



The Rt Hon Gillian Keegan MP  
Secretary of State  
Department for Education  
20 Great Smith St,  
London SW1P 3BT

3 August 2023

Dear Secretary of State

The financial viability of the skills sector is at risk.

The news that another major training provider is under threat of insolvency should be seen as a wake-up call. Spiralling costs for providers combined with traineeships contracts and non-devolved adult education budget contracts ending at similar times, alongside an apprenticeship funding review system that takes far too long, has created a perfect storm. This means that training providers are on a financial cliff edge which will get worse without urgent action.

To save the skills system AELP is calling for:

- **Immediate support for apprenticeship providers with an across-the-board uplift of 10% in funding for all apprenticeship standards; as well as raising the maximum government contribution above the current £27,000; and the introduction of a minimum government contribution of £5,000 per year across all apprenticeships.**
- **A long-term plan to stabilise the skills sector, through a sustainable and integrated national skills strategy.**

This support is urgently needed to avoid a major impact on learners, employers and providers. As well as instances of insolvency, we have also seen numerous examples of providers withdrawing from the apprenticeship market and existing training providers having to slash the range of programmes they offer, including in high priority sectors.

The recent AEB contract procurement outcome was particularly difficult for many providers due to the reduction in the overall amount being allocated and the number of existing quality providers losing contracts.

This month another high-quality training provider experienced financial difficulties – without immediate action others will follow. This will have a massive impact on the supply side of skills, leaving learners with fewer opportunities and exacerbating skills gaps. Once we lose high-quality established providers, the lost capacity and expertise that results will be very difficult and expensive to renew.

It is important to note that the funding issues around apprenticeships are affecting the whole sector, with independent training providers, colleges and higher education institutions all affected.

AELP agrees with the government that apprenticeships are a fantastic way for people to learn the skills that will help them get on in life, and help boost the productivity of businesses. However, this requires a properly funded system. In the last three years, the apprenticeship programme budget has not kept pace with the increased Apprenticeship Levy take. Combining the unallocated funds and programme budget underspend, the apprenticeship sector has been shortchanged by over £1 billion. This cannot be acceptable at a time when the skills system is at risk of collapse.

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Without immediate support the supply of skills provision across adult education, apprenticeships and 16-19 will collapse, leaving hundreds of thousands of people without the opportunity they deserve.

We urge you to act before further damage is caused to the skills system.

Yours sincerely

**Nichola Hay MBE** (Chair, Association of Employment and Learning Providers)

**Kirstie Donnelly MBE** (Chief Executive Officer, City and Guilds)

**Andy Rayner** (Director of LEAP Apprenticeships and Early Careers, Travis Perkins Plc)

**Lauren Mistry** (Deputy CEO, Youth Employment UK)

**Stewart Segal** (Chair, Youth Employment UK)

**Graham Hasting-Evans** (Chief Executive, National Open College Network (NOCN))

**Jill Whittaker** (Managing Director, HIT Training Ltd)

**Brenda McLeish OBE** (Chief Executive Officer, Learning Curve Group)

**Mark McKenna** (Managing Director, Mindful Education)

**Katie Orr** (Chief Regulatory Officer, Training Qualifications UK Ltd)

**David Smith** (Chief Executive Officer, Lifetime Training Group)

**Carl Cornish** (Chief Operating Officer, Intequal)

**Charlotte Bosworth** (Managing Director, Innovate Awarding Ltd)

**Corrina Hembury** (Managing Director, Access Training (East Midlands) Ltd)

**Rob Colbourne OBE** (Managing Director, Performance Through People)

**Nick Smith** (Chief Executive Officer, TTE Training Limited)

**Iain Salisbury** (Chief Executive, Aspiration Training)

**Rob Foulston** (Chairman, Remit Group)

**Karen Bailey** (Head of Competence Development, Volvo Group UK and Eire)

**Steve Woolcock** (Chief Executive Officer, First Rung)

**Michael Steel** (Managing Director, Kiwi Education)

**Ruth Cole** (Director of Quality of Education, Yuzu Training)

**Paul Drew** (Managing Director, Apprentify)

**Ian Bamford** (Chief Operating Officer, Paragon Skills)

**Shirley Wolfe** (Managing Director, BOOM Training)

**Philip Marsh** (Chief Executive Officer, Automotive Academy)

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**Paula Hornett** (Chief Executive Officer, Essex Provider Network)  
**Lesley Holland** (Managing Director, Juniper Training)  
**Jude Davison** (Associate Director of Apprenticeships, Hampshire Hospitals Foundation Trust)  
**Shannon King** (Director of Finance, IPS International Ltd)  
**Oliver Trailor** (Managing Director, Runway Training)  
**Mark Bremner** (Business Director/CEO, MBKB Group)  
**Ian Pearce** (Executive Manager, Profile Development and Training Limited)  
**John Herman** (Chief Executive Officer, Intec Business Colleges Ltd)  
**Andrew Erwich** (Director of Business Development & Marketing, Central YMCA)  
**Jo Pountney** (Director, Sporting Futures Training UK Ltd)  
**Kate Whatley** (Commercial Manager, SPV Special Projects Limited)  
**Caroline Pauling** (Director, Peak Accountancy Training)  
**Gemma Kemp** (Operations Director, Salutem Ltd)  
**Kirsty Hawkins** (Kent Association of Training Providers)  
**Sharon Gamble** (Head of Service, Hull Training Adult Education)  
**Gavin Deane** (Chief Executive Officer, Education Wise Group)  
**Jill Eaton MBE** (Director, Sporting Futures Training)  
**Amy Fowles** (Director of Education, Acacia Training)  
**David Rose** (Chief Executive, KEITS Training Services Ltd)  
**Gail Shenton** (Director, JACE Training)  
**Steve Nash** (Chief Executive Officer, Institute of the Motor Industry)  
**Lucy Agnew** (Divisional Director, Reflections Training Academy)  
**Tina Lockley** (Apprenticeship Contract Manager, Juniper Training)  
**Ross Szabo** (Senior Apprenticeship Manager, Sport Structures)  
**David Armstrong** (Managing Director, Access Training)  
**Anthony Hobbs** (Managing Director, Baltic Apprenticeships)  
**Rebecca Bird** (Managing Director, System People Limited)  
**Andrew Cumiskey** (Chair and Executive Officer, North East Learning Providers)  
**Charlotte Moreland** (Managing Director, National Hairdressing Training Academy)  
**Paul Wileman** (Chief Executive Officer, B Skill Limited)

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**Richard Goodwin** (Managing Director, The JGA Group)

**James Kelly** (Chief Executive and Co-Founder, Corndel Ltd)

**Iain Elliot** (Chief Executive, Humberside Engineering Training Association Ltd)

**Jan Richardson-Wilde** (Chief Executive Officer, The AOL Awards)

**Colin Thaw** (Managing Director, SBC Training)

**Alex Miles** (Managing Director, Yorkshire Learning Providers)

**Noel Dunne** (Chair, Greater Birmingham & Solihul Training Providers Network and Director, Creative Alliance)

**Geoff Mount** (Head of Operations (North East & Yorkshire), Barnardo's Employment, Training & Skills)

**Jackie Denyer** (Managing Director, Professional Training Solutions)

**Katie Johnstone** (Chief Executive Officer, Apprentice Team Ltd)  
MAN Truck & Bus UK Ltd

**Raj Chibbra** (Training Director, Warwickshire Garage & Training Group Training Association Limited)

**Craig Potter** (Vice President – Professional Education, Davies)

**Steve Smith** (Managing Director, SIAS)

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**Darren Shanley** (Head of Strategic Business Development, STC Group)

**Kathryn Baker** (Chief Executive Officer, Somerset Skills & Learning)

**Roddy Christie** (Managing Director, Always Consult)

**Ian Ross** (Chief Executive Officer, Whitehead-Ross Education)

**Jamie Rail** (Managing Director, The Focus Training Group)

**Jonathan Dale** (Chair, Staffordshire Partnership for Employment & Skills)

**Tyron Wain** (Managing Director, Quest Training)

**Robert Botten** (Chief Executive Officer, The STC Group)

**David Moreland** (Chair, National Hairdressing Training Academy)

**David Smith** (Chief Executive Officer, Lifetime Group)

**Sally Lucas** (Executive Director, Coventry & Warwickshire Chamber of Commerce Training)

**Belinda Turner MBE** (Chief Executive, Stubbing Court Training Ltd)

**Nina Dixon** (Forum Manager, Lancashire WBL Executive Forum)

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Sharna George (Head of Compliance, Clarkson Evans Training Ltd)

**Rob George** (Director, RGFE)

**David Bucknall** (Managing Director, Nova Training)

**Gareth John** (Chief Executive, First Intuition Cambridge)

**Crawford Knott** (Managing Director, Hawk Training)

**Mark Krull** (Director, LCL Awards)

**James Norris** (Assistant Principle, Walsall College)

**Colin Skellett** (Chief Executive Officer, Wessex Water Services Limited)

**Chandra Wood** (Learner Support Manager, Estio)

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