



Skills East Sussex Secretariat
c/o East Sussex County Council
County Hall
St Anne's Crescent, Lewes,
East Sussex BN7 1UE

Complaints Adjudicator
Skills Funding Agency
Cheylesmore House
Quinton Road
Coventry
CV1 2WT

8th June 2017

By email to: complaintsteam@sfa.bis.gov.uk

Dear Sir / Madam,

Re: Inadequate allocation for non-levy apprenticeship funding

Skills East Sussex and our sub-board, Apprenticeships East Sussex, are writing to express our grave concern at the reduced allocation of funding for delivering apprenticeship training to non-levy employers.

Small and medium sized employers (SMEs) make up 98% of businesses in East Sussex. These are non-Levy payers, who should be able to access 90% of the funding required to support their apprenticeship training costs. Indeed, in the past, the significant majority (80%) of apprenticeship training in East Sussex has been with companies with less than 100 staff.

Training providers in the county have reported that they have bid for contracts to support non-levy paying employers, who unlike their levy paying counterparts do not, as yet, have access to the online Apprenticeship Service. Contracts were due to start in May 2017, however at very short notice, the ESFA decided to pause this procurement round and extend the contracts of the existing contract-holding providers.

Many providers, who were previously sub-contractors, had applied to be on the apprenticeship register (RoATP) and have found that they are now not be able to deliver as prime providers until 2018. Many of these providers had notified their prime provider that they would no longer be a sub-contractor, and have now had to go back to ask to be re-instated.

However, it is clear that the ESFA has issued inadequate allocations to those prime providers that have had their contracts extended on the register. We are hearing from a number of providers that they do not have enough allocation to support the business demand for new starts. The ESFA has said that growth cases for extra funding can be made in July/August and that all high quality starts will be funded; although there is a concurrent message that the ESFA budget may be constrained. This has created a great deal of uncertainty, and a number of prime providers are making difficult decisions, taking on financial risk, particularly in supporting their sub-contractors, all with an eye on not destabilising the apprenticeship market for smaller employers.

If this uncertainty continues, SMEs will gradually be unable to access apprenticeship training, or work with their provider of their choice. Furthermore, any reduction in availability of apprenticeship training through SMEs will result in a decrease in the range of apprenticeships available for would-be apprentices. Training providers have reported that it is not cost effective for them to deliver training to small numbers, and increasingly they cannot commit to the range of apprenticeships previously available. This also means a reduction in the delivery of niche apprenticeships where effective partnerships have been developed with SMEs in the past. This will impact on the range of skills being developed in the county and ultimately lead to skills shortages.

We have done a huge amount of work in the county to promote and communicate the positive story of apprenticeships, and how they can benefit business, particularly SMEs. The potential inability of apprenticeship training to meet business demand will undermine this message. Our concern is that this loss of credibility of apprenticeships will lead to a gradual phasing out of apprentices with the large majority of our local SME businesses.

We are strongly committed to apprenticeships and to achieving significant growth across our geography. We recognise that apprenticeships form a huge part of our response to current and growing skills shortages, and provide strong career paths for our young people and adults. To deliver the increase that is needed, we require robust and reliable systems and funding certainty to support providers and employers to feel confident about the future of apprenticeships.

We hope you will be able to provide further clarification and look forward to hearing from you,

Yours faithfully,



MARTIN ELLIS SIGNATURE

Employability and Skills Strategy Manager
East Sussex County Council
Chair of Apprenticeships East Sussex

Chair of Skills East Sussex