

AppGrants

New Apprenticeship Grants for 16/17 year olds who are currently unemployed

Provider Fact Sheet

This Provider Fact Sheet has been developed to help training providers understand the background to this initiative and how it will be implemented.

We have consulted with the Association of Colleges (AoC) and the Association of Learning Providers (ALP). Both are supportive of this initiative to help more young people find employment through the Apprenticeship Programme but recognise the challenges we face to achieve the target.

The National Apprenticeship Service is committed to working closely with both AoC and ALP and colleges and training providers across the country as we roll out the AGE 16 and 17 initiative.

Background

The National Apprenticeship Service will provide up to 5,000 **Apprenticeship Grants for Employers recruiting 16 and 17 year olds** with a value of £2,500 to encourage employers to take on new 16-17 year old apprentices.

- Last year, despite tough labour market conditions, over 70,000 16-17 year olds started an Apprenticeship
- But there are still many more young people who want to learn whilst they are in work and we are determined to make sure that the opportunities are there for them to do so
- We are introducing a new Apprenticeship grant: **AGE 16 and 17** - of £2,500 for up to 5,000 employers to enable them to create new places and take on an unemployed 16 or 17 year old apprentice immediately
- The £2,500 is in addition to the cost of training which for young people (aged 16 - 18) is already fully met by the National Apprenticeship Service

When will AGE 16 and 17 be available?

The grant will be available immediately. We recognise the particular issues faced by young people in the current economic climate and we want to support them and ensure that we are training a new generation for economic recovery.

This initiative is a short-term (available until the end of March 2010) measure and is available now for employers who are able to offer a job opportunity to an unemployed young person aged 16 or 17 immediately, reinforcing the focus on getting young people into Apprenticeship job opportunities now.

What financial support is available to employers?

Employers will commit to taking on a new or additional apprentice in paid employment for the duration of their training. The minimum Apprenticeships wage requirement - £95 per week for 16-18 year olds - will apply.

In return up to 5,000 employers will receive an **AGE 16 and 17** payment of £2,500 and NAS will cover the full cost of Apprenticeship training as it does now for 16 – 18 year olds.

The payment is a grant and is exempt from VAT.

Which employers are eligible to receive this new AGE 16 and 17 grant?

Our aim is to support employers to offer new and additional places in support of young people. Therefore we want to target those employers who would not otherwise have been in a position to recruit an apprentice at this point in time or who are able to offer more Apprenticeship places than they would otherwise have done.

We particularly want to support small and medium sized employers who are interested in employing an apprentice for this first time, or who want to employ an additional apprentice over their traditional level of recruitment.

We can support larger employers where they can demonstrate that they are overtraining to support smaller employers in their supply chain/the wider sector or recruiting in excess of their traditional levels of apprentice recruitment.

Small public sector employers can receive the grant where this supports the organisation to achieve a more diverse workforce - in broad terms this will enable us to support schools and doctors surgeries, but it might also include small district councils etc.

Whilst larger public sector employers will not be directly eligible, we will want to encourage them to bring the grant to the attention of the smaller employers they work with to deliver public sector services and objectives such as worklessness.

We will also support those employers who already employ apprentices if they commit to employing more 16 and 17 year olds than they would otherwise have done.

There is not a limit to the number of apprentices that can be supported in any one employer – subject to affordability and commitment to support the apprentice to the end of their programme.

Employers will sign an agreement which will include:

- Confirmation that they wouldn't have taken the apprentice on without this additional incentive.
- A commitment to employ the apprentice for the time it takes to achieve the Apprenticeship framework.
- Confirmation that they are aware of and do not breach any state aid rules.
- Agreement to pay the minimum Apprenticeship salary of £95 per week
- Agreement to refund the grant if the contract with the apprentice ends early

What about employers who have already taken on apprentices, or would have taken one on anyway?

Employers who committed to taking an apprentice before the campaign launched in January are not eligible for support.

Can very large (over 5,000) employers be supported?

In exceptional circumstances, where they can demonstrate that they are overtraining to support small employers in their supply chain/the wider sector, large employers could be considered for support.

Training providers should contact their Regional NAS team in the first instance.

Must all of the vacancies created by this initiative be advertised on Apprenticeship vacancies?

Wherever possible, subject to timescales, we would want the vacancy to be advertised on Apprenticeship vacancies – our on line vacancy service that matches candidates interested in an Apprenticeship with employers offering them.

Which young people are eligible?

All 16 and 17 year olds who are not in employment or already on an Apprenticeship are eligible. This includes those that might have had a place in a college under the September guarantee, but subsequently dropped out.

The young person must start an Apprenticeship programme before their 18th birthday and by the 31st March 2010.

Young people on Programme Led Apprenticeships are not eligible as they are already on an Apprenticeship programme

We will work closely with Connexions to identify young people and employers who could benefit from an Apprenticeship programme.

We will work closely with providers of Entry to Employment programmes to identify young people ready to progress from E2E – and employers – who might benefit from this initiative.

Are young people on a Programme Led Apprenticeship eligible?

No. Young people on Programme Led Apprenticeships are not eligible as they are already participating in an Apprenticeship programme. Individuals would need to leave that learning and start again which will affect the providers' performance.

Training providers will continue to work closely with employers to secure employed status for these young people.

Many unemployed young people go to Jobcentre Plus – how are you working with them?

We are working closely with Jobcentre Plus. Where they intend to place a young person aged 16 or 17 with an employer we would want them to pass the employer details to NAS who will then arrange to discuss the Apprenticeship programme and the AGE 16 and 17 support directly with the employer.

Is an Apprenticeship programme the right option for every unemployed 16 and 17 year old?

We need to ensure that young people have been assessed as ready for the Apprenticeship programme.

We do not want to push young people onto an Apprenticeship programme if they are not ready as this will potentially result in drop out, reduced quality and the reversal of the work done to raise public perceptions of Apprenticeships.

The Government has made additional funding available to support entry level programmes to support young people who are not yet ready for an Apprenticeship programme.

Why is this support only available for 16 and 17 year olds?

We know that 16 and 17 year olds are more likely to be unemployed or economically inactive than older people. It is important to remember that the Department for Work and Pensions (DWP) already has a range of policies, including 'golden hellos' and similar schemes to help jobseekers aged 18 and over back to work many of which can be combined with Apprenticeships, so Government is not ignoring older people.

Key Facts and Figures - 16-17 year olds in the labour market

- 16 and 17 year olds not in full-time education have seen the largest absolute fall in their employment rate since the start of the recession, and earlier this year showed the largest percentage point increase in ILO unemployment for all age groups.
- A significant proportion of Connexions customers aged 16 and 17 are interested in looking for work (56% of 16 year old NEETs and 44% of 17 year old NEETs)
- Although the number of 16 to 17 year olds not in education, employment or training is relatively small (11.7% in England in Q3 2009), 56% of 16 year olds NEET and 44% of 17 year olds NEET are seeking employment, or employment with training.

How will employers receive the AGE 16 and 17 grant?

As an approved training provider you will be responsible for processing payments to employers. Employers will receive two prompt payments - £1,500 when the young person starts their Apprenticeship programme and a further £1,000 after 12 weeks.

All funding needs to be committed before the end of March – no starts after the 31st March 2010 can be supported.

What if the young person leaves – will the employer have to reimburse NAS all/any of the £2,500?

The employer will be asked to sign a standard agreement which commits them to employing a new or additional apprentice in paid employment for the duration of the Apprenticeship programme.

The employer will receive the first payment for £1,500 once the Individual Learner Record (ILR) is completed and a further £1,000 once the individual has completed 12 weeks of the Apprenticeship Programme.

If the apprentice leaves or is dismissed before week 12 the employer will not receive the second payment of £1,000.

If the apprentice leaves between weeks one and eight the training provider will normally recover £700.

If the employer terminates the apprentice's contract or if the apprentice resigns between weeks 13 and 22 the training provider will normally recover all of the £1,000.

If the employer takes on another unemployed 16 or 17 year old as an apprentice within four weeks (at either of the two points described above) the training provider will not recover the grant.

Will training providers have to recover the grant payments where the apprentice leaves or is dismissed?

Yes – we would ask the training provider to make best endeavours to recover the grant from the employer at the levels described above.

Any recovered funds should be returned to NAS.

Where it is not possible to recover the grant from the employer, we would ask the training provider to inform NAS.

How will training providers be reimbursed for AGE 16 and 17 payments they pay eligible employers?

Through the LSC, we will make rolling payments to training providers to ensure that they are not out of pocket and are able to process payments to employers promptly.

Training providers will not be paid a fee to administer the wage incentive however they will benefit from additional starts and 'easier' employer engagement. We will keep the system as simple as possible to ensure that the additional burden on providers is kept to a minimum.

We have decided to stay away from contract schedules and TPS, as it will be too time-consuming and complex, and does not provide an easy mechanism by which to track progress (important if we are not to over or under commit).

The detailed payment process for training providers will be:

- 1 The process is managed by a NAS regional contact centre in each region who will maintain an Age 16 and 17 'commitment tracker'. This is a simple excel spreadsheet

- 2 Provider sends a claim template by email to the Regional contact centre. Details to include Employer Name, Post Code, EDS URN and Apprenticeship Vacancy title
- 3 Regional contact centre confirms eligibility criteria and returns the claim template by email to the Provider with an authorisation reference number from the 'commitment tracker'.
- 4 Regional contact centre either raises a Purchase Order on CODA for a maximum of 2 x £2,500 claims (max £5,000 per Purchase Order), and sends the PO confirmation to the Provider. If the provider has significant volumes then a VALCON can be used and the VALCON confirmation is sent the Provider.
- 5 Regional contact centre enters Purchase Order or VALCON numbers on the Commitment Tracker alongside the Authorisation Reference(s)
- 6 Provider identifies candidate and agrees start arrangements with employer
- 7 Provider invoices Accounting Central Services (ACS) as standard, for the each £2,500 when the Apprentice Individual Learner Record (ILR) is completed.
- 8 Provider invoice must include employer and apprentice name, ILR number, the authorisation reference and Purchase Order/VALCON numbers supplied by the Regional contact centre.
- 9 The Regional contact centre authorises invoice payment via ACS noting on the Commitment Tracker Invoice number, apprentice name and ILR number
- 10 Provider pays £1,500 to employer after ILR sign-up and £1,000 at completion of 12 weeks from ILR date.
- 11 Regional contact centre monitors claims and payments and arranges sample audit arrangements

Using Purchase Orders/VALCONS provides a good mechanism for auditing payments to providers, which can be linked back to the invoice and the Commitment Tracker for further details.

The £2,500 is a grant and therefore not in scope of VAT

What about the programme funds to support these additional 16 and 17 year olds apprentices?

The AGE 16 and 17 payments are intended to support apprentice starts in addition to your existing Maximum Contract Value.

Training providers will normally receive an increased level of programme funding to support these additional starts.

Will the funding be on a first come first served based?

We want to support small employers in those sectors who are important to the recovery of the economy as well as supporting young people aged 16 and 17 who would otherwise be unemployed.

This funding is only available until the end of March 2010.

The National Apprenticeship Service will maintain an AGE 16 and 17 'commitment tracker' to ensure that employers receive a quick response (through their training provider) on whether the grant is available.

How will NAS manage the available places to ensure that we don't over or under commit?

The National Apprenticeship Service will maintain an AGE 16 and 17 'commitment tracker' that will provide detailed information on the employers, individuals and training providers that we have agreed to support so that we can keep track of our commitments.

The NAS will work with training providers, Local Authorities and other partners to inform them of the volume of employers and young people that can be supported in each area.

The regional allocations will be reviewed after four weeks – and where necessary moved to support employer demand in other regions.

I know that some of the employers I contacted a while ago might be interested – what do I need to do?

Speak to your regional NAS team who will be able to tell you if – in principle – there are AGE 16 and 17 funds available.

The details of the employer and in time the individual will then be placed onto the AGE 16 and 17 'commitment tracker'.

Will all training providers be able to offer this incentive to employers?

Yes - we will want to work closely with training providers in every region and in particular we want to encourage Apprenticeship Training Agencies (ATAs)/Group Training Associations (GTAs) to identify employers in their network who could benefit from this additional support.

Providers are encouraged to identify employers they have worked with – or previously contacted – who might benefit from this additional support.

The intention of the support for these additional 5,000 starts is to close the gap between the Q1 volumes and the overall target.

Whilst the 5,000 starts supported through AGE 16 and 17 are included in the overall target they are not included in volumes agreed with providers at the Q1 reconciliation (i.e. we have retained the associated programme funds in a central pot).

Therefore, providers will normally only be able to support employers through AGE 16 and 17 where the activity is in excess of the volumes they agreed with NAS/LSC at the quarter one reconciliation point.

Are there any materials to support training providers?

We have worked with AoC and ALP in the design of this initiative and we will continue to work closely with them as it is rolled out – and ultimately in its evaluation.

There are guidance notes and materials to support training providers to get off to a flying start with this initiative. They include:

- This Provider Fact Sheet – which gives information on the AGE 16 and 17 initiative, how it will work and the role we'd like training providers to play.
- Supporting materials including:
 - Provider payment process
 - Employer agreement
 - Provider agreement
 - Audit requirements
 - Claim form
- Employer fact sheet – to use when working with your customers.
- Employer letter – to adapt and use when working with employers
- Young people's note – to use with young people who are interested in being supported through AGE 16 and 17
- Some material to support marketing and communication activities

What other communication activity is planned?

We are working closely with our partners to ensure that priority employers know about the AGE 16 and 17 initiative, including:

- Letter from Simon Waugh, Chief Executive of the National Apprenticeship Service to all small and medium sized employers who have recruited an apprentice this year to see if they would be interested in employing an additional unemployed 16 or 17 year old and inform them about this additional support
- Through our national call centre, developing a specific call to action and response mechanism to make it simple and quick for employers to get the help they need

- Maximising the ongoing national marketing campaign to ensure that priority employers hear directly about the campaign
- Developing bespoke materials for employer representative bodies, Connexions staff and other key stakeholders
- Specific activity in Apprenticeship Week- including the announcement of the first employer(s) and apprentice(s) supported by this campaign.
- Email to all 215,000 Federation of Small Businesses members
- *apprentice* e-newsletter to 18,000 employers
- Letter from Ministers to key stakeholders
- Communication from the Confederation of British Industry (CBI) and British Chambers of Commerce (BCC) to their members