



Library Note

Availability and Quality of Apprenticeships, and the Spread of Apprenticeships across the Labour Market

This Library Note has been prepared in advance of the debate in the House of Lords on 15 October 2015:

[...] that this House takes note of the process for monitoring the availability and quality of apprenticeships, and the mechanisms for ensuring an appropriate spread of apprenticeships across the labour market.

There has been broad agreement on the benefits that apprenticeships can bring to the British economy and on the need to increase the number of quality apprenticeships that are available in England. The Government has made clear its commitment to increasing the quality and number of apprenticeships over this Parliament; in principle, its commitment has been welcomed by politicians and stakeholders alike.

However, concern has been expressed by some regarding a potential risk of too much emphasis being placed on targets. With a pledge to create three million new apprenticeships by the end of March 2020, numerous questions have been raised of the Government—including whether apprenticeships are being developed with a good spread across employers, levels and sectors, whether apprenticeship quality is simultaneously being improved, and who it is that should be undertaking apprenticeships.

This Note focusses on four key areas of recent government policy development in relation to apprenticeships:

- the announcement of a government target of three million new apprenticeships by the end of March 2020;
- the development of new apprenticeship standards by employer groups named ‘trailblazers’;
- the proposal that the term ‘apprenticeship’ should be protected in law; and
- funding reforms.

It also provides statistical information on apprenticeships based on the most recent figures published by the Skills Funding Agency (SFA). Apprenticeships policy is a devolved matter in Scotland, Wales and Northern Ireland. This Library Note only applies to England.

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I. Introduction

What is an Apprenticeship?

The Government states that an apprenticeship is a paid job that “requires substantial and sustained training, leading to the achievement of an apprenticeship standard and the development of transferable skills”.¹ This definition is underpinned by four principles:

- an apprenticeship is a job, in a skilled occupation;
- an apprenticeship requires substantial and sustained training, lasting a minimum of 12 months and including off-the-job training;
- an apprenticeship leads to full competency in an occupation, demonstrated by the achievement of an apprenticeship standard that is defined by employers; and
- an apprenticeship develops transferable skills, including English and maths, to progress careers.²

Pay

An apprentice must be aged 16 or over. He or she must be paid for normal working hours, which are set at a minimum 30 hours per week, and for training that is part of the apprenticeship.³ An apprentice is entitled to the National Minimum Wage. From 1 October 2015, the rate that applies to apprentices aged 16 to 18, and those aged 19 or over who are in their first year, is £3.30 per hour.⁴ Apprentices aged 19 or over and who have completed their first year must be paid at least the minimum wage rate for their age. From 1 October 2015, the rate that applies is £5.30 per hour for those aged 19 and 20, and £6.70 per hour for those aged 21 and over.⁵

Levels

An apprenticeship has an equivalent education level:

- ‘Intermediate’ (also referred to as Level 2) is equivalent to 5 GCSE passes.
- ‘Advanced’ (also referred to as Level 3) is equivalent to two A level passes.
- ‘Higher’ (includes Level 4 and 5) can lead to NVQ Level 4 and above, or a foundation degree.⁶

¹ Department for Business, Innovation and Skills (BIS), [The Future of Apprenticeships in England: Implementation Plan](#), October 2013, p 9.

² *ibid*, p 9.

³ Gov.uk, [‘Become an Apprentice’](#), 16 September 2015.

⁴ Gov.uk, [‘National Minimum Wage: Who Gets the Minimum Wage’](#), 10 March 2015.

⁵ Gov.uk, [‘National Minimum Wage Rates’](#), 1 October 2015.

⁶ Gov.uk, [‘Become an Apprentice’](#), 16 September 2015; and BIS, [Apprenticeships Evaluation: Learners](#), December 2014, p 7.

Key Measures of Policy Reforms

During the last Parliament, a number of policy developments and legal changes were made in relation to apprenticeships.⁷ In keeping with the Coalition Government's 2013 apprenticeship implementation plan, the current Government has noted that the key measures of its apprenticeship policy reforms are to:

- **Put employers in the driving seat.** Apprenticeships will be based on standards designed by employers, making them more relevant and therefore more attractive to existing and new employers.
- **Increase the quality of apprenticeships.** An apprentice will need to demonstrate their competence through rigorous and holistic assessment. This will focus on the end of the apprenticeship to ensure that the apprentice is ready to progress.
- **Simplify the system.** The new employer-designed standards will be short and easy to understand. They will describe the skills, knowledge and behaviour that an individual needs to be fully competent in an occupation.
- **Give employers purchasing power.** Putting control of government funding for the external training of apprentices in the hands of employers, to empower businesses to act as customers, driving up the quality and relevance of such training.⁸

2. Apprenticeship Statistics

Participation

'Participation' shows the number of people undertaking an apprenticeship in a given time period.⁹ For the first three quarters of the 2014–15 academic year (August 2014 to April 2015) provisional data from the Skills Funding Agency (SFA) shows:

- There were 776,800 apprentices participating;
- 170,400 apprentices participating were aged under 19 and 606,400 were aged 19 and over;
- 458,700 apprentices participating were at intermediate level; 311,500 were at advanced level; and 24,300 were at higher level.¹⁰

⁷ For a summary of these policies and changes, see House of Commons Library, [Apprenticeships Policy, England 2010–2015](#), 12 August 2015, CBP 7278. For a history of apprenticeship policy see House of Commons Library, [Apprenticeships Policy, England Prior to 2010](#), 23 July 2015, CBP 7266. For information regarding traineeships—which can be undertaken by those who are eligible, with a view to them entering into an apprenticeship or employment—see Department for Education and BIS, [Traineeships: Supporting Young People to Develop the Skills for Apprenticeships and Sustainable Employment—Framework for Delivery 2015 to 2016](#), March 2015.

⁸ BIS, [The Future of Apprenticeships in England Guidance for Trailblazers: from Standards to Starts](#), July 2015, p 4.

⁹ For participation, an apprentice studying towards more than one apprenticeship at the same level is counted once. For starts, an apprentice is counted for each apprenticeship they start. SFA and BIS, [Statistical First Release: Further Education and Skills—Learner Participation, Outcomes and Level of Highest Qualification Held](#), 25 June 2015, SFA/SFR29, p 9.

The most recent total yearly figures for participation from the SFA show that all-age apprenticeship participation has increased since 2009–10 from 491,300 to 851,500 apprenticeships in 2013–14.¹¹ The SFA notes a “small decrease” between 2012–13 and 2013–14. Participation increased between those years for those aged under 19 and 19 to 24, so the decrease was due to a fall in those aged 25 and over.¹²

Of 851,500 apprentices participating in the academic year 2013–14:

- 51.9 percent were female and 48.1 percent were male;
- 8.3 percent declared having a disability and/or learning difficulty;
- 9.9 percent were from a Black or Minority Ethnic background, including Mixed, Asian, Black and Other Ethnic Group learners;
- 503,500 apprentices were participating on an intermediate level apprenticeship in 2013–14, representing a slight increase on 2012–13 figures of 501,700;
- There was an increase in higher level apprenticeships from 13,000 in 2012–13 to 18,100 in 2013–14;
- There was a decrease in advanced level apprenticeships from 377,000 in 2012–13 to 351,900 in 2013–14.¹³

Starts

‘Starts’ show the number of programmes that begin in a given time period.¹⁴ For the first three quarters of the 2014–15 academic year (August 2014 to April 2015) provisional data from the SFA shows that:

- There were 374,200 apprenticeship starts;
- 101,700 apprenticeship starts were apprentices aged under 19, and 272,500 were apprentices aged 19 and over;

¹⁰ *ibid*, p 17. Please note that the SFA figures listed in this bullet point add up to a provisional total of 794,500 apprentices participating from August 2014 to April 2015. They do not add up to 776,800—the provisional number of apprentices participating as noted by the SFA in the same statistical release for that period.

¹¹ *ibid*, pp 9 and 35.

¹² *ibid*, p 9.

¹³ *ibid*, pp 10 and 35.

¹⁴ For participation, an apprentice studying towards more than one apprenticeship at the same level is counted once. For starts, an apprentice is counted for each apprenticeship they start. SFA and BIS, [Statistical First Release: Further Education and Skills—Learner Participation, Outcomes and Level of Highest Qualification Held](#), 25 June 2015, SFA/SFR29, p 9.

- 224,000 apprenticeship starts were at intermediate level; 136,800 were at advanced level and 13,200 were at higher level;¹⁵
- There were 151,600 starts for which a payment was made through the Apprenticeship Grant for Employers (AGE 16 to 24) scheme between February 2012 and April 2015. A further 7,900 were in the pipeline (started but not yet paid).¹⁶

The most recent total yearly figures for apprenticeship starts show that in the 2013–14 academic year there were 440,400 apprenticeship starts—a decrease of 13.7 percent on the previous year. However, a decrease was only seen for apprentices aged 19 and over. This, the SFA notes, follows a period of “strong growth” and is “mostly due to a fall at Advanced Level”.¹⁷ An increase in apprenticeship starts was seen for apprentices aged under 19 from 114,500 in the academic year 2012–13 to 119,800 in 2013–14.¹⁸

Achievement

An apprenticeship framework achievement is recorded by the SFA against the year it was achieved, not the year the apprentice started.¹⁹ For the first three quarters of the 2014–15 academic year (August 2014 to April 2015) provisional data from the SFA shows that:

- There are 169,900 apprenticeship framework achievements;
- 105,200 apprenticeship framework achievements were at intermediate level; 62,100 at advanced level and 2,600 at higher level;
- 47,000 apprentices who achieved were aged under 19;
- 123,000 apprentices who achieved were aged 19 and over.²⁰

The proportion of men and women qualified to each of Level 2, 3 and 4 is noted to have risen each year between 2008 and 2014:

- from 73.2 percent in 2008 to 81.0 percent in 2014 qualified to at least Level 2;
- from 54.3 percent in 2008 to 62.6 percent in 2014 qualified to at least Level 3;
- from 34.2 percent in 2008 to 41.0 percent in 2014 qualified to at least Level 4.²¹

¹⁵ SFA and BIS, [Statistical First Release: Further Education and Skills—Learner Participation, Outcomes and Level of Highest Qualification Held](#), 25 June 2015, SFA/SFR29, p 17. Please note that the SFA figures listed in this bullet point add up to a provisional total of 374,000 apprenticeship starts from August 2014 to April 2015. They do not add up to 374,200—the provisional number of apprenticeship starts as noted by the SFA in the same statistical release for that period.

¹⁶ *ibid*, p 17.

¹⁷ *ibid*, p 10.

¹⁸ *ibid*, pp 2 and 36.

¹⁹ *ibid*, p 10.

²⁰ *ibid*, p 17.

²¹ *ibid*, p 5.

Achievements overall had a small increase in 2013–14, despite a decline in apprenticeship starts in 2012–13.²² In 2013–14, apprenticeship achievements rose for those aged under 19 and those aged 19 to 24, but fell for those 25 and over.²³

Qualified Success Rates (QSRs)

Qualified Success Rates (QSRs) are calculated by the SFA to show individual qualifications and provide information on the proportion of learners that started a qualification who successfully completed it.²⁴ Prior to 2013–14, QSRs were calculated using different methodologies for each different strand of further education provision.²⁵ In the 2013–14 academic year, QSR methodologies were aligned to give a consistent method of calculation across all provision areas. Although QSRs for 2013–14 cannot therefore be directly compared with those from previous years, the SFA notes in its own comparison that success rates for apprenticeships rose between 2009–10 and 2010–11 but have decreased in all years since.²⁶ In the academic year 2013–14, the SFA notes that apprenticeship success rate proportions were:

- 68.9 percent for all apprenticeships—a decrease of 3.4 percentage points compared with 2012–13;
- 68.8 percent for intermediate level apprenticeships—a decrease of 3.2 percentage points compared with 2012–13;
- 69.1 percent for advanced level apprenticeships—a decrease of 3.9 percentage points compared with 2012–13;
- 71.3 percent for higher apprenticeships, an increase of 1.1 percentage points compared with 2012–13.
- 68.2 percent for apprenticeships by those aged 19 and over—a decrease of 4.4 percentage points compared with 2012–13;
- 71.1 percent for apprenticeships by those aged under 19—a decrease of 0.4 percentage points compared with 2012–13.²⁷

3. Three Million New Apprenticeships

On 27 May 2015, during the Debate on the Address following the Queen’s Speech, the Prime Minister, David Cameron, commented that:

[T]he first priority of the Queen’s Speech is to help working people, and we are clear about what that means—more jobs, more apprenticeships [...]. That is the agenda for

²² *ibid*, p 10.

²³ *ibid* pp 10 and 36.

²⁴ Success rates are typically calculated at a qualification level, but can be aggregated across different types of course, or for particular colleges or providers (*ibid*, p 14).

²⁵ SFA, *The Effects of the Changes to Qualification Success Rate Methodologies in 2013–14*, January 2015.

²⁶ SFA and BIS, *Statistical First Release: Further Education and Skills—Learner Participation, Outcomes and Level of Highest Qualification Held*, 25 June 2015, SFA/SFR29, p 14.

²⁷ *ibid*, p 15.

this Parliament. [...] The last Parliament saw more than 2.2 million new apprenticeships start, and the Queen’s Speech will help to create 3 million more.²⁸

The Queen’s Speech made a commitment to introduce legislation “to help achieve full employment and provide more people with the security of a job”.²⁹ The Conservative manifesto for the 2015 General Election had noted that central to achieving full employment would be the delivery of 3 million apprenticeships.³⁰ This followed an announcement by the Chancellor, George Osborne, in his Autumn Budget statement in 2014 that the Prime Minister had “set this country an ambition of 3 million apprentices in the next Parliament”.³¹ The Government has since defined ‘the apprenticeship target’ as three million apprenticeships to be entered into in England between 1 May 2015 and 31 March 2020.³²

The Queen’s Speech added that new duties will require ministers to report annually on job creation and apprenticeships.³³ The [Welfare Reform and Work Bill](#) (HC Bill 51 of session 2015–16) includes in clause 2 duties to report annually on progress against meeting the Government’s apprenticeship target.

Later in 2015, a press release from the Minister of State for Skills, Nick Boles, announced that the Government’s pledge to create 3 million apprenticeships by 2020 would be enshrined in law.³⁴ This commitment is found in clause 2 of the Welfare Reform and Work Bill. The Government also announced that public sector bodies would be set targets to help reach the overall 3 million figure.³⁵ Clause 18 of the [Enterprise Bill \[HL\]](#) (HL Bill 63 of session 2015–16) makes provision for an “apprenticeship target”, which, in relation to a public body, is a target regarding the number of apprentices who work for the body under an apprenticeship agreement.³⁶ For a summary of this provision, see House of Lords Library, [Enterprise Bill \(HL Bill 63 of 2015–16\)](#) (7 October 2015, LLN 2015/032, pages 11–13).

There is broad political support for increasing the number of apprenticeships in England. The Labour Party and Liberal Democrats both pledged to increase the number of available apprenticeships in their 2015 party manifestos. Labour promised to guarantee an apprenticeship “for every school leaver with the grades” and said that it would create thousands more apprenticeships in the public sector.³⁷ Ed Miliband, the then leader of the Labour Party, later pledged 80,000 extra apprenticeships per year in England by the end of 2020.³⁸ The Liberal Democrats pledged a “major expansion” of high-quality and advanced apprenticeships.³⁹ UKIP’s 2015 Manifesto pledged to introduce an option for students to take an apprenticeship qualification instead of four non-core GCSEs which they could continue progressing in past the age of 16.⁴⁰

²⁸ HC Hansard, 27 May 2015, [col 45](#).

²⁹ HL Hansard, 27 May 2015, [col 5](#).

³⁰ Conservative Party, [The Conservative Manifesto 2015](#), April 2015, p 18.

³¹ Gov.uk, ‘[Chancellor George Osborne’s Autumn Statement 2014 Speech](#)’, 3 December 2014.

³² [Welfare Reform and Work Bill](#), HC Bill 51 of session 2015–16, clause 2, p 2.

³³ HL Hansard, 27 May 2015, [col 5](#).

³⁴ BIS, [Government Kick-starts Plans to Reach 3 Million Apprenticeships](#), 14 June 2015.

³⁵ *ibid.*

³⁶ [Enterprise Bill \[HL\]](#), HL Bill 63 of session 2015–16, p 34.

³⁷ Labour Party, [Britain Can Be Better: The Labour Party Manifesto 2015](#), April 2015, pp 10 and 24.

³⁸ Patrick Wintour, ‘[Ed Miliband Pledges 80,000 Extra Apprenticeships a Year in England](#)’, *Guardian* 16 February 2015.

³⁹ Liberal Democrats, [Manifesto 2015](#), April 2015, p 25.

⁴⁰ UKIP, [Believe in Britain: UKIP Manifesto 2015](#), 15 April 2015, p 30.

In March 2015, a report was published by the House of Commons Education Committee about apprenticeships and traineeships for 16 to 19 year-olds which stated that the “central challenge for the Government’s reform programme is to drive up the quality of provision while ensuring that more employers commit to providing apprenticeships for young people”.⁴¹ The Education Committee noted that, even though the number of people undertaking apprenticeships had “significantly” increased during the last Parliament, participation by 16 to 19 year-olds remained low.⁴² Others, such as the Institute for Public Policy Research (IPPR), think tank, have gone further in their recommendations; writing for the *Times Educational Supplement*, an IPPR researcher suggested that “the government should aim for future growth in apprenticeships to be confined to the under-25s”.⁴³ In reply to a written question in September 2015, the Government noted that, in 2013–14, “two thirds (64 percent) of apprentices worked for their employer before starting their apprenticeship”.⁴⁴

The table below shows the number of apprenticeship starts during the years 2012–13, 2013–14 and 2014–15 by sector subject area and age.

Table I: Sector Subject Area and Age

Apprenticeship Programme Starts by Sector Subject Area and Age (2012/13 to 2014/15 in-year estimates)												
Sector Subject Area	2012/13 Full Year				2013/14 Full Year				2014/15 August to April (provisional)			
	All Apprenticeships				All Apprenticeships				All Apprenticeships			
	Under 19	19-24	25+	All Ages	Under 19	19-24	25+	All Ages	Under 19	19-24	25+	All Ages
Agriculture, Horticulture and Animal Care	3,100	2,560	1,440	7,090	3,250	2,840	970	7,060	2,700	2,100	830	5,630
Arts, Media and Publishing	600	450	70	1,120	740	650	30	1,410	570	560	30	1,160
Business, Administration and Law	27,190	52,980	80,240	160,410	28,870	48,430	48,610	125,900	23,380	35,650	46,460	105,480
Construction, Planning and the Built Environment	7,820	4,510	1,410	13,730	9,220	5,410	1,260	15,890	9,290	5,390	1,410	16,090
Education and Training	810	1,410	5,820	8,050	1,110	1,430	2,210	4,750	1,170	1,450	2,910	5,530
Engineering and Manufacturing Technologies	24,820	20,950	20,640	66,410	26,180	22,530	16,120	64,830	23,870	19,910	15,740	59,520
Health, Public Services and Care	15,350	36,580	71,430	123,370	15,890	35,650	57,020	108,560	12,930	26,470	53,490	92,890
Information and Communication Technology	4,940	4,810	4,380	14,120	5,040	5,340	2,680	13,060	4,160	4,430	2,610	11,190
Languages, Literature and Culture	-	-	-	-	-	-	-	-	-	-	-	-
Leisure, Travel and Tourism	5,570	5,150	3,640	14,360	4,840	4,400	2,110	11,350	4,730	3,420	2,200	10,350
Preparation for Life and Work	-	-	-	-	-	-	-	-	-	-	-	-
Retail and Commercial Enterprise	24,210	35,870	41,160	101,240	24,440	32,310	30,520	87,270	18,680	22,490	24,610	65,780
Science and Mathematics	130	120	70	320	180	130	40	360	160	140	30	330
Unknown	-	-	-	-	-	-	-	-	100	150	30	280
Grand Total	114,500	165,400	230,300	510,200	119,800	159,100	161,600	440,400	101,700	122,100	150,300	374,200

(Source: SFA, [Apprenticeships by Sector Subject Area, Level and Age: Starts 2002–03 to 2014–15](#), August 2015)

Dr Fiona Aldridge, assistant director for development and research at the National Institute of Adult Continuing Education (NIACE)—a development organisation and think tank that works on issues central to the economic renewal of the UK—was reported in the *FE Week* commenting on the recent figures. She explained that even though it is “always encouraging” seeing people of all ages getting training and support in work, “we would be concerned if the high proportion of people aged 25 [years and above] on apprenticeships was just a way of

⁴¹ *ibid*, p 3.

⁴² House of Commons Education Committee, [Apprenticeships and Traineeships for 16 to 19 Year-Olds](#), 9 March 2015, HC 597 of session 2014–15, p 3.

⁴³ Izzy Hatfield, ‘[In the Apprenticeships Bidding War the Focus must be on Quality, not Quantity](#)’, *Times Educational Supplement*, 7 May 2015.

⁴⁴ House of Commons, ‘[Apprentices: Written Question—9450](#)’, 11 September 2015

recognising current competencies and not representing the true skills development that so many people, workplaces and our economy needs”.⁴⁵

In response to a recent question by Baroness Jones of Whitchurch (Labour) which asked the Government how many of the 3 million new apprenticeships will be for those aged 16 to 18, the Parliamentary Under Secretary of State for BIS, Baroness Neville-Rolfe, responded:

[Y]oung people will inevitably be a huge focus of the scheme, but it is right not to exclude others because people can need to develop lifelong learning after the age of 19. We will be making a total investment of £1.5 billion in apprenticeships available in the current year, and I am delighted to say that training for 16 to 18 year-olds is fully funded by the Government [...].⁴⁶

A recent report by Demos, a cross-party think tank, explained that in many sectors apprentices are seen as “vital” in closing skills gaps, responding to changing skills needs and replacing workers who retire.⁴⁷ Drawing on evidence from 2013, the report noted that in the construction sector, for example, “it has been estimated that there are 21,900 vacancies, of which 5,000 are ‘skill-shortage vacancies’ (where employers are unable to find applicants with the requisite skills), and there are 2,400 other ‘hard-to-fill’ vacancies”.⁴⁸ The report also noted some long-term challenges, notably that an estimated 434,000 recruits will be required simply to replace the skills lost through older workers retiring between 2010 and 2020 in skilled construction and building trades.⁴⁹ The report added, however, that more employers still need to be convinced that apprenticeships can work for their business and stated that, nationally, “there are many more applicants for apprenticeships than places offered by employers [...] around twelve applications for every apprenticeship vacancy”.⁵⁰

The Confederation of British Industry (CBI) conducted a survey, supported by Pearson, regarding education and skills in spring 2015, with responses received from more than 300 organisations that collectively employed more than 1.2 million people. The results, published on 10 July 2015, revealed that the positive balance of firms expecting to need more employees with higher skills stood at 65 percent.⁵¹ It added that demand for more people with higher-level skills is expected to be particularly strong in sectors central to growth such as construction, at 73 percent, manufacturing, at 69 percent, and engineering, science and hi-tech, at 52 percent.⁵² Over half of businesses (55 percent) were not confident that there will be enough people available in the future with the necessary skills to fill their business’ high-skilled jobs.⁵³ “Widespread difficulties” were noted in recruiting people with STEM skills at every level—“from new entrants to train as apprentices (20 percent) to people with more than five years’ experience of STEM related work (32 percent)”.⁵⁴ Commenting on recent figures, Angela Eagle, Shadow Secretary of State for BIS and Labour MP for Wallasey, also highlighted a “serious and growing skills shortage” in science, technology, engineering and maths in Britain, with

⁴⁵ Rebecca Cooney, “[‘Still Early Days’ says BIS after Just 300 Trailblazer Apprenticeship Starts in Nine Months](#)”, *FE Week*, 29 June 2015.

⁴⁶ *HL Hansard*, 10 June 2015, [col 793](#).

⁴⁷ Demos, [The Commission on Apprenticeships](#), 5 March 2015, p 51.

⁴⁸ *ibid.*

⁴⁹ *ibid.*

⁵⁰ *ibid.*

⁵¹ CBI, [Inspiring Growth: CBI and Pearson Education and Skills Survey 2015](#), 10 July 2015, p 6.

⁵² *ibid.*

⁵³ *ibid.*

⁵⁴ *ibid.*

businesses facing a “skills emergency”⁵⁵ She added that “[a]larming new figures show that of more than 250,000 apprenticeship starts last year, only 140 were in science and maths, and fewer than a fifth of apprenticeships this year are in engineering”. She asked if the Secretary of State “will tell the House how he hopes to close the skills gap when there are so few apprenticeship opportunities in those subjects?”⁵⁶ In reply, the Secretary of State for BIS, Sajid Javid, stated:

I agree [...] that there is a skills shortage. When we talk to employers across the country, that is one of the first issues that they bring up. That is why the Government have brought significant investment and focus to bear on the issue. For example, we launched our higher apprenticeships earlier this year and I would like to see those increase; [...] we are currently seeing record growth. We are also setting up a network of national colleges: there will be seven national colleges, and I hope that they will all be operational by September 2017.⁵⁷

4. New Apprenticeship Standards

The Coalition Government announced as part of its *Future of Apprenticeships in England: Implementation Plan* in October 2013 that new apprenticeship standards would be developed by sector-based employer groups called ‘trailblazers’.⁵⁸ Trailblazers are a group of employers approved by the Government to develop one or more apprenticeship standard(s) and related assessment plans for occupations in their sector(s), with a view to publishing standards that are more relevant to the industry they relate to.⁵⁹ This followed recommendations in the Richard Review—an independent report commissioned by the then Government and published in November 2012 on the future of apprenticeships—which emphasised the importance of employer ownership of apprenticeships.⁶⁰

On 4 March 2014, the Coalition Government published standards for the first eight trailblazers.⁶¹ Matthew Hancock, the then Minister of State for Skills and Enterprise, gave a speech which explained that these standards:

Condens[e] hundreds of pages of complex, messy frameworks to a 2-side description of the skills, knowledge and attitude employees need to demonstrate in a particular industry. And how they should be assessed, whether through written tests, practical observations or interviews. Shorter, clearer, better standards written by employers for employers against which they can easily measure themselves.⁶²

The related assessment plans for the trailblazers followed for approval. On 12 March 2015, a Statement on Apprenticeship Quality for the Trailblazer Trial, published by the Coalition Government with information about existing quality measures which apply to reformed apprenticeships, noted that over 1000 employers had engaged in the trailblazer process and around 300 apprentices had begun training against the new standards.⁶³ In July 2015, updated

⁵⁵ HC Hansard, 15 September 2015, cols [887–88](#).

⁵⁶ *ibid.*

⁵⁷ *ibid.*

⁵⁸ BIS, *The Future of Apprenticeships in England: Implementation Plan*, October 2013, p 23.

⁵⁹ BIS, *The Future of Apprenticeships in England Guidance for Trailblazers: from Standards to Starts*, July 2015, p 60.

⁶⁰ BIS, *Richard Review of Apprenticeships*, 27 November 2012.

⁶¹ BIS, *The Future of Apprenticeships in England: Implementation Plan*, October 2013, p 23.

⁶² BIS and The Rt Hon Matt Hancock MP, *Apprenticeship Trailblazers*, 4 March 2014.

⁶³ Gov.uk, *Statement on Apprenticeship Quality for the Trailblazer Trial*, 12 March 2015, p 1.

guidance for employers was published by the new Conservative Government which stated that there were “over 140 trailblazers that so far have collectively delivered or are in the process of delivering over 350 standards”.⁶⁴ The Government notes, however, that figures are subject to change until the final full year data is published in November 2015.⁶⁵

From the end of August 2015 onwards, the Government will provide monthly opportunities for employers to submit Expressions of Interest (EOIs), draft standards and assessment plans, which the Government hopes “will speed up the development process”.⁶⁶ The Government’s intention is that all apprenticeships starting from the 2017–18 academic year should be under the new standards.⁶⁷ The standards and assessments are published online as they are developed and approved.

When giving evidence to the House of Commons Education Committee in March 2015, Brian Wisdom, Chair of the Federation for Industry Sector Skills and Standards, summarised concerns that some employers have regarding what would happen to the new apprenticeship standards once the trailblazer scheme concludes in 2017, and who would ensure the standards remained relevant to employers:

[...W]hen the trailblazer groups have disbanded [...] if there is no industrial partnership structure that covers the breadth of training that needs to happen, how does it continue? Who does an employer go to when they have a question about the standards? [...] I think it is really important that there is a self-sustaining way of making sure that the quality and standards can be maintained.⁶⁸

Addressing the above point, the Minister of State for Skills, Nick Boles, told the Education Committee that he hoped that the groups of employers who created a standard would “feel invested” and would therefore continue to have a role while the employers remained in the industry.⁶⁹ However, he acknowledged that this could not be presumed, for example, if management changes, or the business focus changed, and explained that the Government “will always have a pretty active role, ensuring that every trailblazer, as it were, has a sort of owner [...] a group in the industry that will take responsibility for it”.⁷⁰ He added, however, that “it is absolutely right that there may well be some industries where, as it were, the collective organisation is not quite so clearly defined, perhaps does not last and maybe some people will fall away”.⁷¹ In such instances, the Minister explained:

[t]hen, we have a responsibility as a Government either to reform that or to check ourselves that those standards are maintained and updated. So there will never not be a role for Government.⁷²

⁶⁴ BIS, *The Future of Apprenticeships in England Guidance for Trailblazers: from Standards to Starts*, July 2015, p 5.

⁶⁵ Rebecca Cooney, “‘Still Early Days’ says BIS after Just 300 Trailblazer Apprenticeship Starts in Nine Months”, *FE Week*, 29 June 2015.

⁶⁶ BIS, *The Future of Apprenticeships in England Guidance for Trailblazers: from Standards to Starts*, July 2015, p 5.

⁶⁷ Gov.uk ‘[Apprenticeship Frameworks: Live List](#)’, 29 July 2015.

⁶⁸ House of Commons Education Committee, *Apprenticeships and Traineeships for 16 to 19 Year-Olds*, 9 March 2015, HC 597 of session 2014–15, p 25.

⁶⁹ *ibid.*

⁷⁰ *ibid.*

⁷¹ *ibid.*

⁷² *ibid.*

The Minister wrote to the Committee with further details about how the oversight of standards might operate:

[...]As we develop the trailblazer process, there are a number of employer led models of governance which are currently being designed. We are keen to support their development in order to inform thinking about wider governance within a steady state system. Once they have entered into trial we will then make a more informed decision on the way forward for the future governance of apprenticeships.⁷³

In the same report, the House of Commons Education Committee suggested that evidence it had been given indicated that larger firms have dominated the trailblazer process of developing new standards.⁷⁴ The Federation for Industry Sector Skills and Standards expressed a need for “a greater effort” to be made to place micro and small businesses “at the heart of standard and assessment development”.⁷⁵ The report suggested the lack of SMEs may partly be due to the time commitment involved in the trailblazer process.⁷⁶ The Association of Accounting Technicians reported, for example, that over a two month period their representative had needed to attend half-day meetings on a weekly basis which was “simply not practical for someone in a small accountancy firm”.⁷⁷ The Institute for Employment Studies (IES)—an independent, international centre of research and consultancy in public employment policy and organisational human resource issues—undertook research which evaluated apprenticeship trailblazers. The research was published in an interim report by BIS in March 2015 which, too, highlighted that involvement in the trailblazer scheme can be resource-intensive which makes it particularly hard for SMEs to withstand.⁷⁸

JTL, a registered charity that supports around 5,000 young people in apprenticeships in the building services engineering sector, raised the question to the Committee of whether trailblazers’ standards will actually meet the needs of the whole sector.⁷⁹ In its view, trailblazer groups gave “little true SME representation” of those sectors within which the majority of apprenticeship employers are SMEs and micro businesses.⁸⁰ It also explained that trailblazer groups were made up of “relatively small groups of employers”.⁸¹ In its conclusions and recommendations, the Committee stated that the “success of the [trailblazer] scheme will rest on whether wider industry sectors have confidence in the standards the trailblazers have developed”.⁸²

The Committee also suggested that the evidence was unclear on whether increased employer ownership guaranteed quality in the new apprenticeship standards. It noted that even though the Government has “undoubtedly made improvements to quality through the removal of programme-led apprenticeships and frameworks lasting less than 12 months” the Committee had “seen little direct evidence that the standards developed by the trailblazers will be inherently of better quality than those they are replacing”.⁸³ It proposed that the Government

⁷³ *ibid.*

⁷⁴ *ibid.*, p 23.

⁷⁵ *ibid.*, p 23.

⁷⁶ *ibid.*, pp 23–4.

⁷⁷ *ibid.*, p 24.

⁷⁸ BIS, [Evaluation of the Apprenticeship Trailblazers: Interim Report](#), March 2015, p 7.

⁷⁹ JTL Training, [‘Who We Are’](#), accessed 30 September 2015.

⁸⁰ House of Commons Education Committee, [Apprenticeships and Traineeships for 16 to 19 Year-Olds](#), 9 March 2015, HC 597 of session 2014–15, p 24.

⁸¹ *ibid.*, p 24.

⁸² *ibid.*, p 28.

⁸³ *ibid.*

may be right that, because employers are involved in the design of apprenticeship standards, businesses will have greater confidence that apprenticeships will provide for their business needs—but added that “it does not necessarily follow that the new standards will be any better than those they are replacing”.⁸⁴ The Committee also held that it was too early to judge whether or not the new apprenticeship standards represented an improvement in quality.

The Minister of State for Skills, Nick Boles, explained to the Committee that a trailblazer would not be signed off or given government funding unless it has completed a “rigorous and independent” assessment.⁸⁵ However, the Committee concluded that:

[w]hile this suggests that there is sufficient oversight of the assessments through which apprentices complete an apprenticeship, it does not provide a method of assessing the quality of apprenticeship provision more generally across different standards. It also raises questions over whether any one panel, however talented and industrious its members, is capable of properly evaluating standards assessments from so many sectors.⁸⁶

5. Term ‘Apprenticeship’ to be Protected in Law

On 14 June 2015, the Minister of State for Skills, Nick Boles, announced that apprenticeships will be given equal legal treatment to degrees through the Enterprise Bill which would protect the term ‘apprenticeship’ in law.⁸⁷ Following this commitment, summer 2015 saw the Government run a consultation which asked for evidence on the misuse of the term ‘apprenticeship’. The consultation noted that “there is nothing to stop misuse from occurring at present as the term ‘apprenticeship’ or ‘apprentice’ has not been protected in legislation”.⁸⁸ It particularly invited submissions on legislative proposals in the Enterprise Bill which would seek to protect against misuse of the term ‘apprenticeship’ and ‘apprentice’ by unauthorised training providers.⁸⁹

On 21 September 2015, the Government published its response to the consultation along with an Impact Assessment. The Government received 92 responses from employers, private training providers, colleges, schools, universities, apprentices and representative groups. Of those that answered the question (82 of the 92 total responses), 40 percent said that they were aware of the term ‘apprenticeship’ being misused.⁹⁰ Issues raised in the report included students on full time courses who had believed that they were doing an apprenticeship when in reality they were only being taught technical qualifications and providers using the term ‘apprentice’ to describe part-time study that does not fully meet the requirements of statutory apprenticeships.⁹¹ One large employer was reported to note that it had discovered colleges and training providers using its company logo and name to advertise apprenticeships without its consent.⁹²

⁸⁴ *ibid.*

⁸⁵ *ibid.*

⁸⁶ *ibid.*

⁸⁷ BIS, [Government Kick-starts Plans to Reach 3 Million Apprenticeships](#), 14 June 2015.

⁸⁸ BIS, [Consultation on Preventing Misuse of the Term ‘Apprenticeships’ in Relation to Unauthorised Training](#), 29 July 2015, p 7.

⁸⁹ *ibid.*, p 3.

⁹⁰ BIS, [Government Response to the Consultation on Protecting the Term ‘Apprenticeship’ from Misuse](#), 21 September 2015, p 6.

⁹¹ *ibid.*

⁹² *ibid.*

The consultation noted that “the majority of the responses were supportive of the aims” of the legislation and the need to protect the term ‘apprenticeship’ from misuse. It said that many felt this proposal would help to enhance the reputation of apprenticeships.⁹³ Though the consultation report acknowledged that there were those respondents that had questions about some of the detail of the proposals, the Government explained that many agreed with the principles that the Government had outlined and that it would continue to work with stakeholders as the Enterprise Bill progressed through Parliament to “try to ensure that there are no unintended legal consequences”.⁹⁴ The consultation concluded, therefore, that the Government would include a clause in the Enterprise Bill to achieve this aim:

The measure will create an offence for a person, in the course of business, to provide or offer a course or training as an apprenticeship if it is not a statutory apprenticeship. Employers cannot commit the offence in relation to their employees.⁹⁵

The Government response follows the introduction of the Enterprise Bill which had its first reading in the House of Lords on 16 September 2015. The Bill’s second reading is due to take place on 12 October 2015.⁹⁶

Although the Government decided to make the above provisions, the consultation did highlight a number of concerns about the policy—only 40 percent of respondents (82 of the 92 total responses) did not believe that there would be unintended legal consequences from the proposal.⁹⁷ The concerns were noted to fall into two main categories.

First, there were those that wanted the policy to “go further” and also to apply to employers.⁹⁸ The Government’s response to this noted that the Government had “considered expanding this measure to employers” but felt that “the potential costs of doing so would outweigh the benefits” as there are many employers that offer high-quality apprenticeships of their own which it would not wish to prevent. In addition, the Government did not want to put in place any measures “that could be perceived as burdensome or put off employers from offering apprenticeships”.

Second, there were respondents that expressed concerns that legislation could have potential unintended consequences. A risk was seen that legislation could de-value and discredit apprenticeships that have already been achieved.⁹⁹ A few respondents were noted to believe that legislating was the “wrong approach” and that Government should improve the quality of apprenticeships through other non-legislative measures.¹⁰⁰ The Government’s response to this summarised the Government’s view that to use a combination of legislative and non-legislative options would be the best approach to increase quality.

⁹³ *ibid*, p 5.

⁹⁴ *ibid*, p 8.

⁹⁵ *ibid*, p 10.

⁹⁶ For further information regarding the Enterprise Bill and apprenticeships see House of Lords Library, [Enterprise Bill \(HL Bill 63 of 2015–16\)](#), 7 October 2015, LLN 2015/032, pp 11–13.

⁹⁷ BIS, [Government Response to the Consultation on Protecting the Term ‘Apprenticeship’ from Misuse](#), 21 September 2015, p 7.

⁹⁸ *ibid*, p 7.

⁹⁹ *ibid*.

¹⁰⁰ *ibid*.

A disability group raised the concern that the proposed legislative measure could create an “unfair two-tier system in which people with disabilities are excluded from accessing high quality training opportunities”. The Government responded by explaining that it does not set entry requirements for apprenticeships and that it has no plans to change this.¹⁰¹

Among other worries were those that suggested that there was no consistent and agreed definition of an apprenticeship across different sectors and industries, which could result in organisations being penalised “because they were confused about the definition of an apprenticeship”.¹⁰²

6. Funding

Funding Pilot

The March 2015 Budget announced that:

The Government, through the introduction of an Apprenticeship Voucher, will put employers in control of the government funding for the training apprentices need. The new mechanism, which will be developed and tested with employers and providers immediately and fully implemented from 2017, will give employers the purchasing power to have an even greater say in the quality, value for money and relevance of the training that their apprentices receive. As confirmed at Autumn Statement 2013, the Government and employers will make cash contributions towards the cost of training for apprentices.¹⁰³

This emphasis from the Government about the importance of putting control of funding in the hands of employers follows recommendations in the Richard Review.¹⁰⁴ Trailblazers are piloting the new funding model, where the Government pays £2 for every £1 that the employer invests, up to a maximum cap which has been set for each standard.

Each apprenticeship standard which has been approved for funding has been allocated to one of five funding caps. The funding cap sets the maximum core government contribution the Government will make for each apprenticeship standard. The caps apply to all apprentices, regardless of an apprentice’s age.¹⁰⁵ The Government has explained that, as part of the implementation of apprenticeship funding reform, it is “trailing new funding principles and seeking to work with employers and providers on pragmatic solutions to the opportunities and issues that develop”.¹⁰⁶ Therefore, trailblazer apprenticeship funding rules and guidance continue to be updated. The table below shows the funding levels which apply from 1 August 2015 to 31 July 2016 for all organisations in receipt of funding for the delivery of training or the end-point assessment of apprenticeship standards for the funding year 2015 to 2016.

¹⁰¹ *ibid*, p 8.

¹⁰² BIS, [Government Response to the Consultation on Protecting the Term ‘Apprenticeship’ from Misuse](#), 21 September 2015, p 8.

¹⁰³ HM Treasury, [Budget 2015](#), March 2015, HC 1093 of session 2014–15, p 49.

¹⁰⁴ BIS, [Richard Review of Apprenticeships](#), 27 November 2012.

¹⁰⁵ SFA, [Trailblazer Apprenticeships Funding Rules 2015 to 2016: Version 1](#), July 2015, p 13.

¹⁰⁶ *ibid*, p 6.

Table 2: Trailblazer Pilot Funding Model | August 2015 to 31 July 2016

Maximum core government contribution		Cap 1	Cap 2	Cap 3	Cap 4	Cap 5
		£2,000	£3,000	£6,000	£8,000	£18,000
Employer contribution of the maximum cap is claimed		£1,000	£1,500	£3,000	£4,000	£9,000
Additional incentive payments	Recruiting a 16 to 18 year old	£600	£900	£1,800	£2,400	£5,400
	For a small business (<50)	£500	£500	£900	£1,200	£2,700
	For successful completion	£500	£500	£900	£1,200	£2,700
Maximum total government contribution		£3,600	£4,900	£9,600	£12,800	£28,800

(Source: SFA, [Trailblazer Apprenticeships Funding Rules 2015 to 2016: Version 1](#), July 2015, p 13)

For apprenticeships operating under the old standards, an employer is able to apply for funding to cover the cost of apprenticeship training if the employer is providing the apprentice's formal study as well as being their employer.¹⁰⁷ Normally the training organisation providing the apprentice's training receives the funding, the amounts which varies:

- If the apprentice is aged 16 to 18 all of their course costs, up to advanced level apprenticeship qualifications (for example, higher diplomas or A-levels);
- If the apprentice is aged 19 to 23, half of their course costs can be covered;
- If the apprentice is 24 years and older, there may only be a contribution.¹⁰⁸

An employer may receive an apprenticeship grant of £1,500 if, among other criteria, the employer has fewer than 50 employees and the apprentice is aged 16 to 24.¹⁰⁹ This Apprenticeship Grant for Employers, named 'AGE 16 to 24', supports businesses that "would not otherwise be able to recruit individuals aged 16 to 24 into employment through the apprenticeship programme".¹¹⁰ An employer can claim support for up to five apprentices.¹¹¹ This grant is available until December 2015.¹¹² Local alternatives to the national grant are available in London, Manchester and Sheffield.¹¹³

¹⁰⁷ Gov.uk, ['Employ an Apprentice: Get a Grant'](#), 4 June 2015.

¹⁰⁸ *ibid.*

¹⁰⁹ National Apprenticeship Service, [Apprenticeship Grant for Employers of 16-to-24-year-olds \(AGE 16 to 24\): Employer Fact Sheet](#), May 2015, p 1.

¹¹⁰ *ibid.*

¹¹¹ Gov.uk, ['Employ an Apprentice: Get a Grant'](#), 4 June 2015.

¹¹² SFA, [Apprenticeship Grant: Employer Fact Sheet](#), 2 June 2015.

¹¹³ For further information see House of Commons Library, [Apprenticeships Policy, England](#), 2 September 2015, CBP 03052, p 5.

An interim report in March 2015 with an evaluation of the trailblazer scheme, published by BIS, reported that many employers viewed the principles underpinning the new funding model for apprenticeships in England positively, finding that a 2:1 ratio of core government funding for every pound spent by the employer was a “simple principle to understand and was a lot clearer than the previous funding model”.¹¹⁴ However, the report also noted that some employers “had yet to fully consider how their own contributions would be financed under the new model”.¹¹⁵ Some employers were reported to believe that employer-delivered training elements would count as co-investment with the Government, whereas this was “not the intention of policymakers”.¹¹⁶

Large organisations were reported to be “satisfied” with increased buying power and control in sourcing off-the-job training and being able to negotiate with training providers was recognised to give “a lot more control and better value for money”.¹¹⁷

These [large organisations] observed that the new model would increase competition in the provider market, and would act as a driver of improved choice and quality. A few employers were able to cite examples of instances where, under the out-going system, providers had only appeared interested in undertaking a tick-box exercise and doing the minimum that was required to receive government funding: an issue that they believed the new funding model would help to address.¹¹⁸

Several concerns were raised, however, regarding the extent to which SMEs would be able to engage with the new funding system, with large employers believing that smaller companies may find the cash contributions off-putting.¹¹⁹ The report also noted concerns that SMEs will have only limited buying power, which could make it challenging for employers with a small number of apprentices to source appropriate training provision customised to their needs.¹²⁰

Levy Proposal

The Summer Budget 2015 laid out plans to introduce a levy on large employers to fund the three million new apprenticeships.¹²¹ In England, employers will be able to access this funding for apprenticeship training:

The levy will support all post-16 apprenticeships in England. It will provide funding that each employer can use to meet their individual needs. The funding will be directly controlled by employers via the digital apprenticeships voucher, and firms that are committed to training will be able to get back more than they put in. There will be formal engagement with business on the implementation of the levy, which will also consider the interaction with existing sector levy boards [...]¹²²

¹¹⁴ BIS, [Evaluation of the Apprenticeship Trailblazers: Interim Report](#), March 2015, p 43.

¹¹⁵ *ibid.*

¹¹⁶ *ibid.*

¹¹⁷ *ibid.*

¹¹⁸ *ibid.*

¹¹⁹ *ibid.*

¹²⁰ *ibid.*

¹²¹ HM Treasury, [Summer Budget 2015](#), HC 264 of session 2015–2016, p 3.

¹²² *ibid.*, p 60.

The Government added that this approach will “reverse the long-term trend of employer underinvestment in training, which has seen the number of employees who attend a training course away from the workplace fall from 141,000 in 1995 to 18,000 in 2014”.¹²³ Details of the levy, including rates and implementation, will be set out in the Spending Review.¹²⁴

The CBI described the apprenticeship levy as “light on detail” but considered that the Government’s determination to deliver 3 million apprenticeships over the next five years was clear.¹²⁵ In a briefing note by the CBI, Steve Rooney, policy advisor, described the experience of levy systems both in the UK and internationally as “mixed”:

In short, there is no conclusive evidence that levies work [...]. Our primary concern about the new apprenticeship levy is therefore one of efficacy—the levy may deliver quantity and help the government hit its target, but does not guarantee quality.

These concerns are shared by businesses. Those who have experience of levy systems have highlighted the negative impact and unintended consequences which can arise from badly designed and poorly implemented levy systems—and many more have expressed concerned[sic] about the lack of detail in the Chancellor’s announcement, particularly given the potential scale and scope of the levy.¹²⁶

Among issues highlighted, the CBI noted that a levy can have “[i]nsufficient focus on cross-sector or wider skills” and can build “resentment, opposition and undermin[e] industry support” as not all firms benefit.¹²⁷ The CBI called on the Government to open a consultation regarding the rate and reach of the levy—which it described as “critical” to get right and which it said should be subject to regular scrutiny and review.¹²⁸ On 21 August 2015 the Government opened a consultation regarding its levy proposals. However, the consultation sought views on the implementation of the levy and not on the levy rate and scope, details about which the Government noted “will be provided later in the year”.¹²⁹ The consultation closed on 2 October 2015.

Further Reading

Below is a selection of recently published reports which are not referenced above and may be of interest for further reading:

- Sutton Trust, [Levels of Success: The Potential of UK Apprenticeships](#), 9 October 2015
- Social Market Foundation, [Fixing a Broken Training System: The Case for an Apprenticeship Levy](#), July 2015
- Institute for Public Policy Research and the Local Government Association, [Learner Drivers Local Authorities and Apprenticeships](#), June 2015

¹²³ *ibid.*

¹²⁴ *ibid.*

¹²⁵ Confederation of British Industry, [Apprenticeship Levy CBI](#), July 2015, p 2.

¹²⁶ *ibid.*, p 3.

¹²⁷ *ibid.*, p 2.

¹²⁸ *ibid.*

¹²⁹ Gov.uk, [Apprenticeships Levy: Employer Owned Apprenticeships Training](#), 21 August 2015.

- Centre for Economics and Business Research, [*The Benefits of Apprenticeships to Businesses: a Report for the Skills Funding Agency*](#), March 2015
- University College London, Institute of Education, [*Does Apprenticeship Work for Adults?: The Experiences of Adult Apprentices in England*](#), March 2015