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# Funding Focus – Proposals for a Register of Apprenticeship Training Providers, and Guidance for employers wanting to become apprenticeship providers

16 August 2016

*Funding Focus provides quick summaries of recent funding developments, or particular aspects of the funding system.*

## Introduction

### Key register of providers documents

DfE released a suite of provisional guidance on apprenticeship funding and the supporting system on Friday 12 August. The key documents about the Register of Apprenticeship Training Providers, and guidance for employers wanting to become apprenticeship providers are:

- [Proposals for a new Register of Apprenticeship Providers \(RoATP\)](#) (17 pages) which organisations must apply to join if they want to deliver apprenticeship training from May 2017, and a [survey](#) on the proposals which closes on 5 September.
- A 31 page [Employer-provider guide](#) which explains what employers need to do to become an apprenticeship provider, and a request for feedback on any element of the guide to be sent to [employer.providers@bis.gsi.gov.uk](mailto:employer.providers@bis.gsi.gov.uk).

This Funding Focus summarises these documents.

### Funding documents

The key funding document is the 23 page [Proposals for apprenticeship funding from May 2017](#) for levy and non-levy payers, along with proposed new funding bands for all apprenticeships. The DfE included a [survey](#) asking for views on the proposed funding plans (closes 5 September)). Two Funding Focus documents are available which summarise the information available:

- [160816 Funding Focus - Apprenticeship funding after April 2017](#)
- [160816 Funding Focus - Proposed allocation of frameworks and standards to new funding bands from May 2017](#)

### Further documents and information

DfE also released:

- A [press release](#) which outlines what has been published.
- Updated guidance on the [Apprenticeship levy: how it will work](#).
- [Information on the apprenticeship levy](#) with data broken down by size and sector and the total apprenticeship budget which shows how much money the government is spending on apprenticeships and the amount employers will pay as part of the apprenticeship levy (9 pages).



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- An [online levy calculator](#) which employers can use to estimate if they will pay the apprenticeship levy, how much an organisation will have available to spend on apprenticeships and how much the government will contribute towards the cost of training.

### When further information will be available

The publication of further guidance is now back on track. Throughout the summer DfE will be engaging with employers, providers and other stakeholders and collating responses to the online [survey](#) on the proposed funding guidance. We expect the following information to be available, as originally planned, in October 2016, and December 2016:

- October 2016: The final funding bands that will apply in the new system, the final levels of government support, additional support for 16-18-year-olds, and English and maths payments, the final, full set of technical rules that underpin the funding system, and confirmation of how the proportion of pay bill that is paid to employees living in England will be calculated.
- December 2016: Further employer guidance from HMRC on how to calculate and pay the apprenticeship levy.

## Proposals for a new Register of Apprenticeship Providers (RoATP)

Given the introduction of the new apprenticeship levy, it is expected that demand for apprenticeships to increase rapidly over the next few years, and that the apprenticeship provider base will change as government will welcome more employers delivering training directly to their staff, universities delivering higher and degree apprenticeships, FE colleges and independent providers competing in a broader market, and new types of providers entering the market. The proposed new RoATP will take effect from 1 May in line with the start date for the new apprenticeship funding system.

### The SFA will be changing the way they work with providers

#### Levy and non-levy payers

<i>From May 2017</i>	<b>SFA procurement and contracting</b>	<b>Digital apprenticeship service</b>
<b>Levy-paying employers</b>	<b>N/A</b>	Purchase apprenticeship delivery direct from providers using DAS.
<b>Non-levy paying employers</b>	Be procured and contracted by the SFA for a transition period, until at least 2018, for apprenticeship delivery (as now).	Not use DAS to pay for apprenticeships until at least 2018. <b>However, after a transitional period, will purchase apprenticeship delivery direct from providers using DAS in same way as levied employers.</b>
<b><i>In addition, all employers (levied and non-levied) will select one 'lead' or 'main' provider per apprentice.</i></b>		

## Why a new register is being introduced for apprenticeships

- The SFA currently uses its Register of Training Organisations (RoTO) to obtain assurance about providers delivering publicly funded education and training.
- The SFA now want to provide assurance that is focused solely on apprenticeships, and allow employers to deliver training to their own employees.
- The SFA will introduce the new Register of Apprenticeship Training Providers (RoATP) and all providers must apply to join the RoATP if they want to deliver apprenticeships from May 2017.
- The SFA will run a procurement exercise for the delivery of apprenticeship training to non-levied employers until at least 2018 (i.e. until these employers join levied-employers and use the digital apprenticeship service to purchase training). The SFA expect this to be a one-off procurement.
- The RoATP will be separate from the Register of Training Organisations (RoTO), which will continue to operate for the Adult Education Budget and Advanced Learner Loans.
- Organisations currently on RoTO to deliver apprenticeships will need to apply to the new register if they wish to continue. There will be no automatic transfer from RoTO to the RoATP.

## Who needs to apply, and who can't apply

- Any organisation that wants a role in delivering apprenticeship training from May 2017 must apply.
- This is a significant change from the current position, where subcontractors delivering less than £100,000 of SFA funded provision per year do not need to apply to the current RoTO.
- Managing agents, intermediary bodies, consortium leads, brokerage organisations or similar organisations that do not deliver education and training to apprentices, will not be eligible.

## The future role of subcontracting in apprenticeships

- Given the direct relationship that levy-paying employers will now have with providers the SFA propose that one of the current subcontracting models, where a provider funds another provider to deliver an agreed number of full apprenticeships, is now redundant.
- Subcontracting will now be focused around meeting employer needs for flexibility and responsiveness. If agreed with an employer, a provider will be able to supplement its own delivery by bringing in expertise from supporting providers to deliver parts of apprenticeships. The expectation is that the **main provider will deliver significantly more than half of each apprentice's training and at all times will maintain the relationship with the employer**. The SFA provide two examples:

**Example 1:** An employer may want an apprenticeship programme that covers more than one subject area, and the main provider is unable to meet all of the employer's requirements where this falls outside of their primary expertise. For example, the employer selects a provider to deliver training to its 20 engineering apprentices. The employer then decides to employ a procurement apprentice, which the provider can only deliver in part, so engages another provider to support its training of that apprentice.

**Example 2:** An employer may want to work with a provider that can deliver the vast majority of an apprenticeship, but does not have the expertise to deliver all elements, such as a specific piece of training. For example, a provider is delivering maintenance technician apprenticeships for an employer. There is a need for delivery of some specialist hydraulics training which the main provider is unable to supply. The main provider can appoint a supporting provider to deliver the hydraulics training, with the employer's agreement.



## Application routes

The SFA are considering the possibility of three application routes. The majority of organisations will apply through a main application route.

Application route	Organisations will:
<b>1: Main route</b>	<ul style="list-style-type: none"><li>• Be eligible for selection by levied employers to deliver apprenticeship training.</li><li>• Be eligible to participate in the SFA procurement for delivery of apprenticeship training to non-levied employers.</li><li>• Have the capacity and capability to deliver all of, or the majority of, each of the frameworks and standards they offer.</li><li>• Want to deliver parts of frameworks and standards under a subcontracting arrangement with another provider on the main register.</li></ul>
<b>2: Providers who do not have capacity and capability to deliver a full apprenticeship, but who can add value to the delivery of apprenticeships</b>	<ul style="list-style-type: none"><li>• Only have capacity and capability to deliver parts of apprenticeships on a small scale.</li><li>• Have an entry route to the market, and potential opportunity to scale up and apply to the main route in due course.</li><li>• Not have a direct relationship with the employer and not be eligible for selection by employers through the digital apprenticeship service.</li><li>• Be subject to the same quality, financial health and due diligence tests as those entering the main route, but have capacity and capability tests proportionate to the scale and nature of their delivery.</li><li>• Be limited to delivering significantly less than half of each apprentice's training and therefore receive significantly less than half of the agreed price for each apprenticeship.</li></ul>
<b>3: Employer-provider, employers who want to train their own employees</b>	<ul style="list-style-type: none"><li>• Be levied employers who want to deliver training solely to their own staff.</li><li>• Be required to meet the same quality criteria, but other criteria would be proportionate and appropriate. (For example, the SFA would not ask employer-providers to confirm details of legislation they will be complying with through their employment of the apprentices.)</li><li>• Not be eligible for selection by other levied employers to deliver apprenticeship training and not be eligible to participate in the SFA procurement.</li></ul>



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## Applicant tests

The intention is to ask all applicants a number of questions that will be divided into three tests. Applicants must pass all three of the tests to be included on the RoATP.

- a. Due diligence test.
- b. Financial health test.
- c. Quality, capacity and capability tests.

Test	The SFA will:
<b>Due diligence</b> <i>To remain broadly similar to those used within RoTO</i>	<ul style="list-style-type: none"> <li>• Collect and verify factual information about the legal status of organizations, their directors and senior leaders and compliance with legislation and regulations.</li> <li>• Tailor questions to fit specific circumstances where appropriate. For example, applicants to the employer-provider route will not be asked about legislation they will already be complying with as an employer.</li> </ul>
<b>Financial health</b> <i>To remain broadly similar to those used within RoTO</i>	<ul style="list-style-type: none"> <li>• Have differentiated tests based on level of risk if applicant ceasing trading.</li> <li>• Exempt colleges and public sector organisations. The appropriateness of this approach for colleges will be kept under review.</li> <li>• Where applicant groups are already subject to financial assurance by recognised regulatory bodies, take assurance from those bodies.</li> <li>• For levied employers, consider a reduction to the current exemption for employers who have an annual turnover of more than £100 million and whose funding from the SFA is less than 5% of annual turnover.</li> <li>• For all applicants to the main application:               <ul style="list-style-type: none"> <li>– Test financial health of those who have traded for a sufficient period to file accounts, ir through a review of their latest accounts.</li> <li>– Ask applicants who have not traded for a sufficient period to file accounts, to provide 12 months forecast figures and management accounts.</li> <li>– Not allow organisations who are not yet trading to apply.</li> <li>– Not accept director or parent company guarantees in support of an application.</li> </ul> </li> </ul>
<b>Quality, capacity and capability</b>	<ul style="list-style-type: none"> <li>• Require all applicants to pass the same quality tests, but may differentiate the capacity and capability tests across the application routes.</li> <li>• Ask all applicants to set out information such as their training delivery model, management and delivery arrangements, knowledge, skills and experience of working with employers of differing sizes, prior experience and expertise of leaders and staff, MI and data management arrangements, and arrangements for safeguarding apprentices and learner support.</li> <li>• Take account of recent Ofsted inspections, particularly where a provider has had their apprenticeship provision specifically graded, and make providers judged as grade 4 for apprenticeship provision within the last three years ineligible,</li> <li>• Allow HEIs with degree awarding powers funded by HEFCE to include evidence from their QAA reviews, where appropriate.</li> </ul>

## Timeline for applications

- RoATP will be open for applications starting in October 2016.
- Once in steady state, open every three months, for a month at a time.
- The SFA will publish an updated list of registered providers on each application route, and what this means for them and for employers.
- Providers must re-apply every 12 months.
- The SFA will also publish key information about providers applying through the main application route, including their sectoral areas of delivery and locations through the 'Find a Provider' feature of the digital apprenticeship service.

## Removing providers from the RoATP

There are a number of circumstances under which providers can be removed from the RoATP including suspicion of fraud or irregularity, failure to comply with conditions of funding, awarding bodies identifying significant irregularities, gross misconduct on the part of a senior employee, and where a provider is judged to be inadequate for overall effectiveness twice in a row.

The SFA will work with the Institute for Apprenticeships (IfA) to introduce standards for the quality of a provider's delivery and remove any providers who fall below those standards. The SFA also want to explore the role that employer feedback can play in informing a provider's status on the RoATP.

## Next steps

- The RoATP will open for applications on 3 October 2016, and the first selection of providers will be drawn from those who complete their applications by 4 November 2016.
- The first edition of the RoATP will be published by February 2017.
- The RoATP will also be open for applications in October 2016 for apprenticeship delivery for non-levied employers, and successful organisations will be told the outcome by March 2017.
- The SFA expect this will be a one-off procurement, but if gaps in the market emerge they may need to procure again.

## Guidance for employers wanting to become apprenticeship providers

This 31 page [publication](#) has been produced by the DfE to help employers wishing to become an apprenticeship provider to understand the different steps involved and what employers will need to do at each stage. If successful, employers will be able to deliver the off-the-job training element of an apprenticeship to their own staff, and/or to other employers' staff. The full guidance includes useful information from employers who already deliver training as part of apprenticeships.

### Introduction

#### Routes employers can take to becoming a provider

There are three ways employers can deliver training as part of apprenticeships, and two routes for employers to become providers:

Route	<i>Classed as:</i> Employer-provider	<i>Classed as:</i> Employer-provider	<i>Classed as:</i> Provider
<b>How employer delivering training</b>	Provide 100% of training required to just own staff	Provide part of training required to own staff; contract external, approved provider to deliver remainder	Provide training to own staff and staff employed by others

#### The process

The process to become a provider applies to all organisations who wish to deliver apprenticeships training to ensure a consistent quality bar is met by all:

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
Advice and support	Apply to become a provider	Enter contractual agreement with the SFA	Develop training content and materials	Deliver training	Reporting and monitoring	Ofsted inspection

#### Step 1: Advice and support

- Contact the SFA via the National Apprenticeship Service (NAS) [enquiry form](#) for advice about becoming an employer-provider, or call on 08000 150 600.
- Support available includes: free workshops for large employers, a named contact from the National Apprenticeship Service for each large employer-provider.



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## Step 2: Apply to become a provider

- All organisations that want to deliver apprenticeship training need be on the new Register of Apprenticeship Training Providers (RoATP) (see the summary of the proposals above, the [proposals in full](#), and a [survey](#) on the proposals which closes on 5 September).
- Employers who want to deliver 100% of the training required to just their own staff, or deliver part of the training required to own staff and contract external, approved provider to deliver the rest, will apply via the employer-provider route of the register; employers who want to deliver training to other employers' staff will apply via the main route.
- Before the register opens for applications, there are a few things employers can do in readiness:
  - Register with the [United Kingdom Register of Learning Providers \(UKRLP\)](#). This will give employers a unique identifier needed for the application to the RoATP.
  - Register with the [Information Commissioner's Office](#). This is for the processing of personal data. It is a legal requirement that any organisation applying to the RoATP is registered with the ICO.
  - Register on the SFA's [portal](#). The SFA will use this to manage RoATP applications.

## Step 3: Enter contractual agreement with the SFA

- Once on the RoATP, employers will enter into a contractual agreement with the SFA.
- Employers who intend to deliver training to apprentices employed by other businesses will enter into a contract with that other business as their provider. The contract will include evidence of the cost of apprenticeship training and assessment and any details of sub-contracted training.

## Step 4: Develop training content and materials

- Employers delivering some or all training directly need to design the content of the training and the training materials. These must be aligned with the relevant apprenticeship standard or framework.
- NAS run workshops to support employers to develop apprenticeship programme content. To find out more contact the NAS through their [enquiry form](#), or call on 08000 150 600.

## Step 5: Deliver training

- All apprenticeships include 20% off the job training and employers would need to ensure that all apprentices receive all of the training.

## Step 6: Reporting and monitoring

- The SFA collect information from employers on a monthly and annual basis to ensure good quality training is being delivered, enable payments, and keep track of learners and their outcomes.
- Employers delivering training to their own staff will need to register your apprentices on the digital apprenticeship service to be able to use the funds in the digital account.
- All providers will need to return monthly data to the SFA on the apprentices in learning to be paid.
- Data returns will be used to assess quality, for example by Ofsted, and included in national statistics on the numbers and types of apprenticeships being delivered.
- The SFA could also select you for an audit periodically to verify information submitted in data returns.
- All training must meet a minimum standard for achievement rates as set by government. Currently it is expected that a minimum of 62% of apprentices successfully complete their apprenticeship. In 2016/17 this expectation will rise to 65%. The SFA monitors delivery against the minimum standard, which could trigger intervention to support improvement.



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- The SFA will review data to monitor whether the costs of training represents good value for money by and use their findings to inform which employer-providers will be audited.

## **Step 7: Ofsted inspection**

- The full employer-provider guide includes guidance on inspection for employers who deliver apprenticeship training, and guidance from Ofsted at Annex B.
- If you choose to become an employer-provider, Ofsted inspect you to:
  - Assess the quality of your training to help you improve it, provide useful information for future employees, and provide accountability for use of public money against a national framework.
  - Help ensure that apprentices learn, develop and progress as they should.
  - Check that you manage training so that it effectively delivers good quality training.
- Each inspection will result in a published report which will highlight both the strengths and areas for improvement identified in the inspection.

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