



Association of  
Employment and Learning  
Providers

## **AELP Submission: #89**

**Working with Skills: The  
Comprehensive Skills  
Approach –Investment  
Now to Secure Our Future.**

## **Working with Skills: The Comprehensive Skills Approach – Investment Now to Secure Our Future. A submission from the Association of Employment and Learning Providers (AELP)**

### **Working with Skills: The Comprehensive Skills Approach – Investment Now to Secure Our Future**

The Prime Minister and Chancellor have recognised the vital importance of skills and the need for significant investment to reboot the economy as we come out of the Covid-19 crisis. As the Coronavirus Job Retention Scheme (CJRS) changes and reduces, redundancies will inevitably rise rapidly and those in training, particularly apprentices, will be under significant threat of redundancy. Therefore, action is needed rapidly to secure the position of those already in an apprenticeship as well as ensuring there are future apprenticeship opportunities – including making a reality of the Prime Minister’s commitment to an apprenticeship guarantee. What is clear is that skills development and funding need to be focused on getting people into work and keeping them in work. The AELP paper: [The Covid-19 Employment Challenge - Employment, Re-Employment and Upskilling](#) sets out the framework that should be considered for the programmes along with the skills required and the methods of delivery, and vitally a sector by sector approach that needs to be taken.

### **Our Proposals:**

#### **Broad principles**

- The government needs to look at the two age groups 16-24 and 25 plus.
- The divide between 16–18 and 19–24 should be removed. We should be looking at the same support for young people across the age band with no false divide.
- An individual and employer should both be able to select the programme and the provider of whatever type (e.g. registered training provider, college or university etc.) that most meets their needs. Across all programmes, funding should follow the individual and be provider neutral.
- The national skills fund should be subsumed into the programmes described below – in particular in-work Adult Education Budget (AEB) participation funding.
- The majority of need can be met through existing programmes, grant and contract relationships and provider registers. There is no need to go through a complex and time-consuming procurement process to deliver what is needed – the structure is already there. What is needed is the right level of funding overall and the funding getting to the most appropriate providers.
- Critical in the government’s response is ensuring a fully joined-up cross-departmental collaborative approach the DWP, BEIS and DfE to ensure a suitable and effective integrated into work and onto skills solution to tackle the economic shock caused by the Covid-19 pandemic. Furthermore, the government should work closely with the devolved authorities on a co-ordinated response to ensure a coherent and comprehensive offer of skills programmes.

#### **Young People: 16–24**

**Apprenticeship guarantee.** Apprenticeships are jobs. If this is a genuine commitment by the government, then they will need employers to make adequate numbers of apprenticeship places available. We believe that the only way to achieve this is through a wage subsidy at a level high enough to persuade the employer to make apprenticeships opportunities available. In some ways, this is an extension of the principles of the Coronavirus Job Retention Scheme. For this to be a guarantee with teeth we think that this subsidy would need to be at least 50% of the apprenticeship salary which might include National Insurance relief. Employer’s should receive a start payment, a

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midpoint payment and an achievement payment. We also think this will be most critical for roles at level 2 and level 3. For higher levels, if it is felt a wage subsidy is still needed, it probably could taper the higher up the levels of learning they go. It is important that no young person (particularly 16/17 year olds) should be disadvantaged from pursuing an apprenticeship because of the impact it will have on family/household benefits. It would be desirable to offer a similar sort of wage subsidy or allowance for the traineeship programme – an approach that would be supported by the learner and the majority employers.

**Access to free public transport.** Building on the examples set by the metro mayors, free travel should also be considered for 16-24 year olds in respect of apprenticeships and other skills and employment programmes.

**Additional Learner Support (ALS).** There is a range of support available but the criteria need to be reviewed to ensure consistency across programmes and the ability to utilise it to support mental health issues and alike.

### **Programmes that exist for young people today**

- **Study programmes and non-employed AEB.** Current funding streams that would need boosting for those that were too far away from the skills set for work. AEB has the additional challenge of 50% being devolved and so the government will need to consider whether they are funding a national programme or a semi-devolved programme.
- **Traineeships.** Skills programmes that link to the workplace and are a critical bridge into full-time work and training. This is a key programme to flex, extend and rocket boost on a demand-led basis. This programme's goals are to get individuals into work, further training or an apprenticeship. The vital element of this programme is a work placement – this should not be lost; otherwise it is just another study programme. However, during times of low employment, flexibilities and incentives to employers are required to ensure that this fundamental part of the programme is available. AELP has set out the flexibilities required in a paper here: [Tacking the Barriers and Turbocharging Traineeships](#). This would require significant additional funding alongside the flexibilities that broaden the catchment of learners.
- **In-work AEB.** Critical programme to allow vital skills to be developed while working to upskill and reskill to meet existing and new demands from employers. Combined with all the other demands on AEB, this is significantly underfunded. There should be a consideration of apprenticeships as part of this offer and the ability to do an equivalent of an apprenticeship End Point Assessment based on experience, previous training and an element of new training to fill any gaps in a spikey profile.
- **Pre-apprenticeship programme.** An enhancement to the apprenticeship programme where the employer commits to an apprentice but the apprentice starts in full-time training while receiving an allowance before moving into full-time employment where the off the job training demands are reduced. This approach only works with the wage subsidy.
- **Apprenticeships.** The current programme with the wage subsidy but with additional flexibilities, such as the removal of the 5% SME contribution requirement and limits on starts per employer, to remove all barriers that stand in the way of an employer agreeing to support an apprenticeship place. A full suite of level 2 standards are critical for entry into employment and currently, there are significant gaps in the offer. Level 3 is too demanding

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for the vast majority of roles and individuals entering employment for the first time or to a different job role.

### **Adults: 25 plus**

This very much mirrors the above for 16-24. The level of incentive and support will need to be determined by the government's desire to support the upskilling, retraining and re-employment of adults versus the young person. Back in FY10-11 the previous iteration of the Adult Education Budget (AEB), the Adult Skills Budget (ASB) was a sizeable and significant £3.63bn per annum. Fast forward a decade and the current annual budget for the AEB has shrunk by over half to just £1.5 billion.

- **Unemployed AEB:** As above and vital for those that are still a long way from the workforce and have fundamental needs for basic skills of English, maths, digital along with fundamental core employability skills.
- **Adult Traineeships.** A recommendation that there should be an adult version (aged 25+) of this programme with the same criteria as the young person's existing traineeship programme.
- **In-work AEB.** Exactly the same points as above and significantly underfunded.
- **Pre-apprenticeship programme.** Again could be available, but without allowances and wage subsidies, it is hard to see employers committing. To work, there would need to be some form of incentive may be for first step apprenticeships at level 2.
- **Apprenticeships.** As above for young people with incentives where thought appropriate.

### **Costs:**

It is well understood that these proposals come with a significant price tag. However, with the Office for Budget Responsibility estimating that c£60bn will be spent on the Coronavirus Job Retention Scheme and a desperate need for a programme to prevent unemployment, a programme for the unemployed and a programme for reskilling the employed, any investment would have significant payback especially against the alternatives.

- **Investment in training package required:** **£5.0bn**
- **Investment in wage subsidy stimulus required:** **£3.6bn**

It is hard to estimate the level of demand and need as we move into a period of significant unemployment. Prudent estimates suggest over 3m individuals being jobless, especially hitting young people. Broad costing estimates would suggest:

- **16–18.** Already a commitment to funding all 16–18 so whatever programme is chosen (including apprenticeships), the training and education should be funded out of this existing programme budget. Bringing all programmes into this budget would cost roughly **£450m** per annum in addition to current spend primarily bringing apprenticeships into this funding stream. This estimate is based on historic 16-18 apprenticeship starts in FY18-19 being c90,000 and multiplied by the average programme funding costs of £5k.
- **Young people and AEB (currently including 19-24 traineeships).** The AEB budget was halved to £1.5bn at a time when the need was not being met, and a need that will be far

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greater post-Covid-19. Therefore, it is estimated that this programme needs to triple in size and requires an additional annual investment of **£3bn**.

**Apprenticeship guarantee.** With a genuine commitment from the Prime Minister, the cost could look like the following (and these are very rough estimates for guidance) – these would have to be considered against savings in benefits, tax payments etc.:

- 100,000 16–18 apprentices: Apprenticeship minimum wage of £4.15ph, 35 hours a week, 52 weeks, being funded at a minimum of 50% equates to **£378m**
- 400,000 19–24 apprentices. National minimum wage of £8.72ph, 35 hours a week, 52 weeks, being funded at a minimum of 50% equates to **£3.2bn**.

**Apprenticeships.** It should not be forgotten that the Apprenticeship Levy was running out, with the National Audit Office (NAO) previously highlighting a significant anticipated overspend of the apprenticeship programme budget in FY20-21. There was a clear need for additional government funding for non-levy apprenticeships of **£1.5bn**. With an apprenticeship guarantee and an inevitable falling levy take, this funding will be required as a minimum.

### **About AELP**

Members of the Association of Employment and Learning Providers (AELP) support employers in the delivery of 70% of apprenticeships in England and they deliver other publicly funded skills and employment programmes through engagement with 350,000 employers. The majority of AELP's 800+ 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.

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