to pay for training for apprentices whose **main place of work is in England**, even if they live elsewhere in the UK.

Digital funds

Funds in digital accounts are dependent on the proportion of employer's paybill paid to their workforce living in England. Funds entering the digital account **are topped up by 10%.**

Starts prior to 1 April 2019**

All apprentices that started a framework or standard before 1 April 2019 are **funded through to completion** under the rules and rates in place when they started.

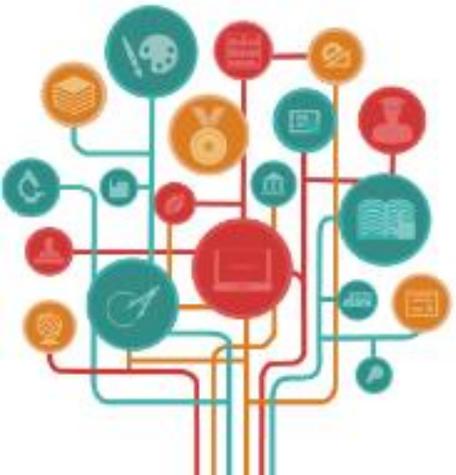
Employer transfers**

From April 2019, levy payers are allowed to transfer a higher proportion (25%) of their funds to other employers and ATAs.



Expiry of levy funds

- All funds that appear in the apprenticeship service accounts of employers who pay the levy will expire 24 months after they appear in the account
- As funds first entered accounts in May 2017, the first funds to expire will be in May 2019
- To reduce the potential for funds to expire, the oldest funds remaining in an account will then expire each following month on a 'first in / first out' basis
- Employers can spend their funds on their own apprentice training and assessment costs, or they can transfer them to another employer
- Unused funds can be used to support existing and new apprentices in levy paying and non-levy paying employers

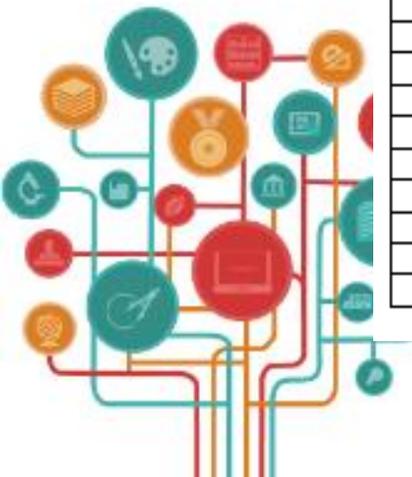


30 funding bands

Funding band	Upper limit
1	£1,500
2	£2,000
3	£2,500
4	£3,000
5	£3,500
6	£4,000
7	£4,500
8	£5,000
9	£6,000
10	£7,000
11	£8,000
12	£9,000
13	£10,000
14	£11,000
15	£12,000
16	£13,000
17	£14,000
18	£15,000
19	£16,000
20	£17,000
21	£18,000
22	£19,000
23	£20,000
24	£21,000
25	£22,000
26	£23,000
27	£24,000
28	£25,000
29	£26,000
30	£27,000

Table 1: Funding bands

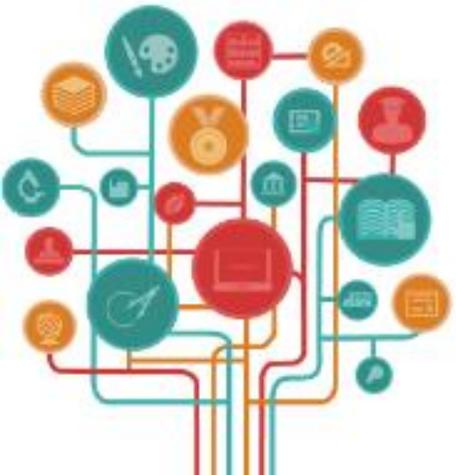
- **All existing and new frameworks and standards are placed within one of these bands**
- Upper limit of each band caps the maximum amount of digital funds a levy-paying employer can use towards an individual apprenticeship (no lower limit)
- Also caps the maximum price the government co-invests to for non levy-paying employer or where a levy-paying employer has insufficient digital funds
- Employers negotiate prices (including costs of end-point assessment for standards) with providers within these funding limits
- **Content, duration and price must be reduced where the apprentice has relevant prior learning**



Support for employing 16-18 year old apprentices

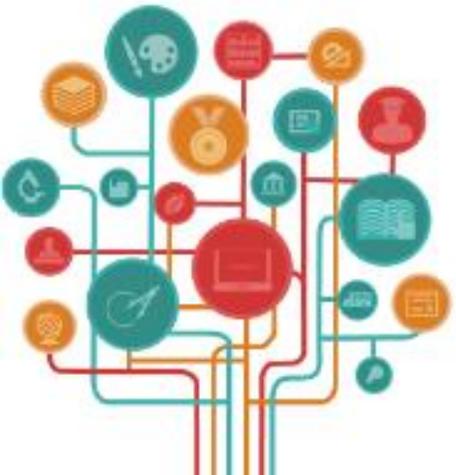
For all employers

- They receive a payment to cover the extra costs of employing and supporting apprentices aged 16-18, or 19-24 and are either a care leaver or have a Local Authority Education, Health and Care plan
- Additional payment of £1000 to employer and a further £1000 to the training provider
- Paid in equal instalments at 90 days and 365 days
- Employers are free to redirect this payment to the provider
- **Also paid to employers who receive the small employer co-investment waiver**



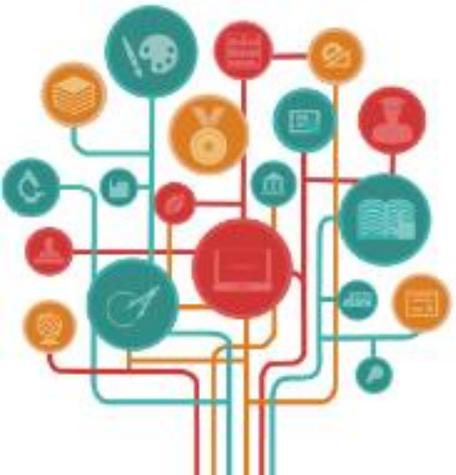
Transitional funding of frameworks delivered to 16-18 year olds

- Concerns raised over the impacts of the new funding bands on the viability of provision for 16-18 year old apprentices, and incomes of providers who had high proportions of 16-18 year olds
- Retain the **£1000** incentive payments to the employer and training provider for taking on a 16-18 year old on a framework, as well as 19-24 year olds with EHCP or formerly in care
- The provider also receives a payment from government equivalent to **20% of the funding band maximum** for that framework in addition to the price that the employer and provider agree for training to 16-18 year olds on a framework
- These payments come directly from the government and are not be deducted from employers' digital accounts
- Reviewed ahead of July 2020 when all frameworks will be withdrawn



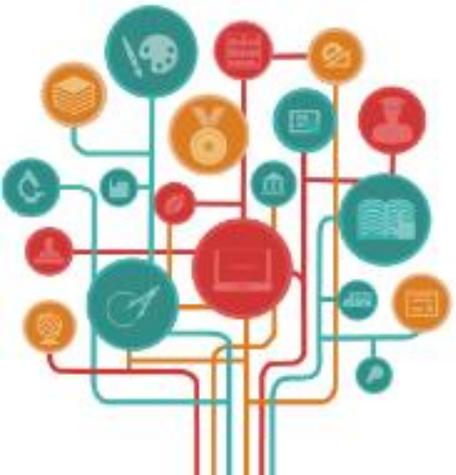
Additional support in areas of disadvantage

- Concerns raised over the removal of factors which reflected the additional costs of supporting apprentices from disadvantaged areas
- Retain, **for frameworks only**, a simplified version of the current system and provide at least the same level of funding to support apprentices from disadvantaged areas (for another year now)
- Additional payments to training providers of **£600, £300 or £200** for most deprived post codes (IMD 2015)
- These payments come directly from the government and are not deducted from employers' digital accounts (extra £60m)
- Earned in two equal instalments at 90 days and 365 days



Employer transfers

- From 1 April 2019, organisations can transfer unused funds in their account to any number of employers, for any number of apprenticeships with each, up to the maximum of the **25%** allowance
- The apprenticeship service calculates this amount by:
 - the total amount of levy declared in the previous tax year
 - with the percentage of paybill paid to workforce living in England applied
 - plus the top-up payment of 10% from the government
- Any unused allowance is not carried forward
- Can only be used to pay for **apprenticeship standards**
- Transferred funds must cover full cost of the apprenticeship (to maximum of funding band)
- Employer receiving the funds has full control of the apprenticeship, including choice of apprentice, provider and EPAO
- If the transferring employer is unable to meet their full commitment, then the receiving employer will need to pay co-investment on any outstanding balance



Rules relating to off-the-job training

- Off-the-job training must take place during **paid** hours
- Content must teach new knowledge, skills and behaviours required to reach competence in the apprenticeship framework or standard
- 20% off-the-job training should cover the planned duration of the training period within the apprenticeship, which for standards is the practical period (which ends at the gateway for end-point assessment (called the final day)
- Statutory leave should be deducted when calculating the 20% off-the-job requirement for all apprentices who begin their programme from 1 August 2018
- Planned off-the-job training must be set out in the apprentice's commitment statement and it should be clear which components have been used to calculate the 20% requirement
- 20% off-the-job is the minimum expectation – depending on the apprenticeship, more than 20% may be necessary
- It cannot include time spent on English and maths, or on training to acquire skills, knowledge and behaviours that are not required in the standard or framework

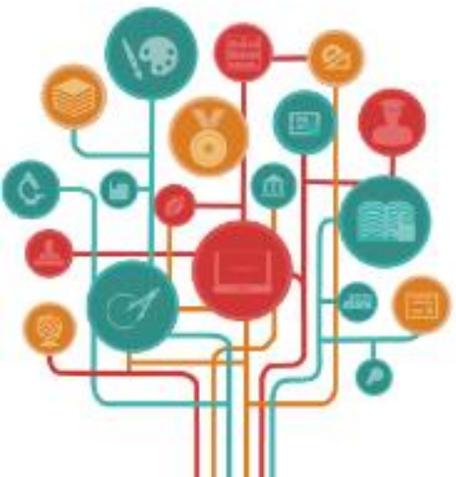


Making sense of the rules

- Confusion over the number of hours that the 20% is based on
- ESFA confirmed they had made a mistake with the basis for calculation – it is not a maximum of 30 hours per week for full-time
- Calculations apply to full-time and part-time employees

Calculation of off-the-job training

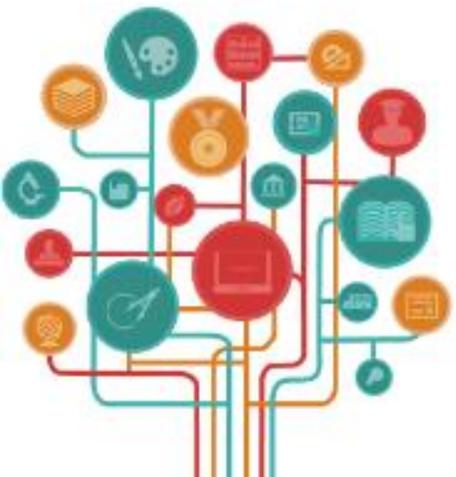
Total hours per year = 52 week x 5 days x 7.5 hrs = 1950 hrs
Less leave entitlement = 28 days x 7.5 hrs = 210 hrs
Basis for 20% off-the-job = 1950 – 210 = 1740 hrs
Actual off-the-job hrs = 389 hrs (348 hrs minimum)
% off-the-job hrs = 22.3%



Evidencing the 20%?

- Evidence pack to show how off-the-job is quantified and delivery plan
- Registers for day and block release
- Electronic time sheets and journals
- Web based records
- Employer and provider to work together to use 'naturally occurring evidence', e.g. completed assignments or projects, case studies, exhibits of work
- It does not need to be spread evenly over the duration of the programme

Activity	Employer	Provider	Total hrs
Boot camp (covering KSB)	35 hrs		35
Development workshops		70 hrs	105
Training classes		200 hrs	305
E-learning		36 hrs	341
Shadowing and project	48 hrs		389 (22.3%)



Off-the job training summary

Remember, off-the-job training must

- take place during **paid** hours
- contain learning new knowledge, skills and behaviours
- be relevant to the apprenticeship framework or standard
- be planned and recorded for evidence purposes

and, it should

- involve the active engagement of the learner, employer and provider
- provide significant benefits to the learner and employer.



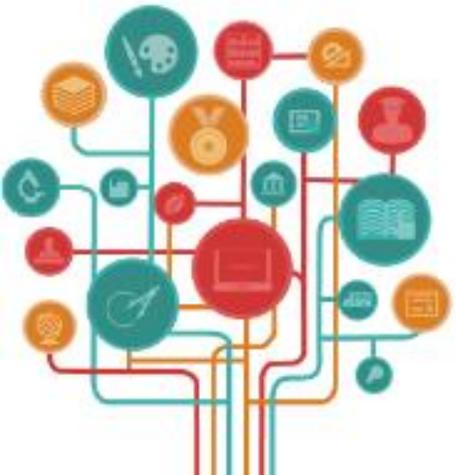
Recognition of prior learning - key points

- Recognition of prior learning extends beyond English, maths and existing qualifications
- All the knowledge, skills and behaviours set out in the standard should be considered in reviewing the prior learning of the apprentice
- Recognition of prior learning is part of the learner eligibility assessment
- Apprenticeships could be poor value for money and unnecessarily long if training covers areas that the apprentice already knows, and public funding should not be used for learning which is not new
- Initial assessment is vital to ensure high-quality apprenticeships and Ofsted inspections look for evidence of a robust initial assessment.



Recognition of prior learning

- All apprentices must have an initial assessment of their prior learning
- This will determine how much new knowledge, skills and behaviours will be required for the learner to complete their apprenticeship, i.e. to reach occupational competency
- The training provider must assess whether the learner still needs an apprenticeship with a **minimum duration of 12 months with at least 20% off-the-job training**
- If this is not the case, the learner is ineligible for the apprenticeship programme
- Initial assessment is subject to audit checks and funds may be recovered where initial assessment has not taken place, has not been evidenced or a price reduction has not been made to reflect the prior learning



Cost of end-point assessment

- ESFA expects that the cost of end-point assessment should not usually exceed 20% of the funding band maximum
- This does not mean that end-point assessment must cost 20%; the cost that individual employers will pay for assessment varies between standards and ESFA expects employers to negotiate with assessment organisations to secure value for money
- Where the total negotiated price is higher than the funding band maximum the difference must be paid by the employer

