

## **BRIEFING: Trialling our new Apprenticeship funding model on starts based on new standards in the 2014/15 Academic Year.**

### ***What do you need to know?***

- *We are putting Apprenticeship funding in the hands of employers so that you can choose the most effective training for your apprentices. We will trial this approach through our Trailblazers.*
- *For every £1 that an employer invests in training an apprentice, the Government will pay £2.*
- *On top of this, we will provide extra funding for successful completion, to support small businesses and for younger apprentices aged 16-18.*
- *We will also fully fund training in English and maths at Level 1 and 2, key skills that all employers say that they need.*
- *The rates we have set will allow us to fund, with business, more rigorous standards that will support competitiveness and growth.*

### ***We are putting Apprenticeship funding in the hands of employers so that they can choose the most effective training for their apprentices.***

- We are putting **employers in the driving seat** of designing new Apprenticeships – more than 400 are already involved in our Trailblazers.
- Giving employers control of funding for the Apprenticeships that they design will mean that they can work directly with providers to secure the **most effective training** for their apprentices.
- Rather than us setting the price of training centrally, employers will negotiate with training providers to agree the price and ensure that it delivers the **best value** for their company.
- Our changes will also **greatly simplify** the funding system. Previously there have been hundreds of different rates and hundreds of pages of guidance. In future, there will be a single funding rate and a simple grid on one side of A4 to describe the system.
- We will **trial the following funding model** with our Apprenticeship Trailblazers so that we can ensure that the system works for all Apprenticeships in future.

### ***For every £1 that an employer invests in training an apprentice, the Government will pay £2.***

- When an apprentice receives high quality training towards a new Apprenticeship standard, it creates **significant benefits** for the business but also for the wider economy.
- It is fair that Government and employers **share the costs of that training** just as we share the benefits of its success.
- In the new system, we have set out a single clear commitment. We expect employers to contribute, but **for every £1 you put into training and assessing an apprentice, we will provide £2.**

- To ensure that our funding can support a wide range of apprentices, we need to set a **cap on the amount of core funding** that we can provide on this basis. For each Apprenticeship standard this will be set at £18,000, £8,000, £6,000, £3,000 or £2,000.

***On top of this, we will provide extra funding for successful completion, to support small businesses and for younger apprentices aged 16-18.***

- We want to continue to **drive success** in the new system, supporting apprentices to become fully competent professionals.
- In addition to the funding above, we will provide you with an **extra payment when an apprentice successfully completes**. This will vary according to the cap and will be worth between £500 and £2,700.
- We recognise that **small businesses** can face additional costs when recruiting an apprentice. We want to support more small businesses to come on board and reap the benefits of being involved in Apprenticeships.
- Small businesses (less than 50 employees) will receive an **incentive payment**. This will vary according to the cap and will be worth between £500 and £2,700.
- We also know that **younger apprentices** sometimes need a greater level of supervision, guidance and induction in your business.
- When you take on an apprentice aged 16-18, you will receive a **young person incentive payment**. This will vary according to the cap and will be worth between £600 and £5,400. This means that for this younger age group, many Apprenticeships will **continue to be fully funded**.
- We will allow the **freedom and flexibility** for employers to use these incentive payments as you wish to meet the broader costs of providing an Apprenticeship.
- ***We will also fully fund training in English and maths at Level 1 and 2, key skills that all employers say that they need.***
- Employers consistently tell us that **English and maths** are essential skills for your workforce. We have set clear minimum standards for the level of English and maths that an apprentice should have achieved on completion.
- To reflect the wider importance of these skills, where an apprentice has not already met this level, we will **fully fund English and maths training** at Level 1 and Level 2.

***The rates we have set will allow us to fund, with business, more rigorous standards that will support competitiveness and growth.***

- In recent years, we have supported an expansion of **Higher Apprenticeships**, giving apprentices the opportunity to develop professional skills right up to Degree and Masters levels.
- The new system will fund Apprenticeships at these higher levels on **exactly the same basis** as other Apprenticeships. This will be much simpler and provide significantly more funding for Apprenticeships at this level.

- In total, we will provide up to almost £29,000 of government funding for new Apprenticeships, embedding **rigour** in the system and enabling our new Apprenticeships programme to be truly **world leading**.

## What could this mean for my business?

- The following summary chart sets out the Government funding available:

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
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

- These scenarios will help you to see what this could mean in real terms for your business:

