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24 July 2013

Pocket Watch – Funding Apprenticeships

Introduction

One of the bits missing when the Government set out its response earlier this year to Doug Richard's Review of Apprenticeships was what to do about funding. The Review, it might be remembered, had called for much greater responsibility for apprenticeships to be devolved to employers with a funding system to match. The argument was that this would encourage more employers to become involved and by creating a commissioned market, lead to efficiencies and greater responsiveness generally. *"Freeing the price of training from public control and having it determined between employers and providers will help prioritise learning that delivers most value."* This week, the Government set out its **proposals** for various funding options

What's being proposed?

In all, the Government is seeking views on three options. One is an extension of the current provider funded model but based more sharply on results, the other two involve direct funding to employers who register apprentices using either a direct claim system or recoupment through PAYE returns. In either case *"a new secure online system"* for registration and claims would be needed. Each system would have its advantages and disadvantages, some of which the Paper spells out but the two most significant points are firstly that employers would now be expected to contribute in reality rather than in kind and secondly, that with employers rather than a national Funding Agency setting the training rate, a more competitive commercial market would be created

When would all this happen?

Consultation closes on 1 October this year but it would take until at least 2016 to get new systems up and running if that's what the consultation recommends

Will it fly?

Channelling apprenticeship funding directly through to employers has been under consideration for some time and very much fits the current orthodoxy for how the training system should operate but these proposals do raise a number of issues. Here's four for a start. First, a key principle in this new system is that the employer co-invests but a) would they in any more numbers in the current climate and b) would any more of the hard-to-reach or smaller employers feel more 'incentivised' as the Paper suggests by any of the proposed options? Second, these options put employers in the driving seat as commissioners or purchasers of training and assessment but how easy will it be for them to apply this market choice, what sort of market research or quality testing will they be able to carry out if any? Third, the Paper in all fairness recognises the importance of compliance but an open market requires rigorous quality control and it's not clear at this stage how this might be exercised. Fourth, system simplicity is the name of the game at present, Nick Clegg for instance has called for a report on whether training provision for 16-24 year olds needs simplifying but it's hard to see how these proposals with their potential for differential rates and requirements tick that particular box



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Apprenticeship Funding July 2013