

AELP Parliamentary Newsletter Issue No.14 - September 2012

More pre-apprenticeship provision needed to tackle youth unemployment

Skills minister, John Hayes, has announced that he is developing plans for 'Traineeships' as part of the coalition government's response to youth unemployment. These will act as a ladder for young people who have left school with few or no qualifications and want to get on to an apprenticeship programme. In his oversight of the Youth Contract, the Deputy Prime Minister has also recognised the need for more preparatory training.

Comment: Apprentice training members of the Association of Employment and Learning Providers (AELP) have been campaigning for two years for more preparatory training as part of the government-supported skills strategy. The need has become more acute in 2012 because employers who run apprenticeship programmes have been raising the bar as far as entry requirements are concerned and therefore young people with limited qualifications have found it increasingly difficult to secure places.

AELP has pressed ministers for the closer integration of the respective programmes under the DfE, BIS and DWP to support young people seeking sustainable employment. We are pleased that the DfE is now championing more flexible provider support for vocational learning in the 16 to 18 age group in which a job outcome should be as equally valued as the achievement of a qualification. The reforms will complement the preparations being made for the two-stage introduction of Raising the Participation Age (RPA) which will give young people under 19 in work the statutory right to access state-funded learning to improve their career prospects.

Encouraging more SMEs to offer apprenticeships

The government has in 2012 commissioned two reviews on apprenticeships. The first by Justin Holt has looked specifically at encouraging more SMEs to offer apprenticeship places while a more wide-ranging review by Doug Richard began before the summer recess. Both reviews have challenged the existing funding system for apprenticeships where the government makes a financial contribution to the overall cost of the training via a Skills Funding Agency contract with the apprentice's training provider. The question is whether all of the state funding should go directly instead to the employer. Mr Richard is also asking if the apprenticeship programme should only involve the creation of new jobs as opposed to a mix of new jobs and the upskilling of existing employees. The second issue was considered by the BIS select committee during its inquiry into apprenticeships earlier this year.

Comment: AELP member providers, which include many from the Third Sector, engage with approximately 300,000 employers for the latter's skills needs and it is estimated that this number could include up to 250,000 SMEs offering apprenticeships as a result of this engagement. We have strong grounds for believing that direct funding of SMEs' apprenticeships via the employer will significantly reduce the number of small businesses being involved in the programme. This is because many of these firms have neither the time nor resources to organise an apprenticeship programme unless a training provider is there to take the assessment, trainee supervision and associated paperwork off their hands. The Holt review has additionally recognised that according to a recent BIS employer survey, the most common reason for an SME taking on an apprentice was "being approached by a provider". The Skills Funding Agency, which has a much reduced headcount compared with the former LSC, would also be faced with the challenge and costs of contracting with many thousands of businesses instead of the approximate 1,000 colleges and training providers with which it currently has a contractual relationship.

AELP agrees with BIS ministers that adult apprenticeships, i.e. the upskilling of existing members of the workforce, should continue to receive support. Official figures indicate that 60% of the 25+ growth has been of adults reaching their first ever level 2 – a necessary springboard for the kind of further progression that everyone recognises is vital to our national economic wellbeing. These older apprentices also represent a substantial number that have for the first time achieved the required literacy and numeracy levels, positively impacting on successive governments' priority to tackle this issue.

New impartial careers guidance requirements for schools must have teeth

Under provisions in the Education Act 2011, all secondary schools must from this September offer their pupils access to impartial careers advice from an external and independent service. This includes advice on the

availability of post-GCSE vocational and academic learning options, including apprenticeships. The statutory guidance makes it clear that it will not be enough for schools to simply point their students to a careers website as a fulfilment of their duties. The Education select committee has announced that it will conduct an inquiry into the matter during the autumn.

Comment: As the DfE has acknowledged, AELP has been in the forefront of the campaign to secure statutory backing for impartial careers guidance in schools. We continue to receive reports from providers that too many apprentices, including the current Apprentice of the Year, were never told about the programme while at school. Despite the publication of the statutory guidance for schools, the level of likely compliance remains a major concern and this is why AELP has successfully persuaded ministers that Ofsted inspectors should play a role in ensuring that the new duty is followed. However it is not clear what procedures will be followed to ascertain that pupils will gain "a well-informed understanding of the options and challenges facing them as they move through school and on to their next stage of the education and training" (source: Ofsted Inspection Framework, April 2012). Nor is it clear what would be considered evidence of 'a school's failure to comply'. AELP hopes that the Education select committee will seek some reassurances on these concerns.

Concerns over the introduction of FE loans

From September 2013, a financial loan system is being introduced for learners aged 24 and above studying at level 3 and above in the FE and skills sector. The government has provided a budget of £129m in 2013-14 and £398m in 2014-15 for loans. It points out that the vast majority of FE learners will continue to be grant funded.

Comment: Unlike some other representative bodies in the sector, AELP has never opposed the introduction of what will formally be known as 24+ Advanced Learning Loans. Nevertheless the system will be applied to the apprenticeship programme, including employees aged 24+ wishing to undertake an advanced or higher apprenticeship, and feedback from providers has suggested that prospective older learners in certain sectors might be put off from starting a programme. The prevalence of subcontracting in the skills system is also a consideration because as the FE loans facility will be constructed around the lead contractors, subcontractors are concerned that they will not have 'line of sight' of the system to access loans for their learners. Training providers take on apprentices and other trainees in the work place all the year round and therefore reassurance is needed that from 2013, the Treasury's loans allocation will not be used up by mainstream FE students during the September/October enrolment season, thereby threatening the potential take-up by higher level apprentices. The danger of VAT being imposed on loans taken out in respect of non-college provision, which would be hugely damaging for work based learning, really must be averted. We hope that the government will be able to confirm the non-imposition shortly.

Spending Review needs to safeguard skills training for the unemployed

The coalition government has increasingly recognised the importance of an integrated policy and programme approach to employment and skills, especially in terms of equipping the unemployed with the skills needed to secure sustainable employment.

Comment: A recent NAO report confirmed that the economy and the taxpayer are getting excellent value for money from the government's investment in apprenticeships. Despite the current pressures on the Exchequer, AELP believes that the valuable pre-employment training that its members offer to unemployed people deserves similar recognition and continued funding support whether it is via the Youth Contract, the Work Programme or the Adult Skills Budget. Independent providers could develop more innovative programmes and provide better value for money with access to more flexible and more integrated funding.

About AELP

The Association of Employment and Learning Providers (AELP) is the leading trade association for vocational learning and employment providers in Britain. The majority of its 600+ members are independent private, not-for-profit and voluntary sector training and employment services organisations. Membership is open to any provider committed to quality provision and it includes over 50 FE colleges involved in work based learning. 70% plus of apprenticeships in England are delivered by AELP members. Over 70% of the Work Programme prime contractors are AELP members with many other members delivering the programme as sub-contractors. AELP providers currently engage with almost 300,000 employers across the country and last year they helped 117,000 learners complete an apprenticeship.

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