Discussion Paper

COVID-19 and Post-16 Education

Planning for a very different September

Contributors
Susan Pember
Mark Corney

April 2020

Published by

ncfe.

campaign for learning

Introduction

Our nation is in the grip of the COVID-19 crisis. The economy is contracting, unemployment is rising and our communities are in lock-down. Every aspect of the post-16 education, skills, employment and welfare system is under stress. In response, the government has introduced a series of financial measures to help employers, employees, the self-employed, learners and providers initially until June. These measures might have to be widened and extended until September if the lock down of the economy persists.

Thinking about September

As policy makers and stakeholders work together to survive the next three months of the COVID-19 crisis, Campaign for Learning and NCFE have started to reflect on what the prevailing economic situation might be in September – the start of the new academic year - and the implications for the post-16 education, skills, employment and benefit system. Our judgement is that post-16 education and employment in September will be very different from the one Whitehall planned for in January.

The outlook for the economy in September will depend, of course, upon the path the COVID-19 crisis takes. On past evidence, the health impact of pandemics have caused so-called 'V'-shaped recessions. Authorities have needed three months to control such pandemics from start to finish. In the quarter that a pandemic starts and is controlled, the economy falls sharply but then bounces back robustly in the following quarter.

With COVID-19 the concerns are that the health impact of the pandemic will be much longer. Social distancing measures could remain in place for at least three months after the number of cases have peaked and possibly longer to avoid a second wave of cases or until a vaccine is found. This could result in a so-called 'U'-shaped recession. Over the course of a full year, for example, the economy falls off a cliff during the first three months, fails to grow in the next six, and bounces back robustly in the final three.

Reasonable 'Worse' Case Scenarios

The concept of a reasonable 'worse' case scenario helps planners to consider what might happen even though it may not happen. A common approach in public health policy, economists are preparing scenarios instead of forecasts.

A Smaller Economy and Mass Unemployment from September

The Office for Budget Responsibility has published a reference scenario where output falls by -35% in Q2 2020. Other economic forecasters have a scenario where the economy contracts by -15% in Q2 2020. By contrast, the largest quarterly fall during the financial crash was -2.1% in Q4 2008. In Q1 1926, the economy fell by -5.5% and in Q1 1921 by -12.5% but still less than the -15-35% range.

The general consensus seems to be the UK economy will bounce back in Q3 2020 and grow again in Q4 2020. By October 2020, the OBR scenario suggests that the economy will be 19% smaller than at the start of the year but grow so that it is only 3% smaller by December compared to January 2020.

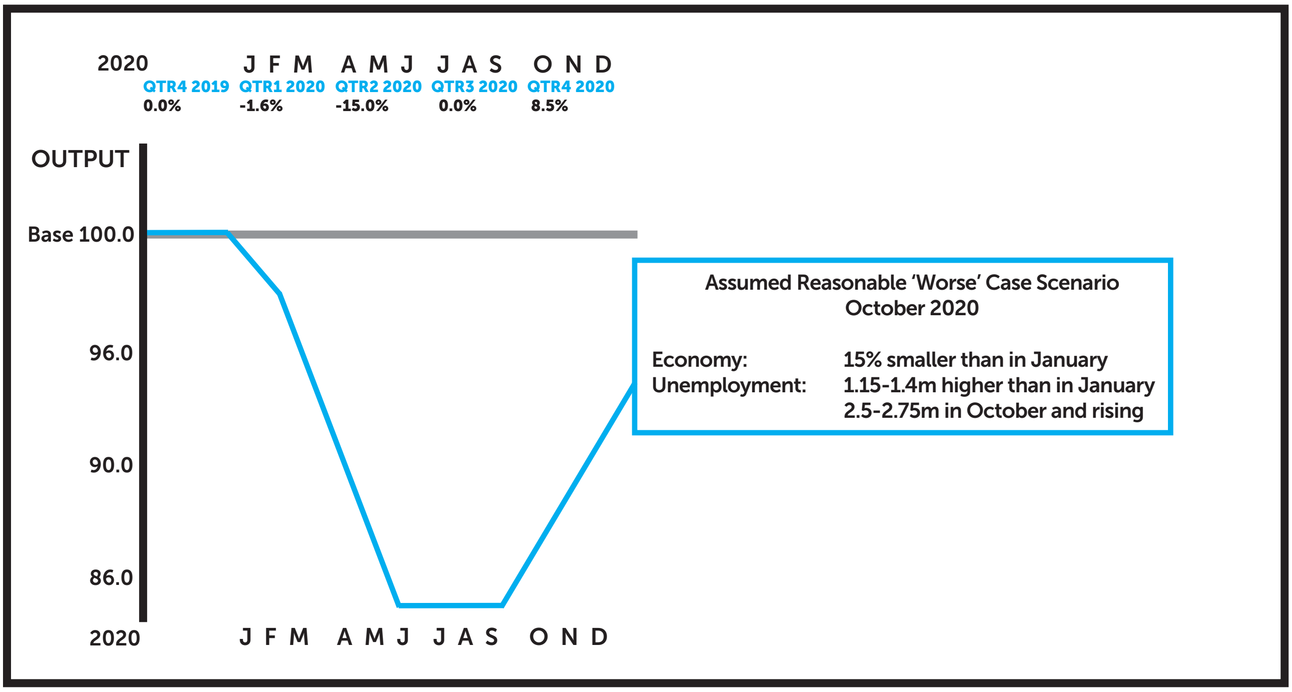
In terms of unemployment, the OBR scenario suggests the number out of work has jumped from 1.35m (3.9%) in Q1 2020 to 3.4m (10%) in Q2 2020. By the start of Q3 2020, unemployment is expected to be 2.88m (8.3%) and although falling it will still be more than 1 million higher at the end of December than in January 2020.

Meanwhile, the Institute for Employment Studies estimates that 2.5m are out of work at the start of Q2 2020 compared to 1.35m at the start of 2020. By comparison, the Learning and Work Institute estimate that 2.0m are out of work, equivalent to 6.0% of the workforce compared to 3.9% at the start of the crisis. Both demonstrate that unemployment is rising faster than during the 2008 financial crash.

We do not know if the Chancellor will extend the wage subsidy programmes for employees and self-employed workers estimated to cost c£50bn for three months from July to September. They could be extended - perhaps on a less generous basis until September – but unemployment could still reach 2.5-2.75m by September. There is also a danger that as wage subsidies are tapered back, furloughed workers could be made redundant and unemployment could soar to 3-4m between October 2020 and June 2021.

A Bad Time for Young People

All this points to a bad time for 16-24 year olds who traditionally are hit hard during recessions. In England, there are 125,000 young people aged 16-17 in jobs outside of full-time education – with 50,000 in apprenticeships – and 2.4m 18-24 year olds in



jobs outside of full-time education – with 300,000 in apprenticeships. By September, around 450,000 18-24 year olds will leave full-time further and higher education and hunt for jobs. A smaller economy and employers in survival mode will make rising youth unemployment inevitable.

Our Reasonable 'Worse' Case Scenario

It is important that post-16 education planners have in mind a reasonable worse case scenario specifically at the start of September and the new academic year. We have published this discussion paper on the assumption that:

- the number of COVID-19 cases would peak and tail-off between April and June, and social distancing would be eased gradually between July and September (although not totally removed);
- the post-16 education, skills and welfare workforce – from lecturers to benefit officers, and trainers to funding managers – will be well enough to work away from home by September, and
- the economy would not grow between July and September 2020 and could be 15% smaller in October compared to January, and
- unemployment could be 2.5-2.75m by October and set to rise further as wage subsidies are tapered off (see diagram below), with critical implications for 16-24 year olds.

Contributors

The Campaign for Learning and NCFE are delighted that Susan Pember (Policy Director at HOLEX) and Mark Corney (Policy Consultant) agreed to prepare such a timely discussion paper for post-16 education and employment planners.

A Plan by June ready for a 'Different' September

As Susan says, there is no time to lose and as Mark states, the need is for a plan in June ready for September. Whitehall cannot wait for a second Budget and the spending review in the autumn even if in this case the autumn refers to October. It will be too late. The thinking needs to be done now, firmed-up by the end of June and ready to go in September, if not slightly before. And as both Susan and Mark point out, Whitehall must plan for a different September to one expected in January and as a consequence a different mix of provision and financial support for 16-18 year olds, 18-24 year olds and adults in further education, higher education and workplace settings.

Aim

The aim of the paper is to raise discussion. Both Susan and Mark have made proposals to inform a plan by June which is ready for a different September. They have been marshalled together at the end of the two contributions. The intention is not, however, to identify every conceivable intervention or suggest those presented in every case should be supported but rather to encourage the post-16 education and employment sectors to think about the actions which will be needed.

A 'Different' September might become a 'Different' January

And, of course, we must acknowledge that if COVID-19 cases continue emerging after June or the post-16 education and benefit workforce are restricted from delivering provision and processing claims, a different September could easily become a different January.

Michael Lemin, NCFE
Julia Wright, Campaign for Learning

1. There is no time to lose

From Firefighting to Planning Ahead

1. The last four weeks have been hectic, firefighting and sometimes very disconcerting. However, through their fiscal response, government has begun to stabilise the situation and, in education and skills, the Department for Education (DfE) has now established the type of financial comfort that will allow providers to continue to keep England learning. Schools, colleges and adult education providers have been remarkable, risen to the challenge and shown why we have local community structures (although, of course, more must be done for independent training providers). They have found innovative and creative ways to engage their learners and, after years of trying to nudge educators into using technology, a gargantuan shift has been achieved in just three weeks.

2. But in response to COVID-19, the resulting economic downturn and self-imposed isolation, both the workplace and post-16 education have fundamentally changed, and we will not be going back to where we were. Thinking that the education and skills programmes we offered or intended to offer in September will still be appropriate and relevant is undoubtedly wishful thinking. We now need to reflect on the future and respond to the larger than normal numbers of young people who will want to continue their full-time education in the autumn, and the increased numbers of adult learners who will be unemployed and will need retraining to fit the new world of work.

Thinking Differently about September

3. Come September when lock down is eased and people want to return to normality, it is unlikely that the workplace or education delivery will be the same. The new ways of doing meetings, talking to staff and using electronic communication generally have left employers questioning their staffing levels and the necessity for site-based work, and employees can see the potential and benefits of working from home. Many pupils and students are also revelling in this, doing their study at home, feeling safe from bullying and peer pressure and avoiding time spent travelling to school or college.

4. Although it is too early to judge how reactions to COVID-19 will affect our education systems, it has highlighted their fragile parts. In these uncertain times, our performance led financial models have been shown to be flawed, putting our post-16 infrastructure at risk and, without government intervention, would have folded. Without such intervention the provider infrastructure would have not been there for September when the country will desperately need to continue to educate our young people and retrain our workforce.

Act Now

5. Government should act now. The Apprenticeship system was built around the concept of employers in the driving seat and this has fundamentally fallen apart, with employers no longer taking on staff – instead shedding them. So, we urgently need to review this infrastructure and, more importantly, we have to decide now what is needed for September and build that new education offer immediately.

6. We need to recognise that young people want and need programmes that build on the new digital skills and virtual learning experience they have encountered over the last month. More importantly, if they can't get into the workforce because jobs and apprenticeships are scarce, we should create more places for them and re-establish centre-led apprenticeships. We should do the analysis now to find where the hotspots are and give certainty to providers that funding will follow this growth.

7. A lagged system of funding is fine for incremental growth, but not for the level of activity we will see this autumn. Providers have to work together to give a coherent offer to an area and local authorities should be resourced properly so they are able to do this for 16-18 year olds and 19-24s alike.

8. We should be fully prepared with programmes that work for the different groups of learners and ensure the social divide created through the lockdown is rectified, ensuring that young people and adults are not disenfranchised by their lack of IT capability, equipment and skills levels.

9. The Government must work with providers and determine what will be required in September and provide financial support through an innovation fund so that providers can establish the new courses. Providers must start working with JobCentre Plus on new programmes for the unemployed. For both young people and adults, providers should consider how to build on the new digital skills base and rethink the curriculum, which learners will require in the future so they can be resilient, adaptive and agile to change.

10. Government should review the structure, underpinning organisations and the funding models for post-16 education and rebuild a system that is resilient and capable of handling future global threats whether they be pandemic viruses, extremist violence and/or the results of climate change. As part of that review the sustainability of the present post-16 system should be tested, which in practical terms means rethinking demand- led funding and employer led pseudo market systems that just cannot cope with disruption.

11. COVID-19 has been disastrous for many people and the economy, but it doesn't have to define the sector, the post-16 education system can come out of this stronger and more innovative - but we need to act now!

Susan Pember, Policy Director, HOLEX
15th April 2020

2. A plan in June ready for September

The Economy: 'Flat on its Back' in September

A Severe Demand Shock

1. Initially, the outbreak of COVID-19 acted as a supply-shock to the UK economy. China was no longer manufacturing components used by UK factories. And the self-isolation of up to 20% of the UK workforce – equivalent to 5.4m employees and 1.0m self-employed people – would reduce the labour-supply in terms of fewer workers and shorter working hours.

2. Over time, however, the supply-shock has fed into a severe demand-shock to the UK economy. Workers with lower earnings and households delaying spending on all but essentials reduce aggregate demand. In turn, more restrictive social distancing measures and the partial lock-down of our larger cities introduced by the Government to contain the transmission of the virus reinforces falling aggregate demand as key sectors of the UK economy are mothballed.

3. Indeed, the great contraction has begun. Rather than grow by 0.2% in Q1 2020 (January to March), survey evidence suggests the economy will contract by -1.6% (although the fall could be even larger). But this is nothing compared to what is coming in Q2 2020 (April to June). The economy could contract by between 15-35% in Q2 2020. To put this into context, the largest quarterly fall during the financial crash was only -2.1% in Q4 2008.

A Deep V-Shaped Recession

4. The Office for Budget Responsibility has published a reference scenario where output falls by -35% in Q2 2020 but bounces back by +25% in Q3 2020 (July to September) and +20% in Q4 2020 (October to December). The UK economy would be 3% smaller in December compared to January 2020. Other economists have a scenario where on the back of a fall of -15% in Q2 2020, the economy grows by 5.0% in Q3 2020 followed by 8.5% in Q4 2020. As a consequence, the UK economy would be 5.0% smaller in December compared to January (see Diagram 1).

5. In terms of unemployment, the OBR scenario suggests the number out of work has jumped from 1.35m (3.9%) in Q1 2020 to 3.4m (10%) in Q2 2020. By the start of Q3 2020, unemployment is expected to be 2.88m (8.3%) and although falling it will still be more than 1 million higher at the end of December than in January 2020. By comparison, the Learning and Work Institute estimate that unemployment could have risen to 2.0m (6%) by April 2020. The Institute for Employment Studies, meanwhile, suggest it might be higher at 2.5m (7.5%). Certainly, unemployment is rising faster than during the 2008 financial crash and despite the wage subsidy schemes it could rise further by the end of Q4 2020. Extending the CJRS and SEIS from July until September could prevent job losses but it is not inconceivable that unemployment by September 2020 could be 2.5-2.75m. More worrying still is that unemployment could rise beyond 2.75m between October 2020 and June 2021. Jobs could be lost as wage subsidies are tapered away and 440,000 18-24 year olds in England leave full-time further and higher education and enter the labour market.

A Prolonged U-Shaped Recession

6. A more pessimistic scenario is that the economy does not grow in Q3 2020 (July and September) and Q4 2020 (October and December). A tightening of social distancing or prolonging the existing measures with no gradual easing throughout the summer could cause the economy to get stuck in a very deep trough (see Diagram 2).

Diagram 1

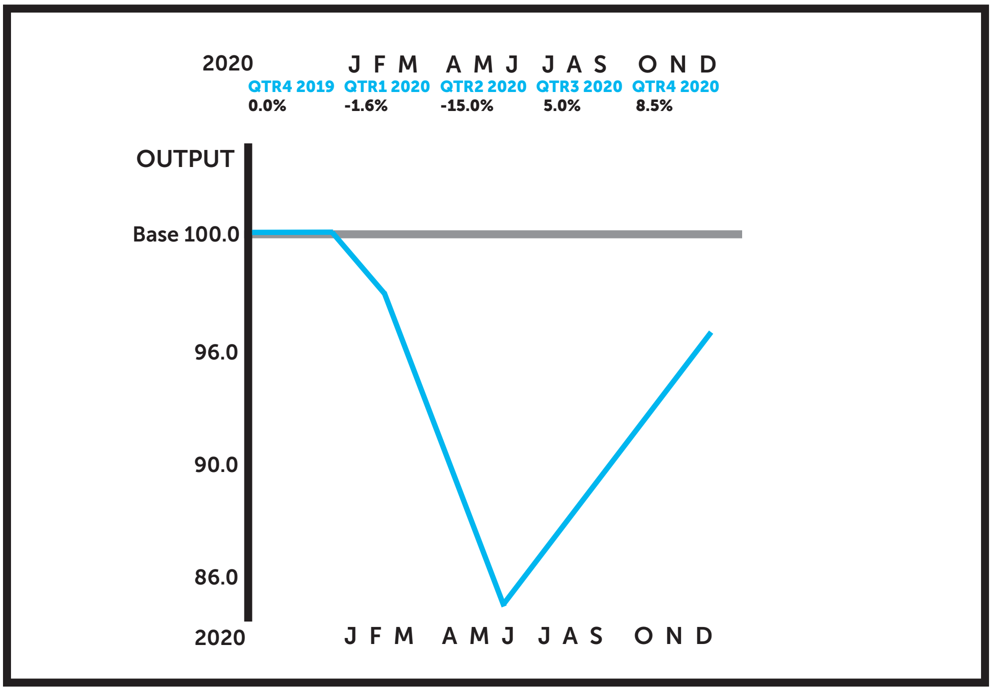
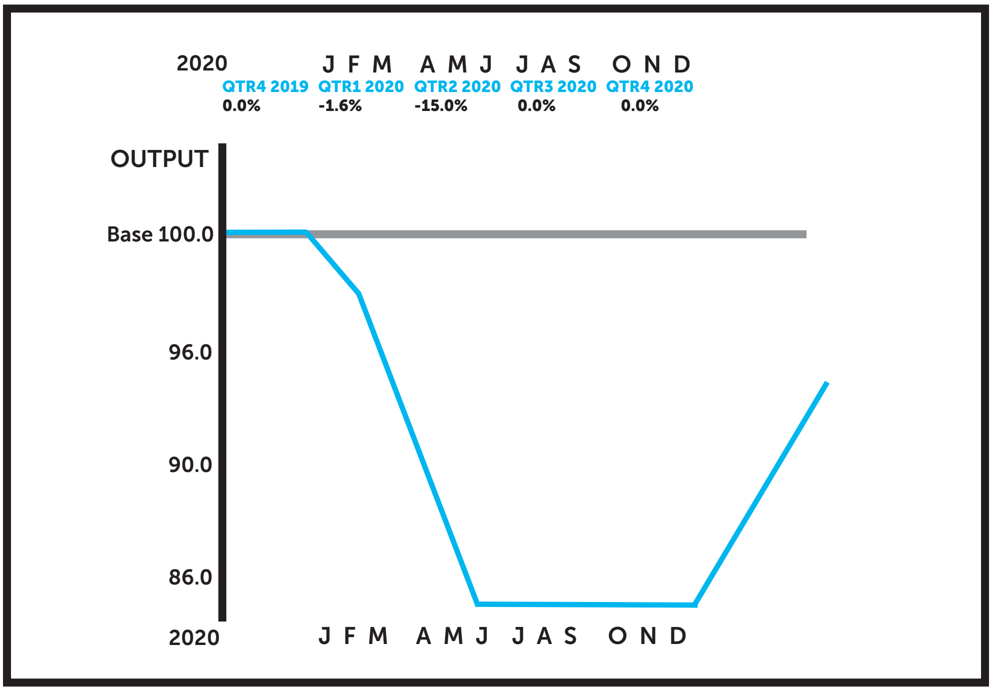


Diagram 2



Six Rounds of Measures

7. Uncertain of the severity of the economic impact of COVID-19, the Chancellor, Rishi Sunak, and successive governors of the Bank of England, announced six rounds of monetary and fiscal measures on a weekly basis during March, worth billions of pounds (see Table 1). The measures so far announced – including the Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEIS) costing up to £50bn to the taxpayer for the first three months to June to support jobs and household incomes – will go some way to ensure the economy suffers no more than a V-shaped recession. If social distancing measures need extending or are eased very gradually between May and September, the Chancellor has indicated that the wage subsidy programmes could also be extended to September. The great unknown, however is whether such action would prevent a deep and prolonged 'U'shaped recession in 2020 or something worse.

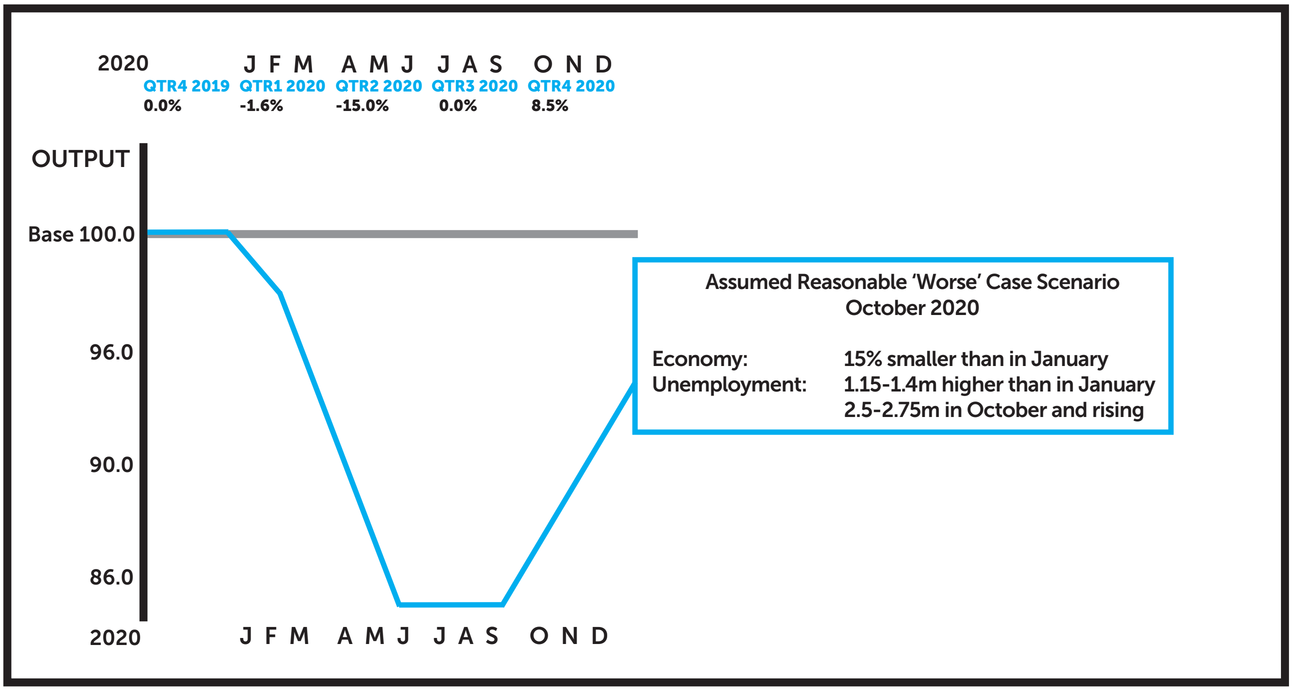
Table 1

SUMMARY OF COVID-19 ECONOMIC MEASURES	
	£m
MONETARY MEASURES	
Bond Purchasing and Counter-Cyclical Lending	£190,000m
Term Funding Scheme to Small and Medium Sized Enterprises	£10,000m
Covid-19 Corporate Financing Facility Coronavirus Business Loan Interruption Scheme	£330,000m
Total	**£530,000m**
FISCAL MEASURES TO SUPPORT PUBLIC SERVICES	
Covid-19 Response Fund (NHS)	£5,000m
Other Support	£190m
Total	**£5,190m**
FISCAL MEASURES TO SUPPORT INDIVIDUALS AND HOUSEHOLDS	
Local Authority Hardship Fund	£500m
Universal Credit and ESA *access to SSP of £94.25 per week from Day 1m and Contributory ESA from Day 1*	£500m
Universal Credit and Working Tax Credits *Increase standard rates of UC and WTC by £1,040 per year*	£6,000m
Support to Renters through Housing Benefit	£1,000m
Support for Home Owners with Lenders offering 3 Month Repayment Holiday	
Total	**£8,000m**
FISCAL MEASURES TO SUPPORT BUSINESSES	
Immediate Reimbursement of SSP to Business with Fewer than 250 employees	£2,000m
Abolition of Business Rates: Targeted Sectors	£1,000m
Small Business Rate Relief: Cash Grants of £3,000 to 700,000 businesses	£2,000m
Coronavirus Business Loan Interruption Scheme: First Allocation	£1,000m
Cash Grants of £25,000 for Targeted Sectors, £10,000 for 700,000 businesses	£20,000m
Delay in VAT Payments between April and June	
Assistance to Charities	£750m
Total	**£26,750m**
FISCAL MEASURES TO SUPPORT EMPLOYEES	
Coronavirus Job Retention Scheme *[80% of wages up to £2,500 per employee initially for 3 months plus 13.8% employers' NI and auto pension enrolment]: estimated 8-11m workers furloughed at a cost of £30bn-£40bn*	£40,000m
Total	**£40,000m**
FISCAL MEASURES TO SUPPORT SELF EMPLOYED WORKERS	
IRS35 Delayed until April 2021	
Final Income Tax Payment for FY2019/20 Deferred to January 2021	
Self-Employed Income Support Scheme *[80% of average profits per year below £50,000 up to £2,500 paid for 3 months: estimate calculated as 1.2m x max £2,500 x 3]*	£9,000m
Total	**£9,000m**
GRAND TOTAL	**£619,040m**

Assumed Reasonable 'Economic' Worse Case Scenario

8. We are now in April. September is creeping upon us. Rather than plan on the basis of a bounce back in the economy in Q3 2020 and a deep V-shaped recession (see Diagram 1), or zero growth in Q3 and Q4 2020 and a deep U-shaped recession (see Diagram 2), a more prudent assumption post-16 education and employment planners should make is that the economy flat-lines in Q3 2020 and then bounces back in Q4 2020 (see Diagram 3). In this scenario, the economy would be 15% smaller in October than in January 2020. Additionally, unemployment could be between 2.5m and 2.75m in October 2020 and could rise further if jobs are lost as wage subsidies are tapered back and 440,000 18-24 year olds leaving full-time further and higher education enter the jobs market.

Diagram 3



Too Late to Wait for the Autumn Spending Review

9. No sooner had the Chancellor, Rishi Sunak, finished the Spring Budget, the Treasury announced the Spending Review timed for July would be delayed until the Autumn. It will now coincide with an autumn Budget. This is sensible from the perspective of re-setting economic policy in light of COVID-19 and indeed re-starting the levelling-up agenda. But the autumn will be too late to re-plan post-16 education and skills to meet the new challenges presenting themselves at the start of the new academic year in September. An Emergency Budget and Spending Statement will be needed in June at the latest.

Thinking Through the Impacts

10. Challenging though the task may be when so many are firefighting to survive, the post-16 sector must start to think through the impacts of the COVID-19 crisis on the economy, jobs and demand by employers and individuals for post-16 education and skills at the start of a 2020/21 academic year. The economic impact of COVID-19 will be in addition to the traditional wave of 16 year old secondary school leavers, 18 year old sixth form and college leavers, and 21 year old graduates entering on mass the jobs market in September.

11. A useful approach to thinking through the economic impacts of COVID-19 on post-16 education, skills and employment is to distinguish between direct and consequential impacts (see Table 2). However, the framework is intended to generate debate rather than be portrayed as the definitive way to think about the economic impacts of COVID-19.

Direct Impacts

Fewer Businesses

12. Some businesses will go bust because of the economic consequences of COVID-19. There are 2.1m enterprises with 0-4 employees and 600,000

Table 2

COVID-19: THINKING THROUGH THE IMPACTS FOR SEPTEMBER	
	DIRECT IMPACTS
Business Population	Fewer large, medium-sized and small enterprises as many have gone out of business thus reducing demand for jobs with and without training.
Employer Recruitment for Jobs without Training	Employers who have survived but not recruiting jobs without training.
Employer Recruitment for Jobs with Training	Employers who have survived but not recruiting new entrants or supporting existing employees for: - jobs with apprenticeships - jobs with part-time higher education - jobs with part-time adult further education - jobs requiring retraining - jobs requiring on-the-job training.
Workers and Post-18 Education and Training	Employees, self-employed and agency workers who are in employment but concerned about income and job insecurity not demanding: - co-funded part-time adult further education - fully-funded part-time adult further education - fee and maintenance loans for part-time higher education - fee-loans for part-time adult further education - adult retraining.
Parents	Parents under financial pressure and unable to pay tuition fees for 16-18 year olds in private education.
Adults	Adults who self-fund their lifelong learning.
	CONSEQUENTIAL IMPACTS
Apprenticeship Starts	A collapse in apprenticeship starts by all age groups by levy and non-levy payers out of business or in survival mode
Work Experience and Work Placements	Falling supply of work experience and work placements as employers unable to offer opportunities to: - full-time 16-18 year olds on study programmes - full-time 16-18 year olds on the Transition Programme - full-time 16-19 year olds on T-levels - full-time students on Level 4-5 vocational sub-degrees - full-time sandwich courses
Part-Time Level 4-5 Technical Education	Falling employer supported part-time Level 4-5 technical education courses
Unemployment	A significant rise in unemployment from 1.35m to 2.0m and possibly 2.5m which takes the form of short-term joblessness of less than 12 months.
Unemployed 16-17 Year Olds not in Full-Time Education	Other things being equal a significant rise in unemployment as 16-17 year olds can not combine: - jobs with apprenticeships - jobs with employer funded training - jobs with part time education - jobs without training
Unemployed 18-24 Year Olds not in Full-Time Education	Other things being equal a significant rise in unemployment amongst 18-24 year olds not in full-time education including without training and jobs with apprenticeships.

with 5 or more employees in the UK. The vast majority of enterprises with 5 or employees – 575,000 – employ 5-99 employees.

13. The impact on the total number of businesses is uncertain. Large and small business could fold especially in severely affected COVID-19 sectors – such as hospitality and non-food retail - depending upon the take-up and accessibility of government support. The greater the number of business closures, the fewer businesses will be recruiting for jobs with or without training in September for workers of all ages, young and old.

Surviving Businesses not Firing but also not Hiring

14. If the economy does not contract between July and September and remains relatively flat, in growth terms, the worst of business and jobs losses will be over. But although surviving employers might not be firing in September, they certainly will not be hiring for jobs which do not need training either.

Surviving Businesses not Supporting Training

15. The cost to employers of supporting employees in post-16 education and training vary and include contributing towards fees, equipment and examinations, paying trainee wages, offering paid and unpaid time-off for study and accommodating lower productivity of employees who are training. If surviving businesses are in survival mode by the end of the summer and still awaiting the promised bounce in economic activity from October, many may be disinclined to recruit new entrants or support existing employees to participate in training. Employer demand will fall sharply in September 2020 compared to previous years for:

- jobs with apprenticeships
- jobs with part-time higher education
- jobs with part-time adult further education
- jobs requiring off-the-job retraining, and
- jobs requiring on-the-job training.

Income-Insecure Workers not Participating in Education and Training

16. Employees, the self-employed and agency workers who have retained or found jobs over the summer might decide against participating in post-18 education and training because they face insecure incomes and fear joblessness.

Co-Funded Part-Time Adult Further Education

17. Confronted with having the pay up-front fees to enrol on part-time adult FE education courses, many income-insecure workers might defer participation until joblessness is ruled out and job stability returns. Putting food on the table trumps paying college fees.

Fully-Funded Part-Time Adult Further Education

18. At present, no fees are charged to 19-23 year olds seeking to achieve a first full Level 2 and a first full Level 3 qualification or Level 1/2 courses as a stepping stone qualification. About 16,000 young adults exercise their right to fully funded provision. And yet the combination of job insecurity and low-paid employment could prevent participation at Level 2 and Level 3 even though fees are not applicable. Keeping their current job and working over-time to build up their money trumps up-skilling to Level 2 and Level 3.

19. The entitlement to free education for a first full Level 3 qualification for younger adults aged 19-23 covers Access to HE courses. About 14,000 young adults aged 19-23 are enrolled on Access to HE courses under the entitlement to free provision. The need to keep their existing job and work overtime to earn extra money could be more important than enrolling on Access to HE courses this September.

Fee and Maintenance Loans for Part-Time Higher Education

20. Whether employed, unemployed or economically inactive, adults can receive public support to study part-time higher education to achieve a first Level 4, 5 and 6 and in a limited number of cases a second Level 4, 5 and 6. Public support is limited to prescribed degrees equivalent to 25% of a full-time degree.

21. This group of adult students are eligible for income contingent fee-loans and so no up-front fees apply. More importantly, this group of part-time HE students have been eligible for income contingent maintenance loans since 2018/19. Most students on part-time HE degrees equivalent to 25% of full-time degrees are employed. The rationale for introducing maintenance loans was to reduce the need for part-time HE students from working extra hours to cover living costs rather than studying.

22. Wage-insecure part-time HE students have the security of cash payments from maintenance loans. Students already on part-time HE courses could well continue participating because of the security of cash support through maintenance loans. Even potentially new part-time HE students from September might decide to enrol given that they too could access maintenance loans, although demand will undoubtedly be lower if the COVID-19 crisis had not happened.

Fee-Loans and Adult FE Students

23. Fee-loans are available for 19-23 year olds seeking a second Level 3 qualification, 24 year olds and over seeking a first or second Level 2 and 3 qualification and 19 year old seeking Level 4-6 qualifications. The vast majority of fee-loans fund Level 3 qualifications (50,000) rather than Level 4-6 qualifications (4,000).

24. The advantage of fee-loans for adults in the FE system is that up-front fee payments are not required. Even so, concerns over income insecurity could out-weigh taking out even income contingent loans to fund Level 3+ qualifications. For similar reasons, participation on Access to HE courses funded through adult fee-loans might fall from the present number of around 14,000 or so.

Maintenance and Part-Time First Level 3-6 FE Courses

25. What is striking is that maintenance loans are available to prop up enrolment in September on prescribed part-time HE courses leading to a first Level 4-6. They are not available to prop up enrolment on first Level 4-6 FE qualifications funded through fee-loans, although the Augar Review of Post-18 Education and Funding recommended that this should happen when such provision had been employer kitemarked.

26. Equally startling is the fact that enrolment on first full Level 3 courses – including Access to HE programmes – will not be propped by a national entitlement to maintenance loans because they are not available to adult FE students. Low value, uncertain and locally administered bursaries are unlikely to provide the financial security wage insecure workers require to put learning before earning.

Financially Squeezed Wealthy Parents

27. The economic impact of COVID-19 extends across the income distribution. Relatively wealthy parents could face a squeeze on their finances. In turn, they may not have sufficient funds to pay for the fees of 16-18 year olds attending private schools and, despite fee reductions, might turn to the state sector instead.

Financially Distressed Self-Funding Adults

28. Adults not eligible for fee-loans or co-funded grant provision must self-fund lifelong learning. Key self-funding markets include part-time higher education (less than 25% of a full-time degree), Access to HE, adult education and licenses to practice. Self-funded lifelong learning across the board could plummet from September.

Consequential Impacts

Collapsing Apprenticeship Starts

29. Apprenticeship starts in between August and October could collapse. Some levy and non-levy payers will have gone out of business. Remaining levy and non-levy-payers in survival mode worrying about cash flow could press pause on apprenticeship recruitment especially of new entrants where they must pay the wage costs of apprentices.

Falling Starts

30. Between August 2016 and July 2017, there were 494,400 apprenticeship starts in England. For 2017/18, the number had fallen to 375,800 but increased to 393,400 between August 2018 and July 2019. COVID-19 could halt any expansion during 2020/21 in its tracks.

Peak Period for Starts: August and October

31. The peak period for apprenticeship starts is between August and October. Nearly 40% of apprenticeship starts in 2018/19 took place between August and October.

Potentially Falling Starts between August and October 2019

32. In 2018/19, the final reported number of starts for August and October was 149,800. The number of reported starts to date between August and October 2019 was 125,800, a fall of 24,000 although the gap might be smaller when the full figures are returned.

Falling Starts by Under 19s

33. Between August 2018 and July 2019, apprenticeship starts by under 19 year-olds fell below 100,000 for the first time to 97,700. In 2017/18, the number of starts was 106,600 and back in 2015/16 they reached 131,400. COVID-19 will certainly make going over the 100,000 mark very difficult in 2020/21.

Peak Period for Starts by Under 19s: August and October

34. The peak period for apprenticeships by under 19 year-olds is also August and October. During August and October 2019, 53% of starts were during these months.

Potentially Falling Starts for Under 19s between August and October 2019

35. Between August and October 2018, the number of apprenticeships starts by under 19 year olds in England was 51,600. The number of reported starts to date between August and October 2019 was 40,700, a fall of 9,900 although we are still awaiting the final returns. The COVID-19 crisis will amplify the fall in apprenticeship starts.

Falling Supply of Work Experience and Work Placements by Employers

36. The supply of work experience and work placements from September will be constrained by the number of businesses ceasing trading and surviving employers firefighting to remain viable. The start of the new academic year could prove difficult to arrange and continue:

- work experience for 16-18 year olds on study programmes;
- work experience for 16 year olds entering the T-Level Transition Programme which begins operation this September);
- work placements for 16-17 year olds entering the first wave of T-levels which are rolled-out from this September, and
- work placements linked to full-time vocational sub-degrees – such as Foundation Degrees – and sandwich courses more generally.

Falling Employer Supported Part-Time Level 4-5 Technical Education

37. Level 4-5 technical education has been labelled the missing middle in the Post-18 education and skills system. Increasing the supply of Level 4-5 technical education can be achieved through full-time and part-time study. Employer supported part-time Level 4-5 technical education – including part-time HNDs and Foundation Degrees – could tail-off appreciably with small and medium-sized enterprises going under or stuck in survival mode at the start of the new academic year in September.

Mass 'Short-Term' Unemployment

38. Unemployment at the start of 2020 was 1.34m and 3.9% of the post-16 population. Over 62% of the 1.34m unemployed have been out of work for less than six months and a further 15% out of work between six and 12 months. And so long-term unemployment defined as out of work for 12 months or more is quite low at 23% of total unemployment (i.e.306,000).

39. Even if the series of measures announced by the Chancellor and the Bank of England work to their maximum effect, economists are forecasting a steep rise in unemployment, certainly above 2.0m and perhaps reaching 2.5m. The hope must be that the rise in unemployment is short-term with many of the extra 750,000 to 1 million unemployed finding jobs in Q4 2020 (October to December) when the bounce back of the economy is in full swing. Job search, short-term training and retraining, and acquiring relevant licenses to practice will be critical to helping adults back into work from September.

Rising Unemployment for Young People not in Full-Time Education

40. Recessions impact the job prospects more acutely for young people aged 16-24 than adults. There is also the added problem of the usual wave of young people entering the labour market searching for work in September after completing secondary education at 16, full-time further education at 18, and graduating from higher education at age 21.

16-17 Year Olds

41. The demand shock to the economy puts at risk 16-17 year olds in jobs without any form of education and training, and jobs with all forms of education and training (see Table 3). Over 126,000 16-17 year olds – 1 in 10 of the cohort - are in jobs outside of full-time education, or unemployed and inactive or other education and training (which is typically part-time provision in the state sector). And of these, nearly 58,000 have jobs with apprenticeships. For the cohort of 16 and 17 year olds coming through in September, unemployment is a real prospect as jobs without training and jobs with training – including apprenticeships dry up.

18-24 Year Olds

42. Two thirds of 18-24 year olds in the UK are not in full-time education and more than 2.8m 18-24 year olds are in employment outside of full-time education (see Table 4). Included within the 2.8m 18-24 year olds in employment are young adults in jobs with apprenticeships as well as those who are combining employment with part-time further education and part-time higher education, both supported by their employer or studying without the knowledge of their employer.

43. During August 2018 and July 2019, 253,600 young people aged 19-24 participated in apprenticeships in England and a further 52,000 were aged 18 did so. Assuming that 85% of the UK population were born in England (4.653m), approximately 7% (305,600) were on apprenticeships. And making a similar assumption for 18-24 year olds in employment in England (2.432m), some 13% were in apprenticeships. In addition, August to October is the peak period for apprenticeship starts by 19-24 year olds. Nearly 40% of starts by apprentices aged 19-24 do so between August and October.

Table 3

Participation in Education, Training and Employment by Labour Market Status: England End 2018			
	Age 16	Age 17	Total
Population	**594,000**	**607,900**	**1,201,900**
Full-Time Education	522,000	476,300	998,300
Unemployed & Inactive: Other Education and Training	19,000	12,500	31,500
Not Education, Employment or Training	19,200	26,400	45,600
Total	**560,200**	**515,200**	**1,075,400**
Jobs without Training	4,000	23,000	27,000
Jobs with Employer Funded Training	8,700	21,200	29,900
Jobs with Other Education and Training	1,500	9,400	10,900
Jobs with Apprenticeships	19,600	39,100	58,700
Total	**33,800**	**92,700**	**126,500**

Source: Department for Education, 27th June 2019

Table 4

Educational status, economic activity and inactivity of people aged 18-24: UK November – January 2020	
	Total
18-24	**5,475m**
Full-Time Education	1,752m
Not in Full-Time Education	3,723m
Of which:	
Employed	2,861m
Unemployed	0.324m
Economically Inactive	0.538m

Source: Employment in the UK: March 2020, ONS, 17th March 2020

44. An economy contracting by 15.0% in Q2 2020 and flat-lining in Q3 2020 will shed many jobs held by 18-24 year olds. Jobs with and without apprenticeships will be lost. As the number of 18-24 year olds in employment outside of full-time education falls, sadly the number who become unemployed outside of full-time education will rise above 324,000 and so too will the number who are inactive (538,000). Steps must be taken, however, to ensure that short-term youth unemployment does not become long-term youth unemployment.

Two Additional Challenges for September

54,000 More 16 and 17 Year Olds in England

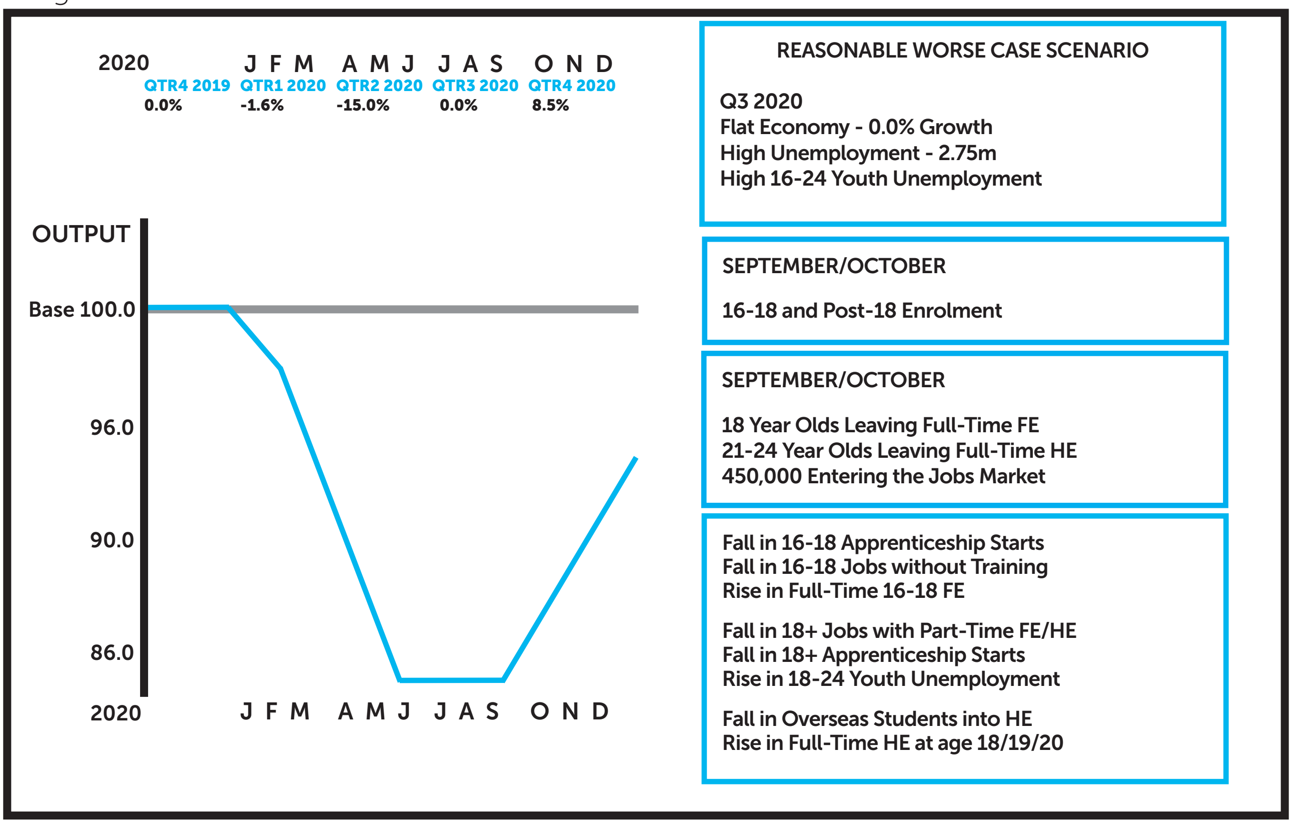
45. The size of the cohort of 16 and 17 year olds will be larger in 2020 than 2019. Mid-year estimates by the ONS for Great Britain published in 2018 estimate that there will be 23,450 more 16 year olds and 39,300 more 17 year olds in 2020. In England, post-16 education planners can assume an additional 54,000 16 and 17 year olds will be looking to study full-time, gain a job with an apprenticeship, a job with other forms of education and training, or a job without training.

440,000 18-24 Year Olds Leaving Full-Time Education and Hunting for Jobs

46. September is when 18 year olds finishing full-time further education who are not entering higher education join the labour market. At the end of 2018, 470,000 young people aged 17 were in full-time further education. Assuming that 120,000 stay-on until age 18 and 200,000 entered full-time higher education at age 18, approximately 150,000 18 year olds will leave full-time further education and compete for jobs in September.

47. At the end of 2017, 196,000 18 year olds in England were participating in full-time higher education. In 2017, approximately 70,000 19 year olds and 20,000 20 year olds participated in full-time higher education. Assuming they all studied three-year degrees, none dropped-out and few enroll on full-time master and doctoral level degrees, nearly 290,000 young graduates will be looking for jobs this September. A rough calculation, therefore, is that at least 440,000 young people aged 18 to 24 from England will leave full-time education and join in the hunt for jobs in September (see Diagram 4). With jobs in short supply, 18-24 unemployment could rise sharply.

Diagram 4



Policy Issues

The Duty to Participate until the 18th Birthday

48. In England, 16 and 17 year olds have a duty to participate in recognised education and training until their 18th birthday. Even before the COVID-19 crisis, local authority figures published by the Department for Education showed that 83,100 young people (7.4%) were failing to meet the duty by participating in full-time education and training – including gap years and traineeships – jobs with apprenticeships and jobs with part-time education or training.

49. Rather than turn a blind eye to meeting the duty to participate in the face of the COVID-19 recession, post-16 education planners should use it as a guide to ensuring every 16-17 year old is in some form of recognised education and training. As job opportunities without training and with training – including apprenticeships – dry up in September DfE should be working with local authorities to expand participation in full-time education as well as develop new pathways such as one-year, full-time, programme-led work-based training alongside Traineeships until the 16-17 jobs and apprenticeship market returns to normal.

Full-Time Education as a Safe Haven for Young People

50. From the perspective of young people, full-time education can be a safe haven from the labour market in a deep recession. Just as investors sell shares and dash for cash, young people should rationalise that the shortage of jobs makes full-time education a safer bet. And a key lesson for post-16 policy makers to take on board is that expanding full-time education can reduce youth unemployment. Every 16-24 year in full-time education is a 16-24 year old not looking for a full-time job.

16-17 Year Olds: Reducing Unemployment through Full-Time Education

51. Unemployment can be reduced amongst 16-17 year olds if post-16 education planners can facilitate participation in full-time further education at school sixth forms and colleges. Demand for state-funded full-time further education could increase where parents of the 88,000 16-18 year olds in private education can no longer afford tuition fees despite reductions by private schools. If every 16-18 year old in the private sector transferred to the state sector the cost to the Treasury would be about £3.5bn.

18-24 Year Olds: Reducing Unemployment through Full-Time Education

52. The population of 18-24 year olds can be divided between those in full-time education and those not in full-time education, with the latter divided between those who are in employment, unemployment or economic inactivity. By definition, 18-24 year olds unable to find employment who enter full-time education reduce unemployment.

Full-Time HE Students Aged 18-24

53. The vast majority of undergraduate higher education students study full-time rather than part-time. Participation in full-time higher education is possible because of guaranteed, relatively high-value, nationally managed maintenance loans. For under 25 year olds, the value of maintenance loans increases the lower the parental income, whilst for 25 year olds and over the value of maintenance increases the lower the household income. The peak year for enrollment in full-time higher education is at age 18 (c200,000 in England) followed by age 19 (c70,000) and then age 20 (c20,000). Youth unemployment amongst the 18-24 cohort can be reduced if a greater number of 18 and 19 year olds, in particular, can secure a place in full-time higher education.

Full-Time Adult FE Students Aged 18-24

54. The number of 19-24 year olds in full-time adult further education is probably less than 100,000. About half of them are aged 19 who are completing study programmes started when they were age 17 and 18, typically at FE colleges. There is no high value, nationally managed, system of maintenance loans to support participation in full-time FE by 19-24 year olds, even for those seeking a first full Level 3 qualification. Despite no up-front fees, only 14,000 19-23 year olds are studying to achieve a first full Level 3. They are expected to earn whilst learning full-time and apply for low value and uncertain bursary grants. The lack of maintenance loans holds back participation. Offer 19-24 year olds seeking a first full Level 3 through full-time study and post-16 policy makers can reduce youth unemployment and boost the skills supply.

Policies for Each 50% of 18-30 Year Olds

55. The HE sector is lobbying the Treasury and the Department for Education to support universities this September and students applying for degrees. The FE sector counters by suggesting to Whitehall that the real concern lies with the 50% of 18 year olds who do not enter higher education by age 30. The economic impact of COVID-19 is so great that post-16 education planners must look both ways at once, the 50% that do and the 50% that don't.

No Time for a National Cap on Full-Time HE Student Numbers

56. Nearly half a million overseas students attend UK universities. Around 320,000 are non-EU countries. The largest group of overseas students come from China (120,000). Students also come from Japan, Hong Kong and South Korea (25,000). Because of COVID-19 in the UK, students from south east Asia do not want to come in September and those already here wish to return home.

57. More widely, the COVID-19 pandemic is putting at risk the international student market for UK universities. Fees from overseas students was estimated to £4.8bn in 2014/15 but is likely to be much higher today and they were estimated to spend £5.4bn on subsistence although most was off campus. Shortfalls in income from international students have raised concerns that some universities and colleges of further and higher education are at risk of going bust. To spread the pain evenly, pressure is growing for a temporary cap on full-time student numbers for each institution. At this time of crisis, institutional viability would trump student choice.

58. This is not the time, however, to introduce a national cap on full-time student numbers. Participation in full-time higher education must be allowed to rise – conditional on academic standards being maintained – to reduce the prospect of youth unemployment. In short, student demand should determine the overall level of participation in full-time HE from September but institutional caps should determine where students might have to study.

Do Not Forget Those outside of Full-Time Higher Education

59. It goes without saying that none of the above should detract from the 60% of 18-30 year olds who do not enter full-time higher education. Post-16 education planners need to assess the number of 18-30 year olds at risk of:

- losing jobs without training;
- losing jobs with employer supported part-time Level 4-6 technical education;
- losing jobs with apprenticeships at all levels (from Level 2 to 7);
- losing jobs and unable to study part-time adult FE and basic skills courses, and
- unable to study full-time adult FE courses because of the lack of maintenance loans.

Minimum Wage Rates from April 2021

60. Increases in the minimum wage rates became effective from 1st April 2020 (see Table 5). Under the present remit set by the Government to the Low Pay Commission, calculations for new rates for under 25 year olds, proposed rates must not lead to loss of jobs or fewer working hours. By contrast, rates proposed for 25 year olds and over might have some adverse employment consequences. The Low Pay Commission is currently consulting on the rates from April 2021 as well as a specific consultation on the apprentice rate. The report by the LPC is to be prepared for the Prime Minister and the Secretary of State for Business, Energy and Industrial Strategy by October 2020. In light of the economic impact of COVID-19, the LPC will consider as part of the review whether an emergency break should apply to increases in minimum wage rates from April 2021.

Table 5

	Previous Rate	Current Rate from 1st April 2020	Increase
National Living Wage	£8.21	£8.72	6.2%
21-24 Year Old Rate	£7.70	£8.20	6.5%
18-20 Year Old Rate	£6.15	£6.45	4.9%
16-17 Year Old Rate	£4.35	£4.55	4.6%
Apprentice Rate	£3.90	£4.15	6.4%
Accommodation Offset	£7.55	£8.20	6.4%

Source: Low Pay Commission

Employers' National Insurance Contributions

61. The threshold at which organisations start paying employers' national insurance contributions has increased to £8,788 from 6th April 2020. Employers pay 13.8% on all earnings above this level.

62. Importantly, organisations do not pay employers' national insurance contributions on the earnings of apprentices aged under 25 and under 21 year olds in employment earning between £8,788 and £50,000.

UK Apprenticeship Levy

63. Employers with pay-bills of more than £3m, contribute 0.5% to the UK Apprenticeship Levy.

Auto-Enrolled Pension Contributions

64. Employers pay 3% of employee salaries between £6,420 and £50,000 per year.

Payment of Business Taxes

65. Employers are expected to pay employers' national insurance, workplace pension contributions and the apprenticeship levy unless they are entering administration. Payments of these business taxes will also continue where employers seek to furlough employees for three months and claim 80% of their wages up to £2,500 per month under the Coronavirus Job Retention Scheme.

66. If the pandemic worsens and the economy suffers more pain, the CJRS might be extended for a further three months. The chances of the CJRS operating from October at its current level of generosity is slim and employers can still be expected to pay national insurance, apprenticeship levy and pension contributions in full unless the Chancellor judges otherwise.

The UK Apprenticeship Levy Review

67. The government has been undertaking a review of the UK Apprenticeship Levy for some time. The findings are due to be published alongside the Spending Review in the Autumn. Clearly, the review will need to be re-cast on the grounds that:

- the UK Apprenticeship Levy has not operated so far in the context of a deep and prolonged recession;

- rather than yielding higher forecast revenue during the second three years of operation (i.e. 2020/21 and 2022/23) of £9.3bn compared to the first three years (2017/18 and 2019/20) of £8.1bn according to the OBR in March 2020 it could raise a lot less;

- levy raised in 2020/21 could fall appreciably below forecast revenue of £3.0bn as some of the 24,000 employers who pay the levy go bust or make staff redundant or pay them less, thus reducing their pay bills;

- surviving levy-payers in England making payments to digital accounts could start to complain about paying for the levy when they have no intention of hiring an apprentice for some time, and

- levy-payers in England will be frustrated that the contributions they made in April 2018 through to December 2018 will be written-off in April 2020 to December 2020 after the two-year window has expired because they are in survival not hiring mode.

An Underspent 2020/21 English Apprenticeship Programme Budget

68. Between 2017/18 and 2018/19, the Apprenticeship Programme Budget was underspent by £900m in part because reserves were required to fund apprenticeships by levy-payers before the two-year window expired. By 2019/20, the budget was expected to be fully spent as employers paying levy in 2017/18 was used before the two-year window and demand for more expensive standards relative to frameworks and Level 4-6 apprenticeships rather than Level 2 apprenticeships.

69. Many in the FE and HE sectors predicted that the Apprenticeship Programme Budget would go bust in 2020/21 as demand outstripped funding especially from non-levy payers. The likelihood is that it will be underspent but for entirely different reasons. With fewer businesses in the aftermath of the economic impact of COVID-19 and employers – levy-payers and non-levy payers – flat on their back when starts are at their peak – will mean lower demand and a return to underspends. The issue is what to do with the predicted underspend if employer demand for apprenticeships is low.

A Stalled Employer-Led Adult Retraining Revolution

70. The rationale for an employer-led adult retraining and training revolution was to assist businesses faced with the challenge of automation and retaining staff for retraining to avoid redundancy. By September, employers will still be on the back foot and an employer-led adult retraining revolution will be stalled. Backing adults – employed and unemployed – is the order of the day from September until British business bounces back.

An Underspent 2020/21 Adult Education Budget

71. Half of the £1.3bn Adult Education Budget is devolved to elected mayors and combined authorities. There are moves to guarantee allocations to independent providers in the same way as FE colleges and adult education providers whether learners enrol or not so they do not go out of business. For areas outside of elected mayors and combined authorities, the ESFA has made allocations to FE colleges and adult education providers to maintain cash flow but not independent providers who could face clawback later in the year.

72. In the short-term, AEB funding can be used to shore up income to education and training providers but if adults are not enrolling the Treasury and DfE cannot permit such a situation for long. The AEB is not a form of post-18 education helicopter money. The cause of underspends could be lack of personal finance to pay up-front fees. More generally, adults unsure of their employment situation will put earning before learning.

Income Contingent Loans Come into their Own

73. The repayment threshold for income contingent loans is £26,575 per year during 2020/21 on employee earnings for Plan 2 undergraduate higher education and FE loans and £21,000 for post-graduate loans. Borrowers who unfortunately have lost their job or have had their earnings reduced below the thresholds pay nothing. This is the beauty of income contingent loans. People with home mortgages in these difficult times would love to have the type of loans adults take out for education.

Supporting Adult-Led Adult Education and Retraining

74. Cash strapped adults on the lookout for more secure jobs and overtime is one group of learners. The second is the new army of the short-term unemployed where access to free short-term training and retraining, and fully funded licenses to practice are available to all new Universal Credit claimants.

The Full-Time 'Student' Experience

75. A key assumption to the reasonable worse case scenario used in this discussion paper is that the post-16 education and skills workforce will be fit and well to deliver full-time education in the normal way from September. 16 and 17 year olds in further education value attending school and college as a physical entity. 18 and 19 year olds planning to enter full-time higher education value attending a university or college campus, including those who live away from home and those who live at home. The pull of the traditional 'full-time student' experience for 16-24 year olds is strong. Concerns about COVID-19 re-appearing in the winter or the necessity of on-line learning could reduce interest in full-time education, perhaps more so for 18-21 year old university students than 16-18 school and college students.

Mark Corney, Policy Consultant
15th April 2020

3. A Policy Package for September

Action 1: Develop A Post-16 Education, Skills and Employment Plan

1. Ministers at the Department for Education and the Department for Work and Pensions should work together to develop a joint post-16 education, skills and employment plan in England ready to promote opportunities from September.

Action 2: Prevent Youth Unemployment Amongst 16-17 Year Olds

2. The Department for Education should analyse the extent to which, without appropriate policy action, 16-17 year olds could find themselves unemployed due to:

- a significant cut in the number in jobs with apprenticeships below the present level of 58,700;
- a significant cut in the number in jobs with non-apprenticeship training below the present level of 40,800;
- significant cut in the number in jobs without training below the present level of 27,000;
- pressure on full-time education places in the state system as parents of some of the 88,000 in private schools can no longer afford to pay fees, and
- pressure on full-time education places in the state system due to a rise in the cohort of 16 and 17 year olds in England of 54,000 between 2019 and 2020.

3. DfE should seek to prevent youth unemployment rising amongst 16-17 olds who have a duty to participate in education and training until their 18th birthday by:

- expanding state-funded full-time further education;
- introducing high quality, one-year, programme-led Level 2 and 3 work-based learning;
- increasing the number of traineeships, and
- reintroducing means-tested Education Maintenance Allowance to support participation in full-time options.

4. The Department for Education should create a single, flexible, 16-18 education and apprenticeship participation budget to meet the needs of learners. Funding for 16-18 apprenticeships should be transferred from the Apprenticeship Programme Budget to the single 16-18 participation budget.

5. The Treasury should provide the extra resources necessary to expand the required number of full-time places and alternative forms of provision such as programme-led Level 2 and 3 work-based learning.

6. To support recruitment of 16-17 year old apprentices by employers from September, the government should:

- fully fund Level 2 and 3 apprenticeships for 16-18 year olds out of the Single 16-18 Budget to both levy and non-levy payers;
- continue to offer wage subsidies of £1,000 to incentivise hard pressed levy and non-levy paying employers;
- signal that the apprentice rate of £4.15 which applies to 16-17 year olds from 1st April 2020 will not be increased in April 2021, and
- maintain zero employer national insurance contributions rather than 13.8% on earnings of apprentices above the secondary threshold which has risen to £8,632 to £8,788 from April 6th 2020.

Action 3: Strengthen 16-18 Education and Skills

7. A lagged system of funding is fine for incremental growth but not for the level of activity we will see this autumn. A system of real-time funding is required for the 2020/21 academic year. The Department for Education should encourage providers to work together to give a coherent offer to an area and local authorities should be resourced properly so they are able to do this for 16-18 year olds and 19-24 year olds alike.

8. Bearing in mind employers will be in survival mode from September 2020 onwards and may be unable to supply work experience and mandatory work placements, the Department for Education should:

- suspend the requirement of two weeks work experience as part of 16-18 study programmes;
- postpone the start of the T-Level Transition Programme in September – which requires two week work experience placements – as well as to allow more time to assess the scale of the programme in the context of rising youth unemployment, and
- relax the mandatory work placement requirement for the first wave of T levels as there is no guarantee of their availability even in September 2021 with unemployment averaging 2m and employers being asked to provide similar opportunities for 18-24 year olds on future DWP labour market programmes.

Action 4: Prevent Youth Unemployment Amongst 18-24 Year Olds

9. The Department for Education and the Department for Work and Pensions should analyse the extent to which, without appropriate policy action, the number of 18-24 year olds who are unemployed and not in full-time education could rise due to:

- employers making a significant proportion of the 2.1m 18-24 year olds in employment (but not in full-time education) and the 300,000 18-24 year olds in jobs with apprenticeships redundant, and
- 450,000 18-24 year olds leaving full-time further and higher education and hunting for jobs in September.

10. To prevent youth unemployment from rising too rapidly, the Department for Education should:

- work with UCAS and higher education institutes to offer every 18,19 and 20 year old with appropriate academic and vocational Level 3 qualifications a place in full-time higher education from September, and
- extend eligibility for means-tested maintenance loans for 19-24 year olds seeking a first full Level 3 qualification in technical and STEM subjects through full-time study.

11. To protect employment for 18-24 year olds not in full-time education and prevent youth unemployment rising too rapidly, the government should:

- extend zero employer national insurance contributions from employees aged under 21 to employees aged under 24, and
- signal there will be no increase in the 18-20 year old rate of the minimum wage above £6.45 and the 21-24 year old rate above £8.20 from April 2021.

12. To protect jobs for apprentices aged 19-24, the government should:

- fully fund Level 2 and 3 apprenticeships for non-levy payers from the new Adult Apprenticeship Programme Budget;
- offer wage subsidies of £1,000 to employers recruiting 19-24 year olds for Level 2 and Level 3 apprenticeships this September, and
- maintain the apprenticeship rate at £4.15 from April 2021 and continue zero employer national insurance contributions above £8,788 per year.

13. To minimise the period of short-term unemployment by 18-24 year olds, the Department for Work and Pensions should:

- extend jobs search provision and increase the number of back to work coaches;
- fully fund licenses to practices where required for employment, and
- permit participation on one year training and retraining courses in return for Universal Credit, with the cost of training met by the Department for Education.

Action 5: Support Adult-Led Training and Retraining

14. To support participation in adult-led training and retraining by employees and the self-employed who in these uncertain times must put earning before learning, the Department for Education and the Department for Work and Pensions should work together and co-ordinate the following:

- bringing forward funding for the National Skills Funding of £600m to the 2020/21 financial year;
- extend the entitlement to free training for a first full Level 2 and first full Level 3 qualifications from 19-23 year olds to adults aged 24 and over;
- remove the requirement of cash-based co-funding for all AEB funded provision;
- introduce a national entitlement to maintenance grants to adult learners eligible for Working Tax Credits on Level 3 and below courses so that they can afford to learn;
- remove the equivalent or lower qualification rule for regulated Level 4-6 courses to support the re-skilling of workers and permit them to apply for part-time maintenance loans;
- develop new programmes for the unemployed who have been out of work for less than 12 months in addition to the Work and Health Programme;
- facilitate the co-ordination of AEB and Jobcentre Plus provision in areas without elected mayors and enable areas within them to streamline and co-ordinate more fully, and
- build on the new digital skills base and rethink the curriculum which leaners will require in the future so they can be reliant, adaptive and agile to change.

Action 6: Reduce Business Labour Costs

15. As the CJRS is tapered away, the Chancellor should encourage businesses to retain existing employees and recruit more form the ranks of the unemployed, including adult apprentices, by:

- reducing employers' national insurance from 13.8% to zero from 1st October until 31st March 2021;

- continue with existing flexibilities with respect to contributions to workplace pensions so that payments can be made at the minimum of 3% even where employers have said they would pay more, and

- not extend, if it is under discussion, the UK Apprenticeship Levy to employers with pay-bills of lower than £3m which could bring medium-sized enterprises with 100-249 employees in scope of the levy.

Action 7: Systems Reviews

16. The government should re-start the UK Apprenticeship Levy Review from scratch to assess the long-term sustainability and appropriateness of employer funded digital accounts to purchase apprenticeships in a very deep recession.

17. The government should review the structure and underpinning organisations and the funding models for post-16 education and rebuild a system that is resilient and capable of handling future global threats whether they be pandemic viruses, extremist violence, results of climate change or economic downturns.

Susan Pember and Mark Corney - For Discussion- 15th April 2020

ncfe.

www.ncfe.org.uk

NCFE designs, develops and certi cates NCFE and CACHE branded quali cations with over 500 nationally accredited quali cations in NCFE's portfolio. All are supported by NCFE's exceptional customer service and unique, friendly approach. Last year, around 600,000 learners from over 3,500 educational institutions chose NCFE to move their careers forward. A registered educational charity with a heritage in learning that goes back over 170 years, NCFE is proud of its unique approach.

campaign
for learning

www.campaignforlearning.org.uk

The Campaign for Learning is an independent charity which works for social and economic inclusion through learning. The Campaign is a specialist in engaging people in learning. We work with partners to research, design and deliver innovative programmes and approaches that support people wherever they are to access life-changing learning opportunities.