

## Young People and SMEs starved of apprenticeships - Urgent action needed

Brexit and an Australian-style migration points system with only short-term visas for the low-skilled mean that Britain must train more of its own home-grown talent. The new Conservative government has pledged to train up hundreds of thousands more highly skilled apprentices. The Prime Minister has also promised that the apprenticeship programme should be “properly funded”. Apprenticeship training providers would welcome early action on these commitments because 40% of providers are having to turn away smaller businesses wanting to recruit apprentices or have given up marketing apprenticeships to them because of the growing shortfall in funding from the apprenticeship levy. The number of young people starting an apprenticeship has dropped by a quarter since the levy was introduced in 2017 and starter level apprenticeships have slumped by half.

The levy is designed to fund the entire apprenticeship programme for large and small employers but providers are now turning down approaches from 40 SMEs on average due to their non-levy employer funding allocation running out. Up to 40,000 small businesses across England could be adversely affected by the shortfall. Employers also say that they fail to understand why the government has been running its big ‘Fire it Up’ advertising campaign for apprenticeships throughout 2019 when they find that their chosen training provider can’t access any funding. AELP is therefore calling on the government to:

- A.** restore the pre-levy £1.5bn annual budget to support non-levy paying SMEs recruit and train new apprentices
- B.** work with employers and providers to reform the levy system to make the apprenticeship programme sustainable across all ages, sectors and levels including for the increasingly popular degree apprenticeships. This includes a strong level 2 apprenticeship offer to allow a first step into the workplace with training – something all employers are demanding
- C.** allow more flexibility in apprenticeship standards for the delivery of knowledge, skills and behaviour through a coherent blend of on-the-job and off-the-job learning
- D.** fully fund apprentices aged 16 to 18, regardless of the size of employer they work for, in common with government funding for other 16-18 education programmes
- E.** resist calls to make the levy available for other training programmes when the levy is already being overspent on apprenticeships.

*[N.B. MPs may not be aware that over two-thirds of apprentices in England are trained by independent training providers, mostly on the premises of employer customers – hence the term ‘work based learning’. 78% of these providers are currently judged by Ofsted to be good or outstanding.]*

## Traineeships can be the answer to filling Britain’s low-skilled vacancies

In the context of the pledge to limit the inward migration of low-skilled workers, the number of young people (800,000) not in education, employment or training (NEET) in Britain is increasing again and yet the government has not got behind the Traineeship programme, created by the coalition government, even though traineeships are highly effective in getting young people with few or no qualifications into apprenticeships and jobs. After the recent and welcome removal of some of the red tape around it, more investment in the programme is required.

## Skills accounts funded by a new National Skills Fund

The Conservative manifesto was right to commit the Department for Education to consult widely on what forms of learning should be supported by a proposed National Skills Fund which is expected to have a budget of £600m a year. AELP agrees that one aim of the Fund should be to help to transform the lives of people who have not got onto the work ladder and lack qualifications and we believe that it should also facilitate the return of properly regulated skills accounts for individual learners to train or retrain.

Alongside these proposals, the government needs to take a hard look at the challenged and slowly rolled-out £100m National Retraining Scheme (NRS), a creation from a previous manifesto commitment. AELP recommends that the NRS is restructured into a form of adult traineeship for both unemployed and employed participants. As an information-sharing platform, all it does currently is to duplicate existing government-backed job signposting initiatives. We need instead a clearly defined set of outcome and progression measures within a proper training scheme, with the topping up of skills by adults being formally recognised and providers being financially incentivised to support participants to both complete and progress. Despite the initial injection of £100m, there remains a lack of investment in core delivery and provider participation funding.

Improvements are required on how NRS funding is channelled. Encouragement of more demand for adult learning could lead to further waste if mistakes with apprenticeship and adult education budget (AEB) funding are repeated. In AELP's view, all adult funding should be accessible to all types of provider to reduce, for example, unjustifiable 'management fees' taken by lead providers when subcontracting training delivery to other providers. We welcome the manifesto pledge that £500 million of the proposed UK Shared Prosperity Fund (the UK replacement for ESF) will be used to give disadvantaged people the skills they need to make a success of life.

## How to improve English, maths and digital skills

Digital skills alongside maths and English should be the golden thread weaved through further education and skills provision, giving individuals the building blocks to improve work and personal prospects. We should build on the proposed 2020 national digital skills entitlement by embedding digital skills in every apprenticeship standard, not just as a stand-alone qualification.

Most large employers as well as smaller ones are happy to recognise the attainment of applied functional skills in maths and English as an alternative to a good pass at GCSE. In fact the annual CBI/Pearson employer survey 2019 found that now only 7% of employers prefer school academic qualifications. The government should be ready to back the teaching of functional skills in the workplace with the equivalent level of funding support which classroom provision enjoys – at the moment, it is funded at half the classroom rate.

## Devolution of skills programmes deserves continued support

The devolving of responsibility for adult education across England should be maintained in the next Parliament and it needs significantly more public investment, particularly to address low levels of numeracy and literacy. The adult education budget (AEB) of £1.5bn is split evenly between the combined authorities of the 9 elected metro mayors and the rest of the country. Devolved delivery is in its first year and the mayors are on the right track in aiming for more value for money from the AEB including the prescription of outcomes that will have more of a local impact. However AELP feels strongly that full value for money will only be achieved when both the combined authorities and the Education and Skills Funding Agency procure the entire budget following years of wasted underspend or spend on low priorities with grant allocations made to institutions unable to deliver on the government's priorities.

## Reducing reoffending through better education

Using its proposed Prison Education Service, the government should build on the blueprint set out in the 2016 Prison Safety and Reform white paper to reduce the huge costs imposed on society and the taxpayer associated with persistently high levels of reoffending in Britain. More education, especially for numeracy and literacy, inside the prison gate is required and the law should be changed so that prisoners are included within the definition of employees for the purpose of apprenticeships when working on temporary release or within the prison to enable them to start a full apprenticeship.

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