



1st Floor Ayrton House
Commerce Way
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25th March 2020

Maria Eagle MP
House of Commons
London
SW1A 0AA

Dear Ms Eagle,

Covid-19: Devastating impact to future apprenticeship, training and learning provision in your constituency and the wider Liverpool City Region due to lack of DfE support

I am the Chief Executive of Greater Merseyside Learning Providers' Federation, a Liverpool City Region based organisation that has some 70 learning providers as its members. I make no apology for sending you this letter at this time, its stark language and highlighting the huge impact of the decision by the Department for Education not to provide guaranteed funding to apprenticeship providers. I am sure many of my members, who are based in your constituency, have also written to you to voice their concerns.

I am today writing to ask you to urgently get in touch with Gavin Williamson MP and Gillian Keegan MP to request that they reconsider the Department for Education's incomprehensible and potentially calamitous decision on Monday evening to deny guaranteed funding to apprenticeship training providers during the pandemic. This was only three days after doing the opposite and guaranteeing further education colleges profile funding (albeit not their apprenticeship funding) to help them survive this crisis. The anger amongst apprenticeship providers is palpable because they feel under-valued and unfairly treated. Unless apprenticeship providers receive the same level of support as other providers in the education sector it is likely that a key element of our learning infrastructure locally will disappear as apprenticeship providers, deprived of financial support to help them cope with a lack of income, simply close down their businesses resulting in redundancies and a significant loss of training capacity and capability. This will affect a number of members who are based in or operate across your constituency.

I urge that the Education Secretary reverses his decision and guarantees use of the already allocated DfE apprenticeship budget more flexibly to stop apprenticeship opportunities disappearing across your constituency, the wider Liverpool City Region and the country beyond— in many cases, for a very long time. For years, apprenticeships and vocational training, Ministers of all parties have affirmed, should have equivalence and parity to other forms of learning. Clearly, when push comes to shove this is not the case and it seems as if apprenticeships are being left to wither on the vine.



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Apprenticeships are an essential vehicle for addressing the skills needs of employers (indeed I suspect you will have an apprentice working for you in your offices), for raising skills levels and productivity. In addition, they support social mobility providing a career pathway for those not considering 6th Form College, HE and other options. If providers close, learners in your constituency simply won't be able to start or complete an apprenticeship and opportunities will disappear.

If providers close, hundreds of learners who are your constituents may be unable to complete their apprenticeship because of the Department for Education. There will be a huge reputational and financial cost associated to this. The long term damage to the apprenticeship brand will be devastating. Our members, mainly Liverpool City Region businesses, are estimated to deliver some 60% of all apprenticeship starts locally, which is approximately 7,500 to 8,000 apprentices per annum. These are spread across your constituency and the other 15 constituencies in the Liverpool City Region.

Instead of providing the guaranteed, profile funding afforded to other providers, apprenticeship providers have been left to fend for themselves and are being signposted to the Treasury's business support measures but these won't work by themselves. Loans are not useful because with employers stopping apprenticeship programmes, they will have no income coming in to repay them and cover their ongoing overheads. DfE do not appear to understand the unique nature of the apprenticeship market and the lead in time to recruit and start apprentices.

Furloughing has the problem that staff are required to stop work when we would like them to be trying to maintain as much apprenticeship training and assessment as possible using online resources along with other support and training they could be offering employers and learners. Instead of the Government paying 80% of wage costs it could pay on a profile basis, or a model that takes recent historical performance and extrapolates that forward, and maintain a level of critical infrastructure, the same skills infrastructure which will be required to help after the crisis is over.

Research undertaken by GMLPF over the last week suggests that the vast majority of employers in your constituencies across the Liverpool City Region have understandably stopped all training, new apprenticeship starts and are even making apprentices redundant. Initial research suggests that increasing numbers of young apprentices in the early years, sports, digital marketing and hairdressing sectors are the most affected. This situation means no government funding flows to apprenticeship providers. Also the inability to gain access to apprentices to assess them for completion of their programmes means that we are denied the 20% of apprenticeship funding which is only paid to us on a successful completion. This is true also of the adult education budget and other contracted provision. In short, apprenticeship providers are immediately facing immediate and very serious cashflow challenges that the Treasury's package can't solve.

Some providers are furloughing but this means stopping apprenticeship and other provision and others are sadly considering issuing redundancy notices to experienced and expert staff. Capacity and capability in the education sector is not like a tap, which can be turned on and off. It will simply be lost.

Again, research with our members undertaken after the announcement has suggested that, despite efforts to move to a more virtual learning model and maintain some provision, they have a short window of opportunity before they start taking more drastic measures. All feel the Government's decision will have catastrophic consequences and many apprenticeship providers have:

- Already closed premises, tried to move towards virtual learning but in some cases have closed their businesses completely albeit on a temporary basis.
- Started to review their financial projections and business options— breaks in learning caused by coronavirus is stopping the flow of income into apprenticeship providers, especially those solely delivering apprenticeships, meaning that they are considering making redundancies or furloughing in the short term, not out of choice but out of necessity.
- A limited window of time and opportunity, which unless there is a drastic reversal of policy, means that there is likely to be a vast swathe of trainers being made redundant and businesses closing next month. Given the barriers to entry for the apprenticeship market imposed by ESFA this is likely to mean huge short, medium and long term capacity gaps.

Our trade body, Association of Employment and Learning Providers (AELP), is making strong representations to the government and last night it issued a response to the DfE announcement which can be read here: <https://bit.ly/33GMMPa>. In addition to the points in the AELP press release, we would stress:

1. We are not asking DfE for extra or NEW money. The apprenticeship budget for 2020-21 starting in April has already been allocated to the DfE. We are simply asking the Department to repeat what they have done for college mainstream FE which is to guarantee contracted payments while providers do their best to maintain provision remotely. The government will actually save itself money if the DfE adopts this strategy rather than inviting hundreds of providers to take advantage of the Treasury's furlough scheme.

2. The DfE is wilfully ignoring Cabinet Office guidance on government departments protecting the interests of their contracted suppliers (<https://www.gov.uk/government/publications/procurement-policy-note-0220-supplier-relief-due-to-covid-19>). This says: “ Where goods and services are either reduced or paused temporarily, authorities should continue to pay at risk suppliers to ensure cash flow and supplier survival. This could include, for example situations where: ● Services are cut short / reduced at short notice due to the impact of COVID-19 and non-payment could result in supply chains collapsing and/or significant financial implications for the supplier. ● It would be value for money and important to business continuity to continue to pay suppliers in the short term (regardless of whether you are able to reconcile at a later stage). This would ensure continuity of services when services can resume.”
3. Apprenticeship training capacity, including high quality experience and expertise, will in some areas and sectors will be lost forever. Amid the usual accusations of vested interests and special pleading, it's worth remembering that it is employers and would-be apprentices who will suffer. Critically, non-college apprenticeship providers have traditionally delivered approximately 80% of apprenticeship provision. Apprenticeship starts, which have fallen significantly over the last three years, could fall further by up to 80% in the worst case scenario and it is doubtful Colleges could fill the gap locally.
4. It may sound like a technical point, but legally colleges are independent as well. Therefore by not guaranteeing apprenticeship funding, the DfE is discriminating against independent training providers.

I ask if the DfE cares about this year's school-leavers aged 16 or 18. Where are the opportunities going to be for them if many apprenticeship training providers are no longer operating?

This is why any further delay on a funding support package for apprenticeships and independent training providers is totally unacceptable and why we ask you to contact either Gavin Williamson and Gillian Keegan as soon as possible before training providers are forced to go out of business. If nothing else, the DfE should guarantee the next month's funding to allow time to sort through the details and how the model might work longer term.

I can be reached on 07840 378218 or ian@gmlpf.net if you wish to talk about this. I appreciate that you will have many “asks” of your time at this point but if we are to have an effective and varied learning infrastructure locally after this crisis it is imperative that the Government reverses its policy decision and provides financial assistance to apprenticeship providers. I would ask you to support us, AELP and others in trying to achieve this. Please make representations to the Ministers responsible.



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Kind regards and, in these trying times, please keep well.

Yours sincerely,

Ian Lomas

Ian Lomas
Chief Executive
GMLPF