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6 February 2017

Technical and Further Education Bill: Second Reading

My Lords,

I wanted to thank you all personally for your thoughtful input into the Second Reading debate of the Technical and Further Education Bill.

Whilst there will be ample opportunity to further debate the measures in this Bill, I thought it would be helpful to respond now to several of the points you raised in the debate that I did not have time to address in my closing remarks.

There were a number of questions about funding and the Apprenticeship Levy. Lord Watson raised an important question about the funding levels for 16-19 year olds and how this compared to other age groups. Although the national core schools budget has been protected since 2010, and will be protected in real terms until 2020, this was only possible because difficult decisions were made on other budgets, including 16-19. However, I am pleased to say that we have protected the base rate of 16-19 funding at £4000 per student for all types of providers until 2020. This was announced in the 2015 spending review and represents a clear vote of confidence in the sector. Overall the government plans to invest around £7 billion during 2016/17 to ensure there is a place in education or training for every 16 to 19-year old who wants one. Additionally, the total spending power of the FE sector to support adult (19+) participation will be £3.4 billion by 2019-2020. This is a cash terms increase of 40% compared with 2015-2016. Within that £3.4 billion, the government has maintained funding for the Adult Education Budget, which supports adult skills participation, in cash terms, at £1.5 billion.

Additionally, Lord Watson asked whether the money raised through the levy will stay in the sector. The apprenticeship levy will boost our economic productivity, increase the country's skills base and give millions a step on the ladder of opportunity. By 2019-20, we expect total UK spending to exceed what we currently forecast to raise through the levy. Spending on apprenticeships in England will be £2.45 billion, and the Devolved Administrations will receive £460 million.

I agreed to address an issue raised by Lord Young around Small and Medium-sized Enterprises (SMEs) and the levy. We are undertaking a wide range of communications and engagement activity to ensure employers of all sizes are aware of how they can make the most of the opportunities presented by the apprenticeship funding reforms. Only 1.3% of employers will pay the apprenticeship levy so it is imperative that smaller employers understand the benefits of apprenticeship training
for their business and are encouraged to take advantage of support available, including the co-investment of 90% of training and assessment costs for apprenticeships provided by the government. To get through to the smaller levy-payers and non-levy payers, every Local Enterprise Partnership has been given £5,000 to work on employer readiness for the levy and to support campaigns to raise the profile of apprenticeships. We are contacting by phone, email and letter those workplaces that will be non-levy paying organisations but who have recruited an apprentice in the last two years to ensure those employers are fully up to date and can continue with their plans for new apprentice recruitment with confidence. Meanwhile, the next phase of the ‘Get In Go Far’ campaign will target smaller employers and we are working with small business intermediaries, such as the Federation of Small Businesses to cascade key messages to their members. Our network of 500 apprenticeship ambassadors are also talking with employers on a daily basis about the benefits of apprenticeships.

The Earl of Liverpool also spoke about SMEs and how they might be reluctant to enrol on the apprenticeship programme for several reasons. He had previously been reassured by comments from Minister Halfon, but asked whether there was further information available. The Skills Funding Agency is addressing the key SME perceptions of apprenticeships such as cost and value. It is also is also changing the way it engages with SMEs, and identifying new channels to engage with SMEs. SMEs are able to make use of the ‘Recruit an Apprentice’ digital tool where employers can advertise and recruit their next apprentice completely free. The new funding model also offers incentives for those colleges and training providers engage an SME business with an apprentice. The National Apprenticeship Service (NAS) have identified that SMEs are more likely to engage in apprenticeships if they receive the information and advice from a known and trusted source that they are a member of or subscribe to their services. NAS are working with these types of organisations, through Trade Associations, Business Services Associations and Professional and Chartered organisations as new routes to SMEs. One example is the Institute of Chartered Accountants for England and Wales who are now working to promote apprenticeships through their 133,000 members who support 2 million businesses. This includes marketing material specific to SMEs that their accountants work with. Working in partnership with the Federation of Small Businesses, NAS will be running a survey to their membership to gauge their knowledge on apprenticeships and the reforms to ensure they can effectively target their support.

Baroness Stedman-Scott raised a concern that apprenticeship providers are seeing the majority of apprenticeships go to older people rather than 16-18 year-olds, and was interested in how the government intends to monitor this. We believe that apprenticeships are a great way to progress in work and life, a great way for employers to improve the skills base of their businesses, that they work for people of all ages and backgrounds and can transform lives. We are committed to making sure that apprenticeships are as accessible as possible, to all people, from all backgrounds. The government has set an ambitious target of reaching 3 million apprenticeship starts by 2020, and to achieve this target we need to encourage and enable as many people as appropriate to apply for and start apprenticeships. Our priority is to expand apprenticeships where they deliver the greatest benefits for individuals, employers and the wider economy. The apprenticeship levy, being introduced on 6 April 2017, will fund a step change in apprenticeship numbers and
standards. As set out in the Institute for Apprenticeship’s operational plan, it is expected that the Institute will establish 15 Route Panels aligned to occupational groupings and comprised of industry experts to review and approve proposals, standards and assessment plans – including for degree level apprenticeships. Panel members will replace the Department for Education and Skills Funding Agency officials that currently review and approve proposals. The panels would be committees of the Institute, made up of a range of experts with a broad knowledge of occupations and training across a particular route and could include academics, employers, professional bodies, sector or trade organisations, and National Colleges or other training providers.

Baroness Cohen asked whether the government could specify how and when the method of collecting apprenticeship statistics will be altered. We appreciate the need to ensure we properly recognise the achievements of those doing an apprenticeship, and the recently published Skills Plan announced that we would review the accountability arrangements for apprenticeships. We currently do publish qualification achievement rates for all age apprenticeships on gov.uk (adult and 16-18 year olds), and have outcome based success measures that will include employment and earnings information. We are planning new tools to ensure that this is an informed choice of employers. The Find Apprenticeship Training online tool will allow an employer to view the training provider’s employer satisfaction rates, learner satisfaction rates and achievement rates. The work that training providers do with apprenticeships is also recognised through Ofsted. We would be happy to engage with Baroness Cohen about the details of this issue and update her on our progress.

Lord Aberdare requested my comments on a statement in the Sainsbury Review, which stated that all publically subsidised technical education should be delivered under not-for-profit arrangements. While we welcome a wide range of providers, the Sainsbury panel was of the view that if government subsidises technical education any surplus generated should be reinvested rather than taken as profit. This is the approach taken in many high performing systems, and helps ensure investment in the country’s education infrastructure. We are doing further work on delivery costs and will set out how the new technical education courses will be funded in due course.

The Earl of Liverpool asked about the 15 technical education routes, and requested clarification of how a qualification is built around the requirement for a skill. Each of the proposed 15 technical routes set out in the Skills Plan will be underpinned by an occupational map that identifies the occupations that are in scope for an apprenticeship and/or technical education course. A panel of professionals that include employers will develop standards that set out the knowledge, skills and behaviours an individual needs in order to perform well in an occupation. For each occupation or cluster of related occupations, there will be a single qualification based as far as possible on the standard for the occupation(s) in question, and we want to work with a range of assessment experts and awarding organisations to ensure that the qualifications include robust and reliable assessment. We will be publishing guidelines for the panels of professionals setting out how we expect the standards and qualifications to be developed.

Lastly, Baroness Garden asked whether the Institute would be balanced in its
quality. It will provide the tools to train millions, increase our economic productivity and ensure that people from diverse social backgrounds have the opportunity to succeed in skilled jobs. For the next funding cycle, employers and providers will receive cash payment of £1,000 each when they train a 16-18 year old, and the government will fund 100% of apprenticeship training costs for small employers with fewer than 50 staff when they employ 16-18 year old apprentices.

Baroness Stedman-Scott also asked about the EBacc consultation, through which the government’s ambition is that more pupils in mainstream secondary schools study EBacc subjects at GCSE to provide them with a strong academic foundation that keeps options open for work and further study. The consultation on implementing the manifesto commitment was published on 3 November 2015 and closed on 9 January 2016. We will publish the response in due course.

A number of Lords spoke about careers provision. Lord Aberdare asked when the careers education strategy would be published. In the Industrial Strategy Green Paper, published on 23 January 2017, we set out our intention to publish a comprehensive careers strategy later this year. This will improve the quality and coverage of careers advice in schools and colleges, make it easier for people to apply for technical education, and give people the information they need to access training throughout their working lives.

Lord Watson raised the issue of the Careers and Enterprise Company and whether their coverage is universal. The Enterprise Advisor Network was first set up in September 2015 and there are now 88 Enterprise Co-ordinators and over 1,300 Enterprise Advisers in 37 out of the 38 Local Enterprise Partnership areas, connecting over a third of secondary schools and colleges in England. The Careers & Enterprise Company is continuing to roll out the Network to more schools and colleges throughout the country. We agree full rollout is important and we are working with The Careers & Enterprise Company to ensure this happens as quickly as possible. The Network is expanding rapidly and has grown from 173 schools and colleges signed-up in April 2016 to over 1500 today. We expect to have 2000 Enterprise Advisers and half of all schools and colleges signed-up by the end of the year.

Baroness Cohen asked whether there would be a requirement for local authorities to inform parents of the possibility of transfers to University Technical Colleges (UTCs) at age 14. Regulations have been laid which will require local authorities to write to parents about schools with an atypical age of admission within a reasonable travelling distance, which their child may apply to, for example a Studio School or a UTC. These regulations are due to come into effect on 14 February and will require local authorities to write out by 14 March ahead of September 2017 admissions, thereafter writing out by no later than 12 September each year.

There was also some interest during the debate in degree-level apprenticeships. Baroness Cohen asked what the arrangements for approving degree-level apprenticeships would be in the future, and whether they will have to go to the Institute for Apprenticeships. She also wished to know what would happen to the range of existing bodies currently involved in the process. Currently, degree level apprenticeships go through the same approvals process as other apprenticeship
approach to developing different routes for learners, or whether it would focus solely on apprenticeships. The Institute will oversee employer-led reforms and bring together its apprenticeships and wider technical education functions in one place. It is right that we should put employers at the heart of the skills system, ensuring that both technical education courses and apprenticeships meet the needs of employers and improve overall productivity. The Institute's Board is comprised of individuals with a range of relevant skills and experience, including two serving college heads. We are also establishing Route Panels aligned to each occupational grouping. These will be made up of experts with a broad knowledge of occupations and training across a particular route and could include academics, employers, professional bodies, sector or trade organisations, and National Colleges or other training providers. In addition, we have announced that an apprentice panel will be established by the Institute and that it will report directly to the Board. The panel will decide for itself which issues to focus on, and will challenge and make recommendations to the Board. This will ensure vital input from apprentices up and down the country.

If you would like to find out more about the Technical and Further Education Bill, you can visit the following website: https://www.gov.uk/government/collections/technical-and-further-education-bill.

I attach policy statements explaining the delegated powers set out in the Bill, and will place a copy of this letter, alongside the policy statements, in the House library.

I look forward to further discussing the measures in this Bill with you at Committee, and I hope this letter has satisfactorily responded to the concerns you expressed during Second Reading. However, please do not hesitate to contact me if there is anything you would like to discuss in the meantime.

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LORD NASH

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RT HON ROBERT HALFON MP