



**aelp**  
Association of  
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Providers

# Apprenticeship Essentials

## The Basics of Apprenticeship Delivery

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## Introduction

As a provider new to apprenticeship delivery, you will have lots of questions about the best way to grow your business through apprenticeships delivery. There is no doubt that delivering high quality apprenticeships will provide employers with ways to meet their skills needs, provide apprentices with a route to career progression and positive social mobility and give providers an opportunity to grow their business. But delivering high quality apprenticeships is a challenge.

The Association of Employment and Learning Providers (AELP) represents the interests of a range of providers delivering vocational learning and employment and employability support. The majority of our 830 member organisations are independent providers (from both the private and the third sectors). In addition to these we have Adult and Community Learning providers, charitable providers, universities, employers and a significant number of colleges in membership, with the recent addition of End Point Assessment Organisations (EPAOs). This means that AELP offers a well-rounded and comprehensive perspective and focused insight on matters relating to skills and work based delivery.

There are many reasons to become an AELP member. There are numerous benefits including:

- free access to specimen legal contracts covering apprenticeship and employer relationships;
- discounts on certain services and support;
- Regular weekly updates on all the current news and funding guidance
- free access to member webinars and our annual national conference.

This guide is a good place to start to get a better understanding of how to deliver high quality apprenticeships. AELP also run the Future Apprenticeships support programme ([www.futureapprenticeships.org.uk](http://www.futureapprenticeships.org.uk)) which is the only support programme supported and funded by the Department for Education. We would strongly encourage you to access as much of the support available through that programme as you can. Any costs are subsidised by the Education and Training Foundation. If you cannot find the support you need there, then AELP will be able to provide something specifically to meet your needs.

Mark Dawe

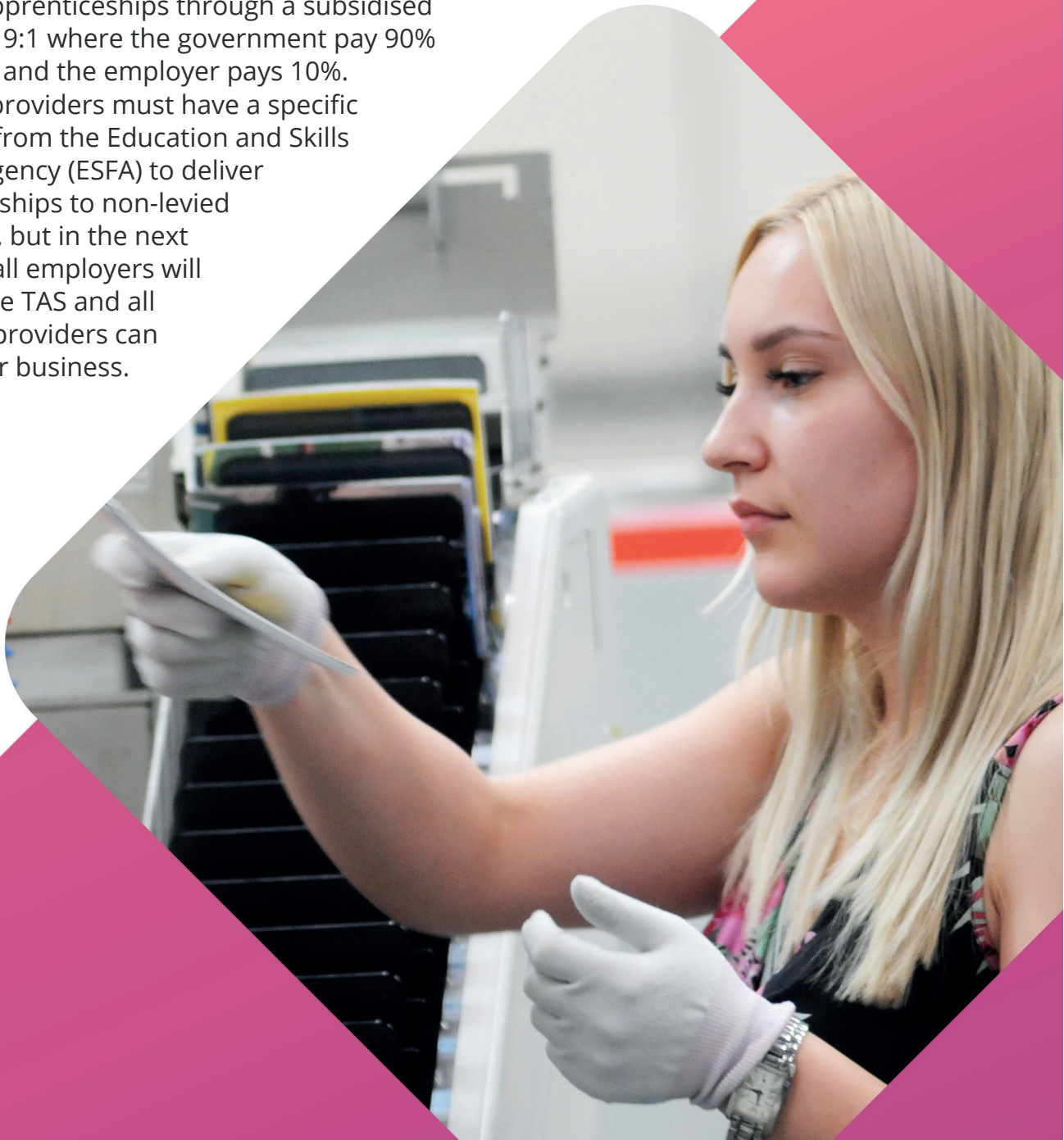
Chief Executive, Association of Employment and Learning Providers

## Summary of the reforms

The key thing to remember about the changes to apprenticeships from May 2017 is that the employer is now in the driving seat.

Employers design all of the apprenticeship standards that will ultimately replace existing apprenticeship frameworks; in return for giving them this lead on design, the new levy funding system means that employers must now, one way or the other, pay for their apprentices to be trained. Large employers with a staff payroll of over £3m will pay 0.5% of that pay bill as a levy, paid via their PAYE systems and get a 10% top up from government. Their levy payments fund the training for any apprentices that they employ, be they new recruits or from their existing workforce.

Employers access their levy funds and select providers through an online Apprenticeship Service known as the TAS. Smaller non-levy paying employers pay for their apprenticeships through a subsidised formula of 9:1 where the government pay 90% of the cost and the employer pays 10%. Currently providers must have a specific allocation from the Education and Skills Funding Agency (ESFA) to deliver apprenticeships to non-levied employers, but in the next few years all employers will move to the TAS and all approved providers can vie for their business.



By April 2019 all employers will move on to the Apprenticeship System. Apprenticeships can only be delivered by organisations that have gained a place on the Register of Apprenticeship Training Providers (RoATP). The new standards also have a graded end test that must be carried out by a fully independent and approved Apprenticeship End Point Assessment Organisation (EPAO).

These changes are having a big impact on the provider-employer relationship and also on the structure of providers delivering apprenticeships. Employers will want a return on their investment. Certainly there is ample research evidence showing they are a great return on investment - the Institute of the Motor Industry have calculated that apprentices typically generate an ROI between 150% and 300%; and reduce long-term recruitment and training costs .

An apprenticeship is a job with training, but the training must provide new skills and not just validate existing skills - it must push the learner on, it must progress them, it must build their overall skill level by the end of the apprenticeship significantly from where it was when they started. Some of the training must take place 'off the job'. The amount of off the job training has been set at 20% of the time that the apprentice works. AELP was instrumental in getting guidance on the 20% published to help providers and employers understand how it can work (<https://www.gov.uk/government/publications/apprenticeships-off-the-job-training>). Remember, off the job doesn't have to be in the classroom. Activity which is "non-productive" can often be counted if it is contributing towards training and development

Apprenticeships are available for people at a range of skills levels, from level 2 (GCSE equivalent) to degree and masters (Level 7). Most degree apprenticeships will be delivered by universities. They have the added benefit that the apprentices get a degree but don't have any student loan to pay for it. In fact they get paid by their employer.

Another thing to note is that in all apprenticeships, there are English and maths requirements. Each standard will set out a minimum standard to be achieved in order for the apprenticeship to be completed - if your apprentice has not reached that level of qualification, then the apprenticeship training must build this in and will usually be achieved through Functional Skills.

## How do I get paid?

There are no fixed prices for apprenticeships anymore. It's now down to you as a provider to negotiate the price with the employer. Each standard and framework has however been assigned to a price banding (see: <https://www.gov.uk/government/publications/apprenticeship-funding-bands>) which tells you how much government money is available to pay for that training. It could be anything from £1,500 to £27,000. The price cap will effectively tell you how much the government thinks any particular apprenticeship should cost, but ultimately it is up to you and the employer to agree a price. The caps merely limit what the government will pay toward it.



The price you negotiate must include not only the cost of the training, but of the assessment too. For standards, this is known as “end-point assessment” – a final all-encompassing test at the end of the period of training which determines the apprentice’s competence. This cannot be undertaken by the same training provider who delivered the training. The training provider will agree who the EPAO is with the employer, and contract them on their behalf. Their assessment cost must be built into the overall price.

To work with large levy paying employers, you need to be on RoATP and to work with SMEs, you need to have a separate non-levy contract. If you don’t have one of those, you will have to subcontract with a provider who does.

## Contracting and subcontracting

**You will need a robust contract with the employer in order to get paid and also to protect yourself if the employer or apprentice does not act appropriately. AELP commissioned a law firm to create model framework contracts including levy paying employer contract with provider, non-levy paying employer contract with provider, a model subcontract and a model assessment organisation agreement.**

There are strict rules on subcontracting, though many providers will subcontract parts of the apprenticeship delivery to a more specialist provider as a way of responding to employer demands. It is likely we will see more employer providers sub-contracting to other providers or training providers sub-contracting some of their delivery to the employers. The general rule is that the lead provider must deliver at least some of the apprenticeship themselves, or the overall apprenticeship offer, to the employer. These strict rules are there to stop brokerage arrangements where funding is passed around without the lead provider having any relationship with the employer or their subcontractors. There are two different payment methodologies that are used to pay providers to deliver apprenticeships, but all providers have to be on the Register of Apprenticeship Providers (RoATP) to access any of it. Sub-contractors also have to be on the register, although they have the option not to register if their overall delivery is under £100k per annum. All providers will also need to use the online Individualised Learner Record (ILR) to tell the ESFA that training has taken place to trigger payments to you. The ESFA should guide you through all of this.

The key to all this is the apprenticeship levy, which will be the funding route for all apprenticeships in future. This is a 0.5% annual payroll tax that is scheduled to generate approximately £2.4bn a year in England, ultimately around double the current levels of funding for apprenticeships. Formally, every company in the UK is in scope to pay it, but technically there is an offset of £15,000 – that is to say, if a company's levy payment would generate less than £15,000 pa, you don't pay it. £15,000 is of course 0.5% of £3m, so the effect is that you will only pay the levy if your annual pay bill is over £3m pa. For the sake of argument, that makes them “levied employers”, and those that don't pay will be “non-levied”.

To encourage employers to engage in apprenticeships, the government puts an additional 10% on top of whatever the employer's levy contribution is. So if per year they have paid £10,000, then their levy account will show £11,000 because there will be a 10% top-up added. It is quite possible therefore for them to spend more than they pay in.

If a levied employer uses up all of their levy pot, they use the other payment methodology – “co-investment” - which is the 9:1 ratio, with the employer paying 10% and the government, paying the remaining 90%. This is also the way that apprenticeships are funded for employers that do not pay the levy at all.

Providers should be aware of not only what is in an employer's levy pot at any time, but also what their payments into it are going to be, and whether they will cover the payment profiles that you will take from it.

There are other incentives in this new funding system for employers to get engaged. For example, small employers with less than 50 employees pay nothing at all for training apprentices aged between 16 and 18, and additionally such apprentices secure a £1,000 “cashback” for both employers and providers, intended to cover the potential extra costs of taking on a 16-18 apprentice as opposed to someone older. That “cashback” arrangement also applies to apprentices aged between 19 and 24 who have a disability – specifically if they have an Education and Health Care Plan – and for those aged 19-24 who have previously left care.

English and maths training up to Level 2 (which is GCSE 3 or 4 and is the level people should have achieved when they left school at 16) is fully funded, but any training to levels higher than that will come from the employer's payment either through the TAS or the co-investment mechanism.

As the lead provider, you will also need to pay the apprentice assessment organisation (EPAO) from the overall funding. Most EPAOs will publish their fees for the end point assessment, but you may have choices to make around the method of assessment and the actual price paid. For example, some EPAOs may offer facilities off-site for an off the job assessment day; others may wish to use the employer's facilities or a provider's premises for the same assessment. Don't forget to factor in any costs for retakes for apprentices who don't pass first time.

Levied employers have effectively paid for their apprenticeships upfront. It's up to them decide whether or not to actually employ any, but if they don't there's no other way of getting that money back. Levied employers all use the online Apprenticeship Service

(TAS) to find an apprenticeship provider, and to manage their levy funds. Employers will use information drawn down from the RoATP to find a provider, so make sure that the apprenticeship offer information you enter on the apprenticeship tab of the Course Directory Provider Portal of the RoATP is complete and up to date.

## Getting the finances right

There is a clear need for financial modelling to ensure that the standards that you are planning to deliver can be delivered at a price that not only covers your delivery costs but also gives you enough surplus to cover contingencies. These include additional costs of sales, end point assessment retakes and building your high quality delivery in other areas. This makes the negotiations with employers crucial to ensure that you do not lose money. Often negotiations are based around the range of delivery possible for the funding rather than over the price itself.

## Employer-led provision: are you ready?

### Frameworks and Standards

Apprenticeship frameworks and standards are very different. Frameworks are the legacy of the old system and consist of a basket of qualifications – normally a technical qualification to demonstrate underpinning theoretical knowledge, a National Vocational Qualification (NVQ) to demonstrate applied competence, and English/maths qualifications. Get all those and you have your apprenticeship.

Frameworks are however now being phased out and replaced by apprenticeship standards. Standards have been drawn up by groups of employers approved by the DfE, and are in essence short two-page documents that outline the skills and competences that need to be demonstrated in any particular role or occupation in order to warrant an apprenticeship award. This may or may not include qualifications. The idea is that on completing an apprenticeship standard, the apprentice is competent and can do a job. Standards also differ from frameworks in the way that they are assessed. Apprentices following a standard will need to pass a graded assessment at the end of their apprenticeship in order to be awarded the apprenticeship. Prior to assessment is a “gateway” phase where the employer, apprentice and provider agree that the apprentice is ready to take the end point assessment.

Another area that has been generating much discussion is the requirement to deliver 20% of the training ‘off the job’. This can include training that is delivered at the apprentice’s normal place of work but must not be delivered as part of their normal working duties, i.e. what might be called non-productive time. Providers will need to be sure that they are recording this 20% of training appropriately.



There will ultimately be around 1000+ standards available, and there are already something like 160 available across a huge range of occupations with many more coming along, which you can find at <https://www.gov.uk/government/publications/apprenticeship-standards-list-of-occupations-available>

## Planning to deliver Standards

Standards are here to stay, so all providers need to be planning for how they can deliver them to employers. You should therefore be thinking about:

- appointing a team to lead the changes that includes senior leaders;
- establishing work streams to achieve what needs to be done;
- giving people clear responsibilities to deliver to the work streams;
- communicating the changes to all staff and all the employers you work with;
- managing staff attitudes to change, building consensus and resolving conflict within in your organisation and with partners and stakeholders;
- making sure that you have enough time and resources available to make the changes;
- seeking external assistance through AELP and/or the Future Apprenticeship programme.

## Organisational change

Another key part of your planning process is to look at the new apprenticeship standards that are available and see how they meet the skills of your staff and the need of employers that you are going to target. You should also look at any Labour Market Intelligence (LMI) that covers the area that you are planning to deliver in including analysis of Local Enterprise Partnership (LEP) priorities and local and national skills needs.

Apprenticeship providers will hold the knowledge about delivery, standards and processes that should give you the edge in working with employers. The need to build a trusting and credible relationship with employers may be new for some and could introduce administrative complexities such as running two systems or managing direct payments and incentive receipts. For others, this will build on your core skills.

Relationship management with employers as customers is the overriding necessity of the reforms. If providers don't see employers as the drivers of the relationship, then they will struggle.

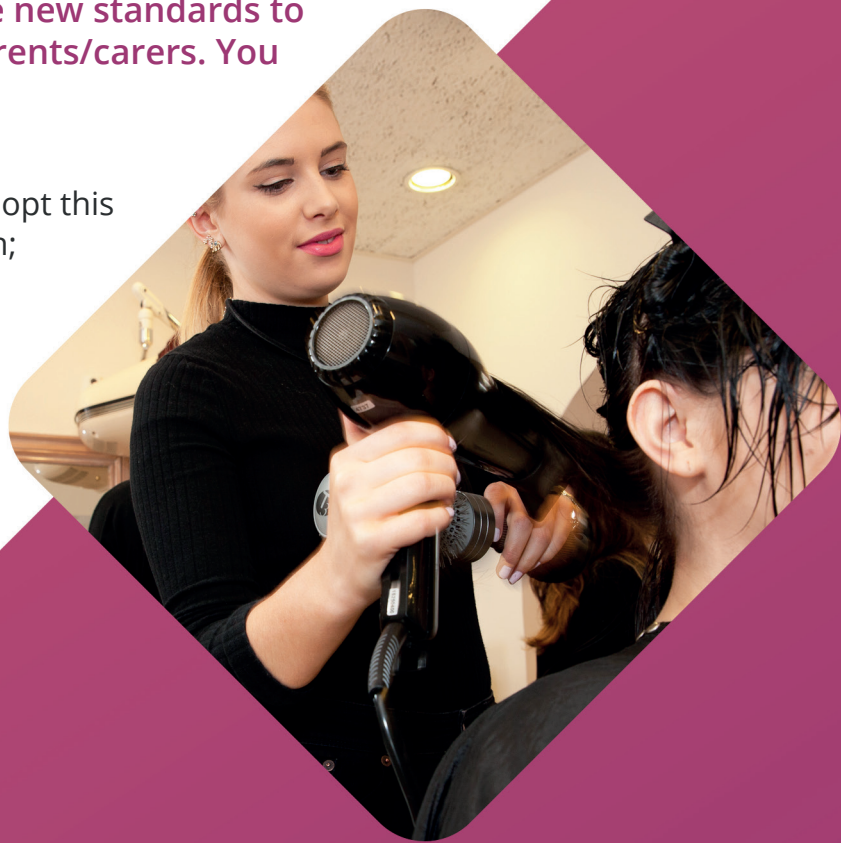
Good providers will:

- identify standards which work for employers' job roles and job descriptions;
- support employers through the new features of standards such as the emphasis on the end point assessment to establish job-ready competence;
- offer solutions (perhaps alongside apprenticeships) that work best for each employer customer, with the end goal not of selling an apprenticeship but of fostering a long term business relationship;
- agree a delivery plan that offers the opportunity for employers to undertake on-programme delivery themselves;
- find out if the employer wants to include qualifications in the on-programme phase which are not mandated as part of the apprenticeship standard;
- negotiate a price for delivery, mindful of the internal programme cost calculations, the funding parameters, including incentives and the cost of end point assessment;
- agree a payment schedule that works for the employer and provider if not a levy payer. Levy paying employers using the TAS will have a flat monthly payment schedule imposed by the system;
- support the employer with any additional administration of managing their information on the TAS.

## Staff development

All of your staff will need to fully understand the changes and be clear on how they explain the new standards to employers, apprentices and their parents/carers. You will need to plan for:

- developing your sales team to adopt this new relationship-based approach;
- how you gather information to continuously understand employers' business environment, operations and future ambitions;
- ensuring your marketing reflects your new offer.



## Apprentice recruitment

The reforms may impact on the messages you use to recruit apprentices. You should review your apprentice recruitment plan, taking into account your relationships with local schools, sixth form colleges and other education providers. You may also want to look at your selection and screening processes.

Another key part of the recruitment process is initial assessment to make sure that the apprentice gets the training that they need. This should include assessment of their English and maths as well as making sure that the resulting plan that is produced is agreed by the employer and the apprentice.

## Being inspected

Once you are on RoATP, you are open to be inspected by Ofsted.

## Systems and processes

This section focuses on the policies, processes, systems and procedures that you should have in place to deliver effective apprenticeship programmes. Good providers will set up systems and processes that can react to the new apprenticeship market. Good providers will capture extensive data on how they have supported their apprentices and added value. As your business grows it will become clear how your systems, policies and procedures will need to adapt. Some things to consider are:

- Initial assessment
- Customer Relationship Management (CRM) systems and record-keeping with respect to relationships with employers;
- internal quality assurance systems to meet the needs of audit and Ofsted;
- understanding when an apprentice has reached the gateway and is ready for assessment;
- how you manage the end point assessment relationship with employers, EPAOs and apprentices.

A good place to get samples of all of the documents that you should have in place before you start enrolments is the Future Apprenticeships toolkit:

<https://www.excellencegateway.org.uk/content/etf2326>

## It's all about data

You will need to capture data to evidence progress, 20% off the job training, achievement and progression. Your IT systems that support apprenticeships may need to be updated and amended in the light of the reforms. Key areas for re-development could include:

- customer relationship management (CRM) systems;
- learner management systems;
- employer-led payment profiles;
- linking to TAS;
- monitoring achievement milestones;
- capturing evidence relating to self-assessment and inspection.

## Quality means more business

In any customer-focused sales relationship, quality grows businesses. Underlying systems for quality assurance should form foundations that help you understand how well you are meeting the needs of employers, apprentices, funding, regulatory and statutory bodies.

Some of the issues and risks relating to the delivery of high quality apprenticeship standards include:

- is what we are delivering going to enable the apprentice to pass their assessment?
- are apprentices achieving and progressing – how are these milestones agreed, captured and monitored?
- how are quality improvement milestones set, monitored and managed?
- how is the required data captured to satisfy audit and inspection?



## Watching what happens as a quality tool

Observation of and reporting on what you see is one of the main ways to quality assure delivery. To do this effectively, you should have a clear strategy which takes account of all of the different stages of an apprenticeship from initial advice and guidance through the on-programme element and gateway and it should include assessment.

## Sampling, inspection and audit

Quality can be monitored through regularly looking at samples of work, auditing records or simply having a discussion with the apprentices to identify what they now know and do better as a result of their training.

## Inspection and self-assessment

You will be inspected by Ofsted and inspectors will expect to see that apprentices have developed substantial new knowledge, skills and behaviours to properly prepare them for their chosen career. There are things that you will need to prepare before inspection:

- self-assessment reports based on the common inspection framework that are revisited regularly;
- evidence of all areas of learner interaction: including initial advice and guidance, initial assessment, learning plans that have clear learning, skills and career paths, which have been monitored frequently and planning for end point assessment;
- data on success rates, English and maths progression, satisfaction rates, retention, tracking and signposting.

Ofsted re-published its further education and skills inspection handbook in April 2017 with slightly revised the wording of the apprenticeships evaluation criteria to ensure that it accommodates apprenticeships undertaken against standards as well as frameworks. Providers should know the contents of this handbook thoroughly.

## ESFA auditing

As well as Ofsted inspections providers will also be audited by the ESFA. Auditors will be looking for evidence of payments from employers to providers. The evidence of payment must be visible, e.g. an invoice and corresponding payment. The ESFA have produced a toolkit to help providers match ILR data to the payments information. The Provider Data Self-Assessment Toolkit (PDSAT) uses software that can generate reports including ones on the negotiated price, additional payments and co-investment. These reports are also used by the auditors.

## It's a curriculum

A flexible curriculum means you can work with employers to create tailored programmes that fit with employers' needs and work well for the apprentices. The key to getting this right is to fully understand the standard and end-point assessment plan. Your staff who are planning the curriculum should set out clearly their approach to delivering the knowledge, skills, behaviours, English, maths and any mandated elements (including required qualifications) of the apprenticeship so that the apprentice will be ready for independent end-point assessment.

Fully understanding the standard and end-point assessment plan is down to you as the provider. The standard sets out the requirements for someone who is competent in the occupation. The end-point assessment plan sets out the criteria that the apprentice assessment organisation will use to assess that competence. You must design a curriculum that gets them through the gateway to their assessment. This will include training, progress checking and observation, achieving any mandated elements, and (where appropriate) conducting formative assessment, initial and diagnostic assessment practice for end-point assessment requirements. The employer will need to be involved at all stages.

The curriculum will need to be suitably engaging to retain apprentices throughout the on-programme phase into end-point assessment and must include the English and maths elements. You can use online or distance learning, which could help you meet the required 20% off the job element. There are other elements that need to be added into the curriculum. These include equality and diversity and awareness of extremism and British Values.

## End Point Assessment

Each standard has a published end-point assessment plan that describes the assessment in detail. Assessment could include a project, professional discussion, knowledge test, presentation, portfolio, interview or any combination of these. Providers should use the assessment plan to create the learning programme which will prepare a candidate for end point assessment with an Apprentice Assessment Organisation (EPAO). The training provider should give the apprentice opportunities to practice the assessment as part of preparation for the final assessment.

## Qualifications

Some standards specify mandated qualifications that must be achieved during the on-programme phase. These qualifications are clearly indicated in the end-point assessment plan and standard. If a qualification is not specifically referenced in the standard, then any study towards this is deemed to be optional. A relevant qualification can therefore offer a structure to build

the training period around, but may not necessarily be a formal part of the apprenticeship standard requirements – this may be an important factor either way in your negotiations on price with the employer.

## Selecting the apprentice end point assessment organisation (EPAO)

Providers will need to develop relationships with a range of EPAOs in order to advise employers about which one to choose, but it is ultimately for the employer to choose the EPAO that they want. The EPAO may need to be involved in the training plan as some elements may be carried over to the end point assessment.

## Conclusion

This is just a short snapshot of some of the things that providers wanting to deliver high quality apprenticeships should be considering. It is easy to make mistakes, so we would urge you to make use of all of the support that is available from AELP, regional provider networks, the ESFA and the Future Apprenticeships support programme [www.futureapprenticeships.org.uk](http://www.futureapprenticeships.org.uk)

## Other sources of useful information

- ESFA Update <https://www.gov.uk/government/collections/skills-funding-agency-update>
- AELP Countdown
- Gov.uk (Standards) <https://www.gov.uk/government/collections/apprenticeship-standards>
- Apprenticeship Frameworks Online (AFO) <http://www.afo.sscalliance.org/>
- Bravo <https://education.bravosolution.co.uk/web/login.shtml>
- The Hub <https://hub.fasst.org.uk/Pages/default.aspx>
- IfA <https://www.gov.uk/government/organisations/institute-for-apprenticeships>

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- ▶ Our training provider members deliver the majority of Apprenticeships, Traineeships and programmes for the unemployed
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- ▶ Full and associate membership starts from just £350

*\* Our member numbers are ever growing, recognising the value AELP membership offers.*



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