

The Rt Hon Gillian Keegan MP
Secretary of State
Department for Education
20 Great Smith St,
London SW1P 3BT

3 August 2023

Dear Secretary of State

The financial viability of the skills sector is at risk.

The news that another major training provider is under threat of insolvency should be seen as a wake-up call. Spiralling costs for providers combined with traineeships contracts and non-devolved adult education budget contracts ending at similar times, alongside an apprenticeship funding review system that takes far too long, has created a perfect storm. This means that training providers are on a financial cliff edge which will get worse without urgent action.

To save the skills system AELP is calling for:

- **Immediate support for apprenticeship providers with an across-the-board uplift of 10% in funding for all apprenticeship standards; as well as raising the maximum government contribution above the current £27,000; and the introduction of a minimum government contribution of £5,000 per year across all apprenticeships.**
- **A long-term plan to stabilise the skills sector, through a sustainable and integrated national skills strategy.**

This support is urgently needed to avoid a major impact on learners, employers and providers. As well as instances of insolvency, we have also seen numerous examples of providers withdrawing from the apprenticeship market and existing training providers having to slash the range of programmes they offer, including in high priority sectors.

The recent AEB contract procurement outcome was particularly difficult for many providers due to the reduction in the overall amount being allocated and the number of existing quality providers losing contracts.

This month another high-quality training provider experienced financial difficulties – without immediate action others will follow. This will have a massive impact on the supply side of skills, leaving learners with fewer opportunities and exacerbating skills gaps. Once we lose high-quality established providers, the lost capacity and expertise that results will be very difficult and expensive to renew.

It is important to note that the funding issues around apprenticeships are affecting the whole sector, with independent training providers, colleges and higher education institutions all affected.

AELP agrees with the government that apprenticeships are a fantastic way for people to learn the skills that will help them get on in life, and help boost the productivity of businesses. However, this requires a properly funded system. In the last three years, the apprenticeship programme budget has not kept pace with the increased Apprenticeship Levy take. Combining the unallocated funds and programme budget underspend, the apprenticeship sector has been shortchanged by over £1 billion. This cannot be acceptable at a time when the skills system is at risk of collapse.

Without immediate support the supply of skills provision across adult education, apprenticeships and 16-19 will collapse, leaving hundreds of thousands of people without the opportunity they deserve.

We urge you to act before further damage is caused to the skills system.

Yours sincerely

Nichola Hay MBE (Chair, Association of Employment and Learning Providers)

Kirstie Donnelly MBE (Chief Executive Officer, City and Guilds)

Andy Rayner (Director of LEAP Apprenticeships and Early Careers, Travis Perkins Plc)

Lauren Mistry (Deputy CEO, Youth Employment UK)

Stewart Segal (Chair, Youth Employment UK)

Graham Hasting-Evans (Chief Executive, National Open College Network (NOCN))

Jill Whittaker (Managing Director, HIT Training Ltd)

Brenda McLeish OBE (Chief Executive Officer, Learning Curve Group)

Mark McKenna (Managing Director, Mindful Education)

Katie Orr (Chief Regulatory Office, Training Qualifications UK Ltd)

David Smith (Chief Executive Officer, Lifetime Training Group)

Carl Cornish (Chief Operating Officer , Intequal)

Charlotte Bosworth (Managing Director, Innovate Awarding Ltd)

Corrina Hembury (Managing Director, Access Training Ltd)

Rob Colbourne OBE (Managing Director, Performance Through People)

Nick Smith (Chief Executive Officer, TTE Training Limited)

Iain Salisbury (Chief Executive, Aspiration Training)

Rob Foulston (Chairman, Remit Group)

Steve Woolcock (Chief Executive Officer, First Rung)