1. Background

This submission is made by Aspire Achieve Advance Limited which is one of the largest independent training providers in the UK. We have over 3,000 apprentices in training and focus on the 16-18 age group in the professional and technical sectors such as Information Technology and Accounting. 90% of our employers have less than 50 employees and many are micro businesses across a very wide spectrum of industrial sectors. We have an outstanding Ofsted grade awarded in 2014 for provision across the board.

The current focus on the introduction of the Apprenticeship Levy may reduce the emphasis on the importance of the Apprenticeship programme for young people and for small employers which is the source of the majority of the economic growth and increased productivity.

2. The Skills Shortage

The evidence of the skills shortage in digital and technical information technology is now not questioned. This shortage does not just affect the Digital industries. In fact the biggest impact is on smaller businesses who need technical and digital skills but cannot grow those skills themselves without the full support of a government backed programme such as the Apprenticeship Programme. Many SMEs need new skills in digital marketing, first line technical support and increasingly social media skills to drive the growth in their specific sectors.


1. A shortage in suitable digital skills for digital jobs persists in the UK labour market. This is a major risk to business growth, innovation and broader societal development.

2. By not effectively linking supply of digital skills to immediate, medium, and long-term demand, the relative ranking of the UK, in terms of investment in IT and utilisation compared to other major countries, is slipping. This may make the UK a less attractive investment location and place to do business.

3. While there are digital skills needs within sectors that are primarily ‘digital’ in their operations, there are wider challenges within the economy as a whole. Digital skills need to improve continuously across the whole UK population so that all sectors and organisations can maximise their competitive potential offered by the rapidly developing applications of digital technologies.

4. There is a need for action to be taken to re-skill the workforce continuously to ensure that new market segments that require digital skills can be exploited.

5. The widespread acquisition of digital skills offers particular growth opportunities for the UK economy but opportunities are often constrained by a lack of relevant digital skills within the labour force. As demand for digital skills outstrips supply, employers across a wider range of sectors are experiencing
digital skill gaps within their workforce, and encountering difficulties in filling advertised vacancies (particularly in high level roles such as developers).

We work with many employers across a wide range of sectors such as insurance, accountancy, construction, call centres as well as IT and it is clear that these skills are holding back growth. It is also clear that the main answer to these issues in the long term is to create a process by which these companies can develop their own talent through the Apprenticeship Programme. Attempts to retrain existing employees may reduce the short term shortages but does not build a long term solution.

3. The 3aaa Response

At 3aaa we have developed a range of solutions to fill the gap in these key STEM skills. We have teams that focus on the needs of employers and separate specialist teams that work with young people and encourage them into work based STEM opportunities. It is this close support for both employers and young people that makes our system work. We establish clear opportunities within SMEs to develop the digital skills that they need with a flexible approach to developing Apprenticeship Programmes.

We create programmes that combine off the job training in one of our 40 Skills Academies across England combined with work based support that embeds the theoretical skills learned in the classroom. This is supported through highly skilled and experienced trainers and assessors who work with the employers to adapt the skills to ensure they are up to date and relevant. It is only in this way that effective digital skills can be developed.

4. Future of Apprenticeships

3aaa has grown our Apprenticeship Programme over the last three years with the support of the Skills Funding Agency and the support of the Department of Education (and BIS before that). In 2017 the focus will switch to the introduction of the Apprenticeship Levy. Larger businesses will contribute their Levy payments towards the cost of the Apprenticeship Programme which for England is likely to be £2.1bn. This is only a small increase from the current spend of £1.9bn. We fully expect the spend by Levy payers to increase over time so the government must make an absolute commitment to fund Apprenticeships in small businesses that will not pay the Levy. We estimate that this total spend is currently around £1bn and with the drive to grow the programme and hit the government target of 3 million starts the government needs to make a commitment to grow the funds available to Non Levy payers with a growth of around 10% per annum to 2020.

If this commitment to growing the funds available to Non-Levy payers should be focused on those STEM programmes that are targeting the skills shortages such as IT and digital skills. The Government can and should use its funding agency the SFA to drive funds towards training providers that are meeting the needs of both employers and young people in providing the skills that will drive productivity and growth.

Currently the government are going through a procurement exercise to allocate these funds to providers and they should target the funds at those providers with a proven track record of addressing the skills gaps in STEM industries. Currently the procurement exercise will mean that the government is capping those funds to a maximum of £5m even where there is proven demand from employers and young
people. This process of imposing caps on market demand will restrict the economy’s ability to meet the skills challenge so we recommend that funds are made available to address these needs.

The Government has also decided to equalize funding between young people and older workers and between new recruits and established employees. This means that there will be very little difference between the funding support provided for an employee of say 30 with 10 years experience than for a young person taking their first role in a STEM subject. We do not believe this is a fair or sensible approach and believe that young people moving into technical or digital roles should have the additional support that they will need to make this transition from education to work.

This will also require additional support for effective careers support and guidance. Young people are not given the right information by schools and colleges and the government has to take a lead on this if we are to provide the skills that will fill these gaps for employers. This is particularly true for small employers who need work ready recruits because they do not have the infrastructure to train these young people. At 3aaa we work with schools, young people and employers to prepare the young people and provide a full and effective matching service between young people and employers. We have established a technological platform supported by skilled people in all of our 40 Academies around England.

Recommendations

The evidence that there are skills shortages in the Digital and T sectors is not in question, nor is the view that the Apprenticeship Programme has an important part to play in the closing of the skills gap. 3aaa has delivered over 3,000 Apprenticeships this year and the majority are targeted at SME and young people which are the main drivers of productivity improvements and economic growth. However, we believe that the government needs to take the following actions to ensure that the Apprenticeship Programme is maintained and grown.

1. The government should make a firm commitment to a minimum funding level of £1bn with year on year growth to 2020 to ensure that SMEs can contribute to the 3m starts target.
2. The government must review the current procurement programme for Non-Levy payers to ensure that the contract caps do not damage existing good provision.
3. Funding support for STEM subjects should be reviewed to ensure they are a delivery priority.
4. Government should review the support they provide for young people to encourage them to take up STEM subject Apprenticeships. The government will be reducing the differential funding for many young people from May 2017.
5. The government must enforce the requirement to provide information on Apprenticeships in all of the schools. 3aaa offers support to all schools in providing this service.

January 2017