Apprenticeship Training Agencies (ATAs)

A guide to setting up an ATA

WCS
World Class Skills Programme
Developing Responsive Provision

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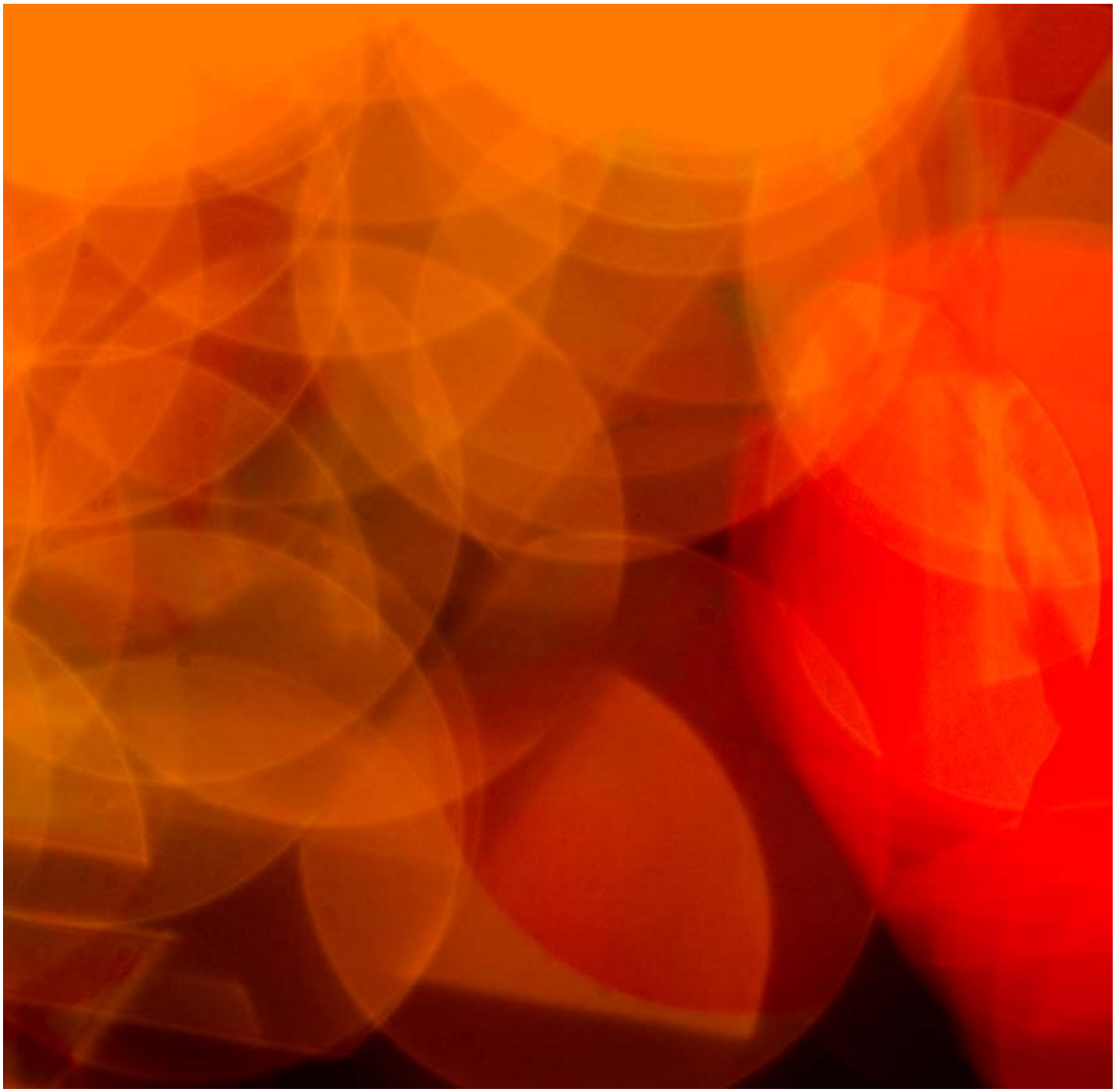

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This publication has been produced as the result of early work with the pilot ATA/GTAs that were established by the National Apprenticeship Service (NAS) in and work is ongoing as of April 2010.

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Purpose of the guide

This guide provides information and guidance to help you to identify what are the key considerations for establishing an Apprenticeship Training Agency (ATA) model of delivery. All examples included in this guide have been developed in partnership with the newly appointed ATAs and Group Training Associations (GTAs) supported through the National Apprenticeship Service (NAS).

The guide is intended for organisations, including providers and other sector bodies, that are investigating this delivery model as this is a new way of working that may be unfamiliar to many of these organisations.

Throughout this guide, the symbols < > are used to indicate that your own details need to be inserted. Where figures are suggested, they are simply indicative and you should insert the appropriate numbers in relation to your own organisation.

Further guides are available to specifically address:

- supporting employed apprentices;
- managing partners and providers; and
- working with host employers.

Disclaimer

All information contained in this guide is for reference only and does not constitute definitive guidance. The contents have been developed from initial support work with ATA/GTAs engaged in the LSIS World Class Skills – developing responsive provision (WCS) programme.
Each ATA/GTA retains full responsibility for the use, adaptation and adoption of any of the materials contained within this document. All ATA/GTAs should seek advice and guidance from their NAS national or regional links before using, adapting or adopting any of the materials contained in this guide.

Glossary of terms

There are a wide variety of terms used by ATA/GTAs to describe staff roles and functions. You may use different titles in your organisation but are likely to employ staff to fulfil the roles described below. In this guidance the following terms are used.

Apprentice Co-ordinator: staff that recruit, select and match apprentice candidates to job vacancies. They manage the ongoing client relationship with the (host) employer and provide the mentoring support to apprentices.

Business Development Manager: staff that market to employers, secure terms and conditions of employer engagement and negotiate all fees related to hiring an apprentice.

Training Provider: is the organisation that will take responsibility for initial assessments, NVQs, technical certificates and key skills/functional skills training. They will manage the delivery of the Apprenticeship framework to completion. They are responsible for completing the Individual Learning Plan (ILP) and for working with the (host) employer to provide any assessment and verification of the apprentices' progress, obtaining employer sign off of the periodic reviews towards completion.

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Host Employer(s): the term used to describe the employer offering the work placement to the apprentice.

Apprentice: The young person who is employed by you but is placed with a host employer(s) for the duration of their Apprenticeship programme.

Background to the guide

NAS has been established to drive forward the Government's ambition to bring significant growth to Apprenticeships. Recognising that innovative approaches need to be adopted to increase employer engagement and up-skill the workforce during the economic downturn, in June 2009, NAS invited applications from interested organizations to either extend the number of GTAs or to establish ATAs in England. The successful pilots were announced in a Department of Business Innovation and Skills (BIS) press release on 21st October 2009. This press release is available at the following link:

http://www.apprenticeships.org.uk/About-Us/Press-and-Media/~/media/Documents/Press%20Releases/GTA-press-release-211009.ashx.

The guide has been developed following consultancy support with the successful NAS ATA/GTA pilots provided through the LSIS WCS programme. NAS have supported these pilots and have been involved throughout the period of the consultancy support.

There are compelling reasons to develop a flexible approach to Apprenticeship delivery and the ATA model offers the potential to develop strong links with employers to benefit apprentices. An explanation of the characteristics of ATAs and GTAs follows:

- **Apprenticeship Training Agencies**: ATAs are apprentice recruitment agencies. They seek out employers to 'hire out' apprentices to. The ATA assumes the responsibilities of an employer and ensures the apprentice gets paid and receives appropriate on-the-job training. The formal training and assessment is delivered by a training provider(s) with an existing Apprenticeship contract; and
- **Group Training Associations**: The key characteristics of GTAs are that they are existing groupings of employers. They have strong and integral employer engagement, high quality flexible provision and deliver a wide range of integrated skills solutions in partnership with their member employers. There is an existing network of GTAs represented by GTA England covering a number of industry sectors. NAS will build on this footprint to extend the benefit to a wider range of sectors and geographical areas. Generally GTAs do not directly employ apprentices but provide the organization and support for Apprenticeship delivery.

Under the WCS programme newly appointed ATA/GTAs were offered tailored support to develop further their:

- strategy and planning arrangements;
- governance arrangements and structure;
- communication with learners, employers and delivery partners;
- delivery and monitoring of progress of learners and partners; and
- Quality Assurance arrangements.

There is no single model of delivery. Each ATA/GTA will need to consider various options depending on geographical location, sectors covered and whether they use partner organizations to deliver learning.

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Initial Considerations

GTA's have been established for many years and their work methods are well established. ATA's, however are a fairly new concept to the learning and skills sector and lessons are still being learnt. This guide is most suited to the development of an ATA model.

The role of ATA has been adopted by many different types of organization, including learning providers, partnerships, National Skills Academies and colleges. The business benefits of this delivery model have been identified as:

- the opportunity to expand the number of employers engaged in Apprenticeship delivery;
- enhanced flexibility to meet the business needs of employers engaged through the offer of an alternative route to recruitment and learning;
- the opportunity to re-engage employers which have withdrawn from supporting Apprenticeships through the economic downturn; and
- a clear and direct approach to supporting the increased number of Apprenticeships expected by Government.

Before embarking on development of an ATA model route, you need to be clear on:

- **why** you are doing it?; and
- **what** you want out of it?

In considering answers to these questions, you will need to take into account the following:

- the ATA model tends to be a high volume, low margin activity; and
- it can be a very time and resource intensive model to operate.

Nonetheless, for any organisation looking to go down this route, thorough planning with regard to objectives, strategy, structure, delivery model, partnerships/alliances, resources and financial implications (especially those around income, cash-flow and VAT liabilities) is essential.

Planning

Partners and alliances: choosing your partners and identifying the essential alliances to be forged is a vital consideration, and will ultimately influence the type of delivery model you decide to operate.

ATA's supported through NAS and which took part in this project displayed a variety of relationship models, largely based on historical or sectoral alliances. The influence of these partners and alliances was then clearly evident in the way the ATA chose or were obliged to operate. Examples of partnerships and alliances include:

- two geographically adjacent, but largely non-competing, colleges establish an ATA – the plan being to secure funded places and to facilitate the achievement of targets. The ATA will contract with each member college for delivery, each college retaining its own separate business development and quality assurance processes;
- a large, established training provider links with its regional GTAs and a National Skills Academy to extend the ATA/GTA in the region, with plans to go national. Links with other ATAs are planned to facilitate the national delivery aspect;
- two training providers establish a sector-specific ATA, one with sector-specific expertise and the other with experience of Apprenticeship delivery;

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- a county council links with the regional economic partnership, LSC, Connexions, colleges, local training providers and sector skills councils to provide a comprehensive county wide Apprenticeship offer and to secure vacancies, funding, learners, pre-Apprenticeship support and to visibly contribute to the regeneration agenda;
- a long-established GTA forms an ATA. The apprentices they recruit have their training needs met by providers who are members of the GTA and focus on meeting the needs of employers who are GTA members; and
- an ATA is formed through a partnership between a college and a local authority.

Where Business Link, Chambers of Commerce and other employer organizations are involved, this has largely been as members of advisory groups rather than as legal partners/directors.

Management Boards/Advisory Boards: Some new ATAs have set up management and advisory boards to steer the set-up and development of the ATA. It is advisable for those who are legal directors of the company to reserve the right to make decisions on aspects relating to the legal obligations and operations of the company. Advisory Boards are effective when they contribute to strategy, policy development, marketing and public relations. Appendix A provides an example Terms of Reference that could be used when establishing an Advisory Board or Steering Group.

Detailed business planning: Whatever delivery model is adopted, there are costs that are easy to overlook in the initial planning. Where small margins are the norm from the outset, getting these wrong can mean the difference between breaking even or not.

Some of the pilot ATAs would have benefited from a closer examination and understanding of:

- the true cost to employers of the Apprenticeship;
- fixed overhead and other costs;
- staff capacity and lead-in times e.g. how many visits to employers can be made in a day? What is the conversion rate? How much time will be taken up by the on-going management of employer relationships?;
- the lead-in time from identifying employers' vacancies and processing learner applications and interviews;
- management of provider relationships;
- the number of staff needed; and
- the "break-even" point: i.e. how many Apprenticeships need to be secured in order to ensure that the costs of running the ATA are covered?

A useful tool for facilitating this type of analysis is the responsibility chart shown in appendix B that illustrates the role of the ATA/GTA, the training provider, the apprentice, and the host employer.

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Securing Income and Sustainability

The main income stream under an ATA model will be from a financial charge placed on the host employer typically this has been a 10-20% administration fee based on the learners' salary. How this charge is calculated and how it is collected will need careful consideration as this will directly impact on the cash flow of the ATA. Pilot ATAs have developed a range of options. Examples of these are:

- taking income from the training provider – e.g. a percentage of the income stream or as a flat fee from the provider delivering the Apprenticeship and accessing appropriate funding;
- charging employers a membership fee – e.g. £150 per year, possibly combined with added incentives such as a discount on other training services;
- an introductory/recruitment fee levied on the employer which can be applied on conversion to a full time Apprenticeship; (this would be either a flat fee or as a percentage of future salary) This is a standard practice for many recruitment agencies;
- charging employers a one-off placement fee – e.g. a £750 arrangement fee and then subsequently invoicing employers for actual costs incurred;
- charging employers a flat fee for the whole service of recruitment support, arranging the learning, supporting the learner with a contract of employment, administrative and payroll functions, invoiced in 3 intervals through the year; and
- charging a placement/arrangement fee and a percentage of the apprentice salary including on-costs (e.g. tax, pension and National Insurance).

Payrolling

As the employer of the apprentice, the ATA takes the responsibility for the payment of the apprentices' wages. Consideration needs to be given to the implications of this for:

- **The ATA company payroll system**: for example, can your current system be adapted to pay apprentices weekly if it is set up for a monthly pay-run?
- **Cash-flow**: There are real implications for cash flow as the ATA is responsible for paying the apprentice wage on the agreed pay date and should therefore ensure that the host employer has settled their invoice before salary is paid to the learner. Invoicing host employers in advance is a common approach adopted by the pilot ATAs.

At the time of publication (March 2010), it is too early make any judgments or give any indication on the most effective and/or sustainable options for high quality delivery which is financially viable.

Additional Funding Opportunities

One or two of the early ATAs have gained additional funding support from sources such as European Social Fund (ESF) and local authorities. By linking the Apprenticeship agenda into wider projects tackling issues such as reducing the number of those not in education, employment or training (NEETs) or economic regeneration, it may be possible to partner, bid to or seek support from Regional Development Agencies (RDAs), NAS (e.g. Age 16-17 Fund), Department for Work and Pensions (DWP), Future Jobs Fund or Sector Skills Councils (SSCs).

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Other issues for consideration

As well as those issued covered in this guide, it is advisable to take a strategic approach as to how the ATA will be positioned in the market in terms of employers and competition/collaboration with providers or other ATAs.

Market segmentation: which sectors will the ATA service? What is the unique selling point of the ATA? What does it add to the existing offer? What are the benefits to the learner, to the employer of using the ATA? Who else in the vicinity is offering a similar or competing offer?

New sources of competition: Commercial recruitment agencies are showing increasing interest in servicing publicly-funded training contracts. During the course of this project it became clear that at least four in London, with national branches, are actively pursuing the Apprenticeship agenda. Their approach is to persuade clients wanting to fill entry-level positions to convert them to Apprenticeships, and although few at this stage have any training provider connections, they are actively pursuing these in tandem with research into what funding opportunities are open to them.

Time and Resources: the pilot ATAs have expressed surprise at the volume of paperwork, administration and time involved in the set-up and running of the ATA. Activities such as ensuring appropriate job-matching between vacancies and applicants, the lead -in time between taking on an apprentice and beginning the programme, and the time spent on the preparation, mentoring and pastoral support of the apprentice must be taken into account in the planning of both staff and cash-flow. Linked to this are the legal implications of contracting; contracts need to be comprehensive but simple. Those wishing to pursue this model should build in the cost of getting legal advice.

Employers: ensuring an adequate supply of high quality vacancies is essential. Marketing to employers, building and maintaining employer relationships and managing their expectations are essential considerations and should be formalised in an employer engagement strategy to ensure clarity of objectives, consistency of approach and monitoring of progress and results.

For more information on issues such as Customer Relationship Management Systems (CRMs) and marketing, please see the ATA Employer Guide. A whole range of resources on implementing CRM systems effectively is available on the WCS website available at http://wcs.excellencegateway.org.uk.

Further Information on ATAs

The following ATA guides can be accessed at http://wcs.excellencegateway.org.uk/resources#ATA%20Guides:

- supporting employed apprentices;
- managing partners and providers; and
- working with host employers.

.For further information on ATAs not covered by these guides and the NAS ATA/GTA pilot projects, please contact martin.ward@apprenticeships.gov.uk.

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Appendix A: Sample Terms of Reference for a Steering/Advisory Group

These Terms of Reference exist to:

- clarify the composition and the overarching roles and responsibilities of the Management Board and its Advisory Committee;
- establish the consensus around shared principles and consistency of approach with regard to the delivery of Apprenticeships, especially the employer and learner experience;
- establish, and identify the mechanisms for upholding, the criteria for:
  - management board membership;
  - employer engagement;
  - employment of apprentices;
  - minimum levels of performance;
  - intervention; and
  - complaints and conflict resolution.

1 The Company

<Your ATA> is an independent trading entity with a single focussed mission: the creation of high quality Apprenticeships in the <region>. It is registered as <insert details e.g. a company limited by guarantee with 'not-for-profit' Memorandum and Articles>.

2 Management Board

The Management Board will be Chaired by the CEO of <your ATA> and comprise the Directors and Operations Manager of the same. The Management Board (excepting the Operations Manager) hold legal responsibilities for the company as designated by the Companies Act 2006, and therefore will hold all decision making responsibility for issues relating to:

- finance and funding;
- employment structure;
- contracting with third parties; and
- all aspects/issues relating to the day to day management and operation of the company, including marketing, recruitment, target setting, HR issues etc. For the sake of expediency and efficiency, these issues, other than the three above, will be delegated to the CEO of <your ATA>.

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2.1 Advisory Committee

The Management Board will be supported by an Advisory Committee, comprising the Operations Manager and representatives from <insert relevant partner agencies: RDA, NAS, SSCs etc>.

This Advisory Committee are invited to contribute to:

- strategic planning, including employer engagement and marketing;
- policy development; and
- ensuring complimentarily with, and additionality to, existing and planned provision.

All Members will be required to attend meetings and make a positive contribution to <your ATA>. Any member failing to attend three consecutive meetings or failing to deliver against their responsibilities will be subject to a review of their membership by the Management Board.

Membership will be reviewed annually.

4 Management and reporting

The day to day operations of the company will be managed and administered by <your ATA>.

On behalf of <ATA>, the Management Board will hold overall responsibility for:

- financial control;
- quality assurance;
- strategic planning;
- policy development;
- risk management;
- performance monitoring;
- reporting against targets; and
- sustainability and growth.

This Terms of Reference will be supported by specific Service Level Agreements and contracts (as required) with each provider and the Memorandum of Understanding with the National Apprenticeship Service (NAS).

These will detail Apprenticeship numbers, recruitment arrangements, data capture requirements, funding allocations and reporting expectations.

Delivery on SLAs will be monitored by the Management Board.

5 Conflict resolution

In the event of a conflict between any of the partners, the issue will be raised initially with the <ATA> Operations Manager and, if unresolved, be mediated through the Management Group.

The Operations Manager will refer any slippage in delivery against SLAs to the Management Board, and monitor and report on improvement. Continued slippage and/or under-performance <criteria to be determined> will be referred back to the Management Board for appropriate action <to be determined>.

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6 “Good Partners” Agreement

The parties will inform each other prior to any sensitive messages emerging which might impact adversely on <ATA>. The parties will share information as appropriate about agreements with other parties.

7 Confidentiality

Each organisation will observe confidentiality as required in relation to shared information which is not in the public domain.

8 Signatories

Signed by (Management Board member organisations)

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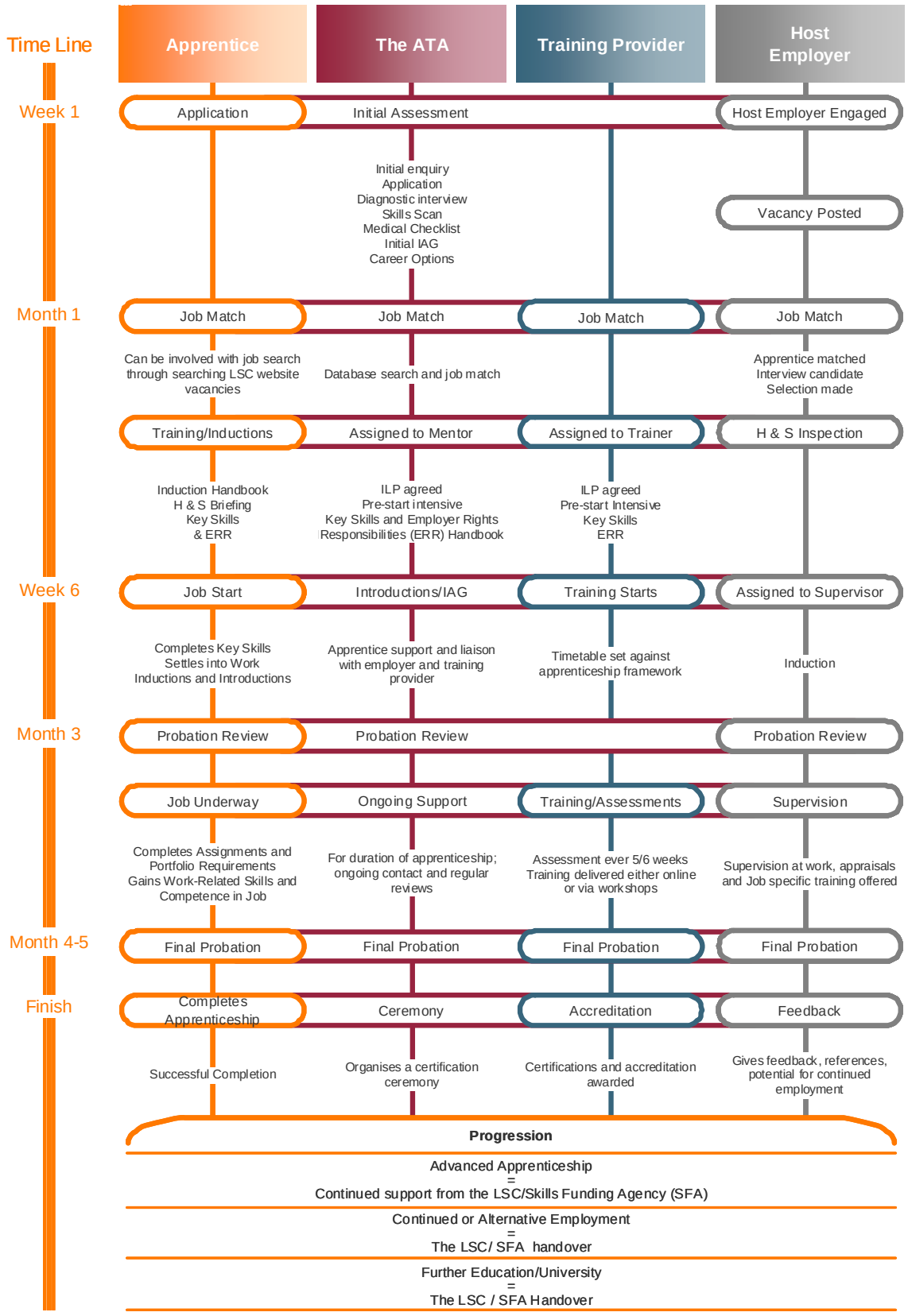
Appendix B:

Responsibility Flowchart – ATAs found this flow chart useful to understand and to assign responsibilities for each stage of the learner and employer journey. In this example, the ATA and the Training provider are sharing some responsibilities such as the completion of the ILP. You can use and adapt this model to suit your own needs.



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