



Association
of Colleges

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Response to DfE proposals on apprenticeship funding in England from 1 May 2017

A submission from the
Association of Colleges: 5 September 2016

Further education colleges provide high-quality technical and professional education and training for young people, adults and employers. They prepare over three million students with valuable employability skills, helping to develop their career opportunities.

Colleges are inspirational places to learn because education and training is delivered by expert teaching staff in industry-standard facilities. From basic skills to postgraduate degrees, colleges offer first rate academic and vocational teaching, in a range of professions including engineering, hospitality, IT, construction and the creative arts.

Background

The Association of Colleges (AoC) represents and promotes 317 colleges in England incorporated under the Further and Higher Education Act 1992.

Further education (FE) colleges provide high-quality technical and professional education and training for young people, adults and employers. They prepare over three million students with valuable employability skills, helping to develop their career opportunities. AoC are responding on behalf of 308 colleges (95%) in membership and have sought their input into this response. Our members currently receive in the region of £550m in apprenticeship funding from Government each year.

Introduction

This document and the counterpart that outlines the proposals for the register of apprenticeship training providers (RoATP) need to be read in conjunction when considering the potential implications for colleges engaged in, or seeking to become engaged in, apprenticeship delivery.

The documents concern themselves with how both the funding and the register will operate in 'steady state'* with some brief references to transitional arrangements (such as the inclusion of frameworks in the funding mechanism). We need to view these documents from the current perspective and consider how we might effectively transition to 'steady state'. Our response therefore concerns itself with aspects of the proposals for 'steady state' and how we might transition to this new steady state without derailing parts of the English apprenticeship system in the short term. In the instances where we have provided no comment, we are in general agreement with the proposal.

*By 'steady state' we mean when all employers are on the digital apprenticeship service (DAS), the Institute for Apprenticeships and Technical Education (IfATE) has fully assumed its role and all apprenticeship starts are on standards.

Key Observations

Whilst we recognise the desire to simplify the system, simplicity can often result in unintended consequences and unfairness.

- 1 We believe there is a **perverse incentive** in the funding proposals that provides a greater incentive to place young people on to an apprenticeship in a lower funding band where the impact of the £ 1,000 x 2 subsidy will be highest. We do not believe that this is the Government's intent.
- 2 Whilst recognising that an employer can pay more than the band upper limit, we remain unconvinced that adopting the existing 19 to 24-year-old funding rate as the level for transitional funding (for all but STEM frameworks) will ensure funding levels are sufficient to cover all other frameworks. Our members are concerned that it is not realistic to deliver even the most straightforward apprenticeships at the lowest bands. There are also concerns that significant reductions in funding levels for more expensive provision will impact adversely on the quality and quantity of their provision.

Examples of this include the funding for 16 to 18-year-olds on the following courses:

- Advanced Clinical Healthcare Support falls from £5,785 to £3,000;
- Advanced Creative & Digital Media from £9,647 to £5,000;
- Electronic Engineering from £14,853 to £10,000;
- Intermediate Plumbing & Heating from £7,949 to £6,000.

There are also sectors such as land-based and geographical areas where the lack of weighting attached to the funding could make the offer undeliverable. There needs to be an **appeals process on framework funding levels during transition**. Such a process could also be used for the allocation of existing standards to the new bands.

- 3 We are comfortable with the intended co-financed rate as set out in the document. We believe the 100% funding for smaller businesses taking on a 16 to 18-year-old is helpful, as is the continued provision of an incentive to the employer of £1,000. We believe that the flat rate payment to training

providers covering the same students needs more thinking, particularly where an apprenticeship is delivered over more than one year. Students studying over more than one year will continue to incur additional cost in those subsequent years.

- 4 The changes to the funding rates are likely to result in significant changes in income levels for some colleges and consequently on the overall volume of provision. We believe some **transitional arrangements** should be put in place to mitigate against extreme loss/gain within a transitional period, once the rates have been finalised.
- 5 Special consideration for apprentices with Education, Health and Care Plans and those who have been in care is to be welcomed, however there are many other students who may well see their opportunities to access apprenticeships decrease within the new funding approach due to the removal of weighting factors which were introduced to level the playing field for these students. The conditions that led to the need for these factors still exist.
- 6 We very much welcome the increased flexibility around the funding of apprentices studying at a level lower than their existing attainment level.
- 7 We agree that more funding bands create a system that is less likely to see drift to the top of each band (or at the very least give less room for such drift). We would expect behaviours in response to these bands to be closely monitored to ensure that initial intentions are realised and that there are no unintended consequences.
- 8 We believe that the withholding of an amount of the total cost until later in the programme is a sensible idea. However, we do have some concerns about the following:
 - We are unsure as to how confusing it will be for employers to leave this withheld amount within their levy pot. If the amount is to be within an employer's levy account, it should be unavailable to commit to further training.
 - The amount held back appears to suggest that the end point assessment (EPA) may well constitute 20% of the overall delivery cost, this amount seems too high as a starting point and if it is interpreted as being the funding set

aside for assessment then that sets an anticipation that EPA will account for one fifth of funding.

- Holding the funding until completion may cause problems for example where assessment costs need to be covered prior to completion. It is worth noting that training providers are already funded a month in arrears within these proposals.

- 9 We believe that careful consideration should be given to the impact the new funding arrangements will have on Apprenticeship Training Agencies (ATAs), particularly if the ATA delivery model is intended to continue from 2018. If the intention is to dissuade levied employers from using the ATA 'arms-length' model then this should be clearly stated.
- 10 We note that many post -16 Area Based Reviews are leading to the establishment of joint apprenticeship companies which should not be included in the consideration of ATAs
- 11 We welcome the flexibility with non-levied employers to negotiate the payment structure for the employer contribution. Our assumption is that the Government contribution will be paid monthly as with levied employers, though clarification regarding this matter would be helpful.
- 12 Recognition of the role that small employers play in supporting young people is important, but it is disappointing that the 100% funding model is not extended to all 16 to 24-year-olds. In the current funding system the apprenticeships grant, England (AGE) covers all learners up to 24. It would be good to see 100% support for all small business based apprentices up to 24, even if such learners from the age of 19 do not attract any form of grant at national level.