



Funding matrix: Paying for Apprenticeship Starts in 2016-17

LWBLA Briefing

May 2016

Timeline	Procurement	Pricing	Funding Structure	Product	Taxpayer £
Up to 5th April 2017	Prime Provider Contracts with Subcontracting	Fixed	Rates	Current frameworks	100%
			Bands	Trailblazer Standard	66%
From 6th April 2017	Employer Contracting Approved List	Variable	Bands	Frameworks & Standards	Levy + 10%
					Co-investment Rate

Notes

Existing SFA Arrangements

1. From the 1st August 2016 up to the 5th April 2017 all new apprentice starts are funded by the existing SFA Prime/subcontracting regulations and funding model.
2. There is no change in the funding of apprentices for the carryover volume of apprentices from the 6th April 2017 onwards – they will continue to be funded by the SFA prime /Subcontracting model. In effect this becomes a 'run down' contract for existing Primes from the 7th April 2017 onwards.

New Employer led System

3. All new apprenticeship starts from the 6th April 2017 will be procured by employers and paid for by the Levy or the co-investment rate. The co-investment rate for the non-levy payer has yet to be announced.



4. All employers can negotiate the price of delivering apprenticeship training but cannot exceed the cap and can also agree a payment structure with the provider for each apprentice.
5. Levy paying employers fund apprenticeships to the limit of the account and any additional volume over and above this is to be funded at the co-investment rate.
6. Only providers on the Approved list will be eligible to deliver any new apprenticeship start after the 6th April 2017. The approved list criteria will be the subject of a consultation exercise in 2016 to be operational from the 17th January 2017 onwards.
7. The funding cap for all frameworks and standards for new apprenticeship starts after the 6th April 2017 will be merged into a single unified set of funding bands.
8. 16-18 year old Apprentice starts from the 6th April 2017 are no longer 'fully funded' under the current arrangements. Either they are funded by the Levy or for the non-levy payer there is a separate 'incentive' payment for a 16-18 year, but in this case the employer has to pay the provider the agreed co-investment cash sum.
9. Publication of a funding model for the non-levy paying employer is scheduled for June 2016.

Conclusion

10. In 2016-17 there may be four different funding models in operation: the current rates, trailblazer standards, Levy paying employers and Non-levy paying employers on a cash co-investment basis. The same framework on the 5th April 2017 may have a different financial value on the 6th April 2017 onwards when comparing an existing 'carryover' apprentice from a new start.

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30th April 2016