

**TRAINEESHIPS FUNDING IN  
ENGLAND – FUNDING REFORM  
TECHNICAL CONSULTATION**

**Government Response**

**NOVEMBER 2014**

# Contents

<b>Foreword</b> .....	<b>3</b>
<b>Executive summary</b> .....	<b>4</b>
<b>Introduction</b> .....	<b>6</b>
<b>Section 1: Better use of performance data</b> .....	<b>7</b>
<b>Publishing performance data</b> .....	<b>7</b>
<b>Improved definitions</b> .....	<b>7</b>
<b>Minimum standards and performance management</b> .....	<b>8</b>
<b>Alignment with mainstream outcome-based success measures</b> .....	<b>9</b>
<b>Section 2: Funding</b> .....	<b>10</b>
<b>Funding traineeships as a single outcomes-focused programme</b> .....	<b>10</b>
<b>Section 3: Learner and provider eligibility</b> .....	<b>13</b>
<b>Next Steps and Implementation</b> .....	<b>14</b>
<b>Annex A: Summary of consultation responses</b> .....	<b>15</b>
<b>Annex B: List of respondents</b> .....	<b>24</b>

# Foreword

Traineeships are an integral part of the Government's plans to tackle youth unemployment. Backed by employers, they give motivated young people the skills, qualifications, experience and behaviours that employers look for when recruiting for apprenticeships and other jobs.



Traineeships have got off to an excellent start with over 10,000 young people taking up opportunities in the first year of the programme and commitments from a host of major employers such as Virgin Media, Siemens, Barclays and the BBC as well as smaller employers locally. I also welcome the joint statement of support from the TUC and CBI for high quality traineeships which marked the first anniversary of the programme.

Informed by the early experiences of providers and employers we made improvements to the programme for its second year which included giving providers and employers more flexibility to design quality work experience placements, removing the '16 hour' training rule for jobseekers and extending traineeships to 24 year olds.

But there is more to do. I want traineeships to continue to grow at pace, giving opportunities to as many young people as possible now and in future years. At the same time we must ensure that traineeships are a high quality programme that delivers the best possible results for trainees.

We consulted on a set of proposals for developing the programme further in 2015/16. I was delighted by the positive and constructive responses we received. Stakeholders welcomed plans for a greater focus on outcomes and, while there were a range of suggestions for how best to achieve this, a clear message was that an evolutionary approach was favoured which enabled providers to build on what has worked so far. Having taken account of the responses I am pleased to publish this plan.

These changes will ensure that achievement of positive outcomes for young people is at the heart of traineeships whilst giving providers and employers the flexibility they need to tailor their programmes; and they respond to calls for greater consistency across the 16 to 18 and 19 to 24 age groups. This includes aligning the eligibility criteria so that traineeships will become available to 19 to 24 year olds who are qualified to a full level 2, enabling more young people to benefit.

I encourage more high quality providers and employers to get involved. With your support we can ensure traineeships make a huge and lasting difference to the skills and life chances of young people in this country.

A handwritten signature in black ink, appearing to read 'Nick Boles', written in a cursive style.

**Nick Boles MP**  
**Minister for Skills and Equalities**

# Executive summary

1. Traineeships are for young people who are motivated to work but lack the skills, experience and behaviours sought by employers.
2. The traineeships programme is highly outcome-focused. Its primary purpose is to support progression into an apprenticeship or sustainable job.
3. However, the funding systems and methodologies that Government uses to support young people in learning primarily focus on participation and the achievement of qualifications. For many young people, this is the most appropriate way to support them in their transition from school to work.
4. However, for those 16 to 24 year olds focused on employment but with little work experience and few qualifications, the outcome of getting an apprenticeship or other job is what motivates them. Therefore, we want to make sure that the funding and performance management of traineeship providers maximises the chances of young people reaching that goal.
5. Our consultation sought the views of a wide range of stakeholders about how to embed a focus on outcomes within traineeships funding and how to support providers with the flexibility needed to provide tailored programmes for learners. In doing this we have sought to strike the right balance between achieving consistency across the age groups in the programme and avoiding creating unnecessary divisions between traineeships and the rest of the Further Education (FE) system.
6. Consultation responses strongly supported a greater focus on positive outcomes and greater consistency across the programme. Another strong message from the consultation is that we should strike the right balance between rewarding positive outcomes and funding the activities within a traineeship.
7. However many respondents suggested that at such an early stage in a new programme we should also be minded to take an evolutionary approach to changes for traineeships.
8. Having taken account of the consultation responses, this document sets out the actions we are taking for 2015/16 that will increase the focus on outcomes and bring greater consistency across the age groups. We will make these changes within the existing funding systems, thereby avoiding unnecessary disruption for providers that a new funding system might bring.
9. We will retain the core elements of traineeships, which are valued by young people and employers.
10. We will improve and make better use of destination and progression data for traineeships for use in funding, provider performance management and informing learner and employer choice. This will be underpinned by improved definitions of apprenticeship, sustainable employment and further learning outcomes. At the same

time we will make progression to further learning of 19 to 24 year olds an acceptable outcome for funding, as is presently the case for 16 to 18 year olds.

11. We will simplify the funding arrangements for traineeships for 19 to 24 year olds and bring closer alignment across the 16 to 24 age group by funding work experience and work preparation training as a single programme for 19 to 24 year olds rather than funding these separately. As part of this, providers delivering to 19 to 24 year olds will be given the same flexibility to deliver tailored work preparation training as those delivering to 16 to 18 year olds i.e. not limiting it to accredited provision. Providers and employers are best-placed to decide the work preparation that trainees need. Current arrangements for funding maths and English provision will be maintained but kept under review in the light of their effectiveness in securing student progression.
12. We will extend the learner eligibility criteria so that traineeships will be available to 19 to 24 year olds who already have the equivalent of a full level 2 qualification, on par with the offer for 16 to 18 year olds. This recognises that there are many 19 to 24 year olds who would benefit from a traineeship but so far have not been able to do one because of their prior qualifications. Rather than wait until the start of the 2015/16 academic year, this change will come into effect from 1 January 2015 to enable learners to benefit at the earliest opportunity.
13. To ensure traineeships is a high-quality programme from the outset, we have limited its delivery to those providers which are graded 'good' or 'outstanding' by Ofsted. We will retain this arrangement in 2015/16. However, we will continue to keep this position under review.

# Introduction

14. The primary purpose of traineeships is to support young people to progress into apprenticeships and sustainable jobs.
15. The Government published a consultation on 19 June 2014 seeking views on a broad set of options and proposals for how traineeships funding should operate from 2015/16 in order to deliver the best results for young people. The objectives of the proposals were to:
  - i. ensure that the funding arrangements for traineeships drive positive outcomes for young people;
  - ii. achieve greater consistency in the way traineeships are funded for 16 to 18 year olds and 19 to 24 year olds; and
  - iii. ensure providers have the flexibility to design high quality programmes that maximise outcomes for young people.
16. The consultation closed on 14 August 2014. Roundtables and other stakeholder meetings were held during the consultation and 99 written responses were received. A summary of the responses for each question and a list of respondents are in annexes A and B respectively.
17. This document sets out the Government's response. A timetable for implementation is included at paragraph 54, including when the skills and education funding agencies will publish further details in their respective funding guidance.
18. As set out in the consultation document, the core elements of traineeships will remain:
  - A high quality work experience placement;
  - Work preparation training; and
  - English and maths for those without GCSE A\*-C.
19. **All actions in this document apply to traineeships for 16 to 24 year olds unless otherwise stated.**

# Section 1: Better use of performance data

## Summary of plans for 2015/16

The purpose of a traineeship is to support progression into an apprenticeship or sustainable job. However, if a trainee decides that they want to continue training, further learning is also considered an acceptable outcome for all traineeships from 2015/16, but we expect this to be valuable learning focused on supporting future employment.

We will make better use of performance data in 2015/16, to support a greater focus on getting the best traineeship outcomes for young people. Data on progression from traineeships will be used in:

- Provider funding;
- Publishing provider-level job outcomes to inform young people's and employers' choices; and
- Setting minimum standards for progression to employment.

These actions will be underpinned by stronger outcome definitions for traineeships in 2015/16.

## Publishing performance data

20. We will publish traineeship outcomes at provider-level based on programmes delivered in 2015/16. Our intention is to publish this as soon as possible after the corresponding academic year. This will increase transparency and give young people and employers access to timely data to help inform their choices.

21. Reflecting the primary purpose of traineeships, the outcomes we publish will be progression to apprenticeships and sustainable jobs.

## Improved definitions

22. The collection of destinations data on the Individualised Learner Record (ILR) is mandatory for pre-employment training including traineeships.

23. To inform the traineeship choices of young people and employers and ensure that funding supports quality provision, we will introduce improved definitions for traineeship outcomes from 2015/16 which will give a clearer indication of how effective a traineeship has been and better reflect the purpose of the programme.

*Definition of apprenticeship and sustainable employment outcomes*

24. The funding agencies will publish new definitions for apprenticeship and sustainable job outcomes from traineeships that give a better indication of sustainability and that the outcome is directly related to the programme. We expect this to include the requirement that the employment has taken place for at least 8 weeks within 6 months after the traineeship. To recognise and promote the value of enterprise and entrepreneurship in traineeships, we plan to include self-employment as an acceptable outcome. However, we will work with the sector to determine the most appropriate means of defining self-employment and what the evidence requirements should be.

*Definition of further learning outcomes*

25. If a young person continues their learning after their traineeship rather than going into employment, because a job is not available or they wish to gain further qualifications to increase their chances of achieving their employment goal, we want to ensure that the learning they do is substantial and of maximum value to support their future employment prospects.

- For 16 to 18 provision a successful further learning outcome will be the study of a substantial qualification at levels 2 and/or 3 recognised in the performance tables.
- For 19 to 24 year olds, progression will need to be a regulated substantial qualification at Level 2 or above that the Skills Funding Agency has approved for funding outside of an apprenticeship.

26. Alternatively, if new English and maths qualifications are started after the traineeship was completed, they will need to be at least a level higher to those achieved through the traineeship in order to progress the trainee towards achievement of GCSE A\*-C.

27. Further details on outcome definitions including the evidence that will be required will be provided by the funding agencies in due course.

**Minimum standards and performance management**

28. Substantial progress has been made in raising achievement of qualifications and efficiency of delivery over recent years, but there is an increasing need to raise our ambitions and look harder at the effectiveness of Further Education (FE) provision. Confident FE providers, committed to achieving the best outcomes for learners, employers and their communities, need to scrutinise not only how well they provide learning, but also its impact.

29. At present, the minimum standards that apply to traineeships are based on qualification success rates for the component parts, reflecting the approach for provision in general for 19 to 24 year olds. Though these are important indicators of quality, this approach alone does not reflect the primary purpose of traineeships which is to support progression to sustainable employment.



30. Working with the sector, the education and skills funding agencies will determine minimum standards for progression from traineeships to apprenticeships and sustainable jobs, to be applied from 2015/16. In line with usual practice, proportionate intervention would be triggered should a provider fall below the minimum standards, and this would include considering whether the FE Commissioner should intervene.
31. To help providers prepare for this change, the Agencies will consider shadow arrangements to give providers an indication of their performance in 2014/15 ahead of using minimum standards for job outcomes in the performance management of traineeship providers from 2015/16. The Agencies will supply further detail on how this will be implemented in due course.

*“...bridging the skills gap and moving young people into a job/apprenticeship should be the primary focus of a traineeship. Clear emphasis should still be placed on the key preparation stages such as robust work placements and skills development but they should always be aligned to the ultimate goal of a clearly defined job outcome...”*  
(The Prince’s Trust)

## **Alignment with mainstream outcome-based success measures**

32. The Government already intends to publish provider-level data on FE outcomes for learners aged 16 to 19. In addition, the Government published experimental data in August 2014 on outcome measures for post 19 learning, alongside a consultation about the measures and how they might be used to inform learner and employer choice and provider accountability. The consultation proposed that the measures could be produced at both qualification and provider level based on matching data that has already been collected. A response to the consultation will be published in November.
33. Traineeships outcome data will need to be collected by providers directly on the Individualised Learner Record (ILR) in order to provide the timely, course-level data for each individual learner in order to inform funding and performance management.

## Section 2: Funding

### Summary of plans for 2015/16

Since its full introduction we have always viewed traineeships as a programme for 16 to 24 year olds and many providers deliver programmes that span this full age range. To support delivery across the full age range, we are making some changes to create greater consistency across the programme, enabling more learners to participate and increasing the flexibility providers have to tailor their programmes.

However, in response to stakeholder feedback we will make these changes within the current 16 to 18 and 19 to 24 funding systems rather than create a new funding system just for traineeships. This will enable providers and ultimately young people to benefit from the changes without the unnecessary disruption that a whole new funding system may create.

We will:

- Fund work experience and work preparation training as a single programme for traineeships for 19 to 24 year olds rather than funding each component separately;
- Give providers of traineeships for 19 to 24 year olds the same flexibility to deliver tailored work preparation training as those delivering to 16 to 18 year olds;
- Apply the current proportion of funding for the outcome for 19 to 24 year olds to work preparation training as well as work experience (at present it applies just to work experience funding);
- Continue to fund English and maths as part of study programmes for 16 to 18 year olds and separately for 19 to 24 year olds. The effectiveness of these arrangements in securing student progression in maths and English will be kept under review; and
- Maintain the current arrangements for additional learner support funding.

### Funding traineeships as a single outcomes-focused programme

34. At present traineeships for 16 to 18 year olds are funded as overall programmes, allowing providers greater flexibility in delivering the core components. This differs from 19 to 24 year traineeships for which we fund each component separately in line with other adult skills provision.

35. From 2015/16 we will fund the work experience and work preparation components of traineeships for 19 to 24 year olds as a **single programme with a single funding rate**, rather than funding them separately. This will simplify the funding and bring closer alignment with the arrangement for 16 to 18 year olds. English and maths will continue to be funded separately for 19 to 24 year olds, and as part of study programmes for 16 to 18 year olds (see paragraphs 40-43).

36. Funding will continue to be allocated using the current contracting routes as appropriate, namely providers with an Education Funding Agency (EFA) contract/grant, via the EFA; providers with an apprenticeship-only contract, via the Skills Funding Agency (SFA); and providers with an Adult Skills Budget contract, via the SFA.

#### *Greater flexibility to deliver work preparation training*

37. At present 19 to 24 year olds on traineeships must undertake work preparation training that consists of regulated units and qualifications on the Qualifications and Credit Framework. Meanwhile, 16 to 18 year olds are able to do a greater range of activities because their work preparation training does not have to be an accredited course.

38. The priority for employers is that young people acquire the behaviours, skills and knowledge that they need in the workplace, whether or not these are gained through a formal qualification. We believe that providers and employers are best placed to make this judgement.

39. Therefore from 2015/16, 16 to 24 year olds will also be able to do either accredited or non-accredited work preparation training. This will ensure all traineeship providers and employers have the flexibility they need to tailor programmes for each young person.

#### *English and maths*

40. We want the funding of English and maths in traineeships to support the completion of stretching qualifications whilst achieving simplicity for providers.

41. We will maintain the current funding arrangements for English and maths in traineeships from 2015/16. This means funding of English and maths for 16 to 18 year olds will remain part of the overall amount for the study programme, rather than funded separately. For 19 to 24 year olds, we will continue to fund English and maths as separate components.

42. These arrangements are designed to ensure learners get the support they need to progress and achieve their English and maths qualifications whether during or after the traineeship, without creating additional complexity.

43. We will keep the effectiveness of these funding arrangements under review in the light of the progression towards English and maths qualifications achieved by traineeship providers.

#### *Payment for outcomes*

44. At present there is already an element of outcomes-based funding for traineeships:

- 20% of the funding for work experience done by 19 to 24 year olds is paid on a job outcome;
- 50% of the funding for 16 to 18 year olds is dependent on them either completing

their course, or progressing to an apprenticeship, a job with training<sup>1</sup>, or further learning.

45. We will broadly maintain these arrangements, but will improve them in 2015/16 in order to achieve greater consistency and strengthen the focus on outcomes. This will be done in the following three ways:

- i. For 19 to 24 year olds, the 20% paid on outcomes will be applied to the combined work experience and work preparation programme. It will not apply to the English and maths provision.
- ii. We will introduce further learning as a positive progression outcome for 19 to 24 year olds, therefore 20% of the funding will be paid on progression to an apprenticeship, sustainable job or further learning.
- iii. As set out in paragraphs 22-27 we will introduce improved definitions for positive progression outcomes from traineeships to give a clearer indication of when providers are getting excellent results for young people.

46. We believe that these changes will reward the right outcomes from traineeships, without making large changes that could be disruptive to providers.

#### *Additional elements of funding*

47. Different types of support funding are available where eligible learners seek to undertake skills provision, including traineeships. These include funding for providers and funding for learners, each with the aim of ensuring all learners have the opportunity to access provision, irrespective of their background.

48. There are some differences between the way support is arranged for the 16 to 18 and 19+ age groups. We asked whether we should bring greater consistency to how this support is administered across 16 to 24 age traineeships. Based on the consultation responses we consider that the risk of unintended differences between traineeships and other programmes outweighs the potential benefits of introducing consistency just for traineeships. Therefore we will not make changes to these arrangements in 2015/16.

49. However, the funding agencies will continue to ensure that the support available to learners is clearly outlined and accessible to providers.

“Current arrangements are *‘fair and continue to be seen to be fair!’* (Jarvis Training Mgmt. Ltd)

---

<sup>1</sup> A job with training that meets the Raising the Participation Age (RPA) requirements.

## Section 3: Learner and provider eligibility

### Summary of plans for 2014/15 and 2015/16

We want traineeships to provide as many opportunities as possible for young people who would benefit from traineeships, whilst ensuring that that it remains a high quality programme.

We will:

- Extend the learner eligibility criteria so that 19 to 24 year olds qualified to a full level 2 will be able to benefit from traineeships – this will take place from 1 January 2014.
- Maintain the requirement that traineeships must be delivered by providers graded as ‘good’ or ‘outstanding’ by Ofsted, but keep this under review.

### *Supporting more learners*

50. At present, those aged 16 to 18 qualified to a full level 2 are able to participate in traineeships, whereas 19 to 24 year olds with a full level 2 are not.

51. We will extend the eligibility criteria so that traineeships will be available to 19 to 24 year olds with a Full Level 2. This will enable more young people to get the support they need to gain employment, while bringing further consistency to the programme.

52. Rather than wait until the start of the 2015/16 academic year, this change will take place from 1 January 2015, enabling eligible providers and young people to take advantage of this opportunity at the earliest opportunity. The SFA will issue further details on the implementation of this change in due course.

*“This would help widen participation and increase job outcomes for a wider group of disadvantaged young people” (The Sheffield College)*

### *Ensuring quality*

53. To ensure traineeships is a high-quality programme from the outset, we have limited its delivery to those providers which are graded ‘good’ or ‘outstanding’ by Ofsted. We will retain this arrangement in 2015/16. As the changes we are making bed-in we will continue to keep this position under review.

## Next Steps and Implementation

54. Further details on the funding changes will be published in the usual way in the education and skills funding agencies' funding rules. In addition, the Department for Business, Innovation and Skills and the Department for Education will publish a revised Traineeships Framework for Delivery for the academic year 2015/16 which will set out full details for the programme. A timetable is set out below:

- i. 19 to 24 year olds qualified to a full level 2 become eligible from 1 January 2015 (SFA funding rules for 2014/15 will be updated and published in December 2014);
- ii. SFA funding rules and guidance for 2015/16 published in January 2015;
- iii. EFA funding rules and guidance for 2015/16 published in spring 2015;
- iv. Traineeships Framework for Delivery for 2015/16 published by spring 2015;
- v. Other changes take place from 1 August 2015.

# Annex A: Summary of consultation responses

Any percentages given for responses to a question are based on responses to that question only<sup>2</sup>, not on total respondents.

## Objectives

**Question 1:** Should traineeships funding have a greater focus on positive outcomes than it does at present?

Yes	No	Not Sure
70%	22%	8%

Based on 95 responses

**Question 2:** Is it important for successful traineeship delivery to have greater consistency in funding arrangements between the 16 to 18 and 19 to 24 age groups?

Yes	No	Not Sure
93%	2%	5%

Based on 96 responses

(Q 1-2) The majority of consultation respondents agree traineeships should have a greater focus on positive outcomes, and there was strong support for greater consistency across the age groups.

Feedback from stakeholder roundtables and consultation responses brought out a greater divergence of views about how to best achieve these aims. For example, a number of respondents emphasised the need to get the right balance between rewarding outcomes and funding the delivery of the programme.

## Defining priority outcomes

**Question 3:** Are Apprenticeships, other jobs and further learning the right progression outcomes to reward?

Yes	No	Not Sure
86%	9%	4%

Based on 95 responses

<sup>2</sup> Percentages may not always add up to 100% due to rounding.

There was strong support for focusing on these outcomes. Apprenticeships and jobs gained the most support as primary outcomes, reflecting the purpose of traineeships, though it was recognised that further learning can also be a valid outcome in some cases. A small number argued that there should be a focus on rewarding improvement in employability/behaviours, possibly evidenced through employer feedback, rather than just the acquisition of employment.

**Question 4:** Are the principles we are applying to the definition of job outcomes the right ones? If not, what alternative principles do you suggest?

Yes	No	Not Sure
68%	17%	15%

Based on 93 responses

The majority agreed with the principles applied to the definition of job outcomes, namely achievability, timeliness, causality and sustainability. There was strong support for considering 'achievability' and 'timeliness and deliverability'. There were varied views on 'causality' and 'sustainability', many of which focused on how these principles would be demonstrated and evidenced in practice rather than the principles themselves. For example, some respondents highlighted the challenge of tracking learners over a length of time. Around a third of the respondents argued that sustainability was critical to demonstrate the traineeship had given real value, and was therefore the most important principle.

**Question 5:** Should the job outcome definition for traineeships exclude employment under 16 hours per week?

Yes	No	Not Sure
33%	59%	7%

Based on 96 responses

Over half the respondents indicated a preference for including job outcomes lasting under 16 hours a week. Some argued that a limit on hours worked would potentially exclude certain outcomes that were nevertheless of value to individuals. Others suggested that local labour market conditions could make it difficult to get a job for more hours in some cases.

A third of respondents felt that 16 hours of work per week should be the minimum. The reasons given included that this requirement is needed to demonstrate that the employment outcome is of sufficient value to the young person.

**Question 6:** Should the job outcome definition include self-employment, provided that the individual has an income equivalent to at least 16 hours per week at National Minimum Wage?

Yes	No	Not Sure
85%	9%	6%

Based on 94 responses



There was strong support for the inclusion of self-employment in the definition of job outcomes. A small number questioned the suitability or likelihood of a young person achieving a fulfilling self-employment outcome not long after the traineeship. For those supporting its inclusion, the most common reason was the importance of recognising and promoting the value of enterprise and entrepreneurship in traineeships. There were differing views on how self-employment outcomes should be measured. Of those expressing an opinion, around half argued for strong evidential requirements. A number of providers argued that securing an income equivalent to 16 hours per week at minimum wage may be difficult soon after the traineeship even in the case of genuine self-employment.

**Question 7:** How far do the above examples support the principles set out in paragraph 15?

**Question 8:** What do you consider to be the benefits and drawbacks of each approach?

(Q7-8) Respondents generally felt that the proposed examples met the criteria of achievability, causality, timeliness and deliverability, and sustainability to some extent. There were various pros and cons expressed in relation to each example. These are summarised in the table below:

	Benefits Highlighted	Drawbacks Highlighted
Example 1 4 weeks of continuous employment within 3 months (13 weeks) of finishing the traineeship	<ul style="list-style-type: none"> <li>• Easiest to implement and measure</li> <li>• More trainees will achieve this</li> <li>• Lowest cost to providers</li> <li>• Will capture seasonal employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Does not demonstrate sustainability or long-term benefit</li> <li>• Encourages seasonal/temporary jobs</li> <li>• Would not provide sufficient information to draw meaningful conclusions as does not capture all learner outcomes</li> <li>• 13 weeks is not long enough for many trainees to have secured employment</li> </ul>
Example 2 13 weeks of continuous employment within 6 months (26 weeks) of finishing the traineeship	<ul style="list-style-type: none"> <li>• Strong on demonstrating sustainable employment, therefore beneficial to the learner</li> <li>• Will encourage providers to maintain contact with the learner</li> </ul>	<ul style="list-style-type: none"> <li>• Higher cost of tracking</li> <li>• Risk of learners being difficult to locate</li> <li>• 6 months is potentially not long enough to get a job</li> <li>• Does not capture all learner outcomes</li> <li>• Issues outside provider control may prevent the learner from demonstrating an outcome over a longer period of time</li> </ul>
Example 3	<ul style="list-style-type: none"> <li>• Most robust and comprehensive</li> </ul>	<ul style="list-style-type: none"> <li>• High cost of tracking (i.e. more stages) would divert funding</li> </ul>

<p>A two-stage measure capturing initial entry to work, and then 3 or 5 months of continuous employment within 6 months of finishing the traineeship</p>	<ul style="list-style-type: none"> <li>• System already understood</li> <li>• Best for measuring self-employment</li> <li>• Best causality and sustainability</li> <li>• Simple to understand</li> <li>• Two-step process gives good signals</li> <li>• Demonstrates sustainable employment</li> <li>• Can assist learners in their future planning</li> <li>• Will build employer relationships which is useful for future traineeships and apprenticeships</li> </ul>	<p>from learning provision – this is the most burdensome option.</p> <ul style="list-style-type: none"> <li>• Time-consuming</li> <li>• Risk of learners being difficult to locate</li> <li>• Limited value for areas with a high volume of seasonal work</li> <li>• The initial outcome period is too soon to demonstrate an apprenticeship start</li> </ul>
--	---	---

**Question 9:** In your experience, what proportion of trainees would you expect to progress into a) an apprenticeship and b) sustainable employment?

There was a wide range of responses to this question, with estimates ranging from 12% apprenticeship starts to nearly 90%. The range was generally narrower and lower for sustainable jobs (non-apprenticeships) for the most part between 20% and 30% (although outliers were as low as 0% and as high as 70%).

**Question 10:** Do you agree that further learning should be defined using the same reference period as that for apprenticeships and other jobs?

Yes	No	Not Sure
78%	11%	12%

Based on 94 responses

**Question 11:** If not, what definition do you propose is used and why?

(Q10-11) Just over three-quarters of respondents supported use of the same reference for further learning outcomes to that used for employment outcomes. Some respondents argued for flexibility where a trainee was moving to a higher course but where fixed start dates would mean it fell outside the reference period.

**Question 12:** Should further learning as an outcome be restricted to particular types or levels?

**Question 13:** Please provide details of what type of further learning after a traineeship should be considered an appropriate progression outcome and give reasons for your answer.

(Q12-13) The most common view was that further learning should not be restricted to particular types or levels, although reasons for this differed widely. Some respondents argued that flexibility was necessary to ensure further learning was focussed on achieving

an eventual employment outcome by the best means possible. Others pointed that there will be variation in the levels of qualifications needed to enter different careers.

**Question 14:** What proportion of trainees would you expect to progress into further learning?

Most respondents felt this would be lower than for jobs and apprenticeships, given the clear employment objective of traineeships, although a small number of providers noted it would depend on the availability of jobs in the local area.

**Question 15:** How do you track learner outcomes currently and what do you use as evidence to validate outcomes?

Providers reported a range of mechanisms currently used to track learners and verify outcomes, whether required for particular types of provision (such as the Youth Contract and learning funded by the European Social Fund (ESF)) and/or to give providers a good understanding of their learners’ destinations. The most popular mechanism was a face-to-face follow-up meeting, often with a job coach. Where verification was required, the most common method was to seek written confirmation from an employer. However, not all providers track learners currently.

**Question 16:** How could we use matched data now and in the future to support our understanding of outcomes for trainees?

Respondents generally supported greater use of matched data yet were split on whether this should be used only for administrative purposes – such as comparison of learner groups and gaining a better understanding of long-term outcomes – or to replace or supplement the current tracking methods used by providers. Those who supported the latter did so on the basis of reducing provider costs.

## Payment models

**Question 17:** Are these the correct principles<sup>3</sup> for an outcomes-based traineeship funding system? Please outline the reasons for your response.

Yes	No	Not Sure
85%	10%	5%

Based on 91 responses

There was a general consensus that the principles outlined are correct for an outcome-based funding system. However, a clear message emerged that outcome payments should be balanced against payments for delivery of the programme, in order to help providers manage their cash-flow and reduce the risk of excessive ‘cherry-picking’ of learners that are most likely to succeed. Another strong message was that flexibility is

---

<sup>3</sup> Increased focus on outcomes; standard funding rate; flexibility; simplicity; support for providers’ cash-flows; accountability; balance in apportioning funding for outcomes.

important, coupled with clarity and guidance to help providers implement whatever system is used.

**Question 18:** Which of the four approaches do you believe would deliver the principles in paragraph 26 most successfully? Please give reasons for your answer.

Option 1 'Engagement' and 'sustainable outcome' payment	Option 2 'engagement', 'milestone' and 'sustainable outcome' payment	Option 3 'milestone' and 'sustainable outcome' payment	Option 4 'on programme' and 'sustainable outcome' payment
11%	38%	6%	51%

Based on 88 responses

**Question 19:** Are there alternative approaches that would better deliver the principles in paragraph 26? Please justify your answer.

Yes	No	Not Sure
27%	42%	32%

Based on 79 responses

(Q 18-19) The strongest preference was for regular on-programme payments, supplemented by an outcome payment. This was preferred over the alternative examples that included early payments for engagement or payment against a particular milestone (e.g. when all content has been started by the learner). Therefore approach 4 (monthly payments and a single sustainable outcome payment) received the most support. Providers highlighted cash-flow, including set-up costs, as a key consideration. There was also a strong message that we should keep things simple, clear and non-burdensome for providers.

Some alternatives were suggested, such as those used in ESF provision, but none emerged strongly in the analysis.

**Question 20:** Do we need additional mechanisms to prevent any abuse of the flexibilities in the programme, which could lead to insubstantial and insufficiently stretching programmes? If so, what do you suggest?

Yes	No	Not Sure
37%	41%	23%

Based on 79 responses

There were mixed views on whether additional mechanisms were needed. Those who indicated that there should be additional mechanisms suggested a number ways this could be done, including robust performance management, audit and setting minimum durations for the programme.

**Question 21:** Do you have any comments on the proportion of the funding that should be paid at each stage of the programme?

The most common view was that we should ensure cash flow at the beginning and during the programme and limit the outcome payment when establishing the proportion of

funding. The most commonly suggested proportion of outcome funding was no more than 20%.

## Funding English and maths for Traineeships

**Question 22:** Which option do you consider will make it most likely English and maths learning will be stretching, and why?

Option 1 – fund English and maths <i>within</i> the overall amount for the traineeship	Option 2 – fund English and maths <i>separately</i> to the funding for the traineeship
52%	48%

Based on 79 responses

There was no consensus on what was the most appropriate option for making English and maths stretching. The most common reason for supporting option 1 (within traineeships) was that it supported embedding. Those in favour of option 2 (outside traineeships) gave reasons such as making the English and maths delivery more transparent and being able to outsource it if necessary. However, the most frequent reason for supporting option 2 was that it allows long enough for the learner to progress.

**Question 23:** Which option do you consider will make it most likely English and maths learning will be continued to completion after a traineeship has finished, and why?

Option 1	Option 2
26%	74%

Based on 76 responses

The majority of respondents favoured option 2 (funding English and maths outside of traineeships), with the most common reason being that it allows longer for the learner to progress. However, some suggested that neither option would make much difference over the other with respect to continuation of English and maths learning.

**Question 24:** Which option will be easier to administer for training providers, and why?

Option 1	Option 2
69%	31%

Based on 75 responses

The majority suggested option 1 would be easier for providers to administer. Just under a third suggested option 2. There were no significant differences between colleges and training providers in terms of which option they selected. However, a strong message from the consultation was that the most important thing is doing what is best for the young person.

## Additional elements of funding

**Question 25:** Should the current arrangements for administering learning support funding to providers and financial support for learners continue to be applied to traineeships from 2015/16?

Yes	No	Not Sure
78%	11%	10%

Based on 88 responses

**Question 26:** If not, what would you change as a means of bringing greater consistency to the way learners are supported across 16 to 24 traineeships in order to best support disadvantaged learners?

(Q 25-26) There was strong support for maintaining the current arrangements. Most of the respondents to this section were either independent training providers or colleges. A provider representative body suggested that the current arrangements should be retained, but that we need to ensure that the processes are clear so providers and learners are able to access the available support.

## Provider contracting

**Question 27:** Do you think that traineeships funding should continue to be contracted through the existing arrangements, or aligned with the current Apprenticeship arrangements?

Existing arrangements	Aligned with apprenticeship arrangements
37%	63%

Based on 82 responses

Around two-thirds of respondents signalled a preference for aligning the contracting arrangements with those for apprenticeship providers. This response was broadly equal between colleges and private training providers. Responses overall indicated that there were benefits to the different contracting routes operated by the SFA and EFA. Some argued that any changes would need to be balanced against the disruption that could be caused by changing the funding model at this stage of the programme's development.

**Question 28:** Will the contracting route influence the position of traineeships alongside study programmes, apprenticeships, or other programmes and if so how?

Yes	No	Not Sure
51%	18%	31%

Based on 77 responses

Around half of respondents suggested that the contracting route would influence the position of traineeships alongside other programmes, though there was not a clear consensus about how the position of traineeships would be influenced by contracting, and around a third of respondents signalled that they were unsure.

## Widening eligibility for the 19 to 24 age group

**Question 29:** Should the eligibility rules for 19 to 24 year olds be changed so that 19 to 24 year olds can undertake a Traineeship if they are already qualified to a Full Level 2? Please justify your answer.

Yes	No	Not Sure
92%	2%	5%

Based on 92 responses

There was overwhelming support for widening the eligibility for traineeships to the 19 to 24 year old age group. This high level of support was reflected across stakeholder types.

Many colleges and independent training providers provided anecdotal evidence that they have had to turn away young people who would be suitable for a traineeship but whom do not meet the eligibility criteria because they are qualified to a Full Level 2.

**Question 30:** Should this depend on the nature of the Level 2 qualification and if so how?

Yes	No	Not Sure
18%	77%	5%

Based on 87 responses

There was strong support for widening the eligibility without introducing any restrictions on the type of Level 2 qualifications a young person has. A number of respondents suggested that having a Level 2 qualification does not automatically mean an individual is 'work ready', for instance if they have not had any work experience or lack the sort of behaviours that employers are looking for.

**Question 31:** Should this depend on whether a person has already reached a high enough standard in English and maths?

Yes	No	Not Sure
11%	85%	5%

Based on 84 responses

The majority did not support the inclusion of English and maths criteria in the widening of learner eligibility for 19 to 24 year olds. Just over half specifically mentioned that they did not want prior attainment of English and maths to be a barrier to traineeships for young people.

**Question 32:** If a change is made, do you consider that it is necessary to make the change in 2014/15 or 2015/16?

2014/15	2015/16	Not sure
58%	30%	12%

Based on 81 responses

The majority supported introducing this change in 2014/15.

# Annex B: List of respondents

## Responses on behalf of organisations:

157 Group  
A J KINGSTON JAMES HR  
AELP  
Association of Colleges  
Babington Group  
Barking & Dagenham College  
Barnsley College  
Bedfordshire & Hertfordshire Provider Network  
Bellis Training Limited  
Blackpool and The Fylde College  
Bolton College  
Bridgwater College  
BRITISH GLASS MANUFACTURERS' CONFEDERATION  
BT  
Buckinghamshire County Council  
Burton and South Derbyshire College  
Cambridge Regional College  
Capel Manor College  
Catch22 Apprenticeships and Employability  
CITB  
City & Guilds  
Coventry & Warwickshire Chamber Training  
Crackerjack Training  
Cumbria County Council  
Darlington College  
Develop  
Disability Rights UK  
Durham County Council  
East Riding College  
Education + Training Skills  
Energy & Efficiency Industrial Partnership  
Essex County Council  
Federation of Small Businesses  
Greater Manchester Learning Provider Network  
Greater Manchester Skills and Employment Partnership  
Harlow College  
HIT Training Ltd  
Hull College  
ICON TRAINING  
Jarvis Training Management Ltd  
JTL  
Juniper Training  
Kaplan Financial  
Kats Ltd  
Kent Association of Training Organisations  
Kent County Council  
Key training ltd



LAGAT Ltd  
 Learndirect  
 Leicester College  
 Lifelong Learning and Skills Service, Children and Young People's Directorate, Sheffield  
 City Council  
 Lincolnshire County Council  
 London Work Based Learning Alliance (LWBLA)  
 London Youth  
 Loughborough College  
 McKenzie Horn Limited  
 National Union of Students (NUS)  
 NCFE  
 NCG  
 New Directions  
 NIACE  
 North East Chamber of Commerce Trade and Industry  
 North Lancs Training Group Ltd  
 North Nottinghamshire College  
 Nova Training (Staff Select Ltd)  
 OCR  
 Pearson UK  
 People 1st  
 Pertemps People Development Group  
 Petroc Direct  
 Profile Development and Training Ltd  
 Project Management (Staffordshire) Ltd, trading as PM Training  
 Protocol Group  
 RGFE Limited  
 SBC Training  
 Semta  
 SET Training Ltd  
 Skills Solutions  
 South Devon College  
 St Helens Chamber  
 The Prince's Trust  
 The Sheffield College  
 Training 2000 Ltd  
 Truro and Penwith College  
 Unionlearn, TUC  
 Walsall College  
 West Anglia Training Association Ltd  
 West Anglia Training Association Ltd  
 WEST MIDLANDS TRAINING PROVIDER NETWORK  
 West Yorkshire Learning Providers  
 Weston College  
 Wirral Metropolitan College  
 York College

**Personal Responses: 5**

© Crown copyright 2014

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. Visit [www.nationalarchives.gov.uk/doc/open-government-licence](http://www.nationalarchives.gov.uk/doc/open-government-licence), write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email:

[psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

This publication available from [www.gov.uk/bis](http://www.gov.uk/bis)

Any enquiries regarding this publication should be sent to:

Department for Business, Innovation and Skills

1 Victoria Street

London SW1H 0ET

Tel: 020 7215 5000

If you require this publication in an alternative format, email [enquiries@bis.gsi.gov.uk](mailto:enquiries@bis.gsi.gov.uk), or call 020 7215 5000.

**BIS/14/1099**