

BRIEFING: Trialling our new Apprenticeship Funding System

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, 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 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, 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, we will **fully fund English and maths training** in Apprenticeships, which is worth up to £1,000 per apprentice.

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:

Additional Funding:	Core government funding (£2 for every £1 from employer)				
	£2,000	£3,000	£6,000	£8,000	£18,000
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
Completion:	£500	£500	£900	£1,200	£2,700
Maximum Total:	£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:

