



Association of
Employment and Learning
Providers

AELP Submission: #50

**AELP Response to the
review of Post-18
Education and
Funding**

May 2018

Q1. This review will look at how Government can ensure that the post-18 education system is joined up and supported by a funding system that works for students and taxpayers. The panel would like to understand your priorities. What, if any, are your principal concerns with the current post-18 education and funding system?

AELP Priorities:

Apprenticeships

- We believe that a proportion, possibly half over time, of the £10bn per annum in fees should be made available for apprentices, to support the growth in higher and degree apprenticeships. Furthermore, we would encourage this review to look at the notion of match-funding between the employer (levy) and learner (loans).
- AELP are concerned that there is a lack of suitable incentives for to support employers recruiting under 25's and new entrants as opposed to existing staff and that the expectation of cash contributions from non-levy payers and those who exceed levy account levels is seriously hampering levels of Apprenticeship starts. Consequently, we believe Apprenticeships for 16-18 year olds should be fully funded. Going further, employer co-investment payments for all level 2 and level 3 16-24 apprentices at non-levy paying employers and levy-paying employers who exceed their levy should be waived until at least April 2019 to re-stimulate the market.
- AELP have concerns surrounding the low levels of funding for some level 2 and level 3 provision when compared to higher levels when both require the same amount of training/contact time. It cannot be expected that an apprenticeship can be delivered at a high quality when funding is as low as £1,500 per apprentice.
- Although there has been an increase in the non-levy budget, there is still no guarantee of a budget for non-levy payers. AELP encourages the Treasury to financially guarantee and commit to £1bn to underpin the new co-investment funding model for non-levy paying employers.
- We believe the reduced funding on frameworks is driving down the quality of provision and forcing good quality providers out of the marketplace in a number of key sectors. We want All standards and frameworks priced on a rate basis rather than using a band/cap system. FE is currently the only part of the education system with price negotiation.
- To offset the equalisation in funding rates between all age apprenticeships, the government in May 2017 implemented a new financial incentive model to both employers and providers. The government currently now offers both the employer and the provider a £1k incentive for each 16-18 year-old they take on and train. This incentive, although it applies to all employers, is also less than the £1.5k Apprenticeship Grant for Employers (AGE) incentive for smaller employers who were previously incentivised to take on 16-24-year-old apprentices. In theory, it was designed to generate more opportunities, but less for those who actually really need it and also on different payment terms. Many employers are also telling both AELP and our members that the flat rate incentive of £1k is not enough to opt for a school leaver over an older individual into a new apprentice role. AELP strongly urges the government to review the financial incentive it offers to employers and providers to make it much more attractive.

English & Maths

- English and Maths funding-for apprenticeships of £471 per subject are significantly less than the stand-alone rate for the same programme. The standalone funding rate of £725 is incurring financial losses in delivery that increases with each level studied. AELP is concerned that the capacity of the FE sector workforce to deliver English and maths provision is insufficiently supported compared to that available for the schools and HE sectors. We believe that this reduced funding is discriminatory.

Adult Education Budget (AEB)

- There is unacceptable ring-fencing of grant funding budgets for AEB which is going unspent each year. Much of the current subcontracting, is the product of an inefficient funding system. We believe all providers should be subject to common funding, inspection and audit regulations on the basis of a level playing field, therefore, the whole AEB budget should be put out for public procurement.

Part 1: Choice and competition across a joined-up post-18 education and training sector

Q2. How do people make choices about what to study after 18? What information do they use and how do they choose one route over another: for instance, between academic, technical and vocational routes?

- Generally, there is an elitist view of education in the UK, with Higher Education seen as the conventional route whilst Further Education is seen as an option for ‘other people’s children’. With no parity of esteem between higher education and further education, particularly when it comes to funding, we cannot expect a level playing field in perceptions despite Further Education providing better opportunities and returns for learners and employers in some sectors of the economy.
- Most young people are influenced by information given to them by their school- who are currently incentivised to encourage students to attend university. Apprenticeships progression is currently not incentivised to schools in the way that degrees are (e.g. performance points, league tables), therefore it is not in their interest to promote Further Education in the same way as Higher Education. During National Apprenticeship Week the All Party Parliamentary Group on Apprenticeships hosted an event with 7 apprentices present that work in various sectors at differing levels of study. All of them said they had to do their own research on how to undertake an apprenticeship as their school provided no information or guidance on this. AELP strongly believes in the need for an all-ages, impartial careers information, advice and guidance that supports not only the young person but also their guardian.
- Parental influence has a tendency to push young people towards university as parents are unaware of alternative options such as apprenticeships and what opportunities these bring with them over Higher Education provision. Recent legislative changes have ushered in the Baker Clause which provides an opportunity for FE colleges and ITP’s to go into schools and discuss post-16 options. However, it is too early to determine what impact this is having.

- Young people used to be well supported through Connexions Careers Service specifically for young people, but since its demise, there has been a significant negative impact. Whilst the National Careers Service was established as a replacement, it is not a like for like replacement.

Q3: How do people make choices later in life about what further study to undertake?

- **Family responsibilities-** study becomes much more challenging in this situation, particularly if a person has young children and must bear the additional financial costs of childcare.
- **Care responsibilities-** an individual will consider their responsibilities and whether they have resources to travel, attend classes, attend their place of work (if on an apprenticeship, for example), get care cover during their absence, have the ability to carry out independent study and complete assignments.
- **Career progression-** individuals will consider if further study will improve their chances of a promotion or progression within the workplace.
- **Costs-** people will consider costs associated with further study and the degree of support available to assist them during this period.

Q5: The majority of universities charge the maximum possible fees for most of their courses and three-year courses remain the norm. How can Government create a more dynamic market in price and provision between universities and across the post-18 education landscape?

- The current system is dominated similarly to a monopoly situation with a major barrier to entry being degree awarding powers. If this was to loosen, it could create greater competition. Furthermore, as degree-level delivery must be through a university, they dictate funding even in Further Education. A vast number of apprenticeships require a degree and are therefore controlled by universities.
- There is an opportunity for funds to be transferred across from Higher Education to fund Higher and Degree apprenticeships. This would give young people greater opportunities and choice, making traditional HEIs having to be more competitive when offering traditional competing straight degree programmes.
- Similar to Further Education, Higher Education providers could be incentivised through learner completion. Part of the funding for Higher Education could be held back until the student gets a relevant and sustained job, thereby driving HEIs to ensure training is more work-related.

Q6: What barriers do current and new education and training providers face in developing innovative or diversified provision?

- In regards to new providers looking to enter the market or existing established high-quality providers looking to move into directly offering higher and degree qualifications, there are relatively high and prohibitive barriers to market entry. Whilst we acknowledge the need to protect the quality within the system, the barriers, for example, to gain degree awarding powers are a significant challenge and this restricts all but significant institutions from entering or looking to enter this market. By restricting access this restricts healthy competition and also innovation and new approaches to delivering learning which new entrants can bring.
- Startup and upfront capital investment costs as well as additional costs to design programme materials, content etc. These challenges apply to both training providers and end point assessment organisations. There is very little pump priming available or accessible to private training providers who deliver 3 out of every 4 apprenticeships.
- eLearning whilst innovative is very expensive to initially build.
- In some new industry areas (e.g. Cyber Security) it is incredibly difficult to attract experienced and qualified trainers, teachers, mentors, assessors due to market rate salaries. We expect the situation to be exacerbated further by the increasing number of higher level programmes being developed.

Q7: How can Government further encourage high-quality further education and higher education provision that is more flexible: for example, part-time, distance learning and commuter study options?

- DfE has recently launched the Flexible Learning Fund pilot – 32 organisations given £11m as part of National Retraining Scheme. The aim is to design or enhance a method of delivering learning that is not currently widely available, and that is accessible to in-work adults or labour-market returners, catering to their specific needs in a way that breaks down barriers to learning faced by these groups. AELP looks forward to the results of this pilot.
- Greater flexibility around 20% off-the-job training- a crude measure aligned to ESFA conditionality of funding which is currently restricting employer engagement with apprenticeships. By foregoing such restrictions would encourage providers to pursue these routes and be confident in investing in them.

Q8: To what extent do funding arrangements for higher education and further education and other post-18 education and training act as incentives or barriers to choice or provision: both at the individual and provider level? How does this impact on the choices made by prospective students and learners? What can Government do to improve incentives and reduce barriers?

- A review is needed of the derisory funding for apprenticeship frameworks due to the elongation period of transitioning to apprenticeship standards.

- Given the demise of apprenticeship starts for young people, employer co-investment payments should be waived for all 16-24 apprentices at non-levy paying employers and levy paying employers who exceed their levy until at least April 2019 to re-stimulate the market.
- Furthermore, employer co-investment payments should be waived for all apprentices who have previously completed a level 2 apprenticeships and progress onto a level 3 apprenticeship until at least April 2019 to re-stimulate the market.

There are several limitations imposed by public funding, for example, such as the expectation of cash contributions from non-levy employers and those who exceed levy account levels. SME's- who employ half of Britain's workforce, make up the majority of non-levy employers have seen the uptake of apprenticeship provision stall due to their inability to co-invest. Furthermore, with no guaranteed budget for non-levy employers, the current budget appears insufficient to maintain expected levels of delivery.

- Funding methodologies- AELP is concerned that some providers in the marketplace have to competitively tender for funding, whilst others don't. in addition, much of the current subcontracting which takes place is the product of a restrictive funding system. We believe all funding systems should be as transparent, simple and responsive as possible. Procurement should always be on a fair and transparent basis, institutionally-blind and using appropriate and realistic turnaround times. Therefore, we want all providers to be subject to common funding, inspection and audit regulations on the basis of a level playing field.
- The current funding rate of maths and English as part of apprenticeships at £471 per subject is significantly less than the stand-alone rate for the same programme. The capacity of the Further Education sector workforce to deliver English and maths provision is insufficiently supported compared to that available for the schools and HE sectors. AELP believes that English and maths provision will play a central part in the success of the government's productivity and industrial strategies. Furthermore, the concept of "skills atrophy" is not properly recognised by the funding system which does not allow suitable movement between levels of qualification to address this problem. Therefore, we want funding rates for Functional Skills in apprenticeships to be aligned with the standalone rates as well as a robust and coherent national strategy for the delivery of English and maths from "cradle to grave". Furthermore, all apprentices should be encouraged to continue English & maths beyond the requirements of the standard, if the employer and learner wish to do so. All such learning should qualify as eligible for funding within a programme.

Part 2: A system that is accessible to all

Q9: What particular barriers (including financial barriers) do people from disadvantaged backgrounds face in progressing to and succeeding in post-18 education and training?

- Parity of opportunity between academic and technical routes. As explained in question two, this continues to be a deterrent to young people pursuing post-18 options. Current funding models places a bias towards supporting those who are more advantaged and taking academic routes thus limiting the opportunities for those more disadvantaged and choosing a more vocational route.

- Lack of understanding of what opportunities are available resulting from a lack of impartial careers guidance. There is currently too much of a push for young people to do A-Levels followed by university which may not be in the learner's best interests.
- Disadvantaged young people may be deterred from taking up apprenticeships as its legal classification as a 'job with training' means they are not entitled to benefits. As a result, familial pressure may discourage young people from participating in an apprenticeship in order to retain benefits. Additionally, the stringent Job Centre Plus 16-hour working rule limits participation on programmes such as Traineeships which provides an important stepping stone to accessing employment and educational opportunities for young people.
- Financial barriers, particularly with the abolition of maintenance grants- disadvantaged students are more likely to leave university with high levels of debt, which is a significant deterrent to attending university.
- Removal of Educational Maintenance Allowance- which was a lifeline for many learners, particularly those coming from lower socio-economic backgrounds, has been very damaging to the prospects of young people taking up education.
- Travel costs can become a huge burden for many learners particularly in rural areas where travel is inevitable and can incur higher costs than urban areas. Whilst Higher Education student may have the support of maintenance loans, the same cannot be said for apprentices who are expected to fund their own travel costs- putting those who take part in apprenticeships at an automatic disadvantage compared to their Higher Education equivalents.

Part 3: Delivering the skills the UK needs

Q11: What challenges do post-18 education and training providers face in understanding and responding to the skills needs of the economy: at national, regional and local levels? Which skills, in your view, are in shortest supply across the economy? And which, if any, are in oversupply?

- Generally, higher level courses have a tendency to be well-funded and protected in contrast to lower-level courses, often entry-level routes into the labour market which tend to be most vulnerable to funding changes. Historically, there has been a bias towards some sectors and lower levels funded much less than others. This makes the provision of Level 2 qualifications such as apprenticeships difficult for providers to deliver as they are not adequately funded. Consequently, sectors that require a Level 2 qualification such as the health and social care and the construction sector struggle to acquire a sufficient number of staff which merely reinforces skills gaps. The [Institute of Public Policy Research](#) (IPPR) now regard the skills gap in the construction sector a 'workforce crises' due to its prolonged exacerbation.
- It is important to consider technical skills particularly with regards to Brexit and the possible conclusion of free movement of labour. This is particularly concerning as 80% of the economy is dominated by the service sector. Furthermore, given the contextual challenges

Brexit raises, every sector of the economy is bracing themselves for skills shortages that will result if no deal is made on freedom of movement. The examples below illustrate potential skills challenges each sector faces:

Social care – a predicted shortfall of 70,000 workers by 2025-26.

- the sector generally has a high turnover rate (27.8%)- making filling vacancies difficult post-Brexit.

Construction - the proportion of migrants working in construction has increased fivefold between 2003-16.

- 50% of London's construction workers originate from EU Accession States thus Brexit risks turning existing skills challenges into a workforce crises.

Hospitality - Fourth largest employment sector in the UK- with 15% of its workforce from the EU- figure stands closer to 65% in some businesses.

- 43% of lower level occupations are filled by EU Nationals- given this figure, the Migration Observatory at Oxford University suggests 96% of EU workers in the sector would be ineligible for a work permit issued under the existing rules for non-EU nationals.

These sectors highlight that Brexit- although a national issue, is set to hit regional areas and sectors of the economy much harder in some areas compared to others- making it increasingly difficult for providers to predict local skills shortages in this period of uncertainty.

- Basic digital skills- There are 11.5m UK adults currently without basic digital skills which are vital in an increasingly digital world. This in itself can present challenges particularly in an age where basic digital skills for work are needed to function in the vast majority of jobs today. Therefore, it is vital that digital skills are given the same emphasis as English and maths which is just as important.
- English and maths- The capacity of the FE sector workforce to deliver English and maths provision is insufficiently supported compared to that available for the schools and HE sectors. We believe That English and maths provision will play a central part in the success of the government's productivity and industrial strategies. Furthermore, applied English and maths should remain key employability skills that should be developed within any occupational standard. Therefore, AELP is calling for a robust, cogent and coherent national strategy for the delivery of English and maths from "cradle to grave". In addition, all Apprentices and T-level learners should be encouraged to continue English/maths beyond the requirements of the standard. All such learning should qualify as eligible for funding within a programme.

Q12: How far does the post-18 education system deliver the advanced technical skills the economy needs? How can Government ensure there is world-class provision of technical education across the country?

- The government has already set out on a well-intentioned path towards ensuring the UK is able to deliver on technical education in the same way it does with Higher Education. However, gaps remain in current and future technical provision which does not bode well for overcoming Britain's productivity challenges and Brexit looming. For example, Institutes for Technology (IoT) is a good start- however, in many examples, it is, in fact, restricting for private sector organisations to participate. If IoT's are to be the success Government's wishes it to be, the design and delivery must be underpinned by collaboration across business and education.
- Similarly, with T-levels- whilst the decision to add T-levels to the current qualification landscape without a clear strategy of whether or not they are intended to replace other qualifications, has led to confusion as to who they are aimed at and what they are ultimately trying to achieve. Furthermore, under the current proposals, there is no automatic equivalence of outcome between completing a T-level at level 3 and an apprenticeship at level 3. With T-levels due to go live in 2020, there remain many unanswered questions which have not reassured the sector that delivery of this provision will be any easier than post-apprenticeship levy reforms.

AELP believes more testing of the T-level delivery concepts in non-College environments is also required to ensure the policy utilises the full potential benefits of roll-on roll-off provision. In addition, key elements of the T-level standard should be required to be demonstrated in all work placements for that T-level, rather than let the content of the work placement be purely designed at an individual provider/employer level.

- Development of new higher and degree level apprenticeships- whilst we welcome the increasing number of higher and degree level apprenticeships, this must not be at the expense of crowding out lower level qualifications. Furthermore, there is a need to demonstrate clear progression paths starting at Level 2 to ensure the ladder of opportunity is a realistic prospect for learners.

Part 4: Value for money for graduates and taxpayers

Q15: What are the best examples of education and training providers ensuring efficiency in the method of course provision while maintaining quality? And what are the challenges in doing this?

- A challenge we have identified are funding bodies which introduce quality rules that rather than aid in provision, it distorts provision when trying to meet said rules. Furthermore, there is also the challenge of multiple quality bodies- most notable in the apprenticeship arena whereby there is currently over 40 External Quality Assurance (EQA) bodies each with their own quality guidelines which results in multiple frameworks being followed rather than everyone following a single framework for EQA.
- Traditionally, the uptake of learning technology has been rather poor in Further Education, with a preference towards more traditional styles of teaching. To counteract this, AELP will

be running a Technology Conference to bring providers and service providers together later this year.

- An example of using cutting-edge technology to deliver, for instance, is through the use of virtual labs and expert seminars, delivering simultaneously to learners across the country who can log in remotely at their place of work rather than in a traditional classroom. However, there are barriers to exploiting the use of learning technology such as start-up and investment costs which are capital intensive.
- One of the challenges of maintaining quality during provision is the lack of flexibility for the off-the-job training rule which inhibits self-study and study outside of working hours, even when the apprentice is willing to do this. As a result of this flat rate requirement, employer engagement is restrictive in apprenticeships, therefore, greater flexibility in the off-the-job rule is required- rethinking the amount of off-the-job training that is required on a standard by standard basis.
- Another challenge facing quality of provision is Ofsted's role in judging quality. For example, the number of providers on the Register of Apprenticeship Training Providers (RoATP) currently stands just shy of 2600- up from 1879 in May 2017. With an increase in provision accountability to Ofsted, yet a declining budget, we are concerned that Ofsted may not have sufficient resources available to ensure all providers on the register are delivery high-quality provision. Therefore, we believe in a clear and evidenced need for independent inspection of delivery and for support to improve this. Furthermore, the system for inspection and the Common Inspection Framework should be enhanced and revised to properly relate to new apprenticeship systems and processes.

Q16: What are the ways that Government can increase the value for money of post-18 education?

- Value for money has been a contentious subject for several years, particularly since the tripling of tuition fees by the Coalition Government. Moreover, Higher Education has been under the spotlight as the value of degrees both in terms of its quality and financial cost are being questioned more frequently. Unlike further education, where apprenticeships, for example, have clear outcomes linked to knowledge, skills and behaviours required for the given job role they will fulfil upon completion, higher education degrees tend to not have a clear outcome linked to employment upon completion. Therefore, without being outcome focused, it is easy for the value of degrees to be challenged as the associated costs of undertaking one does not appear to bear benefits as in previous years.
- It is vital that all employers are on the apprenticeship system imminently rather than the current system whereby there is the exclusion of non-levy paying employers until at least April 2019.

In addition, to ensure there is a level playing field, all institutions should be subjected to the funding and quality systems in order to remove current biases towards different institutions. For example, there is an unacceptable ring-fencing of grant funding for the Adult Education Budget (AEB) which is going unspent. As a result of an inefficient funding system, there is

much inappropriate subcontracting that takes place. Therefore, we believe the whole AEB budget should be put out for public procurement.

About AELP

Members of the Association of Employment and Learning Providers (AELP) support employers in the delivery of over 75% of apprenticeships in England and they deliver other publicly funded skills and employment programmes. The majority of AELP's 870+ members are independent private, not-for-profit and voluntary sector training and employment services organisations with employers, universities, FE colleges, schools and end-point assessment organisations joining AELP in increasing numbers.

Association of Employment and Learning Providers (AELP)

A: 9 Apex Court, Bradley Stoke, Bristol, BS32 4JT

T: 0117 986 5389

E: enquiries@aelp.org.uk

W: www.aelp.org.uk



Association of Employment and Learning Providers
2nd Floor,
9 Apex Court
Bradley Stoke
Bristol
BS32 4JT

t: 0117 986 5389

e: enquiries@aelp.org.uk

www.aelp.org.uk



@AELPUK



AELP

The Association of Employment and Learning Providers is a Company Limited by Guarantee.

Company No. 2209949