

Pearson response to the BIS/DfE Consultation Traineeship Funding Reform – Technical Consultation August 2014

I. Introduction

Pearson welcomes the opportunity to contribute to this consultation on Traineeship Funding Technical Reform. Traineeships can provide valuable and alternative routes for young people who are motivated to work but lack the skills and work experience required by employers.

Pearson is the world's leading learning company, with 40,000 employees in more than 70 countries working to help people of all ages to make measurable progress in their lives through learning. We provide learning materials, technologies, world class qualifications, assessments and services to teachers and students in order to help people everywhere aim higher and fulfil their true potential.

In the UK, we are the largest awarding organisation offering academic and vocational qualifications that are globally recognised and benchmarked, with educational excellence rooted in names like Edexcel, BTEC and LCCI. We're driving innovation through digital products such as ResultsPlus or Bug Club, and supporting skills and employability for progression in study, work and life. We put the learner at the centre of everything we do, because wherever learning flourishes, so do people.

II. Pearson's approach

This submission considers the broad purpose of Traineeship programmes and explores how the proposed funding methodology might address these, namely to:

- ensure that the funding arrangements for Traineeships drive positive outcomes for young people;
- achieve greater consistency in the way Traineeships are funded for 16 to 18 year olds and 19 to 24 year olds; and
- ensure providers have the flexibility to design high quality programmes that maximise outcomes for young people.

As well as collating views from across Pearson, including those who work closely with our schools, colleges and training providers, we have run a small survey, and held face to face interviews with our customers. This research has informed the views expressed in this response and enabled us to reflect the needs and opinions of those working directly with learners and employers.

Where we feel unable to usefully respond we have answered N/A.

III. Pearson information

Confidentiality & Data Protection

Yes, I would like you to publish or release my response

No, I don't want you to publish or release my response

Your details

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Are you responding as an individual or representing the views of an organisation?

Individual Response

Representing the views of an organisation

Please tick a box from a list of options that best describes you as a respondent to this consultation. This allows views to be presented by group type.

Awarding Organisation

IV. Executive summary and recommendations

Pearson agrees with the shift of emphasis from what a provider will *offer* to what outcomes they will *achieve*. Pearson aims to become 'the efficacy company'. By that, we mean a company that can maximise and measure its impact on learning outcomes. To do this we are transforming from a company that creates inputs to education – such as online courses, books and assessment – to one that is focused on outcomes.

Pearson is fully committed to helping people make measurable progress in their lives through learning. To that end, we are fully supportive of Traineeship funding having a greater focus on positive outcomes. This submission makes six recommendations:

Recommendation 1

Consideration needs to be given to the risk associated with providers selecting those who are more likely to secure employment at the expense of those with greater need.

Recommendation 2

Part-time work of any type (under 16 hours) leads to functional outcomes such as formation of work values, personal responsibility, and the development of a work ethic. Part-time work should be rewarded as it often leads to a full-time position.

Recommendation 3

Self-employment should count in the measures of success for Traineeships. Self-employment has grown considerably with 4.5 million people to date in this category. Enterprise has the potential for economic development and job creation and needs to be at the heart of all education.

Recommendation 4

As the demand for labour is in constant flux learners will need to have the opportunity to retrain and re-skill to meet the changing needs of employers. Rigidities, such as limiting the level and type of progression, may be a barrier to meeting employer demand, and have a negative effect on learner motivation. The funding system needs to encourage flexibility as far as possible.

Recommendation 5

Numeracy and literacy within Traineeship programmes should aim to prepare students for the contexts they are likely to encounter in further vocational study or future employment.

Recommendation 6

A sufficient amount of time needs to be given to providers to think through the outcomes to be achieved and for those outcomes to be rigorously tested.

V. Consultation response

Question 1

Should Traineeships funding have a greater focus on positive outcomes than it does at present?

Yes

Pearson agrees with the shift of emphasis from what a provider will offer to what outcomes they will achieve. Pearson aims to become 'the efficacy company'. By that, we mean a company that can maximise and measure its impact on learning outcomes. To do this we are transforming from a company that creates inputs to education – such as online courses, books and assessment – to one that is focused on outcomes.

Pearson is fully committed to helping people make measurable progress in their lives through learning. To that end, we are fully supportive of Traineeship funding having a greater focus on positive outcomes. A shift to an outcome based approach will require the following:

- A set of clearly defined outcomes, identifying what is to be measured and how monitoring would be conducted, for example, by whom, how and when.
- The collection of reliable and sound data to measure outcomes can be difficult. Identifying 'hard' measures where there is already existing data may be easy. Difficulties in developing measures of 'soft' or more subjective data are more challenging. This is not only difficult but it can also be more expensive to achieve accuracy and reliability.
- A sufficient amount of time needs to be given to providers to think through the outcomes to be achieved and for those outcomes to be rigorously tested.
- The outcomes proposed must be feasible within the funding to be provided.

Finally a concentration on a few outcomes to the exclusion of others can be detrimental to some learners. It can mean that factors that require other outcomes are ignored in pursuit of the agreed set of new requirements. For example, whilst outcome driven funding often delivers positive outcomes, there is a risk that this can result in some providers being 'selective' about the people they recruit onto a Traineeship programme, to maximise their success in delivering those outcomes, and therefore maximising their funding.

Question 2

Is it important for successful Traineeship delivery to have greater consistency in funding arrangements between the 16 to 18 and 19 to 24 age groups?

Yes

We support the intention to have greater consistency in funding arrangements between the 16 to 18 and 19 to 24 age groups. Funding allocation and the criterion used for measuring outcomes must be consistent for both groups. However whilst

the payment structure should be strongly outcome-based for both groups, it should also closely follow the variation in learner need (and therefore provider expenditure). Pearson would strongly recommend that consideration is given to the individual needs of learners and funding is considered on this basis.

Question 3

Are Apprenticeships, other jobs and further learning the right progression outcomes to reward?

Yes

We agree with the definition of outcomes and agree that all the outcomes above should be worthy of reward. It would not be possible to achieve the desired intention of Traineeships if any of the above is removed, for example:

- Some learners will start their Traineeship closer to the point of being employable and ready for work. It is important, therefore, that the proposed funding model does not disadvantage learners who providers think may take longer, or closer to the full six months, before they're ready to move on.
- Whilst six months is a reasonable duration for a Traineeship, we would expect that some Trainees, in certain sectors, such as manufacturing or engineering, take longer and need further study given the level of skills and training needed to succeed. Providers will need to have the flexibility to allow for this.

Question 4

Are the principles we are applying to the definition of job outcomes the right ones?

Yes

Pearson agrees with the principles being applied to the definition of job outcomes. All principles relate to, and are indicative of, a positive job outcome. The principles are reasonable and support the idea that Traineeships must lead primarily to sustainable employment.

Question 5

Should the job outcome definition for Traineeships exclude employment under 16 hours per week?

No

For learners who are further away from the labour market, part-time work can provide help in support of future career development. Meaningful part-time work can lead to functional outcomes such as the formation of work values, personal responsibility, and the development of a work ethic. Part-time work often leads to full-time work for many learners.

Consideration needs to be given to the complexities of the current labour market and an acknowledgement that in some localities seasonal work is the only viable opportunity. In some professions, such as the service sector, part-time work is the norm. Recent patterns of contracting in the construction industry currently advocate zero hour contracting.

Question 6

Should the job outcome definition include self-employment, provided that the individual has an income equivalent to at least 16 hours per week at NMW?

Yes

Pearson supports the inclusion of self-employment in the measurement of success. Entrepreneurship in education and employment needs to be encouraged and valued. To make the transition from a 'would be' entrepreneur to a successful entrepreneur an abundance of skills is needed by all successful job seekers. Entrepreneurs develop core skills such as resilience, energy, passion, tenacity, inter-personal skills, critical and creative thinking skills, optimism and vision. Enterprise has the potential for economic development and job creation and needs to be at the heart of all education.

Question 7

How far do the examples support the principles set out in paragraph 15?

Pearson agrees that the examples given support the principles provided.

Question 8

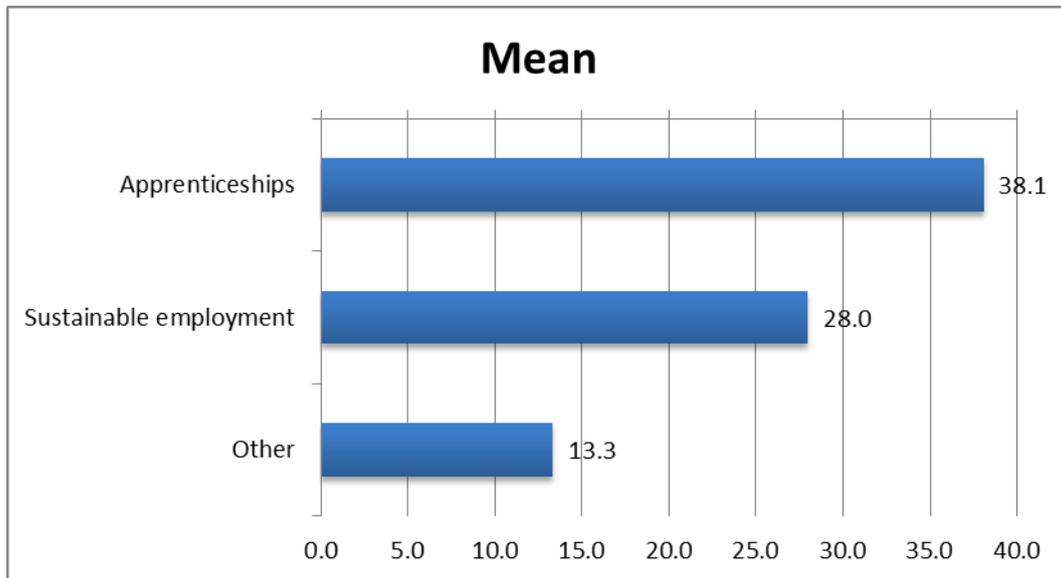
What do you consider to be the benefits and drawbacks of each approach?

N/A

Question 9

In your experience, what proportion of Trainees would you expect to progress into each of a) an Apprenticeship; and b) sustainable employment?

A small survey of our customers shows that 38% of Traineeship learners progress onto Apprenticeships, 28% to sustainable employment 13% to other programmes and 30% fail to progress any further.



Base: 34 respondents

Question 10

Do you agree that further learning should be defined using the same reference period as that for Apprenticeships and other jobs?

Yes

We agree that further learning should be defined using the same reference period as that for Apprenticeships and other jobs. However consideration and additional criteria may be needed, for example:

- Timeliness and deliverability – start dates for further learning are determined to a large extent by term time and academic traditions.
- Sustainability – the duration of study is dependent on the course taken and the intended outcome.

Question 11

If not what definition do you propose is used and why?

N/A

Question 12

Should further learning as an outcome be restricted to particular types or levels?

No

Traineeships are a central component in the Government's plans to support young people who are motivated to work but lack the skills and work experience required by employers. The desired flexibilities make it difficult to restrict further learning to a particular type or level. Traineeships are not structured and levelled in the same way as qualifications and some qualifications are not by themselves sufficient for sustainable employment. Different destinations may require further learning of different types or at different levels, depending on role. Any sort of restriction on this would potentially be a restriction on the trainee moving into employment.

Question 13

Please provide details of what type of further learning after a Traineeship should be considered an appropriate progression outcome and give reasons for your answer.

We believe that further learning needs to be linked to a clear pathway to employment rather than a traditional progression model. Further learning needs to be linked to the skills and knowledge required by the employer in that given sector. Learners may need a specific qualification to enter their job of choice.

Question 14

What proportion of Trainees would you expect to progress into further learning?

Although Pearson is not involved in direct delivery of Traineeships our customers inform us that 13% of learners progress to further study. Courses range from Level 1 to Level 4 programmes and vary from 6 weeks to 2 years in duration.

Question 15

How do you track learner outcomes currently and what do you use as evidence to validate outcomes?

N/A

Question 16

How could we use matched data now and in the future to support our understanding of outcomes for Trainees?

N/A

Question 17

Are these the correct principles for an outcomes based Traineeship funding system?
Please outline the reasons for your response.

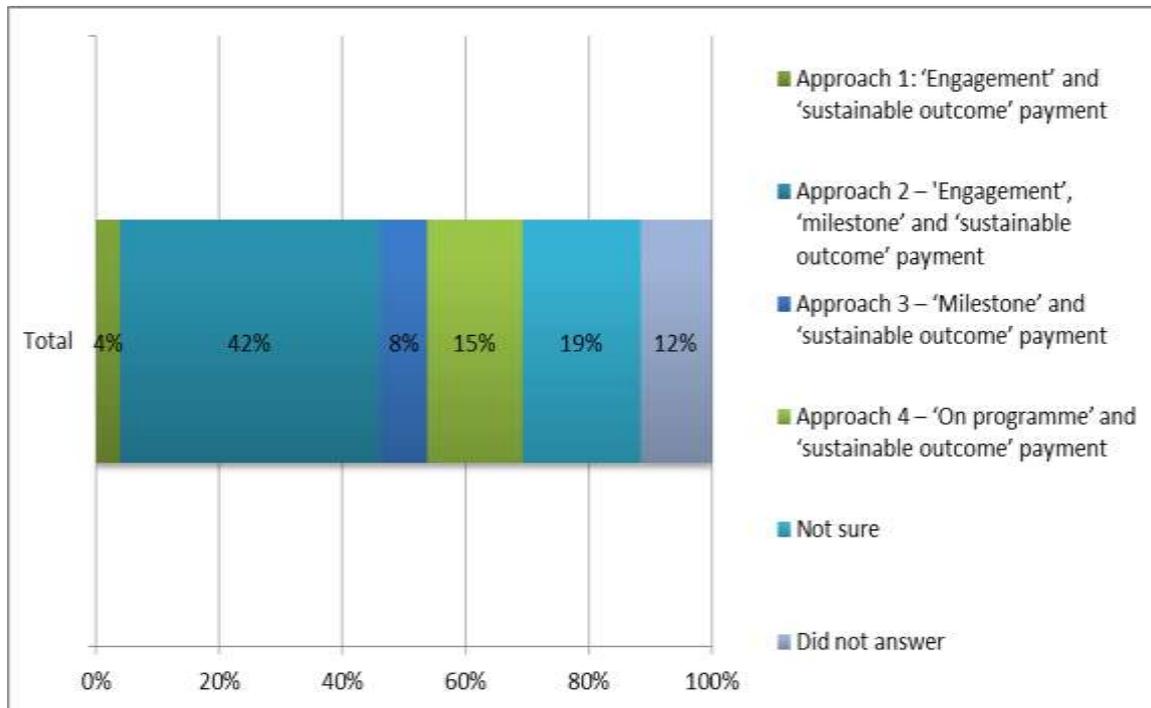
Yes

Pearson supports the principles suggested.

Question 18

Which of the four approaches do you believe would deliver the principles in paragraph 26 most successfully?

Although Pearson is unable to comment on the best funding arrangements, based on the results of our small survey, our providers indicate that approach 2 is preferable.



Base: 26 respondents

Question 19

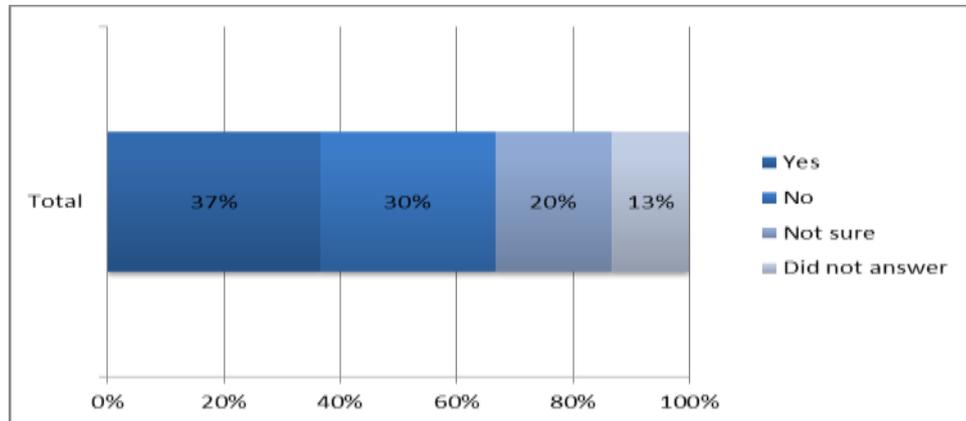
Are there alternative approaches that would better deliver the principles in paragraph 26?

N/A

Question 20

Do we need additional mechanisms to prevent any abuse of the flexibilities in the programme which could lead to insubstantial and insufficiently stretching programmes? If so what do you suggest?

Yes



37% of providers who responded to our survey want to see additional mechanism put into place to prevent any abuse of the flexibilities in the programme. Statements provided by customers who responded to our survey included:

"Due to monetary values there will always be companies that "work" the system for themselves and not in the candidate's best interests."

"Work placements need to be authentic and valid for both parties, there should be careful recruitment of work places to ensure that allegation of 'cheap labour' are avoided and positively discouraged."

"Nationally robust qualifications An increase in skills levels, evidenced from initial assessments and diagnostics."

"Qualifications are not important to those who have them but they are highly valued and sought by those who don't."

"Programmes need flexibility to suit learners however there should be a minimum requirement to avoid any abuse."

Question 21

Do you have any comments on the proportion of the funding that should be paid at each stage of the programme?

N/A

Question 22

Which option do you consider will make it most likely English and maths learning will be stretching?

Option 1

Whilst Pearson would strongly advocate that there is a need to address the issue of poor literacy and numeracy with learners, we would argue that Traineeship courses should aim to prepare this diverse group of students for the contexts they are likely to encounter in further vocational study or future employment. There are some very significant differences in these requirements that will be difficult to properly address in a separate programme. Allowing Traineeships to have a greater – but not exclusive – emphasis on one or two of these contexts (vocational study, employment) would give learners a better chance of succeeding.

Question 23

Which option do you consider will make it most likely English and maths learning will be continued to completion after a Traineeship has finished, and why?

Option 1

The starting point and achievements of those who have to continue English and maths is very diverse and different. Good English and maths skills are highly sought both by employers and institutions of further study. Learners with poor literacy and numeracy are disadvantaged in the labour market and Pearson believes that taking other qualifications, including functional skills and standalone programmes, is a good stepping stones to successful GCSE study.

Question 24

Which option will be easier to administer for training providers and why?

N/A

Question 25

Should the current arrangements for administering learning support funding to providers and financial support for learners continue to be applied to Traineeships from 2015/16?

N/A

Question 26

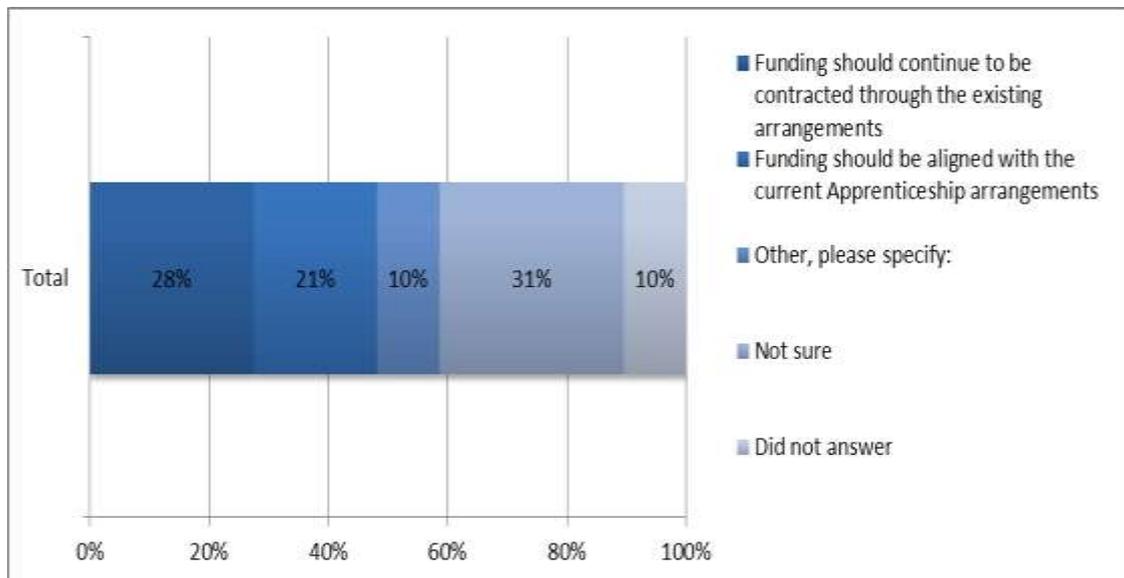
If not what would you change as a means of bringing greater consistency to the way learners are supported across 16 to 24 Traineeships in order to best support disadvantaged learners?

N/A

Question 27

Do you think that Traineeships funding should continue to be contracted through the existing arrangements or aligned with the current Apprenticeship arrangements?

A small survey of our customers shows a very mixed view. Only 21% thought that funding should be aligned with the current Apprenticeship arrangements.

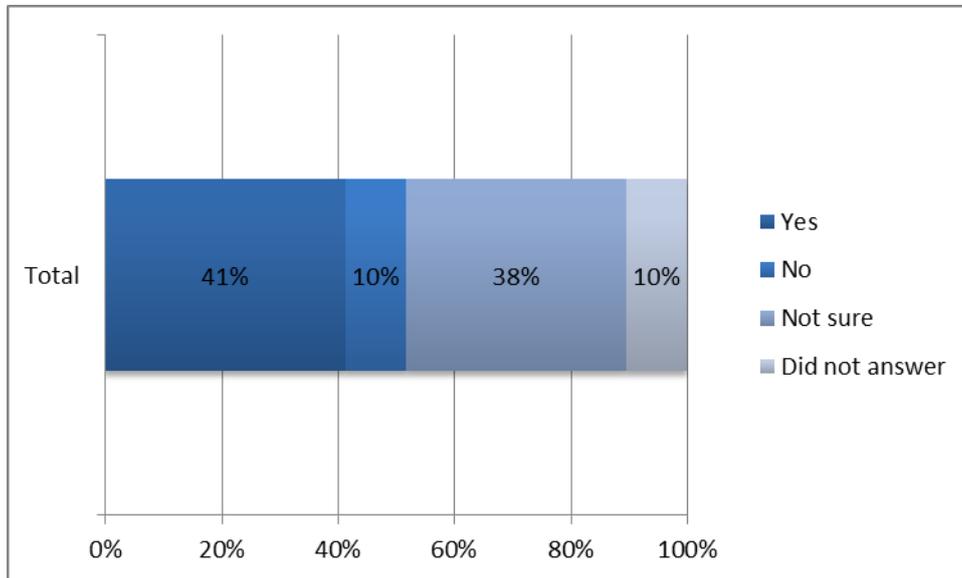


Base: 29 respondents

Question 28

Will the contracting route influence the position of Traineeships alongside Study Programmes, Apprenticeships or other programmes and if so how?

Responses to the survey we ran indicate that this will influence the position of Traineeships alongside Study Programmes, Apprenticeships or other programmes.



Base: 29 respondents

Question 29

Should the eligibility rules for 19 to 24 year olds be changed so that 19 to 24 year olds can undertake a Traineeship if they are already qualified to a Full Level 2?

Yes

Pearson supports the case for widening eligibility. We believe that those who already hold a level 2 qualification should be given the opportunity to re-focus.

Question 30

Should this depend on the nature of the Level 2 qualification and if so how?

No

The specific aim of Traineeships is to develop employability skills and provide viable training and employment pathways. Pearson would argue that sustainable employment, long term, is dependent on the learner's likely interest, and the needs and demands of employers. As demand is in constant flux learners will need to have the opportunity to retrain and re-skill to meet the changing needs of employers. Rigidities may be a barrier to meeting employer demands and may have a negative effect on learner motivations. Consideration also needs to be given to the work of trailblazers and emerging Apprenticeship standards which will determine the level of entry.

Question 31

Should this depend on whether a person has already reached a high enough standard in English and maths?

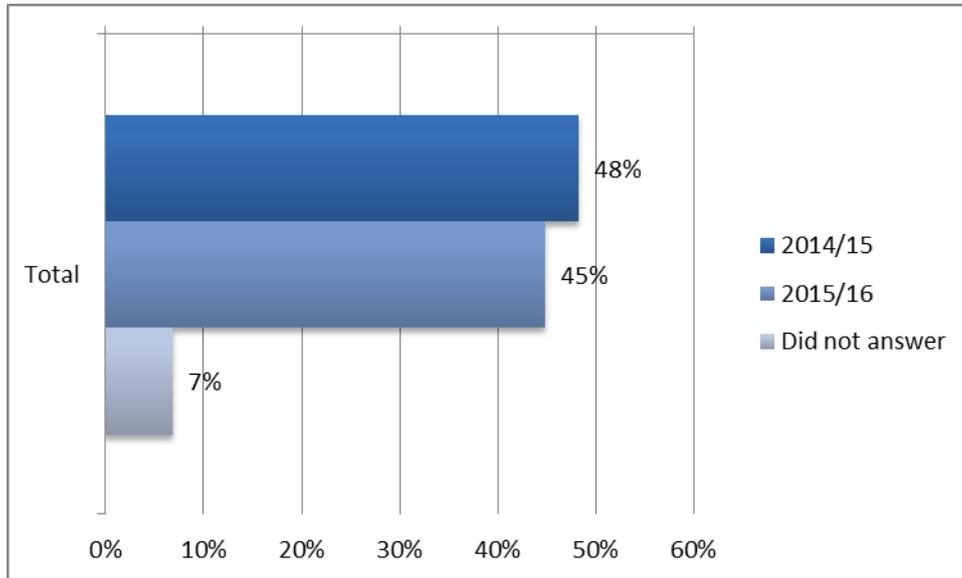
No

Sustainable employment is dependent on a range of factors and not solely on the achievement of English and maths. Employers look beyond just purely academic achievement and want individuals who will add value to their business. Pearson would advocate that in a world of continuous economic and technological change learners need to equip themselves with a range of skills that will enhance their job opportunities.

Question 32

If a change is made, do you consider that it is necessary to make the change in 2014/15 or 2015/16?

The survey ran gave us a very mixed view on this question. Almost half of those who responded to our survey would prefer to have this change implemented in 2014/15 and the remainder in 2015/16.



Base: 29 respondents