

Testing Alternative Delivery Models: Group Training Associations and Apprenticeships Training Agencies Prospectus

Prospectus

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Introduction

The National Apprenticeship Service (NAS) was established in April 2009. This new service will drive forward the Government's ambition for a renaissance in Apprenticeships, bringing a significant growth in the number of employers offering Apprenticeships and providing sufficient opportunities to enable one in every five young people to take up an Apprenticeship place.

Apprenticeships play a central role in the Government's plans for growing skills in the economy. *World Class Apprenticeship: Unlocking Talent, Building Skills for All*, indicated the Government's intention to increase employer ownership of Apprenticeships, encouraging more employer-led organisations to become involved in delivery.

Upskilling is more important than ever in the current economic context; there is a direct link between skills and productivity. An increase of 10% in employees receiving job-related training is associated with a 6% increase in productivity. (Dearden, Reed and Van Reenan, *The impact of training on productivity and wages: evidence from Briton panel data*, Oxford Bulletin of Economics and Statistics, V68 (4) (2006))

We need to adopt innovative approaches to increasing employer engagement in upskilling their current and future workforce, to support their survival through the current economic climate and to ensure they have the newly skilled people in place ready for the upturn.

This prospectus recognises the significant contribution Group Training Associations (GTA) have made to training for employers over the last four decades. It recognises their typical characteristics of strong, integral employer engagement, particularly with small to medium-sized enterprises, high quality, flexible provision and a delivery of a wide range of integrated skills solutions in partnership with employers.

We seek to strengthen the GTA footprint: to take those GTA characteristics, which are more important than ever in the current economic climate, and build on them to benefit a wider range of sectors, geographical areas and learners.

The prospectus also looks to learn lessons from new approaches developed in other countries, in particular the Australian Group Apprenticeship Scheme which has significantly increased participation.

In the *New Opportunities White Paper: Fair Chances for the Future* (January 2009), Government has committed to help individuals and businesses through the downturn by providing another 35,000 Apprenticeship places, bringing the total number of apprentices to well over a quarter of a million for the first time ever. In order to fulfil this commitment, we will need to work closely with employers, particularly small and medium-sized enterprises, to understand and respond to their changing needs.

The White Paper outlined two contributory strands to fulfilling the above commitment:

5.15 We will extend the successful group training approach of employer-led training associations, in particular to those sectors of the economy that tend not to take Apprentices, such as those that have previously largely recruited graduates or that have a very high proportion of SMEs.



5.16 Alongside this, we will create up to 10 new Apprenticeship training associations across the country by the end of 2009, with the potential to deliver up to 15,000 Apprenticeship places by 2014/15. This will develop new and innovative approaches drawing on the Australian model, where apprentices are employed by a recruitment agency and hired out to host businesses.

Both models play an important part in stimulating demand, especially from small employers, by developing new networks or clusters of employers and, in turn, helping to reduce bureaucracy.

In responding to these two policy strands, the primary objective of this prospectus is to generate innovative Apprenticeship delivery models, based on the key characteristics of GTAs and ATAs, with integral employer engagement and which drive up numbers of Apprenticeships, especially 16-18 particularly by SMEs. These models should seek to address barriers to employer engagement, which are increasing in the economic climate and be delivered by excellent providers.

Simon Waugh
Chief Executive of the National Apprenticeship Service

Background to GTAs and ATAs

Group Training Associations (GTAs)

Group Training Associations were originally set up in the 1960s to train on behalf of groups of employers, using funds contributed by them through a statutory training levy and with assistance from the relevant Industry Training Boards (ITBs) to purchase capital and equipment. Whilst GTAs have evolved over time in many ways including coverage of a much wider sector spectrum, they can still be defined by their core characteristics:

- A training organisation governed by representatives of (usually subscribing) employers
- A company limited by guarantee and registered charity reinvesting all surpluses
- A training provider whose curriculum is centred on apprenticeship for engineering, construction and manufacturing

GTA Case Study: Training 2000

Training 2000 is one of the largest GTAs in England, with a turnover of £13 million a year and extensive facilities throughout the North-West, accrued through successive mergers and acquisitions over the past 20 years. Training 2000 is one of the leaders of the GTAs, achieving high standards across a diversified technical curriculum. It emphasises work skills as well as technical skills through offering a work-like environment, including clocking-in, professional dress codes and high behavioural expectations for all, including school pupils. Schools programmes are notably successful, including a 70 per cent transfer rate to employed apprenticeship. It achieves a 92 per cent pass rate on Young Apprenticeship and, at the other end of the scale, offers graduate apprenticeships and adult apprenticeships. It is a very well equipped and successful GTA with close links to prestige employers. Training 2000 is highly innovative and ambitious; one of the models of the GTA of the future

Apprenticeship Training Agencies (ATAs)

Group Apprenticeship Schemes are the largest employers of apprentices in Australia, with over 40,000 apprentices employed per year which is around 10% of the national total.

The apprentices are employed by the Training Association and “hired out” as a flexible workforce to other employers, known as “host companies” for the work-based element of their apprenticeship. Host companies pay the Training Association a fee for the hire of the apprentice, which comprises their salary plus a service charge which covers the management costs of employing and supporting the apprentice.

The Training Agency takes on most of the administration, dealing with the payroll, support and supervision of the apprentice and being their the legal employer.

A benefit for host companies is that they can hand back the apprentice with two weeks’ notice, resulting in a far more flexible and demand-led approach to the employment of apprentices. This is particularly attractive in the current economic climate, particularly for SMEs.

Applying the Australian model in England

The Australian model has a number of identifiable benefits that could be transferable to the UK context:

- higher completion rates (as high as 90% per annum)
- high quality placements
- opportunity to switch to another host company – reducing perception of risk for both host and apprentice

- simple and flexible model attracts smaller host companies which might otherwise not take advantage of the benefits an apprentice would bring to their business, because of the administrative burden or longer-term commitment is normally required

ATA Case Study: London Apprenticeship Company (Westminster Model)

The London Apprenticeship Company (LAC) is a Community Investment Company with five shareholders:

- City of Westminster College
- Westminster Kingsway Colleges
- Skillset Australia (the leading Australian provider)
- Paddington Development Trust (social enterprise)
- Vital Regeneration (a London regeneration agency)

By including a social enterprise and London-based regeneration organisation, the LAC is embedding principles of social inclusion in its version of the Australian model. The involvement of Skillset Australia also has advantages through sharing their experience of administering this type of organisation.

A feasibility study for the London Apprenticeships Company partnerships suggests that the model can become financially self-sustainable after 5 years. To reach this stage a scheme probably needs to grow towards 350 recruits per annum, at which point it is large enough to charge a lower service charge to SME employers.

The LAC plans to target sectors which have low proportions of apprentices, particularly transport, logistics, health, financial services, creative & cultural

Target groups and priorities

Proposals should demonstrate clear evidence of need in terms of sector, geographical area and employer engagement. For example, sectors with traditionally low engagement in Apprenticeships, such as new and emerging sectors, or sectors with higher Apprenticeship penetration but which would benefit from new delivery models in terms of increased employer engagement. There are also a number of high value-added, knowledge-intensive sectors where the combination of a skilled workforce, innovative companies and a world class research base could have strong positive returns for the economy in the longer term. We would therefore encourage proposals in sectors including, for example, advanced manufacturing, the creative industries, digital communications and low carbon/green technologies.

Proposals will need to demonstrate clearly how they will avoid deadweight i.e. activity which would have continued without this additional government intervention, particularly by outlining how they will attract new and hard to reach employers and new individuals to become Apprentices.

According to recent research by Experian “*Identifying sectors with prospects for expanding the number of Apprenticeships*”) key sectors most likely to offer apprenticeship expansion include:

- Public sector
- Education
- Retail
- Construction
- Building services engineering
- Hospitality and catering
- Engineering
- Automotive
- Chemicals, pharmaceuticals, nuclear, oil and gas
- Social care

According to ALP/Beyond Standards research: “*Research into GTA expansion*” GTA distribution is generally under-represented in the South, London and East Anglia. The report also outlines the ATA model as befitting the context of a tight geographical area (in this case inside the M25) with a transient workforce and a high proportion of service-based employers.

The two reports below may be used as reference:

ALP/Beyond Standards: Research into GTA expansion – Feb 2009

<http://www.learningproviders.org.uk/news/general/details/gta-report/>

**Experian: “Identifying sectors with prospects for expanding the number of Apprenticeships”
Jan 2009**

This report will be published on 5th May 2009 and will be available on <http://research.lsc.gov.uk/>

We are seeking a small number (i.e. 10-15) of high impact proposals, outlining models which draw on the characteristics of GTAs/ATAs and which will contribute towards the 15,000 starts target, particularly for 16 to 18 year old learners and impact on the following identified needs:

- SMEs
- New and emerging sectors, particularly where GTA-type delivery is under-represented
- sectors that tend not to take Apprentices, such as those that have previously largely recruited graduates
- sectors with a very high proportion of SMEs
- Geographical areas and sectors with low proportional Apprenticeship penetration

Who is eligible to participate?

Bids are invited from a range of organisations including those below:

- Sector Skills Councils
- National Skills Academies
- Existing Group Training Associations
- Colleges
- Training Providers
- Third sector organisations
- Local Government Organisations
- Higher Education Institutions
- Employer groups
- Recruitment and employment agencies

Exclusions:

Those successful in the recent Apprenticeship Expansion Programme

Support available

Support available under this prospectus includes:

ATA/GTA funding

£7 million is available over two years from 2009/10-2010/11 to support approximately ten to fifteen pilot projects.

Funding will be used to support the development of new, innovative approaches as outlined above. It will not be used to displace existing activity or funding.

Eligible activity for funding may include:

- A contribution to costs arising from the model such as co-ordination, additional learner support or development of materials
- A contribution to staffing costs such as training or employer engagement.
- A contribution to employer costs

Ineligible for funding:

Support under this prospectus does not include any activity already funded through existing funding streams including:

- Employer Responsive
- Young People's Learning
- Hardship Fund
- Additional Learner Support
- Educational Maintenance Allowance

What is the National Apprenticeship Service looking for?

Proposals selected will need to demonstrate how they address the following:

- **Regional and sectoral need** – Proposals should demonstrate clear evidence of need in terms of specific skills, sectors, geographical coverage, level or type of delivery, employer engagement in line with the broad needs identified in the two key strands from the White Paper. Proposals require input from regional representatives of the National Apprenticeship Service to ensure they meet priority regional economic needs
- **Deadweight, displacement and additionality** – i.e. provide additional Apprentices and employers rather than displace them from other funding streams or providers
- **Employer engagement** – how models will engage new and hard-to-reach employers as well as increase the number of Apprenticeships taken up by existing employers
- **Innovative delivery models** – building on the key characteristics of the GTA and ATA models to meet the identified needs in a wider range of sectors. Proposals may be either GTA or ATA or a combination of both.
- **Value for money** – whilst some delivery models and priority sectors will require higher investment, we would seek to ensure good value from the government funding
- **Delivery volumes and timescales** – Whilst this prospectus is primarily about testing delivery models, with a target of 15,000 new Apprentices engaged specifically through the ATAs, it is important to consider volumes of learners impacted through the proposed models. Proposals should show projections for numbers of starts and completions for 2009/10, 2010/11 and 2011/12. These should be learner volumes additional to previous and current activity levels by all partners.

Whilst some sectors, particularly those which have not traditionally engaged with Apprenticeships, will require longer lead-in times and more development prior to delivery we would look to proposals in more established sectors to deliver higher volumes early in the programme timetable.

- **Track record** – we will seek proposals which demonstrate a strong track record in delivery of Apprenticeships and/or other employer skills programmes (such as Train to Gain)
- **Quality** – including Ofsted inspection grades, Training Quality Standard (particularly Part B in relevant sectors) and CoVE status in relevant sectors
- **Sustainability** – This funding is intended as pump-priming (for two years) for long-term, sustainable approaches. Models should demonstrate how they will be sustainable after the funding has ceased.
- **Equality and Diversity** – how proposals seek to address under-representation in key sectors

Further to this, proposals will also need to demonstrate:

- **Impact** - on the relevant sector(s), region(s) and employers

- **Customer and employer journey** – how the model will support and enhance the experience of learners and employers
- **Resilience** – how proposals will achieve their objectives in the current economic climate
- **Capability** – staffing resource and expertise to deliver the proposal
- **Partnership, stakeholders and wider linkage**– how the proposal incorporates and draws on the expertise and roles of a range of different organisations and employer skills services
- **Type of delivery** - Proposals should clearly demonstrate how delivery through the model will address needs identified in terms of levels, frameworks, types, i.e. proportion of learners on Programme led Apprenticeships, Advanced Apprenticeships, 16-18, etc
- **Leverage** - Proposals should demonstrate leverage and contributions from other sources, e.g. membership fees or levy, public sector partners and timescales for receipt of funding i.e. in set-up phase, post-set-up or ongoing
- **Governance** - Proposals should describe how employers will be involved in the governance of the model
- **Progression** - Proposals should show the learner journey from source (i.e. school or academies via diplomas) through to permanent employment.
- **Additional benefits** - Proposals should outline any secondary benefits such as reducing young people not in Education, Employment or Training (NEET), reducing unemployment, impact on social deprivation indicators, impact on business productivity, skills gaps, etc.

Future funding

Evidence from these pilots will be used to inform decisions on wider expansion, full roll-out or further investment. However, funding for projects under this prospectus is not a guarantee of any future funding.

State Aid

State Aid is a European Commission term which refers to forms of assistance from a public body or publicly-funded body, given to undertakings engaged in economic commercial activity on a selective basis, with the potential to distort competition and affect trade between member states of the European Union. Preferential public assistance - State Aid - can distort the market, which in turn can result in lower competitiveness for business, less innovation and ultimately higher prices for consumers. There is therefore a need for effective State Aid control in order to maintain a level playing field for free and fair competition in the single market and to guard against subsidy races and national protectionism. The State Aid rules are designed to regulate subsidies and to stop public authorities from distorting the markets. They also provide a framework and discipline to assist public authorities to ensure that scarce public resources are targeted where they are most required in an efficient and effective manner.

Rules on State Aid will apply to projects supported under this prospectus.



Other Requirements

Successful bids will be required to use **Apprenticeship Vacancies** , the online matching system.

Application process and timetable

We expect delivery under the pilots to commence in September 2009. This is an ambitious timetable and there is much to achieve between now and then.

This Prospectus is an open invitation published through the Official Journal of the European Union (OJEU)

Stage 1: Pre-Qualification Questionnaire (PQQ)

The PQQ stage will result in a short list of potential providers being selected to proceed to stage 2: Invitation to Tender. Those not invited to proceed to the next stage will be notified and debriefed if requested.

Stage 2: Invitation to Tender (ITT)

Detailed proposals will be scored against a range of criteria as outlined in this Prospectus. Those successful and unsuccessful will be notified.

Stage 3: Finalise and Award contracts

Pilots will run for a period of two years.

Stage 4: Ongoing contract management

Timetable

Publish OJEU	29 th April 09
Publish PQQ	29 th April 09
PQQ Return date	1st June 2009
Inform successful and unsuccessful organisations of the outcome	12th June 09
Publish ITT	15 th June 09
ITT Return date	21st July 09
Inform successful and unsuccessful organisations of the outcome	27 th July 09
Mandatory standstill period	27 th – 7 th Aug 09
Final Project negotiations	7 th August – 11 September 09
Contracts start	14 th September 09

Queries

All queries should be directed through the LSC e-tendering system at <https://lsc.bravosolution.co.uk>.

Regional contacts

Proposals can be discussed in the first instance with regional contacts in the National Apprenticeship Service to discuss regional priorities. Contacts in each region are listed below:

Region	Contact	Email
South East	Sian Sallis	Sian.Sallis@lsc.gov.uk
North West	Tony Kay	Anthony.Kay@lsc.gov.uk
East Midlands	Henry Inman	Henry.Inman@lsc.gov.uk
West Midlands	Sara Holyhead	Sara.Holyhead@lsc.gov.uk
Yorkshire & the Humber	Jon Needham	Jon.Needham@lsc.gov.uk
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