

Federation of Awarding Bodies – response to the Select Committee on Economic Affairs, September 2017

The economics of higher education, further education and vocational training

Overview of the Federation of Awarding Bodies

The Federation of Awarding Bodies is the trade association for vocational and technical awarding organisations (AOs) with 125 organisations in full membership ranging from large generic AOs to those working in specific occupational areas, including professional bodies.

Our members operate across a wide range of vocational/technical sectors and provide a range of qualifications to support learners to qualify and progress in their chosen sector. We therefore have an interest in work of the Select Committee and the remit of this call for evidence in relation to the vocational training system in England.

This evidence submission is provided on behalf of the Federation's membership following consultation with them and with the Federation's Board of Directors. However, AOs are a diverse community and our members may wish to make their own individual submissions containing their own perspectives and emphases, in addition to any comments forwarded to the Federation for inclusion in this overall response.

Overview

The Federation of Awarding Bodies wishes to submit a response to the Select Committee's call for evidence in relation to vocational training and the changes that are required to develop a system that meets the needs of enterprise and the labour market whilst providing value for students and the government. Our response is structured around the main types of provision which are intended to support learners who choose a vocational/technical route to either HE, apprenticeships or employment.

1. Schools based provision

1.1 Since the implementation of the recommendations of the [Wolf Review of Vocational Education](#) (March 2011), there has been a significant reduction in the number of vocational qualifications that are listed by the Department for Education as eligible be counted in the key stage 4 and 5 performance tables. When the requirements changed, many Awarding Organisations (AOs) chose not to apply for this recognition because they did not want to compromise the validity of their qualifications by re-designing them to meet the Department for Education's centrally designed characteristics. AOs

felt that to do so would ultimately risk making the qualifications less accessible and less relevant to the learners they had been designed to support and develop.

1.2 We believe that the decrease in the number of vocational/technical qualifications that are eligible for the performance tables, partnered with the increased government focus on the achievement of the Ebacc in schools, presents a significant issue for vocational education and those learners who wish to follow a route through education that does not conform to the established academic route. It is likely that learners' choice will be restricted, because schools may understandably feel a need to focus on offering qualifications that attract performance tables points rather than established vocational/technical qualifications that carry more recognition in the workplace.

1.3 It is also a concern that the amount of time that is available for learners to engage in subjects outside of the Ebacc, whether these are other GCSE subjects or creative, artistic and vocational subjects will also be restricted. Commenting for the [Edge Foundation](#) following the release of the 2017 GCSE results, Lord Baker commented on that '*drama, film, music and the performing arts are the victims of the Ebacc*' and noted the 28 per cent reduction in entries for these subjects since 2010.

1.4 The Federation believes that the availability of a range of vocational/technical qualifications should be reviewed to ensure the current performance tables lists provide learners with a sufficient breadth of choice of qualifications at Key Stage 4 and 5. We are also mindful of the point made in the [OECD Skills Outlook 2017](#) regarding the importance of maintaining '*flexibility in the curriculum choice*'.

1.5 Ensuring learners have access to a range of stimulating and engaging vocational/technical qualifications will be even more important if, post-16, they are to be faced with the binary choice (academic or technical) that is proposed in the Post-16 Skills Plan. It is questionable whether a learner who has had little or no experience of vocational/technical qualifications, up to the age of 16 at school, will be sufficiently well informed of the benefits of vocational/technical subjects and qualifications to choose to move into the proposed technical route for their post-16 education.

1.6. Unless sufficient numbers of learner choose this route the UK will continue to face significant skills gaps in the future, as illustrated in the [UKCES Employer Skills Survey 2015](#) which reported that Skilled Trades continued to be the occupation with the highest density of skill-shortage vacancies (43 per cent).

2. Post-16 Skills Plan

2.1 [The Post-16 Skills Plan](#) was published by the Government in July 2016 and aims to implement a binary system for learners from the age of 16, when they are required to choose to pursue either the academic or the technical route. There is a risk that the proposed binary pathway could lead to an even greater divide between the academic and technical education. The Federation believes that a **third pathway** should be provided which allows learners to continue to combine the benefits of academic and technical education in a way that best supports their future aspirations.

2.2 We welcome the commitment in the [2017 Spring Budget](#) to raising the investment in technical education for 16 to 19 year olds to over £500 million. However, we are mindful that the [Report of the Independent Panel on Technical Education](#) (upon which much of the Post-16 Skills Plan is based) recommended that *'the Government reviews what constitutes sufficient funding for technical education to deliver on its aims of meeting employer needs. This work should benchmark expenditure in England against that in other countries and be used to set appropriate funding levels for technical education when the new routes system is introduced.'* To the best of our knowledge, no such review has taken place to date. In the absence of such a review it is not clear how we can be confident that the planned funding for post-16 technical education in the future will be at a level sufficient to deliver the high-quality system that we all agree is crucial to support the UK in an internationally competitive market in the future.

2.3 The recent (July 2017) [confirmation from the Apprenticeships and Skills Minister](#) that the first T-levels will now be introduced in 2020 (not 2019 as originally planned) was a positive development but the Federation believes that 2021 would be a more realistic target for the development of a relevant, well-researched, high quality offer in this space. We believe it is more important to take the time needed to develop a high-quality technical offer that meets the needs of employers and learners than to rush to meet a timescale that has been neither identified nor agreed in consultation with key stakeholders.

2.4 Within the proposals, is the recommendation that licensing should be introduced for the awarding of T-Levels, which carries the risks and negative outcomes associated with the creation of monopolies. We would advise against this unusual approach as it carries a high level of risks for learners and government. A recent report by [Frontier Economics \(July 2017\)](#) highlighted many of the risks that the Federation has identified in relation to a move towards a monopoly position in the market. There is **no evidence** to support the claims that the current awarding market arrangements have caused 'a race to the bottom' and that such monopoly arrangements are necessary. The Federation believes the continuance of the current open marketplace, under the regulation of Ofqual, will allow learners to continue to benefit from the positive aspects of competition such as increased innovation and high levels of customer service.

3. Apprenticeships

3.1 The Federation supports the aims of improving the nation's productivity and social mobility by creating the world's leading technical and professional skills sector, providing employers with the skilled staff they require, and employees with recognised, valued and accredited transferable skills through a system that is open to all and provides good value to the taxpayer.

3.2 The Federation has concerns about the reformed apprenticeships model, including: how representative standards are meeting the needs of employers of all sizes, particularly micro businesses and SMEs; the uncontrolled proliferation of apprenticeship standards; the quality of some standards and assessment plans and the implications this has for end-point assessments; the absence of an approved apprentice assessment organisation for some standards; and, the fact that

learners are being allowed to start on apprenticeship standards without any approved assessment organisation being in place.

3.3 All apprenticeships should include **regulated qualifications**, awarded by regulated awarding organisations. Regulated qualifications add significant value for the apprentice and ensure that those who cannot complete the full apprenticeship, for whatever reason, can still achieve valuable recognition of the skills and knowledge they have acquired. The [Industry Apprenticeship Council \(IAC\) Annual Survey 2017](#) found that the removal of mandatory qualifications from apprenticeship was opposed by 92 per cent of the apprentices surveyed with warnings that this risks creating a two-tier system as those studying the new T-Levels will achieve a recognised formal qualification while apprentices may not. Certificated qualification achievement recognises learners' skills and knowledge in a way that is understood by employers and aids the transfer of the learner to new employers and new roles. The Federation believes it is in the interests of learners to have qualification achievement integrated throughout the apprenticeship.

3.4 Consideration should be given to making loans available to support apprentices with access to help with transport and living costs whilst on programme. We understand that apprentices are 'employed' but salary levels can be relatively low. [Recent research](#) by the University of Sheffield (August 2017) found that *'apprenticeships may not be a viable option for poorer families as the payment for apprentices is currently well below the National Minimum Wage and considerably below the London Living Wage'* and that *'Without improvements in pay for apprentices, there will be large groups of students who are unable to access apprenticeships, as the salary will not cover their living costs. Coupled with reductions in other benefits for young people, this undermines some of the aims of the apprenticeships programme.'*

3.5 The Federation believes that access to maintenance loans would support apprentices who need to move away from home to take up an apprenticeship vacancy and would also help to promote apprentice programmes as comparable to a Higher Education pathway. It would also aid apprentices who wish to pursue a career in a sector that is not well reflected in the apprenticeship opportunities available in their local area.

3.6 The Government's focus on apprenticeships and the commitment to increasing the number of apprenticeship starts to 3 million by 2020 are welcome. However, it is concerning that the [2017 CBI Skills Survey](#) states the *'imposition of the apprenticeship levy is causing businesses to rethink their approach to training: many will use the levy to invest in upskilling their workforce, with two-thirds (63%) planning to reconfigure their existing training into apprenticeships'*. This suggests that rather than representing a real growth in skills training and apprenticeship opportunities, much of the activity counted towards the target may well be based on a 'rebadging' of existing training activity. So, although the Government forecasts are that we are on course to meet the 3 million target ([Apprenticeship Programme- benefits realisation, July 2017](#)) there does appear to be a risk that this may not deliver any significant increase in skills in the workforce, over and above what was already taking place under a different name.

3.7 The potential impact of the apprenticeship levy on the number of apprenticeships that are available is also an area to be considered. Warwick Institute for Employment Research published [research into the impact of the introduction of the apprenticeship levy on apprenticeship recruitment](#) and found that, in the short-term, 46% employers plan to recruit the same number of apprentices, 35% plan to reduce their recruitment and 17% plan to increase their recruitment. The estimated net reduction in apprenticeship numbers will be minus 17%.

4. Returns to qualifications

4.1 There has been some criticism in the past of the returns to vocational qualifications, most notably in the [Wolf Review of Vocational Education](#) (March 2011, p31) which stated that '*occupationally specific level 2 vocational awards (NVQs) generally offer poor or even negative returns*'. However, more recent analysis in the [BIS Research Paper 195](#), building on the work of [Buscha and Urwin](#) (2013), which found that '*vocational qualifications provide positive and statistically significant earnings premiums at all levels, with returns particularly high for work-based learning*.' In relation to Apprenticeships the same BIS research found that '*At L2 and L3 we estimate significant and substantial earnings returns, together with significantly lower probabilities that achievers will be on benefits*.'

5. Learner loans

5.1 To support learners in their progression to higher level technical qualifications learners who take out advanced learner loans to fund their continued learning should have greater freedom to decide what qualification to purchase with the loan and not be restricted by the list currently managed by the Education and Skills Funding Agency. This will allow learners to exercise their consumer rights to make an informed buying decision with the funds that they will be paying back, with interest, over a number of years.

5.2 Maintenance loans for learners undertaking technical education at higher levels need to be expanded and not limited to those studying in Institutes of Technology and National Colleges. At the very least these should be available to support all higher-level learning in subjects that focus on areas where there are current skills gaps that hold the UK back from being fully competitive.

6. Maths and English

6.1 The Federation agrees that English and maths are important for learners and they should feature in technical education and apprenticeships. Reformed Functional Skills in maths and English should be available for learners who want to develop and demonstrate their skills in these subjects in an applied context. The policy of resits in GCSE Maths and English should be removed to allow learners the flexibility to demonstrate their ability in these subjects through more applied assessments.

Further information -Further information and clarification can be obtained from Ailin O’Cathain, Head of Policy, ailin.ocathain@awarding.org.uk, telephone: 02037863171