

## Apprenticeship Grant for Employers of 16 to 24 year olds (AGE 16 to 24) Provider Fact Sheet – February 2012 (version 1)

### Introduction

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

The **AGE 16 to 24** is aimed at helping eligible employers to offer young people employment through the Apprenticeship programme, by providing wage grants to assist them in recruiting their first apprentice.

The National Apprenticeship Service is committed to working closely with our strategic partners including AoC, AELP, colleges and training providers across the country to deliver our ambition for the **AGE 16 to 24**.

### Background

The National Apprenticeship Service will provide up to 40,000 **Apprenticeship Grants to small-medium size employers recruiting 16 to 24 year olds** with a value of £1,500, to encourage new employers to take on new 16 to 24 year old apprentices.

Priority will be given to small-medium size employers with less than 50 employees and we expect to support at least 20,000 of these to recruit an apprentice for the first time.

The National Apprenticeship Service can support a further 20,000 employers with up to 250 employees who may be recruiting their first or additional apprentices; however our focus will remain a priority to support employers NEW to apprenticeship delivery in the first instance.

### When will AGE 16 to 24 be available?

The AGE 16 to 24 is available now until March 2013 for employers who are able to offer a job opportunity to a young person they recruit. Funding will start from 1 April 2012.

However eligible employers who have employed a new apprentice from 1 February 2012 will be able to apply for the grant, subject to all the other eligibility criteria.

You will claim the £1,500 incentive payment so that the employer is able to receive the grant of £750 at the 8 week stage of the Apprenticeship, with the second £750 when the apprentice has completed 12 months of their Apprenticeship.

Should the apprentice leave or be dismissed, a proportion of the grant will be repayable by the employer at the following levels:

- If the apprentice leaves or is dismissed between weeks one and eight the employer will not receive the first payment of £750
- However if at this 8 week stage another eligible 16 to 24 year old is recruited as an apprentice within 4 weeks of the dismissal/leave date, no element of the grant will be recovered
- If the apprentice leaves or is dismissed before completion of their Apprenticeship framework the employer will not receive the second payment of £750.

The £1,500 is in addition to the costs of training which for young people aged 16 to 18 are already fully met by the National Apprenticeship Service, with half the costs met for those aged 19 to 24.

The payment is a grant and is exempt from VAT.

### Which employers are eligible to receive this new AGE 16 to 24 payment?

Our aim is to support new employers to offer new jobs in support of young people.

We particularly want to support small and medium sized employers who are interested in employing an apprentice for the first time, or who have previously employed an apprentice more than 3 years ago and now wish to employ additional apprentices over and above their traditional level of recruitment.

### What is expected of training providers?

Providers will need to ensure employers are eligible under the terms of the grant and work with them to understand their commitment when applying for it.

Employers will sign an agreement which will include:

- Confirmation of the number of apprentices they will be taking on as a result of this incentive (to a maximum of 3)
- Confirmation that they wouldn't have taken the apprentice on without this additional incentive
- A commitment to employ the apprentice for at least the time it takes to achieve the Apprenticeship framework. If they fail to do this some or all the grant will be clawed back
- Confirmation that they are aware of and do not breach any state aid rules

- Agreement to pay the minimum Apprenticeship wage of £2.60 per hour – although most apprentices receive more than this
- Confirmation that they have not taken on an apprentice in the previous three years.\*

*\*Not eligible if the employer employs an apprentice with an Individual Learning Record (ILR) start date of April 2009 or after.*

As our approved network of training providers you will be responsible for processing payments to employers. Employers should receive two prompt payments - £750 when the young person reaches the 8 week stage of their Apprenticeship Programme and a further £750 after 12 months.

### **Who will manage and administer the funding?**

NAS will manage the **AGE 16 to 24** and will work closely with the Skills Funding Agency who will administer the funds on our behalf.

### **How will training providers be reimbursed for AGE 16 to 24 payments they pay eligible employers?**

Payments will be made through the Skills Funding Agency on behalf of NAS on a monthly basis.

Training providers will not be paid a fee to administer the wage incentive. Providers 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 not to give each provider an allocation of wage incentive places, as we want the programme to be led by employer choice. Therefore funds will be allocated on a 'first come first served' basis, but with providers expected to submit 'pipeline' information to Skills

Funding Agency/NAS to help manage demand.

### **Employers can check their eligibility by:**

- Visit [apprenticeships.org.uk](http://apprenticeships.org.uk) and complete the online web enquiry form
- Call the National Apprenticeship Service on **08000 150 600**
- An adviser from the National Apprenticeship Service will contact you to discuss the support available in more detail
- Or contact your local Training Provider direct

## Q & A

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

Our aim is to support employers to offer new and additional jobs in support of young people. Therefore we will be targeting 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.

### **Can large (250-4,999) and macro (5000+) employers be supported?**

**No** - large and macro employers are not eligible. However, NAS may agree to make the grant available to eligible employers through large employers who already hold a provider contract. We would also encourage large or macro employers to support eligible employers in their supply chain take up the grant.

### **Must all of the vacancies created by AGE 16 to 24 be advertised on Apprenticeship vacancies?**

**Yes** - wherever possible we expect the new Apprenticeship job to be advertised on Apprenticeship vacancies – our on line vacancy service that matches candidates interested in an Apprenticeship with employers offering them.

Providers will be expected to support employers to utilise the Apprenticeship vacancies system to recruit their apprentice.

### **Which young people are eligible?**

All 16 to 24 year olds who are looking to start a career through an Apprenticeship, whether they are just leaving school, have been working or are seeking to start a new career. You just need to be living in England and not taking part in full-time education.

### **Can existing employees starting an Apprenticeship programme within their existing employer attract the incentive?**

**No** - our aim is to support employers to create new and additional jobs for 16 to 24 year olds.

However part-time employees that move in to a new full-time Apprenticeship job could fall within the remit of the grant. i.e. where the **AGE 16 to 24** payment has incentivised an eligible employer to transfer a current 16 to 24 **part-time** employee (contracted to work less than 20 hours per week) to a new full-time Apprenticeship job role (minimum 30 hours per week).

### **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 to 24 with an employer who is eligible they will pass the employer details to NAS who will then arrange to discuss the Apprenticeship programme and the **AGE 16 to 24** support with the employer.

An employer drawing down funds through DWP's Youth Contract incentive to support the work programme is **NOT** eligible to claim support through **AGE 16 to 24**.

### **Is an Apprenticeship programme the right option for every 16 to 24 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 for it as this will

potentially result in drop outs, reduced quality and the reversal of the work done to raise public perceptions of Apprenticeships as a quality option.

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 to 24 year olds?**

We know that 16 to 24 year olds are more likely to be unemployed or economically inactive than older people. But it is important to remember that DWP already has a range of other policies, including the Youth Contract and similar schemes to help Jobseekers aged 18 and over back to work many of which can be combined with Apprenticeships.

Key Facts and Figures – 16 to 24 year olds in the labour market:

- The unemployment total for 16 to 24 year olds hit a record high of 1.02 million in the quarter, a jobless rate of 21.9%.
- The number of 16 to 24 year olds not in education, employment or training is approaching 26% (Q2 2010).

### **How will training providers be reimbursed for AGE 16 to 24 payments they pay eligible employers?**

Payments will be made through the Skills Funding Agency on behalf of NAS on a monthly basis.

Training providers will not be paid a fee to administer the wage incentive. Providers 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 not to give each provider an allocation of wage incentive places, as we want the programme to be led by employer choice. Therefore funds will be allocated on a 'first come first served' basis, but with providers expected to submit 'pipeline' information to Skills Funding Agency/NAS to help manage demand.

The detailed payment process for providers will be:

- The process is managed by the Skills Funding Agency.
- Provider identifies an eligible employer wishing to take on a new 16 to 24 apprentice.
- Provider verifies employer's eligibility and retains signed Employer Declaration Document as evidence.
- Provider identifies candidate (using Av).
- Once a candidate is accepted by the employer, and a contract of employment and the ILR is signed, the training provider can make a claim for the full £1500 **AGE 16 to 24** payment.
- In order to do this the training provider will complete a claim form and email it to a dedicated Skills Funding Agency email box, by a specified monthly deadline. Details on the form to include employer name and postcode, EDS ERN, No. of employees, apprentice name, ILR Number and Av vacancy number.
- The submitted form will also detail any expected claims the provider expects to submit on behalf of employers they are in discussion with (pipeline information).
- Skills Funding Agency will process and pay all eligible claims received by that month's deadline by a set monthly date.
- Provider to ensure correct **AGE 16 to 24** identifier codes are used to 'flag' these Apprenticeships both in Av and on the ILR.
- Provider pays £750 to employer 8 weeks after the ILR start date and

£750 at completion of 12 months from ILR start date.

- Note the £1,500 is a grant and therefore not in scope of VAT.

**What if the young person leaves – will the employer have to reimburse NAS all/any of the £1,500?**

The employer will sign an agreement which commits them to employing the young person until they complete the Apprenticeship programme.

The employer will receive the first payment for £750 once the apprentice reaches the 8 week point of their programme (from the ILR start date).

They will receive the second payment for £750 once the individual has completed 12 months of their Apprenticeship Programme.

Should the apprentice leave or be dismissed, a proportion of the grant should be recovered from the employer at the following levels:

- If the apprentice leaves or is dismissed between weeks one and eight the employer will not receive the first payment of £750.
- If at this 8 week stage another eligible 16 to 24 year old is recruited as an apprentice within 4 weeks of the dismissal/leave date no element of the grant will be recovered.

If the apprentice leaves or is dismissed before month 12 the employer will not receive the second payment of £750.

**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.

**What about the programme funds to support these additional 16 to 24 year old apprentices?**

The **AGE 16 to 24** payments are intended to support apprentice starts from within the overall Apprenticeship budget. Where demand through a particular provider is in excess of their existing Maximum Contract Value, requests for increases will be considered through the agreed reconciliation process.

**Will the funding be on a first come first served basis?**

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 to 24 who would otherwise be unemployed.

This funding is only available until the end of March 2013.

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

The Skills Funding Agency will maintain an **AGE 16 to 24** tracker based on the payments made to providers and the pipeline information provided to ensure budgets are monitored.

Areas/partners performance will be reviewed after the first quarter.

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

We are keen for providers to re-contact such employers to verify their eligibility for the grant and progress with the recruitment process if appropriate. You can also speak to your divisional NAS team for further support.

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

Yes in the main, all Skills Funding Agency approved providers will be in the scope for this incentive - we will want to work closely with providers in every area. **However providers currently on our Quality Improvement Register will not be eligible.**

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

Providers will only be able to support employers in excess of the volumes they agreed with NAS/SFA at the quarterly reconciliation point.

We have also decided to work in partnership with a number of strategic partners including some National Skills Academies and Sector Skills Councils.

## Are AoC and AELP supportive of AGE 16 to 24?

Both AoC and AELP are supportive of AGE 16 to 24 to help more young people find employment through the Apprenticeship Programme, and are being consulted as the new programme is rolled out.

Like us, they will want to ensure that bureaucracy is kept to a minimum whilst ensuring that the available funds get to those employers who need them most.

## The National Apprenticeship Service will need to work really closely with training providers to make this work – what materials are available to support them?

We will continue to work closely with providers as the initiative is rolled out – and ultimately in its evaluation.

There will be guidance notes and materials to support training providers

to get off to a flying start with this grant. They include:

- This Provider Fact Sheet – which gives information on **AGE 16 to 24**, how it will work, eligibility and the role we'd like training providers to play.
- Other supporting materials including:
  - Detailed provider payment process
  - Employer agreement
  - Provider agreement
  - Audit requirements
  - Claim form
- Divisional provider briefing meetings to fully brief providers on the campaign and their role and kick-start AGE 16 to 24.

## What marketing and communications activity is planned to promote AGE 16 to 24?

NAS is working closely with its partners and utilising direct marketing campaigns to ensure that priority employers know about the **AGE 16 to 24** to campaign, including:

- Official Launch of **AGE 16 to 24** messages during Apprenticeship week to promote the campaign, including the announcement of the first employer(s) and apprentice(s) supported by this campaign
  - Maximising the new national marketing campaign (direct mail and telemarketing campaigns kicking off from 13 February) – **AGE 16 to 24** messaging woven into these to ensure priority employers hear directly about the campaign
  - A letter/email to all employers who have contacted NAS who have said that wage costs are a barrier and re-contacting employers expressing an interest in **AGE 16 to 24** since the November 2011 announcement
  - Working with AoC and AELP to ensure more employers and young people know about this additional support
- Developing a specific call to action and response mechanism through the service to small businesses to make it simple and quick for employers to get the help they need
  - Employer Fact Sheet
  - Developing bespoke materials for employer representative bodies, SSCs, Jobcentre Plus and training providers
  - Utilising 100 in 100 campaigns across the year to promote **AGE 16 to 24**
  - Communication to Federation of Small Businesses members through their newsletters
  - NAS Employer Electronic newsletter
  - Letter from Ministers to key stakeholders
  - Communication from CBI and BCC to their members

Communication to 16 to 24s

- NAS is working with the National Career Service, Next Step Prime Contractors, Local Authorities and Jobcentre Plus to identify suitable candidates
- Campaign will directly target unemployed 16 to 24s
- NAS Apprenticeship vacancies service will target potential candidates with **AGE 16 to 24** vacancies
- **AGE 16 to 24** vacancies will be sent to all partners and stakeholder on a regular basis highlighting opportunities for their client groups