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Association of Employment and Learning Providers

AELP Parliamentary Newsletter

No.28 May 2020

Apprenticeships starts crash but DfE ignoring Cabinet Office Covid-19 guidance on protecting supply

A new survey of apprenticeship training providers has found:

- 60% of employers have stopped <u>all</u> new apprenticeship starts since the pandemic began and 75% of them have stopped at least 80% of starts normally expected at this time of year.
- A third (33.8%) of apprentices have less than a 1 in 5 chance of completing their programmes (or end point assessment) in the normal expected timescale while two-thirds have less than a 60% chance of completing.
- 31% of providers anticipate anything between a quarter to a half of their apprenticeship business disappearing as a result of the pandemic while nearly four out of five (78%) expect to see a decrease to some degree.

Education ministers continue to resist applying Cabinet Office supplier protection guidelines to the vast majority of apprenticeships and in doing so, according to a leading QC in public law, are committing *"a multiplicity of legal errors"* and displaying an "*abuse of power*".

Training providers only start receiving funding from the government's Education and Skills Funding Agency when an apprentice starts training and 20% of the total funding depends on the apprentice completing the programme. The survey results have therefore confirmed that training provider cashflow is being badly squeezed at both ends of the apprenticeship pipeline, threatening the survival hopes of providers the longer the lockdown continues and the longer DfE ministers refuse to provide financial support in respect of the two-thirds of apprenticeships which are funded by the apprenticeship levy.

Training providers have done an amazing job to keep training going remotely for 81% of existing apprentices, but they can't do this indefinitely if their income is running dry. The government needs to support young people with apprenticeships now and to reskill unemployed adults after the lockdown, and it needs good quality training providers operating around the country to be able to do this.

CBILs not happening for training providers

This latest AELP survey confirms again that Coronavirus Business Interruption Loans (CBILs) do not offer the life raft to training providers that the education ministers expect – less than 4% of providers have obtained one – and so they should be looking at extending their Covid supplier relief scheme to cover all apprenticeships in line with the Cabinet Office guidance. Contrary to comments made by DfE ministers, training providers are not just like any other private business. They are government contractors delivering the government's flagship skills programmes which will be critical after the pandemic is over. No Treasury money is required for the DfE to preserve the provider infrastructure needed but time is now running short before we start seeing high quality and niche providers lost for good.

Only very limited DfE support for apprenticeships so far

The failure to apply the Cabinet Office guidance to all apprenticeships is in sharp contrast to the DfE's swift action to protect the funding of grant-funded further education programmes. It is also in sharp contrast to the actions taken by the devolved nations and mayoral combined authorities (MCAs) to protect their apprenticeship and adult skills programmes.

AELP, the Labour shadow education team, many MPs on all sides and the media were unable to obtain an explanation about the DfE's refusal for a month to comply with the Cabinet Office 'Procurement Policy Note 02/20: Supplier relief due to COVID-19' in respect of apprenticeships and other government contracted skills programmes and now the Department has only done so in relation to non-levy apprenticeships, i.e. those offered by SME employers. In summary:

1. The Cabinet Office has issued procurement guidance which said that government supplier contracts should be honoured even if performance drops during the pandemic – as far as we know, the Department for Education is the only department not to follow this guidance.

2. The financial investment required to fund the system in accordance to the guidance is already committed in the Department for Education budget for 2020-21 – this isn't new or additional money required from the Treasury.

3. If the sector furloughs a substantial proportion of staff, it will cost the Treasury 80%, but if funding is maintained, providers will commit to not furlough staff relating to that delivery. Thus, the marginal additional cost to the Treasury is only 20%, with the added impact of delivery taking place where possible.

4. As providers cease trading or furlough substantial numbers of staff, then apprentices, learners and employers who want to continue training will be displaced as they lose their provider – many of these learners are vulnerable and will be left with no support. In the recent past, the ESFA Intervention team has struggled to effectively and quickly transfer apprentices onto other providers as part of what was then a very small-scale equivalent process.

5. Without action, significant high-quality training capacity and niche training provision will be lost right at the point government will be looking to support the increased levels of unemployed people and upskilling those in the workplace.

6. With guaranteed funding, there is a whole range of other support providers could be giving – supporting the training of new key workers, upskilling workers while at home etc. – the value added would be substantially over the 20% difference between furloughing and funding profiled delivery.

The government's approach so far has reinforced the suspicions of AELP members that the DfE has been seeking to use the pandemic as an excuse to reduce through a lack of financial support the number of independent training providers operating in the apprenticeship market. This belief is related to the well-documented oversubscribed demands on the levy budget which the Commons Education Committee was considering before the lockdown. The DfE argues that CBILs and the Job Retention Scheme offer enough support for training providers when they clearly don't and many providers are in danger of going under. The key question for ministers to answer is:

> *Why is the Department happy to indulge in a display of "a multiplicity of legal errors" in defying the Cabinet Office supplier relief guidance, especially when contrary to ministers' claims, no additional money is required to offer support to providers of levy funded apprenticeships?*

AELP has also been waiting for a month for the DfE/ESFA to respond to an extensive list of requested flexibilities in the programme rules to stimulate more delivery of apprenticeships and other skills programmes during the pandemic, some of which are very simple to implement with zero or minimal cost, and certainly with no impact on quality of delivery. Only 4 out of 23 have been actioned so far; why the delay?

Traineeships also lacking support

AELP has raised the issue of Traineeships for 16 to 18 year olds which are not covered by the limited relief announcement made by the DfE. We cannot understand why the government is dragging its feet over supporting this crucial and effective programme for members of the NEET group and disadvantaged young people which really will be needed after the pandemic is over.

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