

## **Apprenticeship Funding for Providers**

### **The Skills System – Adult Apprenticeships (19 years old and over)**

When we talk about the “Skills System” we are referring to skills funding and training for 19 plus (adult) learners. Funding for apprenticeships sits within the mainstream, or core, funding for colleges and private training providers who hold contracts with the SFA. Colleges and other grant funded providers (primarily Local Authorities and Higher Education Institutions) receive an annual allocation from the Adult Skills Budget (ASB). They can then use that funding to deliver what ever they identify as the priorities for their communities and the employers that they work. The only caveat to that freedom is that they must deliver qualifications or learning aims that are recognised for public funding. In practise this means they can offer classroom based learning, apprenticeships and other workplace-based learning, and most provider offer a mixture of provision in response to local needs. Private providers are also funded for apprenticeships out of the ASB budget. They receive an annual contract which is subject to quarterly reconciliation, which is based on their performance. In summary:

- Grant funded providers (colleges, HEIs and LAs) receive an annual allocation; they are not subject to in year reconciliation but they can't normally apply for growth either.
- Paid on Profile providers (private providers, but also some charitable organisations) receive an annual contract which can be reduced or grown in year.

#### Characteristics of the system

- Both types of providers can deliver provision anywhere in the country and reconciliation, and re-allocation, takes place at a national level.
- For 19 plus learners Apprenticeships are co-funded. This means the public purse pays 50 % of the cost and the provider is expected to claim the other 50% form the employer.
- The use of a national funding system enables us to support all growth cases that met our quality standards an allows us to ensure funding for new apprenticeship starts continues to be available throughout the funding year

### **Apprenticeships for 16 -18 year old learners**

The funding for these learners comes from the DFE but is managed by the Skills Funding Agency. It is a ring fenced budget which can only be spent on apprenticeship delivery. All providers in receipt of this budget are subject to quarterly reconciliation, but that also means all providers can apply for growth

at the quarterly performance points. These apprenticeships are fully funded i.e. the employer doesn't pay anything toward the training; they only have to pay the apprentice's wages. Government ambitions for apprenticeships for this age group, and the available budget, have, for the last two years out-stripped demand / provider capacity. Therefore the Skills Funding Agency, and NAS, is always looking for opportunities to deliver more apprenticeships for this age group. Recently we offered an opportunity to bring new providers on for this age group only. NAS have run a number of campaigns to try to drive up demand from young people for apprenticeships as well as to get more employers on board. We have also worked with a number of Sixth Form colleges and some Local Authorities who have not previously delivered apprenticeships to help them develop a 16-18 apprenticeship offer. Hampshire Local Authority and Portsmouth College have recently started 16 - 18 apprenticeship programmes, and there are other Solent based 6<sup>th</sup> form colleges and Local Authorities that have plans in the pipeline for 13/14.

### **Quarterly growth opportunities**

#### Priorities

The Skills Funding Agency is not a planning body. We do not therefore give providers targets setting out how they should use their funding. This is often referred to as the "freedoms and flexibilities" given to providers by the coalition government (from 2010) which has empowered them to determine the best use of the public funding they receive. They are all subject to audit and quality checks by the Skills Funding Agency and Ofsted, but the mix and balance of provision between sectors and types of learning (apprenticeship or other) is down to each provider to determine. Looking ahead providers will be expected to take account of LEP priorities when planning their offer, and LEPs have been tasked by central government with coming up with a Strategy for Skills for their area, which providers will be expected to respond to.

The Skills Funding Agency has published priorities for the ASB and those priorities are Apprenticeship first and foremost and then provision for the unemployed. The ASB is a declining budget and the sector has seen cuts to available funding since 2010. The Skills Funding Agency has built into the annual funding cycle recognition for providers that are growing their apprenticeship delivery; this means that those that are prioritising apprenticeships have seen lower, and in some cases no, reductions in their funding since 2010.

Within Apprenticeships Government wishes to see growth in Level 3 apprenticeship (equivalent to A' levels) and in Higher Apprenticeship (which sit at HE level), as well as an increase in LLDD learners taking up apprenticeships.

#### **Traineeships**

From 1<sup>st</sup> of August this year a new offer for 16-18 year old learners will be available. This new programme will be known as traineeships and will provide a pre apprenticeship offer for young people who are not ready / able to secure an apprenticeship with an employer. A traineeship will offer a 6 month programme, which will include a substantial work experience element, as well as employability or vocationally related skills training, and English and Maths.

All providers who are currently grade 1 and 2 with Ofsted will be eligible to deliver this programme in 2013 /14; in the Southampton area the vast majority of Skills Funding Agency funded providers are grade 1 Ofsted providers, which puts the city in a good place.

**Key documents to refer to:**

Rigour and Responsiveness – April 2013

The Heseltine Review; No stone Unturned in Pursuit of Growth – October 2012

Government Response to the Heseltine Review – March 2013

The Richard's Review on Apprenticeships – November 2013

The Skills Funding Statement 2012-15 – December 2012

*These documents are all available on the Department for Business Innovation and Skills*

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