



The Future of Apprenticeships in England: Funding Reform Technical Consultation - LWBLA Response

Funding principles

Question 1: Whilst the principles of the new funding system are now firm, please detail any issues relating to their implementation that you believe need to be taken into account and, if so, how?

The key issue for businesses and training providers in London is how the Government decides to implement policy. The risk is that these changes to the funding system may lead to an overall decline in both apprenticeship numbers and active business customers.

We fear the outcome could well destabilise the delivery of apprenticeship training and undermine the confidence from the general public, businesses and key stakeholders in the value of the apprenticeship offer.

The consultation exercise undertaken by the LWBLA highlighted the following issues that would benefit from detailed clarification and explanation:

1. The absence of any financial information or worked examples i.e.; the % co-investment required by an employer, the modeling of occupational standards by bands and the specific value of additional payments fundamentally restricts our capacity to analyze and conclude if the delivery of occupational standards is a realistic proposition.
2. The lack of any detailed regulatory and key administrative processes prevents business /employers to make any reasoned judgment on the practicality and preference of either option, and
3. The absence of any technical information on accounting standards, taxation issues, application of VAT, clarity of EU State Aid regulations for employers, and contracting methods to determine whether this reform to apprenticeship funding is in the best commercial interests of businesses or not.

In addition there are a number of specific issues that have been directly raised by businesses/employers that need clarification if the new funding system is seen to either encourage or dissuade employers from recruiting apprentices:

- How will the Government allocate and manage the national budget – will this be on a ‘first come first served’ basis or is it unlimited and uncapped? If it is the latter how is this affordable to the public purse, specifically when training programmes cross over more than one financial year?



- No question is offered in the consultation on what employers would consider to be the correct level of co-investment to incentivise the employment of apprentices? Why if employers are to be customers are they not asked specifically what they are prepared to pay for?
- What analysis has the Government undertaken on the projected total volume of apprenticeships compared with the current arrangements, and what assessment of the impact on the current provider supplier base to respond to this change in policy?
- Can the Government explain how the Department for Education will manage the budget for 16-17 year olds within a unified funding model?
- Can the Government explain/confirm if existing employees are eligible to be an apprentice (under either PAYE or employer credit), or only new posts/vacancies? Yes or No.
- How will the interests and rights of the apprentice be secured under these new arrangements?
- If the apprentice fails to achieve the occupational standard can the Government confirm that the employer does not have to refund any money back to the Government? Yes or No.
- Will the current liability for educational safeguarding legislation that currently applies to providers be transferred to employers if they employ a 16-17 year old? Yes or No.
- Is it reasonable for HMRC to be able to reliably support the needs of over 200,000 new business customers, if so what service standards are proposed?
- Can an employer create a training provider under its ownership for the purpose of delivering the occupational standard? Yes or No.
- Can the Government explain what is the long term future of the Adult Skills budget in the absence of apprenticeship funding, and how will the pricing of classroom based qualifications impact on work based learning with separate funding models in play directed at the same employer/customer groups?

Strategically in considering the two funding options the consultation they appear to present an ambiguous set of trade-offs between the simplicity of operation, commitment to co-invest, managing delivery risk and accountability for public funds.

The conclusion we draw is that a second consultation is required to address in detail covering the points set out above with financial values and worked examples.

The LWBLA would welcome analysis from either the NAO or the Public Accounts Committee analysing the indicative cost of managing and administering the new arrangements by HMRC before legislation is approved.

In the LWBLA's view it is a fundamental weakness of the consultation document that employers are not specifically asked to express a preference for either PAYE or employer credit, or given the option to retain the existing contracting model.



ATA as an employer of apprentices

Question 2: Please comment on how, or to what extent, the new funding principles and mechanism can be applied in practice to ATAs, authorised non-employed apprentices and the Armed Forces.

The key issue for Government is whether ATA's are effective in delivering both high quality training and sustainable job outcomes.

Apprenticeships are a paid job with training. Any dilution of that principle calls into question what the purpose of an apprenticeship is, and how employers and the general public would respond to an apprentice being/having 'non employed' status.

The merit of an ATA delivery model is to transfer risk away from the employer who generally would not commit to employing an apprentice at the outset – offering a form of 'try before you buy' approach. This appears to be counter intuitive to the general direction of the Governments approach - that employers should accept the risk of employing the apprentice and then purchase the training.

It may be more appropriate to use the ATA model in specific sectors/industries such as construction because of the very nature of the how the labour market functions. So it is not clear if the Government in the context of this consultation is suggesting that the ATA is the employer of the apprentice who then secures relevant work experience as part of the occupational standard or not. The ATA then presumably pays less PAYE or opens an employer credit account as the employer of the apprentice?

In a recession the ATA model may be highly effective in undertaking work based learning – it would depend on the definitions being applied in 'work based' and 'learning' as well as 'work experience'. If a locality/region does not have the employer base or scale of job generation then this ultimately is not an employer led model but a scheme to mitigate the impact of economic inactivity/unemployment.

Is the Government neutral to the types of delivery models available to employers, and comfortable with the proposition that ATA's could deliver say a majority of all occupational standards? For large employers by establishing an ATA this provides complete control of funding and delivery for the employer without any increase in headcount or contractual commitment to the apprentice beyond the period required to meet the occupational standard.

How does the Government define the word 'authorised' as set out in the consultation document, and what would the Government's approach be if the ATA model were to be the new norm for the delivery of all occupational standards? The general public would see the direct employment model of apprenticeships displaced by a half way house that cannot offer certainty of employment and progression.



Payment mechanism options – eligibility and registration

Question 3: What sort of information would you need at the outset from a new employer website for Apprenticeship registration and funding, to give you the certainty to employ an apprentice?

The LWBLA believes that this should be relatively straightforward and from an employers perspective the key information requirements are:

- A comprehensive understanding of the law and how it impacts on the employer, apprentice and training provider.
- A clear set of terms and conditions for all parties who accept Government funding.
- The total funding available for each apprentice as defined by the MGC, the bands and all additional payments, setting out how the funding is drawn down.
- Eligibility and all 'red-tape'/administration for every stage in the process including liabilities and commitments to the apprentice.
- A list of approved training providers.
- The checklist/requirements/good practice guide to working with a provider.
- A clear explanation of all occupational standards: who is responsible for what covering all stages of the delivery cycle.
- An explanation of UK tax law and the impact of employing an apprentice from VAT to Corporation tax and State aid regulations.
- A free help line and advisory service for employers.

We assume all of this information to be straightforward and available online and regularly updated by Government.

Question 4: When, relative to recruiting an apprentice, would you want to know how much funding you would be eligible for?

Logically before a recruiting an apprentice - businesses want certainty and clarity from Government before committing to recruit an apprentice.

It is important for business planning purposes that the Government does not vary the value of the credit and % co-investment once an apprentice has been recruited, the time period, or how much is held back as the PBR element.

It is important that the Government is committing to a PAYE reduction or credit for the entire duration of the apprenticeship and can only withdraw funding if there has been a breach of terms and conditions by the employer. The failure by Government to outline the key legal and transactional requirements for employers inhibits any detailed understanding of the two options and their suitability.



Question 5: How can data collection requirements be minimised in the reformed funding system?

If the Government wants to link the reporting of progress to the drawdown of funds then logically there should be a single or unified system at the employer interface for both funding and reporting progress. If this principle is accepted then it should drive the design of the new system and an evaluation of the funding options.

Assuming that data collection is linked to drawdown of funding this should be linked to the progress of the individual apprentice. The more the taxpayer wants to know of the progress of the apprentice the more complex and time consuming this becomes.

The relationship between the employer and training provider is important, as the employer has to make a strategic decision on who delivers the training and assessment and so drives the reporting process.

The strategic risk to Government is that in wanting to demonstrate that there is effective oversight in the use of public money the current complex system of learner records is reinvented, and liability for accurate and timely reporting falls on/ is the responsibility of the employer.

Complexity and cost can creep in when employers recruit apprentices at different times on different occupational standards with different funding values. Over the long term HMRC are perceived by business to be fundamentally compliance driven in behaviour and regulatory impact.

A future Government may (view the current approach to regulation as 'light touch'/ inadequate) introduce new regulations so business has to be cautious that in future it may be saddled with additional requirements that are onerous and costly both in time and money.

The presentational problem is that businesses often see any reporting of progress to be both an intrusion and a cost out of all proportion to the activity being undertaken. Opinions vary from 'I'm doing the government a favour here so leave me alone' and 'I employ HR to do this'.

Businesses we consulted with expressed limited buy-in to the principle that they should be accountable for performance and had a very narrow view of what accountability for public funds should mean in practise.

The Government will also have to consider the consequences of fraud and the misuse of funds so the likelihood is individual business will need to keep and maintain accurate records.

The trade off between incentivising employers and making them accountable for progress/use of the money appears to be the central challenge for Government. Neither of the two options in the consultation document appears to offer any realistic solution to this fundamental policy dilemma.



Payment mechanism options - PAYE model

Question 6: How would the PAYE model impact on the cash flow of your organisation?

For most employers the PAYE credit only reduces the total amount payable to HMRC: the employer then carries all of the delivery cost and compliance risk.

Some employers view this as a profoundly misleading option and have no interest in subsidising the job of Government or being accountable to train and educate young people. Employers can see all the risks of this option in terms of cost and management and very little in return.

Strategically this option relies on employers having a relatively high level of transactional capability where the Governments co-investment can be subsumed or 'lost' within a bigger number - the firms overall PAYE, and assumes the employer is able to financially reconcile income and expenditure on apprenticeships in a timely, accurate and cost efficient way.

The diversity and range of options open to business in completing the PAYE returns makes this potentially a very complex consideration depending on the firms accounting structure, management of expenditure/reconciling of cost centres, budget performance and the financial year-end.

PAYE in practice could be seen to be the worst of both worlds: Government is typically not paying employers anything; it is reducing the bill but leaving the employer with complexity, cost and accountability for progress. For large employers the reduction in PAYE is a 'drop in the ocean' yet the cost of training isn't. For small employers the internal cost of apprentices can be out of all proportion to the saving on PAYE.

In the absence of financial information it is impossible to objectively value the impact PAYE will have in incentivising employers to recruit and train apprentices. No employers we canvassed or consulted directly displayed any support or confidence in this option.

Question 7: If you have multiple payrolls or outsource your payroll, how would the PAYE model work for your organisation?

Again this requires high-level internal control to ensure that returns and payments are accurate and timely. It exposes the relationship of payroll to the rest of the employers accounting structure.

The risk to Government is that most employers employ apprentices in one's and two's so why would they bother when there are other recruitment solutions at very low or nil cost to the employer?



Question 8a: Do you envisage additional charges for the PAYE model, such as through the update of payroll software?

Yes

Please explain your response:

Intuitively in a B2B relationship the excuse of Government regulation is typically used to drive up charges and the cost of services over the long run.

It is not just the software update but also the administrative time/cost attached to the management of the software that carries a charge for the client/employer.

The more apprentices an employer employs the greater the cost and burden to the employer. At this stage we do not know how the Government intends to administer the reporting of progress so this makes any detailed analysis impossible for how employers can operate to PAYE and track learner progress.

Question 8b: Do you already have to regularly update the software you use and pay for those updates?

Yes

Question 9a: If you have multiple apprentices, how easy would it be for you to calculate your PAYE deductions?

Don't know

Please explain your response:

n/a

Question 9b: How confident are you that you would be able to calculate the correct deductions?

Don't know

Please explain your response:

This is an employer specific response.

Question 9c: If you did make an error, are you confident that it would be simple to resolve?

Don't know

Please explain your response:

This is an incredibly speculative question that should be directed to HMRC. In terms of business efficiency this assumes that HMRC could and would resolve all adjustments/transactions electronically without recourse to a human interface.

The issue for Government is that if an employer believes that they have been



inefficiently dealt with, or unfairly treated by HMRC it will drive employers away from employing an apprentice. The perception of 'hassle' and 'red tape' will be critical.

HMRC will in effect be the arbiters of how well the system can operate in practice. Does the Government accept that HMRC will indirectly be responsible for delivering a key aspect of England's skills policy?

Payment mechanism options - PAYE model for employers who do not make sufficient PAYE payments:

Question 10a: How easy would you find the process of reimbursement funding?

Difficult

Please explain your response:

In these circumstances employers will assume that HMRC will provide an automated service to transfer cash into a nominated business account.

Question 10b: What impact would this have on your organisation's finances?

Overall there is a greater risk that the organisation will lose more money they have budgeted for.

Question 10c: Would this impact on your decision to employ an apprentice?

Yes

Please explain your response:

This option looks complex and requires a reasonable level of management control. Not a sufficient incentive to commit to employing an apprentice.

Question 11: Are there any other issues you would like to raise in connection with the PAYE model more generally? If so, please provide details.

The key issues the LWBLA would like to raise focus on are:

- Overall risk to the Exchequer, and
- Potential complexity for employers:

This is set out below.

1. Can the Government reliably manage the overall cost to the taxpayer of using PAYE to fund apprenticeships?

The employer is making all of the decisions by a combination of random recruitment/claiming patterns and the economic cycle throughout the financial year. This may make forecasting unpredictable for the Government: how much



of the budget has been spent in-year and also has to forecast carryover from previous years.

The recent experience of Holland's introduction and abandonment of tax credits (2012-2013) for financing apprenticeships should be closely evaluated.

The LWBLA's analysis of the Dutch experience revealed that accountants and financial advisers offered expert consultancy advise to maximise the drawdown of the credit. The Dutch Government had no effective control of the budget and within 2 years the overall cost to the exchequer had nearly doubled. The number of outcomes declined and the Government stepped in and abandoning tax credits and reverting to a grant in aid scheme.

2. Managing Complexity

The PAYE option separates out key actions giving rise to potential complexity/ errors and disconnect of three key processes 1. Claiming the PAYE under the MGC, 2. Reporting on progress, and 3. Paying the training provider. Under PAYE the employer has to be capable of effectively managing all three processes. Can the government design a system that does all of this at no cost to the employer? If the answer is yes can we see the specification and budget, if the answer is no why is the Government pursuing this option, which has been the subject of one consultation exercise already

We estimate in London that over 75% of all apprentices are employed in an SME. The Government has indicated that it will provide an additional cost element for small employers but this in itself does not resolve the question of how you make the system work well If say the employer outsources the management to a third party: the employer is not only likely to be incurring a cost but also has limited control of progress and accountability unless the third party is the Training provider. If it is the latter point isn't that what the Government is trying to avoid?

A number of businesses have also raised the question of what impact the use of PAYE will have on budgeting, accounting standards and treatment of other tax regimes. For small businesses that operate conventional cash accounting principles is there a risk that a lower amount of PAYE paid than forecast results in a higher amount of corporation tax.

The Government may end up with the worst of both worlds: a more expensive and unreliable system coupled with resentment from employers that they carry all of the risk with hidden costs and pitfalls.



Payment mechanism options - Apprenticeship Credit model:

Experiences of other online accounts and services

Question 12a: Do you already use online accounts, payment gateways and electronic payments (in purchasing training or any other service or product for your organisation)?

Yes - but the Government needs to define within the account the relationship between the employer and apprentice.

If it is the former then every-time an apprentice is recruited this becomes another transaction within the overall account. If it is the latter then the employer is opening a new account each time they recruit an apprentice.

The regulatory and compliance requirements of the account are not set out so it is impossible to understand how the account might function in practice.

Question 12b: What could be learnt in the design of an Apprenticeship Credit from any existing online accounts and payment gateways that you use?

The closest example would be an online bank account with the infrastructure, security and a recognised standard of customer service support.

The Government should carefully evaluate the recent history of individual learning accounts (ILA's) to assess the pros and cons, and ultimately what led to the collapse of the programme.

Question 13: What is most important to you in relation to setting up an online account e.g. simplicity, security etc?

Safe and simple to use.

Setting up your Apprenticeship Credit account

Question 14: Would you want to set up your Apprenticeship Credit account before or after negotiating and agreeing training with a training provider?

Don't know.

Please explain your response:

Businesses should have the freedom to choose when they want to open an account.

A more fundamental set of questions are:

- Will a new account be required each time an employer recruits an apprentice or will there be a single account for the employer irrespective of the number of



apprentices employed?

- How will the Government choose to put funds into the account? Will this be on a matched % basis, stage payments, or 100% on the opening of the account?
- How will the apprenticeship credit function across more than one financial year, and what is the outstanding liability and debt for both the Government and Employer?

Making payments into your Apprenticeship Credit account and paying training providers from your Apprenticeship Credit account

Question 15: What might determine the frequency of your payments into the Apprenticeship Credit account?

Each business should have the freedom and flexibility to make decisions on payments at any time in the financial year. There are a number of issues to take into account:

- What happens if the Government exhausts the national budget?
- Evidencing the progress of the apprentice.
- The system or structure of financial accounting adopted by the employer.

Question 16: How would the Apprenticeship Credit account affect your cash flow?

The account is assumed to directly impact on the cash flow of the employer. Funds are assumed to be moving from the employer into an account independent of the employer.

The LWBLA's assumption is that the movement of funds automatically triggers payments from Government into the account. The combined employer contribution and Government funds creates a total sum to be invested in the training of the apprentice.

Question 17: Are there any other issues you would like to raise in connection with the Apprenticeship Credit model in particular? If so, please provide details.

In our view the pressure on the credit model over the long run will be to keep the cost of training high. The use of banding for occupational standards and credit model makes employer co-investment and Government contribution highly visible.

In these circumstances the MGC is likely to act in a similar way to the University fee 'cap' and pricing decisions will be driven by maximising the drawdown of Government funding.



Employers may choose to recover the sum equivalent to the level of co-investment from the provider. The trading relationship between the employer and provider will be invisible to the Government. This may be legal but is not what the Government envisages.

The key risk is that the Government will ultimately provide a higher level of funding than the current system, driving up cost without necessarily securing any improvement in performance and outcomes.

The price mechanism is likely to be highly relevant in the choice of provider made by the employer but irrelevant to influencing the total value of the account because neither party has a strong motive to reduce the value of the credit paid by Government.

The employer credit model has a distinctive advantage over PAYE for the Government. The Government can more easily intervene through its ownership and management of the account. The Government's investment in cash terms gives the Government leverage on the standards required to be upheld by the employer.

The account can be linked to progress of the apprentice and thereby reduce the administrative burden for the employer and creating an integrated payment and reporting mechanism.

The issue raised by employers would be the cost to the taxpayer of having a system like this and the running costs to satisfy up to 200,000 business customers.

Assurance

Question 18: What factors need to be taken into account in the development of an approved register?

The history of Government regulation of training providers is extensive. Government should work directly with employers and training providers to co-design the register. In our view the key principles of an approved register are:

- Transparency of information
- Objective assessment criteria, and
- Clear measurable standards.

The role of Ofsted should remain central to providing independent measurement and validation of the quality of training and assessment and the learner experience. Employers who deliver training in-house or through linked businesses should also be subject to the full Ofsted inspection and systemic management of quality improvement/assurance.

The defining principle should be that any organisation that delivers the apprenticeship occupational standard should be subject to the same level of scrutiny and accountability for quality and outcomes.



The Government should consider a quality assurance standard for employers to give the general public confidence in these new arrangements. A kite mark validated such as Investors in People should be considered as a threshold for competence and credibility in the delivery of apprenticeships.

If the Government wanted to be rigorous and responsive it should require all employers who drawdown government funds to meet the standard.

Question 19: How can burdens on employers be minimised whilst providing assurance for the funding systems and enabling good budget management?

The burden on employers is ultimately whatever the Government defines it to be.

There is in the LWBLA's view no 'risk free' model that satisfies all interested parties all of the time. The Government although transferring risk from the state to the market becomes totally reliant on employers to recruit the apprentice, access the credit and buy the training. The Government should openly acknowledge and accept that overall volumes in England may fall significantly.

How the Government chooses to engage in the strategic design of the key processes will determine whether business buy into or not either of the options in this consultation document.

The LWBLA's key recommendation to Government is to consider establishing an industry wide regulator for all apprenticeships covering issues of funding, access, and quality of outcomes.

This would ensure that there is an objective focus for making strategic judgments on:

- The overall levels of risk and performance of the apprenticeship offer,
- The value of learning in an occupational standard,
- Respond effectively and independently opt complaints and abuses, and
- Ensure the voice of the learner is heard and not lost in the process.

If the Government decides not to establish an effective industry regulator the key risk will be a rapid decline in the confidence of the new system by businesses and the general public alike.

Question 20: What support should government provide to help employers manage the relationship with their training providers to protect their investment and that of the government?

Strategically the Government is transferring risk from the state and a highly visible and regulated supply side/chain of some 1500 suppliers to the relative uncertainty of an invisible demand led model driven by over 200,000 employers operating in a random and diverse way within an uneven business cycle with varying levels of business growth across the UK.



In our view we believe that it is in the Governments interest to work closely with both employers and providers to build confidence and buy-in to change and implementation of the new system.

The Government will rely on providers to deliver the new occupational standards as part of a commercial service offer to employers. Employers will be exclusively accountable for funding and reporting progress. The balance of delivery risk and reward rests between the employer and provider.

The LWBLA would advocate the Government looks at all aspects of the apprenticeship and has a strategic plan for all key processes including as a minimum the following:

1. Publishes a complete "How to" guide for employers. This should cover all the key legal and delivery processes including good practice guides and standard contracts.
2. HMRC should be staffed with a specialist team and support infrastructure to manage employer information and support requests.

A key untested assumption the Government is making that the new occupational standards are affordable and deliverable. Until they have been trusted thoroughly and the costing's evaluated across the UK this is impossible to be confident about.

Question 21: What information or support needs to be provided by government and its agencies to employers so that the funding principles can be tested via the first standard-based Apprenticeships?

The Government has three key issues to address:

- Outside of the trailblazer process employers do not appear to be aware of the change.
- The new occupational standards are in rudimentary form and completely undeveloped/untested, and
- The funding for each occupational standard is as yet unknown.

All of these issues need to be addressed preferably in a further consultation.

Helping employers, providers and other stakeholders prepare for full implementation

Question 22: What needs to be included in a sector readiness programme for all employers, providers and other stakeholders to support full implementation of reformed Apprenticeships?

The LWBLA view is that a sector readiness programme should be comprehensive and cover all aspects of reform and set strategic direction for a five-year period focusing not just on the period up to 2016 but beyond as well.



In particular the delivery of curriculum/occupational standards and funding methodology should be at the centre of the programme and driven by the organisations who will have to make this work in practice.

A common view amongst many high quality-training providers is that they feel marginalised and excluded from the key process of developing the delivery of training and assessment to the occupational standards.

We also believe that there will be a need for a national campaign to raise employer awareness and financially compensate training providers for material losses that result in the change from a cash positive to a cash negative business model.

Specifically the LWBLA view is that Government should:

- Ensure that there is a credible and robust professional development programme for assessment and training in each occupational standard. Government should pay for this in full and be available to all providers.
- Test the capacity of employers to engage in the new system and offer employers information, support and advice.
- Fully test and sign off the new HMRC system and service standards prior to implementation
- Design a regional programme to fit within LEP policies and skills strategies so this is integrated and not left out of mainstream skills investment.
- Test and validate what it is to be an 'approved' provider.
- Financially compensate training providers for the commercial damage the implementation of the Governments reform programme will have on the viability of these organisations.

Transition from frameworks to standards

Question 23: Please detail any particular funding issues or concerns that you believe need to be taken into account during the transition period.

Set against the backdrop of one the most difficult recessions of modern times the Government should recognise that the current funding of apprenticeships through a regulated supply base has achieved the following:

- A record number of apprentices some 800,000 are now employed in England.
- Over 200,000 employers engaged.
- Very high satisfaction ratings recorded for both employer and learners.
- The highest number of outcomes and progressions.

The central question being raised in relation to the Government approach to the reform of apprenticeship funding is whether this record can be improved upon or will this set in train a long term decline in volume, quality and engagement of employers.



The reform appears to be a major policy gamble where recent precedents such as the use of tax credits in Holland demonstrated that there was also a significant risk to controlling public expenditure and widespread misuse and fraud.

The LWBLA believes the following key issues that should drive the implementation of apprenticeship funding reform in England:

- 85%+ of all apprentices are employed in an SME.
- Independent training providers deliver over 70%+ of all apprenticeship volumes,
- Over 75% of all apprentices do not have a grade C (or better) in English and Maths at the start of an apprenticeship, and
- Less than 5% of apprentices are an alternative to University.

Governments figures supplied by NAS indicate that large corporate employers employing offering an 'in-house' apprenticeship often as an alternative to recruiting graduates account for less than 10% of all publicly funded apprentices.

In summary small businesses collaborating with training providers carry the Governments apprenticeship policy.

At this stage we do not know if any of the Occupational standards can work as intended.

Logically every occupational standard should therefore be tested before the new funding model is operational.

This testing should be rigorous and conclusions drawn as to the whether the occupational standard is affordable and fit for purpose and where necessary updates and modifications agreed. Government should lead this process in partnership with employers and providers.

Government is in control of the funding methodology because it is proposing to place the occupational standard into a 'band'. The fewer the bands the more averaging takes place creating 'winners and losers'.

We are concerned that in this scenario that London and other high cost delivery areas will fundamentally lose out as the averaging hides the true cost of delivery.

We would specifically recommend that

- Government introduce a London weighting as an additional payment into the funding methodology.

Secondly we have no insight at this stage of how many occupational standards will ultimately be required or if a specific employer wants to bespoke an occupational standard what flexibility and opportunity is open to an employer to do so. We also do not know the content of learning and detail of training delivery required with end tests and independent assessment.

We recommend that as a minimum:

- the six most popular sector based frameworks, which represents close to 80% of all current apprenticeship volumes be thoroughly tested as occupational frameworks before the August 2016.