

# Young People's Education and Skills: Apprenticeship Sub-Group

## AGENDA

<b>Chair:</b>	Andy Scott	<b>Job title:</b>	Service Head for Economic Development
<b>Date:</b>	10 September 2013	<b>Time:</b>	10am – 12noon
<b>Venue:</b>	London Councils, meeting room 5		
<b>Officer:</b>	Helen Crumley	<b>Email:</b>	Helen.crumley@londoncouncils.gov.uk

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Item 1.	Welcome, introductions and apologies	AS
Item 2.	Notes of the last meeting and matters arising <i>(for agreement)</i>	AS
Item 3.	Update from sub-group members	All
Item 4.	London Borough Apprenticeships Awards	All
Item 5.	Apprenticeship Funding Reform - Government Consultation	HC
Item 6.	Any Other Business	All

***Date of Next Meeting: Tuesday 3<sup>rd</sup> December, 10-12 noon, London Councils, Room 5***

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# Young People's Education and Skills (YPES)

## Local Authority Apprenticeship Sub-Group

<b>Date</b>	30 July 2013	<b>Venue</b>	London Councils
<b>Meeting Chair</b>	Andy Scott, Service Head for Economic Development		
<b>Contact Officer:</b>	Helen Crumley		
<b>Telephone:</b>	020 7934 9742	<b>Email:</b>	<a href="mailto:Helen.crumley@londoncouncils.gov.uk">Helen.crumley@londoncouncils.gov.uk</a>

### Attendance:

#### Members:

Chris Cox	Royal Borough of Kingston
Rachel Dowse	London Borough of Barking & Dagenham
Aleswith Frayne	London Borough of Tower Hamlets
Angela Gill	National Apprenticeship Service
Elizabeth Harris	London Borough of Camden
David Holmes	Havering FE College
Albena Karameros	London Borough of Islington
Nicola Mayell	London Work-based Learning Alliance
Dianna Neal	London Councils
Vanita Nicholls	London Borough of Earling
Javad Ossouljian	London Borough of Hackney (on behalf of Jo Magrie)
Stephen Regalado	London Borough of Lambeth
Sarah Sargent	London Borough of Wandsworth
Andy Scott (Chair)	London Borough of Tower Hamlets
Tessa Staniforth	Transport for London
Mary Vine-Morris	London Councils

#### Officers

Anna Dent	London Councils
Helen Crumley	London Councils

#### Apologies

Denise Atkinson	London Borough of Lewisham
Jo Clemente	London Borough of Enfield
Vic Farlie	London Work-based Learning Alliance
Mick Hadgraft	TUC
Jo Margrie	Hackney Learning Trust
Fred Titterington	CITB/Cskills

## 1 Welcome Introductions and apologies

1.1 AS welcomed members to the meeting. Apologies for absence were noted.

## 2 Notes of the last meeting and matters arising

2.1 Circulated in advance, the notes of the last meeting were **AGREED**. No matters arising were recorded.

## 3 Update from sub-group members

3.1 The Chair proposed there should be an electronic update following the meeting.

**AP1: HC to co-ordinate and forward electronic update.**

**4 London Borough Apprenticeship Awards**

- 4.1 London Borough Apprenticeship Awards are now open, 4 categories, shortlisting will take place at next sub-group meeting.

**5. Future Direction of the group**

- 5.1 Following discussion it was **AGREED** to continue with the group for the foreseeable future. Main points were mentioned as key to the focus of the group:

- To act as a political driver
- To identify future growth areas
- To influence delivery
- To keep pressure on apprenticeship volumes, especially for young people
- To focus on skills shortages and growth

- 5.2 There is a wealth of knowledge because of the depth of representation.

- 5.3 Discussion took place around obstacles which include: many barriers because of cuts across boroughs; getting internal buy-in; difficulties in reaching private sector; and procurement.

- 5.4 Apprenticeship agenda mainly works with external bodies with many boroughs informing and sharing ways of working.

Membership and activity

- 5.5 Some of the big players – eg. Westminster/Southwark are not currently represented on the group. How do we capture their knowledge?

- 5.6 Ideas for future activity could include:

- Actions around joint suppliers, supply chain/contracts eg. 'Highways contract'
- Themed meetings on subjects. Grass roots back up eg. completion rates
- London living wage – fair wage for apprentices
- Maximising procurement opportunities

- 5.6 Quality of provision – AG advised that this is at the top of NAS agenda and is happy to lead a future discussion.

- 5.7 Discussion around 'What is progression?' It is difficult for boroughs to capture where someone has gone if they leave the apprenticeship. There are issues of how many finish and gaps in information.

- 5.8 There is an issue around the time and effort it takes to keep information up to date. Currently information is gathered twice a year, suggested move to once a year (so next collation would be March 2014). The information is powerful and could be used to pull out case studies.

- 5.9 Issue of targets was discussed. Polling found some boroughs do have them, some don't.

Voice and role of group:

- To exert pressure
- To undertake lobbying/influence
- To invest time & resource
- To identify a lead name – responsibility and focus

5.10 Case study - (Ealing) Internal programme is strong and supports progression. Start pre-apprenticeship programme – traineeship.

5.11 Use associated groups to work on specific elements e.g.:

- Sub-regional work on contracts
- Skills – what happens next?
- Identifying what is going on and joining up
- Where work doesn't fit nicely within borough areas
- Work with Skills Councils/NAS/GLA
- Digital/IT agenda's
- LEP/City deals

**AP2:**

- (a) AS/HC to investigate interest of other boroughs
- (b) AS to consider subjects for future themed meetings & events
- (c) Arrange further meeting dates for early December and early March 2014

**6. AOB**

- 6.1 GCSE results day – London Councils press story planned. Two apprentices (16-18) will answer questions on their experiences.
- 6.2 Map out employment patterns of large employers (when recruiting).
- 6.3 Boroughs work with young people – would be useful in boroughs?
- 6.4 Webpage on London Councils site of key contacts in each borough would be useful for quick and easy information. Boroughs could direct people there.

**AP3:** Government consultation on apprenticeship funding – AG to circulate link and ask members to respond – a group response would also be helpful.

**Date of next meeting: Tuesday 10 September 2013, 10.00-12.00, meeting room 5, London Councils.**

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### Action Points from Apprenticeship Sub-group 2013-14

Action Point No.	Meeting Date	Action Point Description	Owner(s) - lead in bold	Review Date	Actions Taken	Open / Closed
1	30.7.13	Updates from sub-group members to be circulated electronically	<b>HC</b>	10.9.13	Post meeting note @ 2.8.13	Closed
2a	30.7.13	New membership - investigate interest of other boroughs	<b>AS/HC</b>	10.9.13		
2b	30.7.13	Chair to consider subjects for future themed meetings/events	<b>AS</b>	10.9.13		
2c	30.7.13	Arrange further meeting dates for early December and early March 2014	<b>AMV</b>	10.9.13	Calander invites for 3/12 & 4/3 sent @ 6.8.13	Closed
3	30.7.13	Circulation of link to Government Funding Consultation	<b>AG</b>	10.9.13	Post meeting note @ 2.8.13	Closed

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# Young People's Education and Skills

## Local Authority Apprenticeship Sub-group

Apprenticeship Funding Reform – Government Consultation

Item no: 5

**Report by:** Anna Dent

**Job title:** Principal Policy & Project Officer:  
Apprenticeships

**Date:** 10 September 2013

**Contact:** Helen Crumley

**Telephone:** 020 7934 9742

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<b>Summary</b>	This paper sets out some of the key points of the Apprenticeship Funding Reform consultation, and some key questions for discussion.
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<b>Recommendations</b>	The group is asked to consider the key points of the consultation on Funding Reform for Apprenticeship in order to contribute to the London Council's response
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### 1. Background

- 1.1 Earlier this year, the Government publically endorsed the recommendations of Doug Richard's independent 'Review of Apprenticeships' that looked at how apprenticeships in England can meet the needs of the changing economy. At the heart of Doug Richard's recommendations is that control of Apprenticeships should be placed more firmly in the hands of employers and that all Apprenticeships should be rigorous and responsive to their needs. Clearly, the way that Apprenticeships are funded underpins this vision.
- 1.2 On 25th July 2013, the Government released 'A Consultation on Funding Reform for Apprenticeships in England' which puts forward three options to continue the Government's investment in Apprenticeships. The objective is to create a simple system 'which works for all users', dispensing with the complexity of Government set funding rates. The Government seeks to position employers firmly as the customer of Apprenticeship training; giving them control of government investment and securing employer co-investment is seen to be crucial in raising employer engagement and investment in high-quality and highly-valued Apprenticeships.
- 1.3 The deadline for consultation responses is 1<sup>st</sup> October 2013.

### 2. Apprenticeship Funding Reform Consultation

- 2.1 In summary, the purpose of the reform is to 'move to a position where employers have the strongest incentives to demand high quality training from providers, holding them to account for delivery, and where providers have the strongest incentives to respond to businesses' needs.'

2.2 The consultation seeks views on the 3 ways of delivering funding reforms put forward by Doug Richard:

- **Direct Payment Model:** Businesses register Apprentices and report claims for government funding through a new online system. Government funding is then paid directly into their bank account.
- **PAYE Payment Model:** Businesses register Apprentices through a new online system. They then recover government funding through their PAYE return.
- **Provider Payment Model:** Government funding continues to be paid to training providers, but they can only draw it down when they have received the employer's financial contribution towards training.

2.3 All of the proposed models follow the same core principles:

- *The employer is the customer:* Positioning the employer as the customer increases providers' incentives to respond to businesses' needs. Central to this is giving employers control of government funding for Apprenticeships.
- *The employer co-invests:* Employers already make a significant contribution to Apprenticeships – they provide management and support to Apprentices and pay their wages. But by making a direct financial contribution towards training purchased from providers, employers have stronger incentives to demand relevant, high-quality training of good value.
- *Government does not set the price of training:* Freeing the price of training from public control and having it determined between employers and providers will help prioritise learning that delivers most value. Government should fund a proportion of this price – up to a maximum per Apprentice, which is likely to vary by sector.
- *Payment on results:* Government funding is linked to the achievement of the Apprenticeship, which will be assessed by an approved body. This provides strong incentives for employers to ensure that individuals succeed.

2.4 And all three models will follow the same core process:

- **Registration:** This will determine whether the Apprentice is eligible for government funding, and for how much.
- **Training:** Employers – together with training providers and the Apprentice – will then decide the training their Apprentice needs to reach the industry standard. The employer will agree the content and price of training with appropriate providers, and make payments in a normal supplier relationship.
- **Assessment:** An approved assessment body will assess whether the Apprentice has achieved the standard before any outstanding government funding (i.e. which has been withheld until successful achievement) is paid.

2.5 The proposals have prompted a range of responses, with pros and cons being identified for each model and a number of different perspectives articulated. Employer organisations have generally welcomed the opportunity to have greater control over apprenticeships, whilst expressing reservations about the Government's ability to deliver a system which is "*simple, worthwhile, has longevity, and encourages providers to develop more innovative approaches*" (EEF). Provider organisations have expressed reservations about the capacity of many employers, especially SME's and the potential impact of depressing growth in the number of apprenticeship opportunities. Learner organisations have expressed anxiety regarding how learners remain at the heart of the new system and their interests are best served.

### 3. Consultation Response

3.1 London Councils will submit a response to the consultation, signed off by the Executive Member for Children and Young People. Local authority views are being gathered through a [short Survey Monkey questionnaire](#) however to date we have had a limited response. Local Authorities are also encouraged individually to respond to the consultation. We are also supporting efforts to elicit the views of small and medium sized employers to the proposed reforms. The WBLA have produced a short questionnaire for employers; they are seeking help in forwarding [their survey](#) to local employers.

3.2 Key questions for discussion:

- Are the core principles right?
- What do you see as the key risks and benefits of each of these models?
- Will any of the proposed models generate additional apprenticeships?
- Do employers definitely want more control over the content and delivery of apprenticeships?
- Will the outcome of greater negotiation be provision stripped back to basics to reduce costs, with a risk of lower quality provision?
- Will SMEs/ employers unfamiliar with apprenticeships be in a position to negotiate effectively with providers?
- Should employers have to take on the risk regarding achievement fees?

3.3 Direct payment model:

- Is there a risk that small businesses, and/or those not familiar with apprenticeships, would be put off by the Direct Payment Model, due to the upfront costs and additional admin?
- How would the Direct Payment Model be monitored to ensure it is not abused by employers i.e. that they really do spend the funding on training?
- How will providers be able to plan provision, will it endanger smaller providers or less popular frameworks?
- What are the issues with setting up a new payment system? If it is not effective and efficient could it cause employers to stop using apprenticeships?
- Do employers really want to handle the funding directly?

3.4 PAYE model

- Is there a risk that small businesses, and/or those not familiar with apprenticeships, would be put off by the PAYE Model, due to the upfront costs and additional admin?
- What, if any, audit requirements should there be for the use of public funding?
- Would the reimbursement find its way back to the department that originally paid – would it cause accounting issues?

3.5 Provider payment model:

- Does this give providers any more security?
- Is it realistic to assume that employers will contribute in cash to the costs of learning – will 'in-kind' costs be counted?

- Is this substantially different to the current system i.e. does it give employers more control?

### 3.6 Conclusion

- Do you have a preferred model?
- What impact would the preferred model have on the quality of the learners' experience?
- What impact would the preferred model have on the quality of the employers' experience?
- What transitional arrangements should be put in place?

## 4. Recommendation

- 4.1 The group is asked to consider the key points of the consultation on Funding Reform for Apprenticeship in order to contribute to the London Council's response