



Skills Funding
Agency

Apprenticeship Reforms

Skills Funding Agency

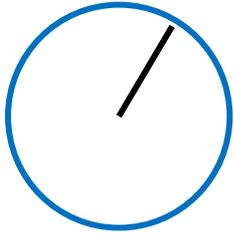
7 January 2016

Diane Wilford

Welcome

Our commitment to Reform

- Boosting our nation's **productivity** to maintain and consolidate our economic recovery
- Raising skill levels through apprenticeships – reaching **3 million starts in 2020**



That is equivalent to more than one apprentice every minute over the next five years

- Putting **employers in the driving seat** of creating apprenticeships that fully meet their business needs
- Making sure that apprenticeships are open to all, with a 20% increase in **BAME apprentice starts** in 2020

Main Elements of Reform

Employer-led Trailblazers designing apprenticeships

Giving employers the opportunity to set the skills, knowledge and behaviours needed

Short, concise standards replace long, complex frameworks

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

All apprenticeships have synoptic end point assessment; grading and links to professional recognition

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

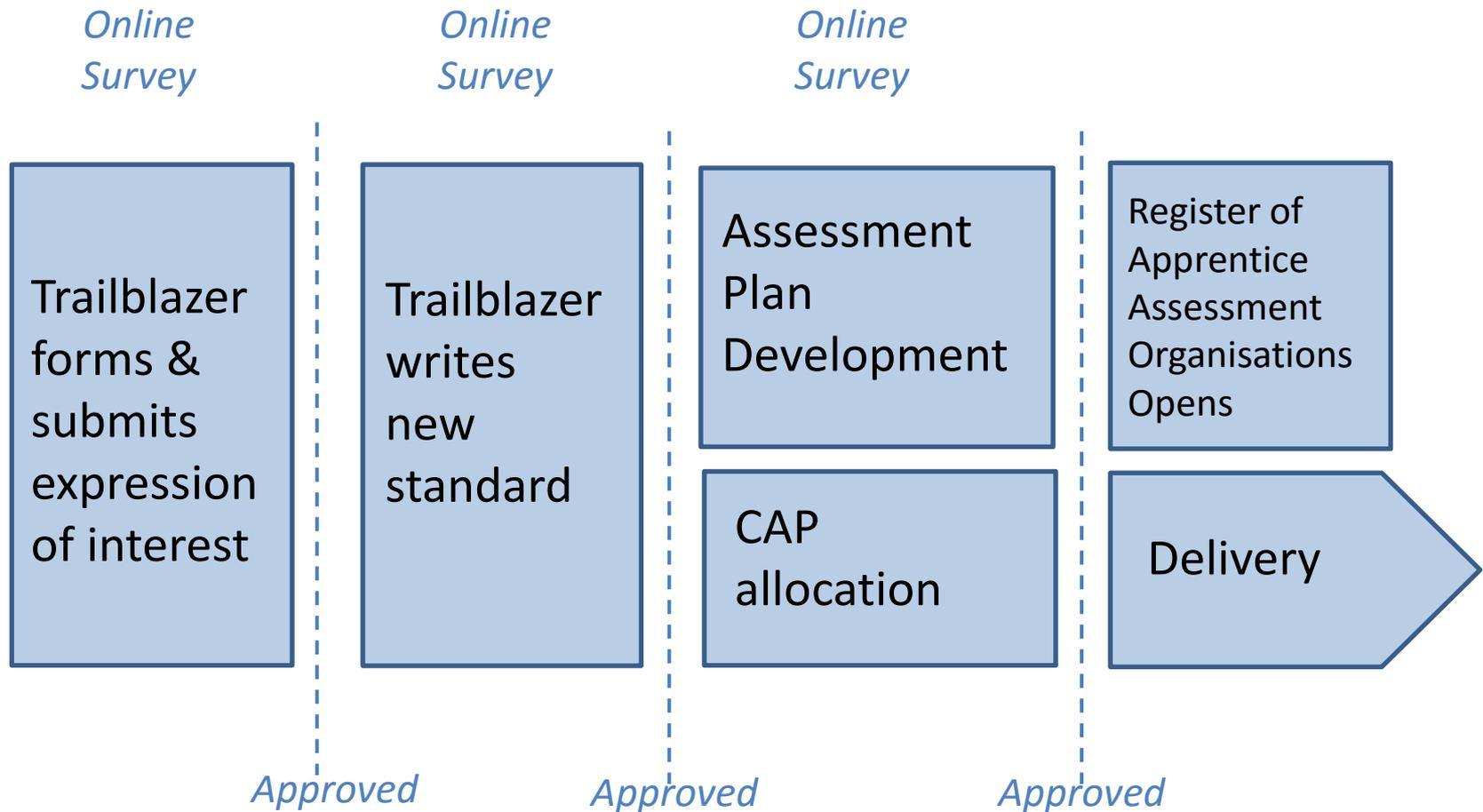
All apprenticeships must last at least 12 months

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

Development process



Monthly submission dates and regular publication on [direct.gov](https://www.direct.gov.uk)

Development so far

- Over 1,400 businesses in over 100 sectors involved
- 195 standards published so far
- **60 'ready to deliver'** – standard and assessment plan approved, funding Cap allocated
- 160 standards in development
- Over **40%** Higher and Degree



Delivery so far



400 starts in 2014/15, across nine standards,
by 11 providers

Transition from frameworks to standards

- Commitment to switch over to standards over life of parliament, with majority by 2017/18
- Task and finish group established to inform process and criteria for switching off frameworks (AoC, AELP, UKCES, FISSS)

Institute for Apprenticeships

- The **Institute for Apprenticeships** will be an independent employer-led body that will regulate the quality of apprenticeships. It will be set up by April 2017 (shadow form from 2016)
- An independent Chair will lead a small Board of employers, business leaders and their representatives
- Outline role:
 - Approve/reject EOIs, standards and assessment plans
 - Provide advice and guidance during their development
 - Determine policy on when standards need to be refreshed or closed
 - Advise on funding for each standard

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>



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Apprenticeship Reform

Trailblazer Funding Model Trial 2014/15 & 2015/16

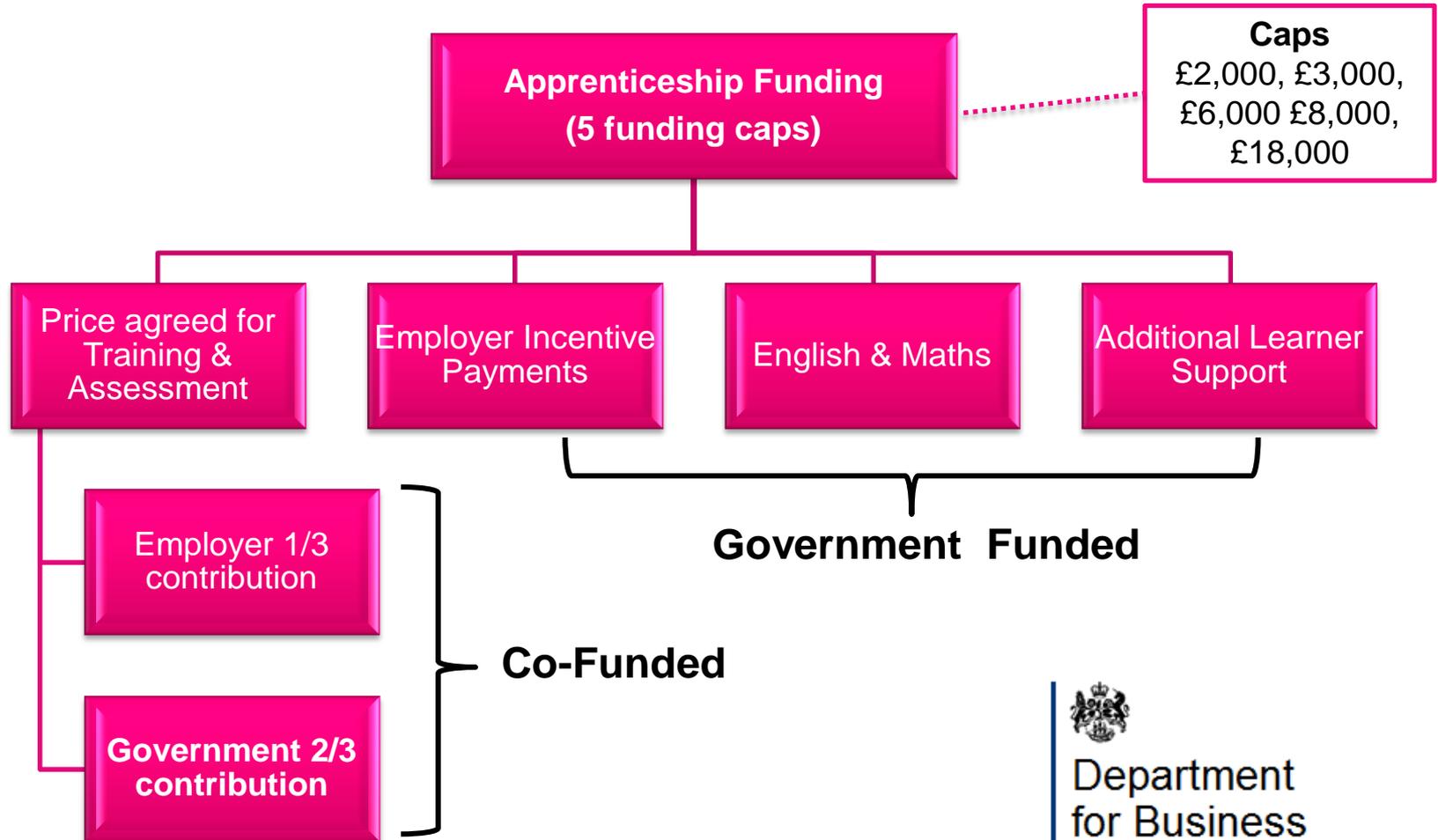


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Trailblazer Funding Model Trial 14/15 & 15/16



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Trailblazer Funding Model

Trial 14/15 & 15/16

- 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 end of the apprenticeship
- Employers have complete flexibility on what they use any incentive payments for



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Trailblazer Funding Model Trial 14/15 & 15/16

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



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Digital Apprenticeship Service & Levy



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Digital Apprenticeship Service

The new **Digital Apprenticeship Service** will provide a new simple online portal for employers

Proceeding with the Digital Apprenticeship Voucher

To be implemented from 2017 – as part of a broader end-to-end service that simplifies the employer journey and supports them to employ apprentices

Simplified solution

- Enabling employers to make decisions about taking on apprentices (for all apprenticeships and all employers including the smallest)
- Giving employers greater purchasing power and oversight of providers available
- Giving transparency on apprenticeship standards and their costs



Funding Apprenticeships – The Levy

- The Government is introducing a **levy** on employers to fund apprenticeships
- Will be collected through PAYE
- The levy will be set at **0.5%** of an employer's pay bill. Employers will have an **allowance of £15,000** to offset against their levy payment. This means the levy will only be paid on any bill in excess of **£3M**
- Employers who pay the levy and are committed to apprenticeship training will be able to get out more than they pay in
- Guidance will be provided in Spring 2016

The Levy

EXAMPLE 1

Employer of 250 employees, each with a gross salary of £20,000

Paybill: $250 \times £20,000 = £5,000,000$

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

Allowance: $£25,000 - £15,000 = £10,000$

EXAMPLE 2

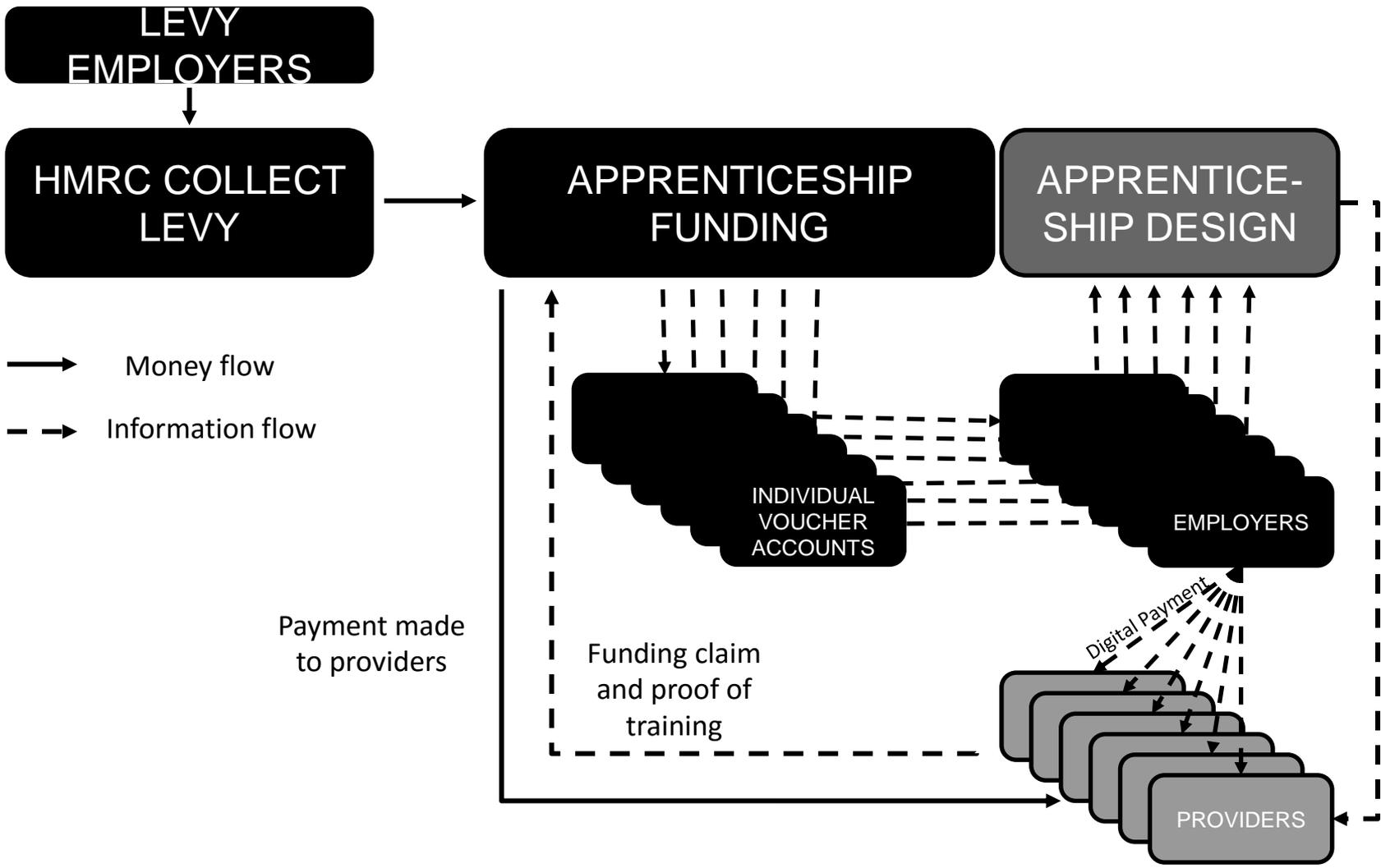
Employer of 100 employees, each with a gross salary of £20,000

Paybill: $100 \times £20,000 = £2,000,000$

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

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

Funding is put into the hands of employers alongside the design of standards





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Any Questions?

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