

19+ apprenticeship growth and fees

24th November 2011 ~ London

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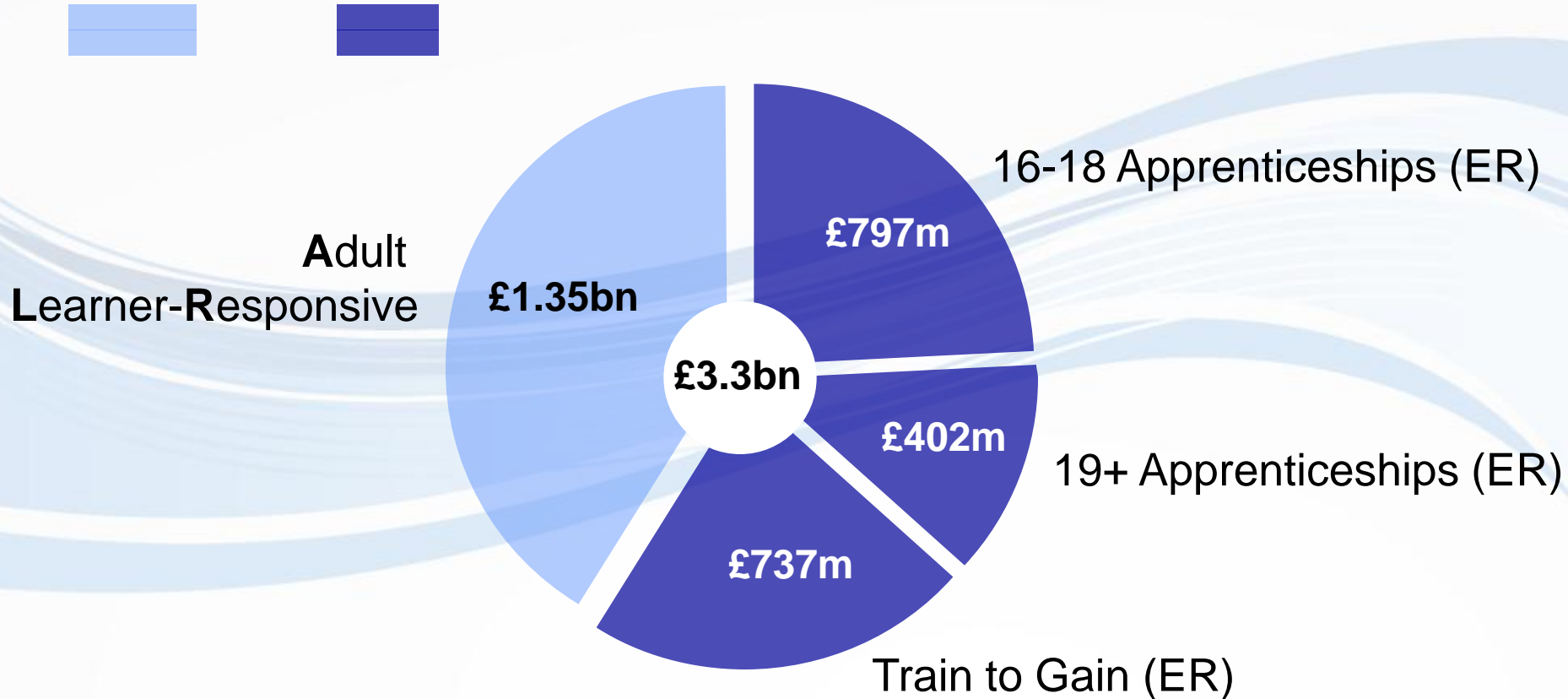
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Learning & skills ~ events,
consultancy and training

Let's start with the big numbers first

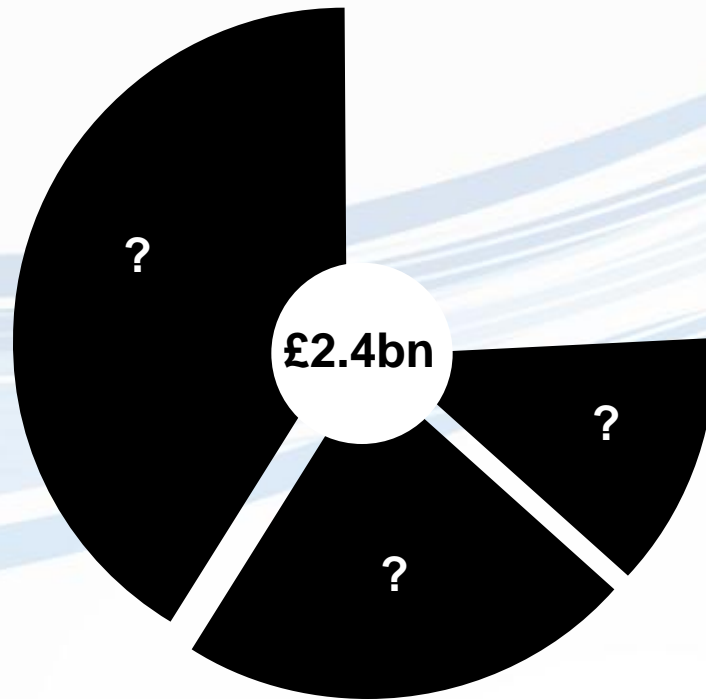
ALR and ER overview in 2010/11



Source: Individual provider allocations **[ENGLAND]**
(<http://tinyurl.com/2u4n4gm>)

Single Adult Skills Budget in 2011/12

Allocations no longer published separately



The demand-led funded 19+ provision now with
'flexibility and freedom' for limited virement

Policy announcements

BIS Skills Strategy (Nov 2010) <http://tinyurl.com/35utxks>

SFA Guidance Note 6 (Dec 2010) <http://tinyurl.com/2ugc9t5>

SFA Guidance Note 7 (April 2011) <http://tinyurl.com/652d9ql>

SFA Guidance Note 8 (Jul 2011) <http://tinyurl.com/5rdpwn2>



National Apprenticeship Service (NAS) - Statement on the Quality of Apprenticeship Delivery Models – August 2011

1. NAS remains clear that delivery models should reflect and support the increased focus on quality and relevance of Apprenticeships and allow employers and learners to realise the full benefits of undertaking an Apprenticeship.
 2. As part of the continued focus on improving the quality of the Apprenticeship programme the 2011/12 Apprenticeship Funding Requirements includes specific detail on certain areas of Apprenticeship delivery. These changes develop and strengthen the key messages in the NAS Statement on Delivery Models first published in February 2011. The following sets out the key areas that NAS believes will further reinforce the drive towards quality in Apprenticeships.
- **The minimum hours of employment** for an apprentice must be at least 30 hours per week, except in the minority of circumstances where the learner cannot complete the full 30 hours. In these cases employment must be for a minimum of 16 hours per week.
 - **Employment** is a fundamental part of an Apprenticeship and in this context is more than just having a contract of employment. An apprentice must be employed in a job role with a productive purpose, which will allow them to have the wider employment experience key to an Apprenticeship. It is not acceptable for a provider or associated organisation to directly employ apprentices without such real work, purely with the intention of them achieving the Apprenticeship. The position on Apprenticeship Training Agencies is set out below.
 - Apprenticeship funding provided by The Agency cannot be used to pay Apprenticeship wages, as its primary function is to fund learning. Therefore, where the provider or an associate organisation of the provider is the employer, the provider must be able to demonstrate that agency funds are not being used in this way.
 - **The Specification of Apprenticeship Standards for England (SASE)** sets out the minimum requirements to be included in a recognised English Apprenticeship Framework. Compliance with the SASE is a statutory requirement of the Apprenticeship as set out in the Apprenticeship, Skills, Children and Learning (ASCL) Act 2009. SASE compliant Frameworks set

Quality statement (Aug 2011)

<http://tinyurl.com/5u8oba7>

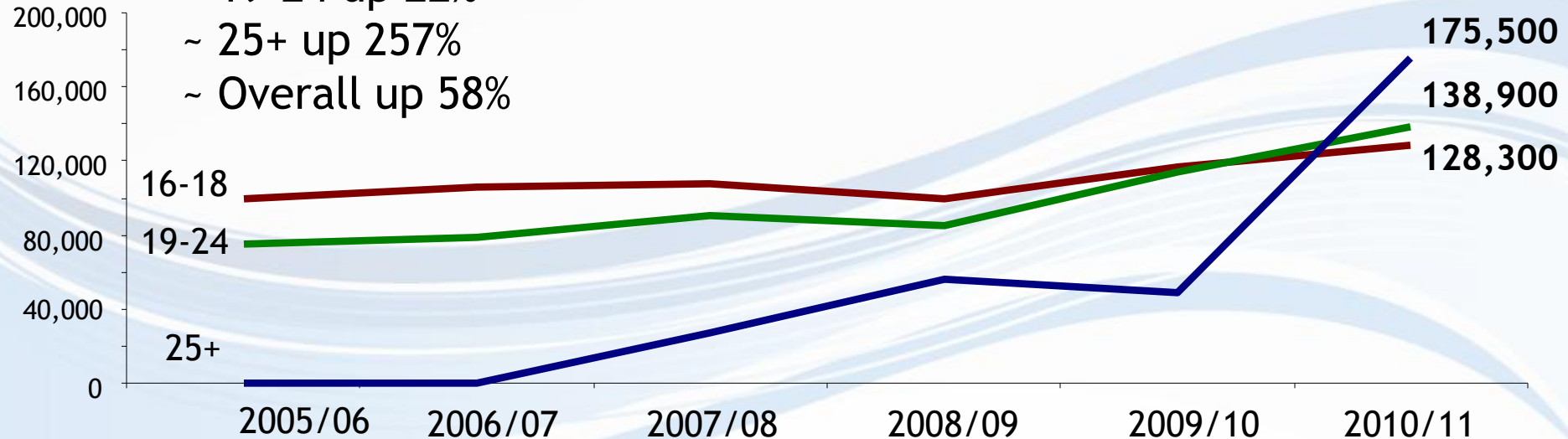
Short appren statement (Oct 2011)

<http://tinyurl.com/6ckyg9v>



Apprenticeship starts reach 442,700*

- ~ Under 19 up 10%
- ~ 19-24 up 22%
- ~ 25+ up 257%
- ~ Overall up 58%



Workplace learning (TtG) starts down from 574,900 starts, but still 444,700 starts in 2010/11

* October Statistical First Release ~ Provisional Figures

And in the last few weeks...

NAS move act in new role for quality improvement and value for money
(responsibility given 18th July)

Review begins into the Skills Funding Agency and role of CEO

Announced this week

Youth unemployment exceeds 1m

£1,500 Apprentice incentive for small businesses

£50m + £200m for employers to bid for

So what of 2012/13? *

Minimum Contract Level likely to remain at £500k

More 'freedoms' in form of colleges legally not being part of the Government estate

Increased percentage for Outcome Incentive Payment (and maybe some rules!)

More pots and initiatives (GIF, employer trial)

* Find out more next week with publication of BIS Investment Strategy

2013/14 ~ FE Loans ~ the plan

All 19+ LR (classroom) and ER (workplace) funding L3+ to be funded out of loans allocation

E.g. Apprentice takes out the income contingent loan, and pays back 9% of all earnings above £21k + 3% RPI (written off after 30 years)

Will Access to HE courses be exempt?

If so what else...unemployed 19-24??

Provider has inflexible & discrete loans allocation and must liaise with Student Loans Company

Detail to be published next week?

Cash contributions - where are we?

SFA and BIS have just received a spreadsheet return from providers on fees in 2010/11

FE Loan consultation states that 'fees in kind will still be ok'

There does not seem to be the political appetite at this stage for mandatory fee nor penalising providers for lack of collection

But NAS now have responsibility for value for money (as of 18th July 2011...)

Time for some worked examples?....

Apprenticeship framework funding

Apprenticeship framework funding varies significantly

Power Industry Apprenticeship (211) ~ 16-18 example*

Diploma in Electrical Power Engineering - Underground Cables (QCF)	£5,655
Certificate in Electrical Power Engineering - Distribution and Transmission Technical Knowledge (QCF)	£4,893
Key Skills in Communication	£234
Key Skills in Application of Number	£234
Total	£11,015

Customer Service Apprenticeship (263) ~ 16-18 example*

NVQ Certificate in Customer Service (QCF)	£3,121
Certificate in Customer Service (QCF)	£584
Key Skills in Communication	£234
Key Skills in Application of Number	£234
Total	£4,173

* 2010/11 rates and excluding both disadvantage and area cost uplift

Apprenticeship funding by age

Apprenticeship funding rates lower for 19+

Age at start	16-18	19-24	25+
Power Industry (211)	£11,015	£5,153	£4,122
Customer Service (263)	£4,173	£1,952	£1,562
Percentage of 16-18 funding		47%	37%

All 19-24 have an employer contribution rate of 50%

All 25+ also have a national rate 20% lower than the 19-24 rate

So employer contribution should plug this gap...

Apprenticeship funding large employer

Apprenticeship funding rates also less for large employer

Age at start	16-18	19-24	25+
Power Industry (211)	£11,015	£3,865	£3,092
Customer Service (263)	£4,173	£1,464	£1,172
Percentage of 16-18 funding		35%	28%

Large employer (1000+ staff) discount is 25%

Employer contribution expected to remain same

With as little as 28% of the 16-18 funding, how can colleges and training providers afford not to charge fees?

Apprenticeship summary

Funding for different Frameworks can vary significantly

All 16-18 fully funded (no fees)

19+ employer contribution always 50%
(but cash fee not compulsory)

Large employer contribution should be more than 50% (but cash fee not compulsory)

If earning as little as 28% of 16-18 rate, how can it be affordable not to charge a cash fee to the employer?

What will these percentages be for 2012/13? 50% large employer discount? Should find out next week.....

Thank you

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