

Major Concerns Remain on Apprenticeship Levy

The apprenticeship levy for large employers starts in April 2017 but despite regular government consultations which have addressed significant issues under a 4-year reform process, major concerns threaten to derail a successful implementation. These include:

Funding for SMEs' apprenticeships: The levy proceeds are supposed to fund the entire apprenticeship programme, but feedback from employers, training providers and the DfE's own research indicates strongly that the entitlement of levy payers to claim back funding for their own apprenticeships means that there will be little money left to fund the apprenticeships of non-levy paying SMEs. SMEs currently account for more than half of the apprenticeship opportunities on offer and, as MPs on the Public Accounts Committee recently observed, many constituencies have few (or no) levy paying employers. Therefore young people in many towns and rural areas may no longer have access to the government's flagship skills programme. The government has allocated a separate budget for SMEs for the first year of the levy while initial revenues are being collected but there is no certainty of funding after that when Brexit may add a further imperative for investment in apprenticeships. AELP is therefore calling for a guaranteed minimum annual budget of £1bn between now and the end of this Parliament to ensure that SMEs in all areas of the country can continue to offer apprenticeships.



Ensuring apprenticeship opportunities for 16-18 year olds: After a seriously misjudged set of proposed funding rates for apprenticeships were published in August, which could have wiped out provision for young people in disadvantaged areas and thereby undermined the government's social justice agenda, ministers published new rates in October. These went some way to avoiding an 'apprenticeship desert', but

employers are telling AELP that the levy could lead to far fewer 16 to 18 year olds being hired as apprentices under the new standards. It just adds to the general doubts about employing young people from this age group that were expressed in the 2013 UKCES Employer Skills Survey. The government's additional incentives of £1,000 to the employer and another £1,000 to the provider will make little difference, especially for the higher cost, higher level apprenticeships, and the basic costs are higher anyway for the youngest age group. Currently only about 6% of school leavers after GCSEs become apprentices and unless the funding becomes more realistic, this situation is unlikely to improve. Instead many levy paying employers are planning to get their levy back by converting existing management training programmes into adult apprenticeships. AELP is asking the government to look again at the funding rates for 16 to 18 year olds.

Protecting the reputation of apprenticeships: Under its reforms, the government is introducing a new system for assessing an apprentice's competence called 'end point assessment' (EPA) which has to be verified by an independent third party known as an EPA organisation. Unfortunately in many sectors, there is a shortage of approved EPA organisations and the position has been made worse by the fact that apprentices have been allowed to start programmes without an EPA organisation in place to assess them. Working with the new Institute for Apprenticeships and Technical Education, the government is addressing the issue but our concern is that there will still be a major shortage when the levy starts. The new system also adds significantly extra cost to delivering an apprenticeship and without a good choice of EPA organisations, monopoly or duopoly pricing for EPA will take funding away from providing high quality training for the apprentice. More importantly, it is simply wrong for an apprentice to start a programme without knowing how they are going to be assessed.

To further protect the programme's reputation, AELP is calling for Ofsted to be given responsibility to inspect all apprenticeships. Degree apprenticeships offered by universities are rapidly growing and some are simply a rebranding exercise of vocationally orientated degrees rather than genuine work based learning at a higher level involving an employer. Because quality assurance of higher education falls in the QAA's remit, degree apprenticeships are currently not properly inspected and Ofsted agrees with AELP that the inspectorate should have a role in checking on the work based elements of the programme. Ofsted should be given this responsibility as soon as possible.

Encouraging growth in traineeships

Now three years old, the government's traineeships programme has been a success, placing many young people often from the so-called NEET group in apprenticeships, sustainable employment or further education. However, although progression rates are good, the number of starts (23,900 in 2015-16) remains modest and ministers share our view that the programme should grow. AELP has submitted three essential proposals that will enable traineeships to take off, namely: the government's funding system needs to be more responsive to evidenced demand for the programme; the removal of uncertainty surrounding proposals to devolve the programme to LEPs; and making further progress on the benefits system not acting as a barrier to young people taking up a traineeship or apprenticeship. Uncertainty surrounding the future funding of the programme means that high quality training providers are holding back from investing in it. If we act now, traineeships will grow and in the meantime the government should certainly resist calls for a separate pre-apprenticeship programme which will confuse both employers and young people making choices.



Time to abandon GCSE resits policy

In its annual report published in December, Ofsted said that it 'remains unclear whether the GCSE qualification is the best way of ensuring that students have the English and mathematical skills needed for their intended career'. Inspection evidence shows that, for some students, having to retake their GCSE can be demotivating and that attendance at these lessons is lower. For many learners including apprentices, an alternative level 2 qualification may be a more appropriate means of improving their English and mathematics and ensuring that they are ready for work. The alternative already exists in the form of Functional Skills as applied English and maths for the workplace and, as members of the trailblazers which design the new apprenticeship standards, many big name employers recognise their validity. The government has commissioned reviews of Functional Skills and there is no doubt that they are fit for purpose. To gain better recognition and as equivalent to GCSE, Functional Skills should now be rebranded at level 2 as Applied English and Applied Maths. While the option to resit GCSEs should remain open to young people, mandatory retakes for English and maths should no longer be government policy. At the same time, all English and maths delivery for apprentices should be funded as a minimum at the equivalent stand-alone rate of £724. The government should also recognise Functional Skills for Early Years Educator (EYE) qualifications to end the current recruitment crisis in the childcare sector when it is trying to fulfil its manifesto commitment of doubling free childcare for working parents. Despite warnings going back two years on the impending crisis, the DfE only consulted recently on the issue and it should wait no longer to approve the relevant apprenticeship standard and EYE qualifications with Functional Skills included.

82% of independent training providers now good or outstanding, reports Ofsted

In entrusting independent training providers (ITPs) with the delivery of the great majority of apprenticeships and traineeships, the government can be assured that the taxpayer is getting value for money. The Ofsted annual report 2015-16 has reported that 82% of ITPs are currently judged to be good or outstanding and that the provision of apprenticeships by all types of provider continues to improve. Many apprenticeships are delivered by strong partnerships between ITPs and local colleges and such partnerships should be encouraged in all areas of technical education, skills and employment service delivery.

The Skills Plan and expected new Industrial Strategy

The Technical and Further Education Bill is designed to implement many of the recommendations of the Sainsbury Review for 16-18 further education and the government's response in the form of its Skills Plan. In AELP's view, a framework of only 15 routes across technical education may create an elitist system of education denying many young people a work-based route to level 2 or 3. It is apparent that many 'ivory tower' commentators observing the FE system have no idea of the journey of travel that training providers and employers take many young people along to reach level 2. Not only are providers making a major contribution to the government's social justice agenda but they are arguably anticipating the impact of Brexit if controls are to be introduced on migrant labour. A skills strategy should be inclusive and start with the whole labour force, addressing skills needs at all levels. With the skills portfolio back under the DfE, it is the perfect opportunity to create a coherent inclusive strategy, not just one for the most able. Similar principles should be part of the forthcoming Industrial Strategy – we take ministers at their word when they say that such a strategy will not be an outdated return to 'picking winners' among business sectors.

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 800+ members are independent private, not-for-profit and voluntary sector training and employment services organisations. Our members support employers in the delivery of over 75% of apprenticeships in England. Contact AELP CEO Mark Dawe (markdawe@aelp.org.uk) or Aidan Relf (m. 07710 305182). Web: www.aelp.org.uk Twitter: @AELPUK