

Employer Contributions

A query has been raised recently at more than one PiP network meeting, namely 'employer contributions.'

We know that the government wants providers to seek contributions from employers to go towards the cost of training and providers agree in principal that it is a good idea, if we are to totally demand led, however, there is concern about how best to go about seeking these contributions.

PiP posed this question on behalf of its members o the LSC, and also asked if there is any guidance that providers could access.

The following response was received;

" Although not many providers do it this is not a new idea, it has always been the case that 19+ rates have been less than 16-18 and this is in part because older learners are considered to require less input but also because it has been assumed that employers would pay the difference.

One approach adopted is to find out the needs of the employer then give them a price for the whole package, this gives complete flexibility to negotiate and depending upon the customer this could result in the employer paying nothing to some paying up to £1,000 for each learner.

This approach is effective as it is tailored to precisely what an organisation wants (needs). It doesn't however, help with marketing or advertising as generating a price list is not really feasible but it can be approached from a training needs analysis point of view – a quote would then be provided for the employer."

An example of this has been given;

Employer X has five 16-18 year old apprentices and five 19+

This would be 'sold' to the employer as; £500 per Level 2 19+ ie £20,000 worth of training for 10 people for £2,500 (average of £2,000 per person LSC funding with a charge of £250 each) This translates favourably.

The Leitch report is useful in making the link between productivity and the bottom line – higher level skills increase productivity. The cost of training for employers can also be broken down into monthly payments to show the overall value. "

The following website is worth looking at, it looks at the arguments for people prepared to pay/not pay for training;

www.dfes.gov.uk/research/data/uploadfiles/RW54.pdf