



all party parliamentary group on
apprenticeships

APPG on Apprenticeships – Devolution and Apprenticeships – Minutes – June 4th 2019

Chair – Catherine McKinnell MP

Speakers: Harminder Matharu, Association of Employment and Learning Providers (AELP), Devolution Policy and Implementation Director; Anthony Impey, The London Chamber of Commerce and Industry; Dr Chiara Cavaglia, Research Officer, Centre for Vocational Education Research.

Parliamentarians present:

Catherine McKinnell MP

Philip Virgo (Researcher for Lord Lucas)

Lord Nickson

Lord Aberdere

Co-Chair **Catherine McKinnell** opened the meeting by outlining the importance of apprentices and the significance that discussing devolutionary measures could have on the future of apprenticeship programs in the UK. She then introduced the three speakers.

First of the panel to speak was **Harminder Matharu, Director of Devolution Policy and Implementation at the Association of Employment and Learning Providers (AELP)**. He began by saying AELP broadly support devolution and the flexibilities it allows for shaping and meeting local employment and skills needs. He added in his experience there is growing demand in Combined Authorities for greater skills devolution, with more funds for apprenticeships being added to their Spending Review submissions.

He outlined AELP's policy steer for skills devolution seeks to encourage a level playing field for all apprenticeship providers through establishing a fair, open and competitive tendering process for firms. He added under the recent devolution of the adult education budget (AEB), the AELP have aided the engagement between local education providers and Combined Authorities whilst at the same time bringing the benefits national providers can offer them. He reported devolved AEB's commissioned by Combined Authorities varied nationwide with the majority of grant-funding AEB with a proportion put out for procurement (between 10-30%) and one area, the Tees Valley, with a 100% procurement approach. Harminder observes in some instances there have been up to 70 million pounds a year of grant-funded AEB underspend "*held up in the system*" which was unacceptable for an already diminished education budget.

Harminder then discussed the impact of devolution on independent training providers. He reported mixed results by providers seeking funding for staff from 'home' and 'out of area' locations and the negative externalities this could have on their businesses such as lastminute subcontracting staff, to providers having to turn down both learners and employers.

On the specific area of apprenticeships and devolution, Harminder stressed the importance of putting employers and learners needs first when making a decision. He reported he has received

comments from employers wishing to transfer their unspent apprenticeship levy, however lack either the resource or desire to handle the administration this task requires. He affirmed the AELP support the flexibility this could allow to drive levy funding to address skills gaps whether by levels or geography – for example the WMCA’s levy pooling pilot targeting Level 3 apprenticeships in STEM areas; adding AELP is in dialogue with large levy paying businesses to explore future models to pilot approaches. He said the GLA is also interested in these models. In addition, AELP is hearing from training providers willing to support levy transfer through their prior relationships with employers who they already deliver apprenticeships.

He said non-levy employers, mainly SME’s, are experiencing funding shortages which he suggests could be met through transferring levy funding. He reported training providers cannot respond to demand from these employers, not even for 16-18 year olds.

Harminder concluded by arguing any future devolved apprenticeship proposals must be designed to cater for all types of employers and apprentices of all ages, and should be designed in such a way that the proximity of the employer should not be the deciding factor when hiring apprentices.

Next to speak was **Anthony Impey** from **The London Chamber of Commerce and Industry**.

He began by sharing his experience of founding and running tech apprenticeship organisation **TechCityStars**, which seeks to help people gain apprenticeships in London-based technology firms and start-ups. Anthony shared from this experience, due to economic and labour-market factors there are limited opportunities for apprenticeships in central London, particularly in the technology sector and that this was a problem that may not necessarily be the case in other cities and regions in the UK. Anthony revealed statistics from London-based technology companies which show young people in London had a lack of sufficient technology skills and city wide, London was one of the worst performers in the UK for offering apprenticeships.

Anthony argued devolved skills funding was important and in the area of technology and business start-ups, making it easier for regional start-ups to hire apprentices was very important, as would reforms to make it easier for those wishing to undergo apprenticeships in London.

Last to speak was **Chiara Cavaglia**, **Research Officer at the Centre for Vocational Education Research at the LSE**. She began by outlining research the centre underwent exploring the returns young people could experience undergoing an apprenticeship. She reported the findings concluded whilst there was a large pay differential in apprenticeships by gender based on the sectors the apprentices pursued, there were no differences along other dimensions such as geography. She reported there are differences in the probability of starting an apprenticeship by some demographic and socio-economic characteristics instead.

She explored the findings of research conducted with the **What Works Centre for Local Economic Growth** which sort to examine the effect devolving the awarding of AGE funding to Combined Authorities would have on the number of apprenticeships participated. She reported the research found no difference in the apprenticeship participation between those Combined Authorities who had devolved responsibilities and those who didn’t. The findings remained the same even when examining the number of apprenticeships underwent by ethnicity, gender and by disaggregating age further. She cited two possible reasons for this result; firstly that Combined Authorities may have prioritised their resources on helping large firms become eligible for APG funding to the detriment of smaller firms who are more likely to take up AGE apprentices, and secondly, the possibility that devolution was too incremental to have an effect at the local level.

Chiara added that research also shows the current national policy for apprenticeships did not increase the number of apprenticeships. She found there was a large increase in smaller firms supporting increasingly older apprenticeships both prior and following the introduction of AGE in 2016.

Catherine McKinnell thanked the speakers for their contributions and concluded the discussion.