



House of Commons
Education Committee

Apprenticeships and traineeships for 16 to 19 year-olds

Sixth Report of Session 2014–15



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to the report*

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The Education Committee

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Contents

Report	<i>Page</i>
Summary	3
1 Introduction	5
Context	5
Our inquiry	5
What is an apprenticeship?	6
16 to 19 year-olds	7
Apprenticeship statistics	7
Background to traineeships	9
2 The quality and range of apprenticeship provision	11
The quality of apprenticeships for young people	11
The range of apprenticeship frameworks	12
The image of apprenticeships	12
Conclusions	14
3 Benefits of apprenticeships	15
The benefits of an apprenticeship	15
Quantifying benefits of different frameworks	16
Conclusions and recommendations	17
4 Engaging young people	18
Current levels of engagement	18
School attitudes towards apprenticeships	18
Careers advice	18
School outcomes	20
The role of Ofsted	20
Work experience	21
Conclusions and recommendations	22
5 Reform of apprenticeship standards	23
Trailblazers	23
Involvement of SMEs	23
Employer engagement in the Trailblazer process	24
Ownership of standards post-Trailblazers	24
Ensuring quality in new apprenticeship standards	26
Proliferation of apprenticeship standards	26
Maths and English requirements	27
Conclusions and recommendations	28
6 Reform of apprenticeship funding	30
Proposed funding reforms	30
Incentives to employ younger apprentices	32
Value for money following funding reforms	33
The apprentice minimum wage	33
Conclusions and recommendations	34

7	Increasing employer engagement	36
	Conclusions and recommendations	37
8	Traineeships	38
	Destination unknown	39
	Conclusions and recommendations	40
9	Conclusion	41
	Conclusions and recommendations	42
	Formal Minutes	47
	Witnesses	48
	Published written evidence	49
	List of Reports from the Committee during the current Parliament	52

Summary

The number of people undertaking apprenticeships has increased significantly during the current Parliament and the number of young people doing an apprenticeship of a year or more has increased from 46% to 97%. Nonetheless participation by 16 to 19 year-olds remains low. 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.

Good quality apprenticeships provide real benefits for apprentices, those who employ them and the country as a whole. Apprenticeships that do not offer substantial training and do not have a positive impact on income for those who complete the apprenticeship should not receive Government funding. Level 2 apprenticeships which comply with these principles should be retained. Better quality destination data is needed to allow young people to make comparisons between different apprenticeships and assess the likely impact on income.

Apprenticeships offer excellent opportunities for young people and should not be seen as a second class option because of cultural preferences for academic routes. Part of the solution lies with schools, which need to provide their pupils with good quality careers advice, including information on apprenticeships, as well as worthwhile experiences of the workplace. There are insufficient incentives for schools to provide good quality advice and work experience to their pupils. We recommend that the Government urgently review the incentives for schools to provide effective careers advice and recognise that the mantra of "trusting schools" does not work when the interests of schools and young people are not aligned. We also recommend that the Government look at reviving the Young Apprenticeship programme or developing a model that replicates its core academic and work-based components.

We congratulate the Government on listening to employers and providers and abandoning its initial proposals for apprenticeship funding reform. New proposals must be brought forward swiftly to minimise uncertainty over how apprenticeship funding will be managed.

As the Trailblazer scheme comes to an end there is work to be done to ensure proper oversight and management of standards in the longer term. We recommend that the Government review, and come forward with proposals to strengthen, the involvement of SMEs in the Trailblazer scheme and set out its expectations about what will happen to apprenticeship standards following the conclusion of the Trailblazer scheme.

Traineeships are still in their infancy, and it is too early to tell whether or not they are effective in assisting young people who might otherwise end up not in education, employment or training to continue into employment or further learning. The Government should provide greater clarity about the purpose of traineeships and what the success criteria for the programme are.

1 Introduction

Context

1. Apprenticeships have a long history, and in recent years the operation of government-funded apprenticeships has undergone significant change. Concerns about the numbers of young people entering into apprenticeships and the quality of apprenticeship provision have driven these changes.

2. The starting point for reform of vocational education and apprenticeships in the current Parliament was the publication of the Wolf Report in March 2011. Alongside and in response to this report, the Government made a number of changes to apprenticeship frameworks, requiring apprenticeships to last for a minimum of 12 months, requiring an employer to be involved in all apprenticeships from the outset (which marked the end of programme-led apprenticeships), and introducing a grant for small businesses who employ an apprentice. Our colleagues on the Business, Innovation and Skills Committee published a report looking at apprenticeships for people of all ages in November 2012.¹

3. A number of further reforms to apprenticeships, particularly focusing on apprenticeship funding and the design of apprenticeship frameworks, are in the process of being implemented by the Government. These were developed following the Richard Review of Apprenticeships in England, published in November 2012.² Our inquiry examines these proposed reforms to apprenticeships and traineeships in terms of their impact on 16-19 year olds.

Our inquiry

4. Our inquiry was launched on 21 July 2014, with the following terms of reference:

- The effectiveness of apprenticeships and traineeships for 16-19 year olds, including in terms of meeting employer needs in different sectors, and providing young people with a solid foundation for employment in general or in particular occupations or for further study;
- The range of apprenticeships and traineeships available to young people;
- Current levels of employer engagement in apprenticeships (including in providing places or defining standards and setting assessment), and what further steps the Government could take to improve this;
- The impact of recent changes to the funding of apprenticeships and traineeships;
- Whether the Government's investment in apprenticeships represents value for money in terms of the future wage returns for young people and their employability;

1 Business, Innovation and Skills Committee, Fifth Report of Session 2012/13, [Apprenticeships](#), HC 83-I

2 Doug Richard, [The Richard Review of Apprenticeships in England](#), November 2012

- How the Government could encourage businesses of all sizes and in all sectors to offer apprenticeships, including improved fiscal, regulatory and other measures;
- What factors prevent more young people considering apprenticeships and how these could be overcome;
- Whether young people are adequately prepared for apprenticeships and how that preparation should be improved;
- How the Government could encourage more young people to consider apprenticeships and traineeships.

5. We received 91 written submissions from a wide range of witnesses. Much of the evidence came from employers, employer groups and training providers. We held four oral evidence sessions, hearing from six panels of witnesses as listed at the end of this report, as well as the Minister for Skills and Equalities, Nick Boles MP. We also ran an online forum on www.thestudentroom.com to gather views from current and prospective apprentices about their experiences.

6. During this inquiry we have benefitted from the expertise of our specialist adviser, Dr Lynn Gambin,³ and our standing specialist adviser on matters relating to education and schools, Professor Alan Smithers.⁴

What is an apprenticeship?

7. The Government's implementation plan for the future of apprenticeships, published in October 2013, set out four principles that were intended to determine whether a programme of work-based learning should be recognised as an apprenticeship and receive Government support:

- 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.⁵

3 Dr Lynn Gambin, Research Fellow, Warwick Institute for Employment Research, University of Warwick, declared the following interests: Past sponsors of commissioned research include: BIS; National Apprenticeships Service; The Edge Foundation. Current sponsors of research projects include: Quality Assurance Agency for Higher Education; Skills for Care; Business in the Community; CEDEFOP; Construction Industry Training Board; DG Employment, European Commission; Joseph Rowntree Foundation.

4 Professor Alan Smithers, Director, Centre for Education and Employment Research, University of Buckingham, declared no interests in connection with this inquiry.

5 BIS, [The Future of Apprenticeships in England: Implementation Plan](#), October 2013, paragraph 20-21

8. During the course of our inquiry it has become clear that a good quality apprenticeship should also comply with a further principle, that it should be income transformative in a measurable way, for those who complete the scheme. We welcome the Minister's agreement to this principle.⁶

16 to 19 year-olds

9. The term 16 to 19 year-olds covers young people who have their seventeenth or eighteenth birthday in the course of the academic year ending on 31 August. Some sources classify people by actual age, and where evidence to our inquiry references 16 to 18 year olds we have kept the original phrasing, but this should be read as equivalent to our definition of 16 to 19 year-olds.

Apprenticeship statistics

10. The Government publishes annual statistics for the numbers of people starting and undertaking apprenticeships. The most recent release provides figures up to the end of the 2013/14 academic year:

Table 1: Apprenticeship starts by age band, 2009/10–2013/14

Age Band	2009/10	2010/11	2011/12	2012/13	2013/14
Under 16	400	320	210	230	200
16	29,380	30,490	29,890	25,080	25,540
17	40,780	44,840	43,200	35,810	38,970
18	46,220	56,050	56,590	53,430	55,050
19-24	113,770	143,430	161,420	165,390	159,120
25-34	25,250	73,400	97,060	101,180	74,380
35-44	13,680	54,470	66,320	64,790	42,850
45-59	9,810	50,320	62,200	61,060	41,850
60+	400	3,890	3,680	3,260	2,480
Total	279,700	457,200	520,600	510,200	440,400

Source: BIS, [Breakdown by geography, equality & diversity and sector subject area: starts 2002/03 to 2013/14](#)

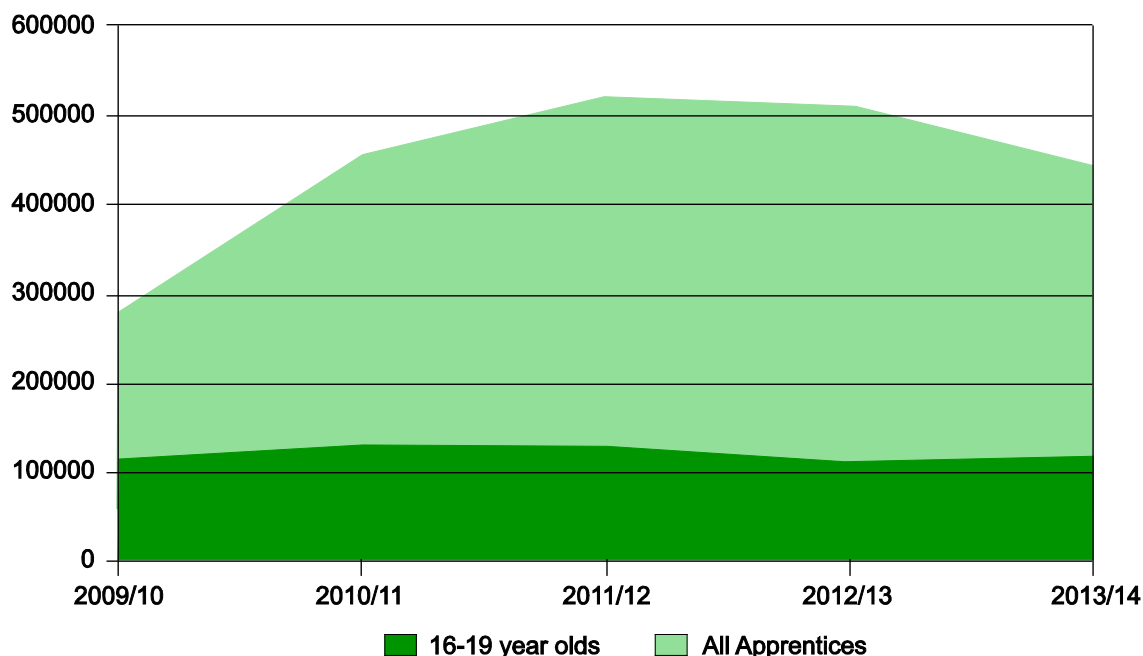
11. The table shows a large increase in overall apprenticeship starts, from 279,700 in 2009/10 to 520,600 in 2011/12. This was followed by a slight fall in 2012/13 and a more dramatic fall in 2013/14, down to 440,400. The DfE attributed this to the requirement to involve employers from the outset of any apprenticeship and the minimum 12 month duration introduced in August 2012.⁷

6 Q483

7 DfE ([AAT0073](#)), para 4.3

12. For 16 to 19 year olds, the picture is different. There was a modest increase in 2013/14 in the number of starts for 16, 17 and 18 year-olds⁸ compared with 2012/13, up to 119,760 from 114,550, but the number of apprenticeship starts for this age group remains lower than in 2010/11, when there were 129,890 starts:

Figure 1: Apprenticeship starts 2009/10–2013/14



Source: BIS, [Breakdown by geography, equality & diversity and sector subject area: starts 2002/03 to 2013/14](#)

Although direct comparisons between the years before and after 2011/12 are not possible due to changes in the way data is collected, the general trend shows little or no increase in overall numbers of starts for 16 to 19 year-olds over the last 5 years. The Minister suggested to us that the removal of short and programme-led apprenticeships had led to 40,000 such schemes for young people being “weeded out”.⁹ Based on DfE figures, in 2009/10 46% of apprenticeships (53,718) lasted at least 12 months and involved an employer from the start.¹⁰ By 2012/13 this figure had risen to 97% (116,167).¹¹

13. DfE figures indicate that young people make more applications for apprenticeships than their older counterparts: there were 939,270 applications via the apprenticeship vacancies website from 16 to 18 year olds in 2013/14 compared to 790,830 from people aged 19 and over.¹² Figures for previous years show a similar pattern.¹³ During the first

8 Based on their age at the start of the programme.

9 Q395

10 DfE ([AAT0073](#)) para viii

11 Ibid.

12 DfE, [Apprenticeship vacancy report - number of applications by age, gender, ethnicity or ssa \(T1\) or programme level: February 2015](#), February 2015.

13 Ibid.

quarter of the 2013/14 academic year there were 12 applications (from people of all ages) per apprenticeship vacancy.¹⁴

14. Equally the proportion of young people who participate in apprenticeships has not varied, with 5% of the age group taking up an apprenticeship at the end of Key Stage 4, the same as in 2011/12.¹⁵ The context for this figure is a cohort size of around 2 million, in which as many as two thirds of young people are taking part in some form of vocational training (such as NVQs, OCR Cambridge National Qualifications, BTECs and other courses).¹⁶

15. Employer engagement in apprenticeships has also remained constant over the last two years. The UKCES Employer Perspectives Survey found that in 2012, 9% of employers employed an apprentice, and a further 6% offered apprenticeships but did not currently employ any.¹⁷ The 2014 survey found that 10% of employers had apprentices, with a further 5% offering apprenticeships.¹⁸

Background to traineeships

16. The Government launched the Access to Apprenticeships scheme in 2011. It was aimed at young people who required extra support before they could undertake an apprenticeship. Research by the House of Commons Library shows that the impact of the scheme was relatively modest:

There were 14,400 starts on the Access to Apprenticeships pathway between 2011/12 and 2013/14, of which 5,500 converted to a full apprenticeship.¹⁹

Following the Richard Review, the Government announced that the Access to Apprenticeships scheme would be replaced by a new system of traineeships. The DfE described traineeships as follows:

Traineeships respond directly to employers' concerns that many young people who apply for apprenticeships and other jobs lack the skills, qualifications, behaviours or experience they are looking for. Traineeships are an education and training programme with a core of work preparation training, English, maths, and work experience, designed to equip young people with the skills and experience they need to be able to gain an apprenticeship or sustainable job.²⁰

Traineeships began from the 2013/14 Academic year. They last up to six months and include a minimum of 6 weeks work experience with an employer.²¹ There were 7,000

14 [“Apprenticeship vacancies increase by a quarter year on year”](#), National Apprenticeship Service press release, 17 February 2014

15 DfE, [Statistical First Release: Destinations of key stage 4 and key stage 5 students, 2012/13](#), January 2015, p.5

16 DfE, [Main SFR tables and figures: SFR18/2014](#)

17 UKCES, [Employer Perspectives Survey: Executive Summary](#), December 2012, p.9

18 UKCES, [Employer Perspectives Survey 2014: UK Results](#), November 2014 p.91

19 [Apprenticeships Policy](#), House of Commons Library Standard Note [SN03052](#), December 2014

20 DfE ([AAT0073](#)) para xiv

21 National Apprenticeships Service, [Traineeships: A factsheet for employers](#), October 2013

traineeship starts by 16 to 19 year-olds in 2013/14²² and 3,500 in the first quarter of 2014/15.²³

22 Skills Funding Agency, [Statistical First Release: Further Education & Skills: Learner Participation, Outcomes and Level of Highest Qualification data tables](#), January 2015

23 Skills Funding Agency, [Statistical First Release: Further Education & Skills: Learner Participation, Outcomes and Level of Highest Qualification Held](#), January 2015, p.17

2 The quality and range of apprenticeship provision

The quality of apprenticeships for young people

17. In 2013/14, there were 134,500 under 19s participating in intermediate (level 2) apprenticeships, and 58,100 in advanced apprenticeships (level 3).²⁴ We received a range of views about the quality of level 2 schemes. Professor Paul Croll suggested that for the “traditional age range of 16 to 19 [...] on the whole that traditional model does offer pretty good quality”.²⁵ Professor Alison Fuller disagreed:

About 70% of those youngsters who start an apprenticeship, in that age band, go on to a Level 2 apprenticeships [...] The minimum criteria for the Level 2 should be one year’s duration and allow you to attain some Level 2 awards. Is that really a secure platform for progression for future earnings and secure trajectories into higher paid and higher skilled jobs? I am not sure that it is. In comparator countries that would not count as an apprenticeship.²⁶

18. City and Guilds highlighted the varied quality across different sectors:

These now range from genuinely skilled occupations which demand two years of solid training and substantial part time education (eg construction trades), through to lower skill occupations which, if entered outside of apprenticeship would involve short term on the job training lasting as little as three months (eg some retail sales and/or customer service occupations).²⁷

19. David Sims, Research Director at the National Foundation for Educational Research, and Professor Fuller both agreed that some schemes under the apprenticeship brand should not count as apprenticeships.²⁸ David Massey from UKCES said that the focus should be on outcomes:

If it is a Level 2 and is delivering good outcomes in terms of earnings later on, and that is what employers say they need, that could still be high quality. Ideally they would move on to a Level 3, and that should still be the case.²⁹

20. The Aspire Group suggested that removing level 2 schemes “would have a catastrophic impact on social mobility, as young people with modest to low academic achievement would no longer be able to gain a vocational position and progress”.³⁰ Similarly Tom Wilson, Director of UnionLearn, told the Association of Employment and Learning Providers’ conference in February 2015 that abolishing level 2 apprenticeships “would

24 BIS, [Breakdown by level and age: participation 2002/03 to 2013/14](#)

25 Q4

26 Q6

27 City & Guilds ([AAT0020](#)) para 6

28 Q10 [David Sims]; [Professor Alison Fuller]

29 Ibid [David Massey]

30 Aspire Group ([AAT0010](#)) para 3.11

frankly be a grave injustice to the thousands and thousands of apprentices who've currently got level two".³¹ He argued that level 3 apprenticeships should be the norm but that the way to achieve that aim was "not just to abolish at a stroke level two, it's to work with employers, work with unions, work with the sector bodies and try and create that sense of progression".³²

21. Level 2 schemes are particularly popular in certain specific sectors. SkillsActive, the Sector Skills Council for active leisure and wellbeing, reported that more than 10% of all level 2 apprenticeships were in hairdressing and barbering, where level 2 schemes were the norm.³³

The range of apprenticeship frameworks

22. In August 2014 there were 328 different apprenticeship frameworks across 170 different industries.³⁴ The Government is looking to encourage more businesses to develop apprenticeships in a range of sectors, "including areas where apprenticeships were not previously available".³⁵ Since 2011 the DfE's focus has been on encouraging growth in the number of higher apprenticeships, at levels 4-7,³⁶ few of which are undertaken by younger apprentices.³⁷

23. Fair Train supported an increased range of apprenticeships, noting that take-up had so far been less successful in the third sector.³⁸ The Aspire Group³⁹ and James Whelan both suggested that some sectors had a greater range of apprenticeships than others, with Mr Whelan highlighting the example of journalism, where there was only a single framework.⁴⁰

24. In contrast, Eileen Cavalier, CEO of the London College of Beauty Therapy, suggested that apprenticeships were not suitable in every sector. She said that for beauty therapy "it is virtually impossible to deliver the qualification as an apprentice",⁴¹ due to legislation preventing untrained therapists from performing treatments on customers.⁴²

The image of apprenticeships

25. The challenge of driving up the number of young apprentices may be made more difficult by public perception of apprenticeships. The DfE told us:

31 ["Unionlearn rejects Labour apprenticeship policy as AELP looks five years ahead"](#), FE Week, 20 February 2015

32 Ibid.

33 SkillsActive ([AAT0036](#)) para 5

34 DfE ([AAT0073](#)) para 2.2

35 DfE ([AAT0073](#)) para 2.7

36 Ibid., para 2.3

37 BIS, [Apprenticeships starts by geography, age and level, 2002/03-2013/14](#)

38 Fair Train ([AAT0035](#)) para 3.2

39 The Aspire Group ([AAT0010](#)) para 5.1

40 James Whelan ([AAT0012](#)) para 1

41 Q95

42 Q96

We know that there are significant and on-going misconceptions about apprenticeships amongst young people and the people and organisations that influence them. These tend to focus on an outdated view of apprenticeship as primarily focused on manual and low level work. For instance, ICM depth tracking research shows that:

- 27% of 14 to 16 year-olds think that apprenticeships are aimed at those who don't do well at school, compared to 23% of 17 to 18 year-olds and 17% of 19 to 24 year-olds.
- 16% of 14 to 16 year-olds think that apprenticeships are only available for manual workers, compared to 10% of 17 to 18 year-olds and 8% of 19 to 24 year-olds.⁴³

26. Professor Paul Croll and Professor Gaynor Atwood told us that those in the bottom quartile of academic achievement do not tend to undertake apprenticeships, despite an expectation among people in that group that they would do so—in fact apprentices tend to be from the third quartile of academic attainment.⁴⁴

27. The Association of School and College Leaders was one of several organisations to suggest that apprenticeships are viewed by some as a “second class option”.⁴⁵ The contributions to our online forum, hosted on www.thestudentroom.com, illustrate the negative perception of apprenticeships. “Raineandfyre”, a member of the forum, commented:

At one time, if you were an apprentice you were probably being trained for a highly skilled, highly paid job in heavy industry (eg. as an electrician in a coal mine). You were promised a job for life which could more than support you and your family, as the high risks of injury or death involved in your working life were rewarded with an excellent fair wage and pension. What can you get now? £2 odd an hour and a BTEC at the end of it?

28. The Chartered Institute of Personnel and Development highlighted “this perception that university offers more opportunities and choice which can heavily influence the decisions of parents and children as to what route they should choose”.⁴⁶

29. Negative perceptions of apprenticeships are also a problem for employers. Dan Hooper from the Federation of Small Businesses summarised employers' views:

We do not like to see apprenticeships linked with youth unemployment, because from a small business perspective our members tell us that makes them think it is a Government programme and they are getting poor-quality students. To bleed the point dry on quality, it would help if Government rhetoric changed. Government has a powerful voice in talking about youth

43 DfE ([AAT0073](#)) para 7.2

44 Professor Paul Croll and Professor Gaynor Attwood ([AAT0038](#)) para 4

45 Association of School and College Leaders ([AAT0056](#)) para 12

46 Chartered Institute of Personnel and Development ([AAT0034](#)) para 22

employment opportunities rather than talking about supporting youth unemployment initiatives. That would change business perception and would hopefully feed down into schools⁴⁷

Conclusions

30. The number of young people starting apprenticeships in recent years has been a consistent but low proportion of the numbers of young people involved in vocational education. We welcome the improvement in the number of quality apprenticeships for young people lasting at least 12 months but overall numbers have not increased.

31. 16-19 year olds tend to undertake level 2 apprenticeships, which vary in the degree of demand made of the apprentice.

32. The Government is seeking to increase the number of apprenticeships by extending the range of sectors in which apprenticeships that are available. It is important to ensure that such growth does not sacrifice quality, as apprenticeships should always require substantial training and always deliver a substantial uplift in earning power for the apprentice. Level 2 apprenticeships that comply with these principles should be retained.

33. Excessive emphasis on apprenticeships as a means to combat youth unemployment risks reinforcing the myth that apprenticeships are a second class option and damages the apprenticeship brand.

34. The central challenge for the Government is to incentivise an increase in the number of young people undertaking apprenticeships at the same time as improving the quality of provision and its impact on earnings.

3 Benefits of apprenticeships

The benefits of an apprenticeship

35. Drawing on its annual survey of employers and apprentices, the DfE summarised the benefits of undertaking an apprenticeship or employing an apprentice. For employers:

84% of employers surveyed were satisfied with apprenticeships and 60% were highly satisfied. When asked about the benefits of the programme:

- 72% of employers said apprenticeships improved their product or service quality;
- 68% said apprenticeships improved their productivity; and
- 6% of employers report benefits to their business of hiring an apprentice.

Evidence suggests that employers recoup their investment within one to two years, if they retain their apprentice.⁴⁸

For apprentices, looking at the impact one to three years after starting:

- 89% said the skills and knowledge gained as part of the apprenticeship could be used across a range of jobs and industries;
- 87% said their career prospects had improved; and
- 68% said their literacy had improved, and the same proportion said the same about their numeracy.⁴⁹

36. Many other submissions highlighted potential benefits for employers and apprentices. BT described apprenticeships as providing a loyal workforce that could be trained to meet forecast skills gaps,⁵⁰ while EEF suggested that employing apprentices would give businesses a competitive edge:

UK manufacturers can no longer hope to compete on price alone; they need employees with the higher level skills which can be acquired from apprenticeships.⁵¹

The University and College Union emphasised that employers could recoup their investment in an apprentice within three years.⁵²

37. We received a number of submissions about the impact of apprenticeships on salary. The DfE's figures, looking at apprentices of all ages, show an increase in lifetime earnings

48 DfE ([AAT0073](#)) paras 1.6-1.7

49 DfE ([AAT0073](#)) para 1.3

50 BT ([AAT0025](#)) p.1

51 EEF, The Manufacturers' Organisation ([AAT0005](#)) para 4

52 University and College Union ([AAT0061](#)) para 21

of between £48,000 and £74,000 for those who complete a level 2 apprenticeship, and between £77,000 and £117,000 for those who complete a level 3 scheme.⁵³ City and Guilds provided different figures, drawing on their own research, showing an average increase in salary of £1,524 per year for level 2 apprenticeships and £1,634 per year for level 3.⁵⁴ In each case the baseline figure was average earnings for those with a level 2 or level 3 qualification who have not completed an apprenticeship.

38. Government funding for apprenticeships for 2013/14, provided through the Skills Funding Agency, totalled £750m for 16 to 18 year-olds and £712m for those aged 19 and over.⁵⁵ Funding for 2012/13 was £860m and £750m respectively.⁵⁶ The UK is one of the few countries, alongside Canada and Australia,⁵⁷ where Government invests in apprenticeships for people aged over 26. The data we have seen on benefits to salary for apprentices covers all apprentices, as opposed to those aged 16 to 19 who are the focus of our inquiry. At present it is not possible to determine whether Government funding would deliver greater benefits if investment focused only on younger apprentices.

39. Another way of looking at the benefits of apprenticeships is through their value for money to Government. Many of the submissions to our inquiry⁵⁸ referred to research by the National Audit Office in 2012 which suggested returns of £18 per pound of government investment.⁵⁹ This was calculated by estimating the net value to the economy (comparing future benefits to the economy against future costs) against the amount of public funding invested.⁶⁰

Quantifying benefits of different frameworks

40. There is clear data to show that when considering all apprenticeships, completion has a positive impact on earnings, but at present, the data is simply not available to allow for a comparative assessment of different frameworks. David Massey from UKCES suggested to us that the overall picture in terms of wage gains for apprentices did not tell the whole story:

Earnings overall have gone up in all the BIS evaluation evidence. On average, earnings do increase, especially for younger apprentices. But I suspect that if we had the data at a granular level so that we could look at individual frameworks, we would find somewhere that earnings increases are fairly marginal if not at all. Then we would be looking again and saying, “Does this

53 DfE ([AAT0073](#)) para 1.5

54 City & Guilds ([AAT0020](#)) para 15

55 Skills Funding Agency, *Annual Report and Accounts 2013/14*, June 2014, p.8

56 Skills Funding Agency, *Annual Report and Accounts 2012/13*, June 2013, p.8

57 Taking Action for Canada, *Expanding Apprenticeship Training in Canada: Perspectives from international experience*, April 2014; National Centre for Vocational Education Research, *Australian vocational education and training statistics: Apprentices and trainees - Annual 2013*, June 2014

58 Association of Employment and Learning Providers ([AAT0027](#)), para 9; CBI ([AAT0078](#)), para 5; OCR ([AAT0081](#)), para 27

59 National Audit Office, *Adult Apprenticeships: Estimating economic benefits from apprenticeships — technical paper*, February 2012, p.5

60 *Ibid.*, p. 25

achieve the outcomes we want it to achieve?” but until we have got those data, we cannot make that judgment.⁶¹

41. Matched administrative data is being collected by HMRC and BIS.⁶² This may provide a better picture of what happens to apprentices once they have completed an apprenticeship, but if it does not allow for a framework to framework comparison, it will be difficult to determine whether an individual apprenticeship has had the sort of positive impact that should be necessary to qualify for Government support, under our fifth principle of income transformation. The Minister told us that data on apprenticeships needed to be able to provide an answer to the question “in three to five years after leaving school, what are the earnings and employment rates of particular programmes and institutions?”⁶³

42. Once the data is available to make comparisons between different frameworks then apprenticeships can be assessed as to whether they are income transformative. Controlling for other factors that might affect income, apprenticeships that are not income-transformative should cease to be accredited.

43. Further data collection on why individuals undertake apprenticeships and their experiences whilst in training and after completion of the apprenticeship would also help illuminate how different apprenticeship programmes lead to different labour market outcomes (including earnings) for different people.

Conclusions and recommendations

44. **There is a general consensus in the evidence that government investment in apprenticeships represents good value for money and provides a range of benefits for employers.**

45. **Good quality apprenticeships can provide long term benefits for young people.**

46. *We recommend that the Government review the benefits provided by funding adult apprenticeships and apprenticeships for young people respectively and assess whether more or all of the money would be better spent on 16 to 19 year-olds.*

47. *We recommend that the Government expand the existing matched administrative data sets on apprenticeship outcomes with information on the occupation and industry in which individuals are employed. This would help prospective apprentices make informed comparisons between different frameworks and would aid in evaluating the impact of apprenticeships policy.*

48. *We recommend that the Government review the data collected on apprenticeships to allow assessment of the effect on income of different apprenticeship frameworks.*

49. *Having accepted our fifth principle, that apprenticeships should be income-transformative, the Government should set out how it will put this into practice.*

61 Q12 [David Massey]

62 Q5

63 Q468

4 Engaging young people

Current levels of engagement

50. Professor Alison Fuller told us:

The rather stubborn figure that remains is about 6% of 16-to-19s will at some point start a Government supported apprenticeship. It is important to have that context; it is very small and it has not gone up. It remains a challenge to increase it.⁶⁴

51. One factor that hinders young people when competing with older applicants is that some employers may (in some cases quite correctly) see young people as being unprepared for the workplace. The CBI suggested to us that “a lack of work readiness and the failure of our education system to equip young people with the skills that employers value are two major contributors to youth unemployment”.⁶⁵ Ensuring that schools provide good quality careers advice and prepare young people for the workplace effectively is key to enabling them to take advantage of apprenticeships.

School attitudes towards apprenticeships

52. Assessment of school performance is still seen by some as limited to the school’s GCSE or A-level results. Newham College of Further Education reported that:

The promotion of year seven entry places to parents within schools only focuses on the university progression of their year 13 pupils. Progression onto apprenticeships or work is never promoted.⁶⁶

53. More widely, newspaper coverage of school performance is limited to covering GCSE and A-level results data. Newspapers use data from the DfE to provide a school-by-school breakdown of performance data for 16-18 year olds that is limited to A-level results only.⁶⁷ This may encourage schools to favour traditional, academic routes rather than vocational options.

54. The Sutton Trust conducted a survey in 2014 analysing, among other things, teachers’ views of apprenticeships. It found that 65% of teachers would rarely or never advise a student to take an apprenticeship if they had the grades for university.⁶⁸

Careers advice

55. In January 2013 we published our report into careers guidance for young people, which argued for greater oversight of schools to encourage them to provide good quality careers

64 Q12

65 CBI ([AAT0078](#)) para 23

66 Newham College of Further Education ([AAT0065](#)) para 30

67 Daily Telegraph, [A-level school league tables 2013](#), 23 January 2014; the Guardian, [A-level results 2014 database](#), 14 August 2014

68 Sutton Trust ([AAT0039](#)) para 7

advice.⁶⁹ Following that report, in April 2014 the Government published new guidance for the 2014/15 academic year, which included suggestions for what might constitute good careers guidance while allowing for variation in pupils' needs. Looking at apprenticeships, the guidance asks:

Do pupils have access to impartial information and advice on a broad range of options to include apprenticeships, entrepreneurialism and vocational routes alongside A-levels and university, to support informed decisions at key transition points?⁷⁰

56. The Government also accepted our recommendation that the National Careers Service should play a greater role in capacity building and brokering relationships between schools and employers.⁷¹

57. We received a wide range of evidence to this inquiry that there has been no measurable improvement in the quality of careers advice since the publication of our previous report. Lorna Fitzjohn, Ofsted's National Director for Further Education and Skills, told us that their 2013 review of careers advice in schools found that "only one in five schools was offering the quality of careers advice and guidance at a good level".⁷² In January 2015 the Secretary of State told us that she had "no reason to dispute that 80% figure from 2013".⁷³

58. Some examples of good practice do exist. Katerina Rudiger, Head of Skills and Policy Campaigns at the Chartered Institute of Personnel Development, told us about their support for the Inspiring the Future Programme, where employers volunteer to provide careers talks to schools.⁷⁴ Lorna Fitzjohn summarised a range of good initiatives that Ofsted had looked at:

There are some very good enterprise programmes about. We have had a close look at those, with people involved in business enterprise, often with local companies that come in and do that, which gives them some experience within the school setting of running a business. We have seen examples where employers come in and do some interviewing. You have got the usual talks that people might do and we see opportunity to shadow someone at work. We see employers involved as governors, which then has a knock-on effect down to more work experience. There is a wide range of things that can be done so that there is that line of sight to work.⁷⁵

69 Education Committee, Seventh Report of Session 2012–13, [Careers Guidance for young people: the impact of the new duty on schools](#), HC 632-I

70 DfE, [Careers Guidance and Inspiration in Schools: Departmental advice for governing bodies, school leaders and school staff](#), April 2014, p. 4

71 Education Committee, Sixth Special Report of Session 2012–13, [Careers guidance for young people: The impact of the new duty on schools: Government Response to the Committee's Seventh Report of Session 2012–13](#), HC1078, pp.3-4

72 Q155 [Lorna Fitzjohn]

73 Oral evidence taken on [7 January 2015](#), HC (2014-15) 333, Q159

74 Q194

75 Q191

These individual cases demonstrate that good quality careers advice should be achievable in every school, but clearly more needs to be done to encourage all schools to reach this level.

School outcomes

59. Since summer 2014 pupils have been required to stay in some form of education or work-based learning until they are 18.⁷⁶ New Economy Manchester suggested to us that raising the participation age may deter people from exploring vocational options, due to confusion about what is required:

The policy of Raising the Participation Age reinforces an existing social norm of staying longer in formal education (the RPA policy may have been misinterpreted by some as referring to staying in formal education rather than ‘in learning’ which includes apprenticeships).⁷⁷

60. City and Guilds went further, arguing that there could be a perverse incentive for schools to keep young people in traditional education who would be better off in an apprenticeship—raising the participation age was seen as encouraging schools and colleges to retain young people in order to ensure that the school or college continued to receive funding from Government.⁷⁸

61. Good quality destination data, which tracks labour market outcomes for pupils over time, would incentivise schools to seek the best possible outcomes for their students. The Government has made improvements to the range of destination data available, making information about vocational performance available online as part of the performance tables provided by the DfE,⁷⁹ as well as publishing more detailed destination data annually as part of a statistical release.⁸⁰ But there is still more to be done.

The role of Ofsted

62. The DfE told us that Ofsted had committed to giving careers advice a higher profile in school inspections.⁸¹ When discussing this issue Lorna Fitzjohn reiterated that the quality of careers advice was a priority in inspections but conceded that Ofsted’s reduced resources meant that there would be fewer inspections.⁸² The Minister suggested to us that he would welcome schools being marked down a grade in Ofsted inspections where a school “completely fails to provide independent advice and guidance or to give the local FE college or apprenticeship provider an opportunity to come in and talk about what they do”.⁸³ This

76 DfE [Evidence Check Memorandum: Raising the Participation Age](#), para 1

77 New Economy Manchester ([AAT0076](#)) para 1.7

78 City & Guilds ([AAT0020](#)) para 3

79 DfE, [School Performance Tables](#)

80 DfE, [Destinations of Key Stage 4 and Key Stage 5 pupils](#)

81 DfE ([AAT0073](#)) para 7.8

82 Q164

83 Q457

renewed focus should be encouraged, but it is clear that Ofsted alone cannot ensure that schools provide good quality careers advice.

63. In our previous report we suggested that schools should publish a careers plan to provide transparency about what the school would offer in terms of careers guidance and work towards the Quality in Careers standard to incentivise schools to provide good quality careers advice.⁸⁴ The Government did not accept our recommendations, arguing that mandating the approach to careers would run counter to the aim of reducing bureaucracy.⁸⁵ We welcome the Government's recent announcement that it will consider updating its guidance on careers advice to include information about the Quality in Careers standard⁸⁶ but we remain convinced that further action is needed as the needs of young people and the incentives for schools are not aligned. Changing the incentives for schools remains the greatest challenge in improving careers advice, and thereby ensuring that young people receive the information they need on apprenticeships and the benefits they can bring.

Work experience

64. As we set out at the beginning of the chapter, employers often cite a lack of work-readiness as a reason not to employ a younger person. Effective work experience is a key part of preparing young people for the workplace. Katerina Rudiger from the Chartered Institute of Personnel Development told us:

Lack of work experience is the one thing that really disadvantages young people in the labour market, plus work experience is quite popular amongst employers actually. Over half of employers offer work experience and they are quite keen to offer high-quality work experience.⁸⁷

65. James Whelan told us that simply having a two week block where every student goes off on a placement of varying quality does not suit all young people, schools, or employers.⁸⁸ Professor Alison Fuller told us that “A hallmark of the highest quality vocational education programmes is mandatory work placements that are structured as part of the curriculum”.⁸⁹ She went on to describe the Young Apprenticeship programme, which ran from 2004 to 2010:

The strong feature of them was that it was not a case of closing down options for those 14 to 16-year-olds who were on that programme because they had to do seven GCSEs as well. It was an enhanced 14-to-16 programme, and the evidence is that the graduates from that programme were going in all sorts of different directions: some into pure A-levels; some into Level 3 vocational

84 Education Committee, Seventh Report of Session 2012–13, [Careers Guidance for young people: the impact of the new duty on schools](#), HC 632-I, paras 105 and 63

85 Education Committee, Sixth Special Report of Session 2012–13, [Careers guidance for young people: The impact of the new duty on schools: Government Response to the Committee's Seventh Report of Session 2012–13](#), HC1078, p.8

86 DfE ([CGF0049](#)) p.3

87 Q188 [Katerina Rudiger]

88 Q187

89 Q73

full time; and some into apprenticeships. It did not seem to be closing doors, and it did seem to be providing a vehicle for developing very good employer/school relationships.⁹⁰

David Sims from the National Foundation for Educational Research said that they had undertaken a national evaluation that supported this view.⁹¹ The scheme was phased out on grounds of cost, but it illustrates how work experience can be delivered in a more effective way than the traditional week or two-week block.

66. In our previous report, responding to widespread criticism of the Government's decision to remove the statutory duty to provide work experience, we recommended that schools be required to provide work-related learning.⁹² Schools still require more encouragement to provide proper work-preparation for their pupils.

Conclusions and recommendations

67. **Misunderstanding by schools of the content, progression opportunities and benefits of apprenticeships is compounded by a cultural preference for the academic over the vocational and by incentives to fill sixth form places rather than offer alternatives to young people.**

68. **Careers advice in schools continues to be inadequate for most young people. We welcome the collection of destination data by the Government and the opportunity this provides to see what happens to pupils when they leave schools and colleges. There is little evidence, however, that this has sufficiently altered incentives for schools.**

69. *We recommend that the Government urgently review the incentives for schools to provide good quality careers advice and recognise that the mantra of “trusting schools” does not work when the interests of schools and young people are not aligned.*

70. **We welcome the increased emphasis that Ofsted is putting on careers advice when inspecting schools, but agree with Ofsted that their oversight alone provides insufficient incentive for schools to change.**

71. *We recommend that the Government require schools to publish a careers plan and work towards the Quality in Careers standard.*

72. *The Government should encourage schools to incorporate work experience into the 14-16 curriculum.*

73. *The Young Apprenticeships scheme, which provided 14 to 16 year-olds with a credible vocational option that combined academic study with regular work-based experience, was considered effective at delivering good quality work experience. We recommend that the Government look at reviving this programme or developing a model that replicates its core academic and work-based components for this age group.*

90 Q75

91 Q76

92 Education Committee, Seventh Report of Session 2012–13, [Careers Guidance for young people: the impact of the new duty on schools](#), HC 632-I, para 109

5 Reform of apprenticeship standards

Trailblazers

74. The Government announced in October 2013 that, following the principles of employer ownership set out in the Richard Review, new apprenticeship standards would be developed by employers.⁹³ Employers were invited by Government to come together in sector-based groups called Trailblazers to develop new apprenticeship standards in their area. The most recent guidance for the third phase of Trailblazers summarises the progress of the scheme so far:

- Phase 1 of the Trailblazers began in October 2013 in eight sectors. They initially produced eleven apprenticeship standards in March 2014, and related assessment plans have since been approved for most of these. The first apprentices started training towards some Phase 1 standards in September 2014.
- Phase 2 of the Trailblazers began in March 2014 in 29 more sectors. The first approved standards to be produced by this group were published in August 2014. They are now working towards submitting their assessment plans in early 2015.
- Phase 3 of the Trailblazers was announced in October 2014 covering 37 sectors, involving the development of more than 75 standards.⁹⁴

The Government's intention is that all apprenticeships starting from the 2017/18 academic year should be under the new standards.⁹⁵

Involvement of SMEs

75. Submissions to our inquiry suggested that larger firms have dominated the Trailblazer process. For example, the Federation for Industry Sector Skills and Standards commented that:

Despite the involvement of some micro and small businesses a greater effort needs to be made to place them centrally at the heart of standard and assessment development. Large businesses have dominated the development of many of the new standards.⁹⁶

76. This may in part be due to the time commitment involved. The Association of Accounting Technicians reported that their representative had had to attend half-day

93 BIS, [The Future of Apprenticeships in England: Implementation Plan, October 2013](#), p.23

94 BIS, [The Future of Apprenticeships in England: Guidance for Developers of Apprenticeship Standards and related Assessment Plans](#), October 2014, paragraph 3

95 BIS, [The Future of Apprenticeships in England: Guidance for Developers of Apprenticeship Standards and related Assessment Plans](#), October 2014, paragraph 3

96 Federation for Industry Sector Skills and Standards ([AAT0075](#)) p.3

meetings weekly over a two month period, which they describe as “simply not practical for someone in a small accountancy firm”.⁹⁷

77. Some respondents questioned whether Trailblazers met the needs of all employers or just those involved in Trailblazers. JTL told us that:

[Trailblazers] are relatively small groups of employers with little true SME representation given that the majority of apprenticeship employers in the [Building Services Engineering] sector are SMEs and often even micro businesses. This raises the question will these standards meet the needs of the whole sector?⁹⁸

Employer engagement in the Trailblazer process

78. Ian Taylor, CEO of SkillsActive, told us about employers’ experiences of the Trailblazer process:

We are very employer-led and, through our Trailblazer, we engaged with 323 employers. Unfortunately, the process managed to disenfranchise and disenchant them [...] because there was a constant change of direction. The guidelines that were issued were then changed and they were told that funding was not part of the Trailblazer process, but then it was introduced halfway through. We had employers walking away and saying, “We won’t be bothered with this.”⁹⁹

We also heard from David Harbourne of the Edge Foundation that some employers did not want more involvement than they already had in setting standards—many employers felt that the current system met their needs.¹⁰⁰

79. Tony Moloney, Head of Education and Skills at National Grid, had a more positive perspective:

We found that it was very powerful to come together under the industrial partnership for energy, and that it was enabling to bring together 20-odd employers. We didn’t just pick the big asset owners, such as ourselves; we got the supply chain involved in determining a standard.¹⁰¹

Ownership of standards post-Trailblazers

80. The Trailblazer programme is intended to conclude in 2017.¹⁰² We heard concerns about what would happen to the new apprenticeship standards once the scheme had

97 Association of Accounting Technicians ([AAT0047](#)) para 22

98 JTL ([AAT0031](#)) para 14

99 Q338

100 Q108 [David Harbourne]

101 Q351

102 BIS, [The Future of Apprenticeships in England: Guidance for Developers of Apprenticeship Standards and related Assessment Plans](#), October 2014, paragraph 3

concluded, and about who would ensure that standards remained relevant to employers. Brian Wisdom, Chair of the Federation for Industry Sector Skills and Standards, summarised the issues:

In two years' time, when 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? Who does an employer go to when there has been a change in legislation that requires a resetting of the standards, which will happen, or when international events have changed things? This area is still completely undeveloped, and I think it is really important that there is a self-sustaining way of making sure that the quality and standards can be maintained.¹⁰³

81. Addressing this point, the Minister told us:

You brought together a group of employers to help to create a standard, and you obviously hope that they will feel invested and that if they continue to be active in that industry that they will continue to have a role in it. But you cannot presume that. It may be with some people that the management changes or the business focus will change, and that they will slip away. That is why we in Government will always have a pretty active role, ensuring that every Trailblazer, as it were, has a sort of owner—not an individual company owner, but a group in the industry that will take responsibility for it.

However, 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. Then, 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.¹⁰⁴

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

We are currently reviewing the operation of the [Ministerial Advisory Panel on Apprenticeships] and the role it may or may not play in a steady state system. 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.¹⁰⁵

103 Q373 [Brian Wisdom]

104 Q432

105 DfE ([AAT0115](#)) p.2

Ensuring quality in new apprenticeship standards

82. The evidence is unclear on whether increased employer ownership is enough to guarantee quality in the new apprenticeship standards. The Government has undoubtedly made improvements to quality through the removal of programme-led apprenticeships and frameworks lasting less than 12 months,¹⁰⁶ but we have seen little direct evidence that the standards developed by the Trailblazers will be inherently of better quality than those they are replacing. The Government has argued that because employers are involved in the design of apprenticeship standards, businesses will therefore have greater confidence that apprenticeships will provide for their needs.¹⁰⁷ While this may be the case, it does not necessarily follow that the new standards will be any better than those they are replacing.

83. According to the Government's own figures, there have only been around 300 apprenticeship starts on the Trailblazer-developed standards since September 2014.¹⁰⁸ It is therefore too early to judge from the experiences of employers and apprentices whether or not the new apprenticeship standards represent an improvement in quality.

84. In evidence, the Minister outlined the process for accrediting the new standards:

I will not sign off a Trailblazer standard for use out there and for Government funding unless it has an assessment that has been signed off by the panel that advises me as being rigorous and independent. That assessment has to check whether the apprentice has got from their apprenticeship what the taxpayer has a right to expect for their money.¹⁰⁹

While 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.

Proliferation of apprenticeship standards

85. Brian Wisdom, Chair of the Federation of Industry Sector Skills and Standards, told us that the number of new standards is growing rapidly:

The numbers that have been developed so far indicate that there is going to be a significant proliferation of standards and of groups setting those standards. Within that lie some potential pitfalls, because of the need to ensure consistent quality across the piece and to ensure that, fundamentally, those standards can be maintained over a long period, given that we want apprenticeships to last in perpetuity and not for two years, or as the servant of political dogma, because we are talking about industry's future and that has to be long term.

106 DfE ([AAT0073](#)) para 1.11

107 *Ibid.*, para 3.9

108 "[More than 700 employers to design top quality apprenticeships](#)", BIS Press Release, 23 October 2014

109 Q429

There is some real cause for making sure that we have in place the governance and system that can support a proliferation of standards if there needs to be a proliferation of standards, to provide the opportunities and the quality that people need, or not. Either way, I do not think that there is a system in place for the future.¹¹⁰

He suggested that ultimately there might be around 1,500 different standards.¹¹¹ This may be a desirable outcome, but as the Minister said to us:

We must not end up designing things of such specificity that either they give people skills that are not really transferable, or they relate to jobs that may not exist in four years' time.¹¹²

86. In supplementary evidence the Minister suggested that in October 2015 he would “expect to be in a position to make a judgement about where there are sufficient standards to meet the needs of employers in different sectors and whether there are gaps where we may need to stimulate employers to come forward”.¹¹³ This does not address the risk that there may be too many standards, resulting in overly specific frameworks that do not build transferrable skills.

Maths and English requirements

87. At the moment, apprentices on a level 2 apprenticeship must achieve level 1¹¹⁴ in English and maths in order to complete an apprenticeship. This can be done either via GCSEs or a functional skills assessment. Apprentices on apprenticeships under the new Trailblazer standards must study towards level 2 (GCSE A*-C or equivalent) and take the test before completing their apprenticeship.¹¹⁵ As part of the Government’s reforms to apprenticeship standards, the DfE is promoting the use of GCSEs to meet the English and maths requirements in new apprenticeships.¹¹⁶

88. In their written submission, SkillsActive expressed concerns about the use of the revised GCSE for apprentices:

Many school and college leavers aged 16 and 17 entering apprenticeships have poor English and Maths skills. SkillsActive supports the decision to set level 1 English and maths as the entry requirement for Level 2 apprenticeships and level 2 English and Maths for Level 3 apprenticeships.

We do not believe, however, that the revised GCSE is the appropriate programme because there is insufficient emphasis on basic literacy and numeracy. Functional skills are well established with employers and should

110 Q379

111 Q350

112 Q423

113 DfE ([AAT0115](#)) p.1

114 GCSE grades D-G or equivalent.

115 BIS, [The Future of Apprenticeships in England: Implementation Plan](#), October 2013, pp.13-14

116 Ibid.

remain available to improve numeracy and literacy standards of apprentices.¹¹⁷

Kate Stock, CEO of Smart Training, agreed that the current functional skills assessment was more appropriate for assessing English and maths capability. She argued that English and maths qualifications needed to be relevant to the vocational occupation being studied:

The functional skills that we have are good. They are challenging. They were only fully integrated into apprenticeships a couple of years ago. I think you will find that, across the board, all apprenticeship providers are still struggling to implement functional skills properly. Where they do not work is where there is no relevance to the vocation, which is created by the apprenticeship framework.¹¹⁸

89. The Minister argued that employer recognition of the GCSE brand meant that anyone who might be able to achieve grade C at GCSE in English and maths should be given an opportunity to do so.¹¹⁹ This is a worthwhile aim, but others argued that if the new GCSEs were viewed as more academic—Sally Hunt said that English was “actively focusing more on traditional literature”¹²⁰—there was a risk that people who would benefit from more practical applied learning would lose out. As Brian Wisdom, Chair of the FISSS, told us, “if you are motivated by catering, actually calculating the ingredients for a dish is as efficient a way of learning maths as the traditional way”.¹²¹

90. The Minister announced in November that the Education and Training Foundation would be reviewing English and maths qualifications to ensure they were meaningful for employers. UKCES summarised the aims of the review in a press release:

The review will work with employers to consider the best ways to achieve and accredit maths and English skills in ways that employers recognise and respect.¹²²

Conclusions and recommendations

91. The level of employer involvement in the Trailblazer scheme shows that there is an appetite for greater ownership of standards among many employers.

92. Increased employer ownership of apprenticeship standards is a worthwhile goal, but the Trailblazer process is at risk of being dominated by larger companies at the expense of SMEs. The success of the scheme will rest on whether wider industry sectors have confidence in the standards the Trailblazers have developed.

117 SkillsActive ([AAT0036](#)) paras 31-32

118 Q366

119 Q465

120 Q299

121 Q365 [Brian Wisdom]

122 [“UKCES welcomes employer involvement in review of maths and English qualifications”](#), UKCES press release, 19 November 2014

93. *We recommend that the Government review, and come forward with proposals to strengthen, the involvement of SMEs in the Trailblazer scheme, accepting that most will be unable to give as much time as larger employers.*

94. While it is clear that the Government is aware of the issue of ownership of standards in the post-Trailblazer environment, more work is needed to ensure that employers and providers can have confidence that apprenticeship standards will be reviewed and maintained once the Trailblazer scheme has concluded.

95. *We recommend that the Government set out its expectations about what will happen following the conclusion of the Trailblazer scheme. This should cover ongoing ownership of new apprenticeship standards, how new standards will be developed or existing standards revised in response to future needs, and who will provide oversight and leadership of these processes. Provision for a meaningful involvement from SMEs in the post-Trailblazer environment should form part of these expectations.*

96. *We recommend that the Government set out how it intends to evaluate the success of the Trailblazer programme in the longer term, particularly identifying how the quality of new standards should be judged.*

97. The Education and Training Foundation's review of English and maths qualifications may propose a solution to the problem of setting appropriate requirements for apprentices who have not achieved Grade C at GCSE in maths and English which suits both apprentices and employers. In the meantime apprentices should be allowed to take a functional skills qualification, rather than being pushed to take GCSEs which may deter perfectly able candidates from becoming apprentices.

98. *We recommend that the Trailblazers be allowed to choose which level 2 qualification in English and maths is required to be studied as part of their apprenticeships. The Government should encourage Trailblazers to work with the Education and Training Foundation project looking at English and maths qualifications.*

6 Reform of apprenticeship funding

Proposed funding reforms

99. The second key element of the Government's response to the Richard Review was to propose a reform of the funding model based on the principles of employer co-investment and employer-routed funding.¹²³ Under current arrangements, funding for apprenticeships is directed via training providers. Employers are required to contribute to the cost of training for apprentices over the age of 18, but training costs for those aged 16 to 18 are met in full by Government. In March 2014 the Government announced that it intended to pursue one of two new funding options to apply from 2016/17. Both options involved the routing of funding via employers, either via the PAYE system or through an Apprenticeship Credit Account.¹²⁴

100. In either model there would no longer be a Government commitment to funding 100% of training for apprentices aged 16 to 18. Instead, firms employing an apprentice aged 16 or 17 would be entitled to a grant from Government in addition to the Government's contribution to the cost of training. Small businesses with fewer than 50 employees would also be entitled to a further grant.¹²⁵ Training to achieve level 2 in English and maths would continue to be fully funded.¹²⁶ The Government also proposed a maximum Government contribution to apprenticeship training, setting caps on funding which vary according to the complexity of the standard and the amount of training required.¹²⁷

101. During the 2014/15 academic year the Government has piloted elements of the new funding model, including employer contributions set at a rate of one third of the total cost of training, as well as the grants available for small businesses and those employing young apprentices.

102. While we received some submissions supporting the principles behind the Government's reforms, opposition to the method of implementation was nearly universal. The Construction Industry Training Board warned in their submission that requiring employer contributions could cause many employers to disengage:

In a survey of 566 construction employers (mainly SMEs), 86% surveyed stated an increase in employer contributions to the cost of an apprentice would reduce their apprenticeship recruitment plans.¹²⁸

Similarly Sally Hunt, General Secretary of the University and College Union, highlighted the extra burden that could be placed on SMEs:

123 BIS, [The Future of Apprenticeships in England: Funding Reform Technical Consultation](#), March 2014, p.6

124 Ibid., p. 15

125 DfE ([AAT0073](#)) para 4.6

126 BIS, [The Future of Apprenticeships in England: Funding Reform Technical Consultation](#), p.11

127 DfE ([AAT0073](#)) para 4.15

128 Construction Industry Training Board ([AAT0077](#)) para 19

I sent out a questionnaire to all of our members who are involved in working with apprentices [...] Their concern is that, working with SMEs, they know that the admin burden on them is much greater. If we are looking at a change that will mean their having to shoulder the admin, the training and the development, that will impact in a very negative way on the students. What they are not saying is that employers should not be involved. They welcome that.¹²⁹

103. The Federation of Small Businesses has been supportive of the employer-led approach, but also raised concerns about the potential for increasing the bureaucratic burden on small businesses:

We support the employer-led approach to the point that financial and administrative burdens are reduced for small businesses, so there is a debate to be had around the amount of administration that training providers and employers take on.¹³⁰

104. The Government's consultation on funding reform closed in May 2014. The consultation document suggested that the Government would publish its final decision on funding reform in Autumn 2014.¹³¹ We held an oral evidence session on funding reform in December 2014, at which point no decision had been forthcoming. Sally Hunt told us that the uncertainty over the outcome was unhelpful: "If there is not certainty in the system, you are making it more difficult for any young person to access it".¹³²

105. On 13 January 2015, the day before our session with the Minister, the Government announced that it would not pursue either of the options outlined in the March 2014 consultation.¹³³ The Minister told us during the session:

The concerns that were raised were ones that I thought were important for us to listen to, which were that either of those models might be off-putting, particularly to small and medium-sized businesses that do not want to get involved in a huge administrative process, and perhaps do not have the cash flow to be able to bankroll the training and then get their money back from the Government. That is why we have today published the response to the consultation saying that we are not going to pursue either of those models [...] I am absolutely confident that we can come up with a system that puts the purchasing power in the hands of employers, but leaves the administrative and regulatory burden with providers. Providers are full time dedicated to doing this and know about the ILR records and satisfying the Skills Funding Agency, so we need to leave all that work with them, while giving employers a greater ability to shop around.¹³⁴

129 Q282

130 Q283

131 BIS, *The Future of Apprenticeships in England: Funding Reform Technical Consultation: Interim Statement*, July 2014, p. 3

132 Q317 [Sally Hunt]

133 BIS, [The future of apprenticeships in England: funding reform technical consultation - government response](#), January 2015

134 Q401

106. It may be difficult to devise a specific alternative approach. Most witnesses to our inquiry supported greater choice for SMEs about how funding should be handled, although there were concerns about making the funding system too confusing. Steve Radley, Director of Policy and Strategic Planning at the CITB, suggested that employers should be offered a “menu” of funding options.¹³⁵ On the other hand, Dan Hooper from the FSB told us that there was a risk that “small businesses would look at a menu of options and become slightly confused about the options available”.¹³⁶

107. Simplicity in any new arrangements will be very important: many employers do not understand the current funding arrangements. A 2012 survey by UKCES found that 30% of employers who had apprentices were not aware that Government fully funded apprenticeships for 16-18 year olds at that time.¹³⁷ Effective communication about the operation of the Government’s revised arrangements will be key to their success.

108. Some witnesses suggested that greater involvement of providers, Local Enterprise Partnerships or local authorities in the administration of apprenticeships could be key to a successful funding model.¹³⁸ The Minister indicated that this sort of activity would be covered by the Government’s revised proposals,¹³⁹ but the interim response to the funding consultation had already specified that training providers would be able to support employers with the administration of apprenticeships,¹⁴⁰ and this in itself has not mitigated employers’ concerns about shouldering increased administrative burdens.

Incentives to employ younger apprentices

109. The Apprenticeship grant, introduced in February 2012, was described to us as “one of the biggest success stories in this field of this Government’s period in office”.¹⁴¹ The grant provides £1,500 to businesses with fewer than 1,000 employees (from January 2015, fewer than 50) who employ an apprentice aged 16 to 24 and have not done so in the previous 12 months.¹⁴² The scheme is due to close in December 2015. Under the Government’s new funding proposals, firms employing an apprentice aged 16 or 17 will be entitled to a grant from Government, on top of any Government contribution to the cost of training. As with the current scheme, small businesses with fewer than 50 employees will also be entitled to an additional grant. Grants under the new system are tied to the level of government contribution, which varies according to the complexity of the apprenticeship standard being funded. Grants for employing young apprentices range from £600 to £5,400, and those for small businesses from £500 to £2,700.¹⁴³

135 Q279

136 Q284

137 Q22

138 Q64 [Professor Alison Fuller]; Q65 [David Massey]; Q283 [Dan Hooper]

139 Q401

140 BIS, *The Future of Apprenticeships in England: Funding Reform Technical Consultation: Interim Statement*, July 2014, p. 4

141 Q108 [David Harbourne]

142 *Apprenticeships policy*, Standard Note [SN030052](#), House of Commons Library, December 2014

143 DfE ([AAT0073](#)) para 4.15

110. While it is welcome that grants for young apprentices will now focus on 16 and 17 year-olds, we heard from Professor Fuller that there is a risk that the new funding arrangements, which introduce employer contributions for 16 to 18 year-olds, will shift employers away from younger apprentices,¹⁴⁴ particularly given the limited understanding that employers have of the current grant system.¹⁴⁵

Value for money following funding reforms

111. As set out in chapter 3, there is a general consensus that current government funding for apprenticeships provides a good return on investment. The impact of the new reforms on value for money is unclear. The Minister suggested to us that employer contributions and minimum apprenticeship standards would ensure value for money,¹⁴⁶ but this does not address whether the return on the Government's contribution to apprenticeships will be better or worse following reforms to funding.

The apprentice minimum wage

112. Apprentices have traditionally accepted lower wages while on an apprenticeship in recognition of the investment that employers are making in them. Our fifth principle of apprenticeships is designed to ensure that this delayed gratification is worthwhile for the apprentice, but apprentices must still receive a fair, albeit reduced, wage.

113. The current apprentice minimum wage for 16-18 year olds and those aged 19 and over in the first year of their apprenticeship is £2.73/hour. Many employers pay their apprentices more than the statutory minimum, but we have heard evidence that some are flouting the law on the apprenticeship minimum wage. The University and College Union and the TUC both quoted a 2013 survey by BIS which showed that 29% of apprentices were paid less than the minimum wage in 2012.¹⁴⁷ The most recent survey of apprentice pay shows that this figure has improved to 15%,¹⁴⁸ which is welcome but still leaves cause for concern.

114. On 6 October 2014 the Secretary of State for Business, Innovation and Skills announced that the Low Pay Commission would look into whether the apprentice minimum wage should be raised to align with the national minimum wage for 16-18 year olds (currently £3.79/hour).¹⁴⁹ A number of the written submissions we received argued for such an increase,¹⁵⁰ but there is a risk that an increase could discourage businesses from taking on young apprentices. Dan Hooper from the FSB suggested that “a quick rise would lead to a fall but [FSB members] are fully supportive of a gradual increase”.¹⁵¹ On 23

144 Q59 [Alison Fuller]

145 Q22

146 Q445

147 BIS, [BIS Research Paper No. 121: Apprenticeship pay survey 2012](#), October 2013, p.32

148 BIS, [BIS Research Paper No. 207: Apprenticeship pay survey 2014](#), December 2014, p.121

149 “[Cable to bolster apprenticeship pay](#)”, BIS Press Release, 6 October 2014

150 Chartered Institute of Personnel and Development ([AAT0034](#)) para 45; 157 Group ([AAT0022](#)) para x

151 Q326

February 2015 the Low Pay Commission announced that it was recommending an increase in the apprenticeship minimum wage to £2.80/hour from October 2015.¹⁵²

Conclusions and recommendations

115. Many employers support the principles behind the Government's reforms to apprenticeship funding but the majority of witnesses to this inquiry expressed strong concerns about the proposed methods of implementation. The Government's initial proposals were complex and could have imposed an unnecessary administrative burden on employers that would have been particularly felt by SMEs. We congratulate the Government on listening and dropping them.

116. Swift development of new apprenticeship funding proposals is vital to end uncertainty and make sure employers are not deterred from involvement. Further delay caused by the General Election or otherwise could undermine efforts both to drive up quality and engage more employers in apprenticeships.

117. *We recommend that the new apprenticeship funding regime offer SMEs a choice between taking a lead on administering the funding or contracting it out to a provider.*

118. *We recommend that the Government clarify what role training providers, local authorities, Local Enterprise Partnerships and others may have in assisting employers with the administration of apprenticeships under the new funding arrangements.*

119. *The Government should ensure that the employment of young apprentices is made more, not less, attractive to employers, and particularly small employers, as a result of the funding changes. The benefits of taking on young apprentices also need to be widely and effectively advertised.*

120. *We recommend that the Government set out in advance the criteria by which the value for money and broader success of the new funding approach can and will be evaluated.*

121. Apprentices accept a lower wage in recognition of the investment by employers in their training and the promise of a significant uplift at the end of the programme. We support this principle but this lower wage is rightly a legal minimum and we are concerned that some young people are not receiving it.

122. *The Government should take steps to ensure that all employers who flout the law on the apprenticeship minimum wage are identified and swift action is taken against them. Training providers should educate apprentices about their employment rights and how to take action if their rights are breached.*

123. *Any review of the apprenticeship minimum wage should recognise the need for the internal economics of the apprenticeship to add up for the employer, and particularly the small employer, or the number of apprenticeships on offer will drop further still. So long as a low minimum wage for young apprentices is accompanied by a high quality,*

152 Low Pay Commission, [16th Report: Executive Summary](#), February 2015, pxviii

sustained input from employers and a transformative impact on earnings afterwards, then it can and should be supported.

7 Increasing employer engagement

124. Despite the numbers of employers who express an intention to hire an apprentice, the number of employers who actually take one on continues to be relatively low. A survey by ICM for the National Apprenticeship Service in March 2014 reported that 44% of businesses planned to take on an apprentice in the next five years, compared to 36% in 2013.¹⁵³ The Minister referred to a UKCES report suggesting that 14% of employers provided apprenticeships,¹⁵⁴ but the report itself makes clear that only 10% currently employ an apprentice.¹⁵⁵

125. Throughout our inquiry, employers and providers complained about the frequency of change in the vocational education landscape. David Massey from UKCES told us that

We are not going to get to a system that is like Germany or achieves that kind of success in the next Parliament, or even the next two Parliaments. It is something for the next 15 or 20 years, and what we need for that is a stable and long-term vision.¹⁵⁶

Rob Wall, Head of Employment and Education Policy at the CBI agreed:

If you want more employers to engage, then drive through the reforms we are seeing, and then [...] provide a period of stability so that employers have the confidence to invest in those programmes going forward.¹⁵⁷

126. Such a period of stability would ensure that the current round of reforms are given time to develop and would allow for proper implementation of the Government's policy on apprenticeships.

127. As set out in chapter 3, there are a range of benefits that employers can gain from employing an apprentice. It is unclear whether the Government's reforms to standards and proposed reforms to funding will provide greater benefits, particularly from the employer's point of view. The DfE's submission did not provide an assessment of whether the Government's reforms to apprenticeships would result in greater benefits to or take up by employers. In evidence, the Minister highlighted the importance of communicating the potential benefits of apprenticeships to employers,¹⁵⁸ but this will be a hard sell to those who see the bureaucracy and cost involved in employing an apprentice potentially increasing without a corresponding greater reward for their business.

128. We heard a number of suggestions during the course of this inquiry about how to drive greater engagement from employers other than through Government funding, such as encouraging employers who already offer apprenticeships to engage their supply

153 [“Almost half of all firms set to hire apprentices by 2019”](#), National Apprenticeships Service Press Release, 3 March 2014

154 Q447

155 UKCES, [Employer Perspectives Survey 2014: UK Results](#), November 2014 p.91

156 Q67

157 Q108

158 Q414

chains;¹⁵⁹ making greater use of apprenticeship champions or ambassadors;¹⁶⁰ or creating shared apprenticeships schemes involving several employers.¹⁶¹ There was insufficient evidence for us to endorse a particular approach. The Minister suggested to us that Government would look at requiring companies bidding for large public infrastructure contracts to make a commitment to employing apprentices.¹⁶² We look forward to receiving further information on this initiative, but further work in this area would be welcome.

Conclusions and recommendations

129. The Government should set out how reforms to funding and standards will improve the benefits employers receive from engaging in apprenticeships.

130. We recommend that the Government explore the most effective measures to encourage more employers to take on apprentices.

159 Aspire Group ([AAT0010](#)) para 4.2.1

160 Fair Train ([AAT0035](#)) para 4.2; Chesterfield College ([AAT0059](#)) p.6

161 Construction Industry Training Board ([AAT0077](#)) p.3

162 Q452

8 Traineeships

131. As we set out in chapter 1, traineeships have been running since the 2013/14 academic year, with 10,500 starts by 16 to 19 year-olds since the programme began. The DfE describe traineeships as:

An education and training programme with a core of work preparation training, English, maths, and work experience, designed to equip young people with the skills and experience they need to be able to gain an apprenticeship or sustainable job.¹⁶³

Further learning is also considered a successful outcome after a traineeship.¹⁶⁴

132. The evidence we received on traineeships highlighted the demand for programmes to assist young people who require further support to progress to a job, an apprenticeship, or to further study. Whether the current traineeships programme meets this need is less clear. New Economy Manchester questioned the benefit to young people provided by traineeships:

In general people and agencies who work with young people at risk of being excluded from labour market opportunities support the traineeships programme. Yet there are some significant flaws. The benefits that individual trainees derive from the programme are unclear—there is no qualification at the end, the role is unpaid, and the pledge of an exit interview somewhat opaque.¹⁶⁵

We heard more positive evidence from BT and OCR. Deborah Lee, BT's Chief Learning Officer, told us:

We find it to be incredibly beneficial, for the employee, the trainee and the employer. 63% of our [trainees], having gone through our programme, which is six weeks and two days, have come out and gone into further education or a role. A number of things happen during those six weeks: they gain confidence; they get an insight into work life. In some cases, they have not had role models in their own households before, because they have come from families that have not been working. Just to understand what it feels like and to work with people who are quite excited about the workplace and work has been really beneficial. We have seen huge success stories with individuals gaining confidence and new skills, and coming out of it feeling quite proud.¹⁶⁶

163 DfE ([AAT0073](#)) para xiv

164 DfE, [Traineeship funding in England – Funding reform technical consultation: Government Response](#), November 2014, p.12

165 New Economy Manchester ([AAT0076](#)) para 1.3

166 Q217

OCR said that 22 of the 23 people (96%) who enrolled on their scheme progressed to similar destinations.¹⁶⁷

133. There is some confusion about what the traineeships programme is intended to achieve. Stephen Overell told us:

One of the problems with traineeships is, arguably, they are not sufficiently targeted. We do not know exactly who they are for. There is a lot of speculation about precisely who traineeships are aimed at. They are clearly aimed at people with relatively low skills, given the eligibility criteria for them. Are they aimed at NEETs? Are they aimed at people who are jobseekers currently? These are all very valid questions.¹⁶⁸

134. It is clear that good quality traineeships can have a positive impact, but given the lack of wider destination data, it is hard to judge the success of the scheme as a whole. We welcome the Government's commitment to providing better quality data.¹⁶⁹ Destination data may not always provide a totally accurate assessment of a provider's performance, due to external factors like local labour market conditions.¹⁷⁰ Nevertheless, more needs to be done to ensure that the impact of providers is measured.

135. In their submission, BT also raised concerns about how the traineeships programme is marketed by Job Centre Plus staff. They suggested that "until recently [Job Centre Plus] was not actively championing the initiative. This was due to a conflict with benefits rules and confusion on the scope of traineeships".¹⁷¹ It is vital that a lack of knowledge of the traineeships programme does not prevent those who are most likely to benefit from a traineeship from being able to access the scheme.

Destination unknown

136. As part of this inquiry we heard worrying evidence about the numbers of young people whose destination is unknown. Lorna Fitzjohn described the situation in Birmingham:

As at the end of 2013 there are 40,178 16 to 18 year olds known to the Birmingham local authority. Of these, the proportion whose activity is not known is 23.5 percent.¹⁷²

Figures for other local authorities vary, from 0.3% in Thurrock to 39.3% in Worcestershire.¹⁷³ A recent report from the Public Accounts Committee put the national average at 7%.¹⁷⁴ In our report on careers advice, we argued that the Government should

167 OCR ([AAT0081](#)) p.8

168 Q220

169 DfE, [Traineeships funding in England – Funding reform technical consultation: Government Response](#), November 2014, p. 4

170 Q268 [Darren Northcott]

171 BT ([AAT0025](#)) p.4

172 Ofsted ([AAT0101](#))

173 DfE, [NEET data by Local Authority](#), May 2014

174 Committee of Public Accounts, Thirty-first report of Session 2013–14, [16- 18-year-old participation in education and training](#), HC707, para 5

act to address the variation in the level of support provided by local authorities to those who are at risk of disengagement by actively promoting good practice.¹⁷⁵ We remain convinced that this is necessary.

Conclusions and recommendations

137. The impact of traineeships is currently unclear. Where employers and providers have engaged with the programme there are examples of positive outcomes for participants. There is a clear need for a pre-employment programme to help young people into employment or apprenticeships.

138. The Government should provide greater clarity about the purpose of traineeships and what the success criteria for the programme are.

139. The Government should ensure that Job Centre Plus staff are able to advise people properly about the impact of traineeships on benefit entitlement.

140. The Government should promote the activities of the best performing local authorities so that best practice in identifying and delivering services to young people at risk of disengagement is shared.

¹⁷⁵ Education Committee, Seventh Report of Session 2012–13, [Careers Guidance for young people: the impact of the new duty on schools](#), HC 632-I, para 115

9 Conclusion

141. Good quality apprenticeships provide lifelong benefits for apprentices, those who employ them and the country as a whole. Given the benefits far too few of the 16-19 cohort in England take up apprenticeships. The central challenge for the Government's reform programme is to increase the number of young apprenticeship opportunities while ensuring that quality is at least maintained if not improved. We support the Government's efforts to give employers greater say, control and stake in apprenticeships but it must guard against system changes which deter employers, and smaller employers in particular, from participating.

142. The process of driving up numbers should start in schools, where all pupils should have access to good quality careers advice about the options that are most appropriate to them. Until incentives for schools are changed most young people will continue to receive inadequate careers advice and, as a result, will not be aware of apprenticeship opportunities.

143. The Trailblazer standards should be rigorously assessed to ensure that the new apprenticeships measure up to the Government's four principles of apprenticeships, and in accordance with our fifth principle deliver income transformation on completion for the apprentice. Apprenticeships that do not meet these standards should cease to attract government funding.

144. More well-prepared young people progressing into good quality apprenticeships has the potential to create a virtuous circle in which employers are incentivised to offer more high-quality schemes, outcomes for employers and apprentices are improved and, in turn, further apprenticeship opportunities are created.

Conclusions and recommendations

The quality and range of apprenticeship provision

1. The number of young people starting apprenticeships in recent years has been a consistent but low proportion of the numbers of young people involved in vocational education. We welcome the improvement in the number of quality apprenticeships for young people lasting at least 12 months but overall numbers have not increased. (Paragraph 30)
2. 16-19 year olds tend to undertake level 2 apprenticeships, which vary in the degree of demand made of the apprentice. (Paragraph 31)
3. The Government is seeking to increase the number of apprenticeships by extending the range of sectors in which apprenticeships that are available. It is important to ensure that such growth does not sacrifice quality, as apprenticeships should always require substantial training and always deliver a substantial uplift in earning power for the apprentice. Level 2 apprenticeships that comply with these principles should be retained. (Paragraph 32)
4. Excessive emphasis on apprenticeships as a means to combat youth unemployment risks reinforcing the myth that apprenticeships are a second class option and damages the apprenticeship brand. (Paragraph 33)
5. The central challenge for the Government is to incentivise an increase in the number of young people undertaking apprenticeships at the same time as improving the quality of provision and its impact on earnings. (Paragraph 34)

Benefits of apprenticeships

6. There is a general consensus in the evidence that government investment in apprenticeships represents good value for money and provides a range of benefits for employers. (Paragraph 44)
7. Good quality apprenticeships can provide long term benefits for young people. (Paragraph 45)
8. *We recommend that the Government review the benefits provided by funding adult apprenticeships and apprenticeships for young people respectively and assess whether more or all of the money would be better spent on 16 to 19 year-olds.* (Paragraph 46)
9. *We recommend that the Government expand the existing matched administrative data sets on apprenticeship outcomes with information on the occupation and industry in which individuals are employed. This would help prospective apprentices make informed comparisons between different frameworks and would aid in evaluating the impact of apprenticeships policy.* (Paragraph 47)
10. *We recommend that the Government review the data collected on apprenticeships to allow assessment of the effect on income of different apprenticeship frameworks.* (Paragraph 48)

11. *Having accepted our fifth principle, that apprenticeships should be income-transformative, the Government should set out how it will put this into practice. (Paragraph 49)*

Engaging young people

12. Misunderstanding by schools of the content, progression opportunities and benefits of apprenticeships is compounded by a cultural preference for the academic over the vocational and by incentives to fill sixth form places rather than offer alternatives to young people. (Paragraph 67)
13. Careers advice in schools continues to be inadequate for most young people. We welcome the collection of destination data by the Government and the opportunity this provides to see what happens to pupils when they leave schools and colleges. There is little evidence, however, that this has sufficiently altered incentives for schools. (Paragraph 68)
14. *We recommend that the Government urgently review the incentives for schools to provide good quality careers advice and recognise that the mantra of “trusting schools” does not work when the interests of schools and young people are not aligned. (Paragraph 69)*
15. We welcome the increased emphasis that Ofsted is putting on careers advice when inspecting schools, but agree with Ofsted that their oversight alone provides insufficient incentive for schools to change. (Paragraph 70)
16. *We recommend that the Government require schools to publish a careers plan and work towards the Quality in Careers standard. (Paragraph 71)*
17. *The Government should encourage schools to incorporate work experience into the 14-16 curriculum. (Paragraph 72)*
18. *The Young Apprenticeships scheme, which provided 14 to 16 year-olds with a credible vocational option that combined academic study with regular work-based experience, was considered effective at delivering good quality work experience. We recommend that the Government look at reviving this programme or developing a model that replicates its core academic and work-based components for this age group. (Paragraph 73)*

Reform of apprenticeship standards

19. The level of employer involvement in the Trailblazer scheme shows that there is an appetite for greater ownership of standards among many employers. (Paragraph 91)
20. Increased employer ownership of apprenticeship standards is a worthwhile goal, but the Trailblazer process is at risk of being dominated by larger companies at the expense of SMEs. The success of the scheme will rest on whether wider industry sectors have confidence in the standards the Trailblazers have developed. (Paragraph 92)

21. *We recommend that the Government review, and come forward with proposals to strengthen, the involvement of SMEs in the Trailblazer scheme, accepting that most will be unable to give as much time as larger employers. (Paragraph 93)*
22. While it is clear that the Government is aware of the issue of ownership of standards in the post-Trailblazer environment, more work is needed to ensure that employers and providers can have confidence that apprenticeship standards will be reviewed and maintained once the Trailblazer scheme has concluded. (Paragraph 94)
23. *We recommend that the Government set out its expectations about what will happen following the conclusion of the Trailblazer scheme. This should cover ongoing ownership of new apprenticeship standards, how new standards will be developed or existing standards revised in response to future needs, and who will provide oversight and leadership of these processes. Provision for a meaningful involvement from SMEs in the post-Trailblazer environment should form part of these expectations. (Paragraph 95)*
24. *We recommend that the Government set out how it intends to evaluate the success of the Trailblazer programme in the longer term, particularly identifying how the quality of new standards should be judged. (Paragraph 96)*
25. The Education and Training Foundation's review of English and maths qualifications may propose a solution to the problem of setting appropriate requirements for apprentices who have not achieved Grade C at GCSE in maths and English which suits both apprentices and employers. In the meantime apprentices should be allowed to take a functional skills qualification, rather than being pushed to take GCSEs which may deter perfectly able candidates from becoming apprentices. (Paragraph 97)
26. *We recommend that the Trailblazers be allowed to choose which level 2 qualification in English and maths is required to be studied as part of their apprenticeships. The Government should encourage Trailblazers to work with the Education and Training Foundation project looking at English and maths qualifications. (Paragraph 98)*

Reform of apprenticeship funding

27. Many employers support the principles behind the Government's reforms to apprenticeship funding but the majority of witnesses to this inquiry expressed strong concerns about the proposed methods of implementation. The Government's initial proposals were complex and could have imposed an unnecessary administrative burden on employers that would have been particularly felt by SMEs. We congratulate the Government on listening and dropping them. (Paragraph 115)
28. Swift development of new apprenticeship funding proposals is vital to end uncertainty and make sure employers are not deterred from involvement. Further delay caused by the General Election or otherwise could undermine efforts both to drive up quality and engage more employers in apprenticeships. (Paragraph 116)

29. *We recommend that the new apprenticeship funding regime offer SMEs a choice between taking a lead on administering the funding or contracting it out to a provider. (Paragraph 117)*
30. *We recommend that the Government clarify what role training providers, local authorities, Local Enterprise Partnerships and others may have in assisting employers with the administration of apprenticeships under the new funding arrangements. (Paragraph 118)*
31. *The Government should ensure that the employment of young apprentices is made more, not less, attractive to employers, and particularly small employers, as a result of the funding changes. The benefits of taking on young apprentices also need to be widely and effectively advertised. (Paragraph 119)*
32. *We recommend that the Government set out in advance the criteria by which the value for money and broader success of the new funding approach can and will be evaluated. (Paragraph 120)*
33. *Apprentices accept a lower wage in recognition of the investment by employers in their training and the promise of a significant uplift at the end of the programme. We support this principle but this lower wage is rightly a legal minimum and we are concerned that some young people are not receiving it. (Paragraph 121)*
34. *The Government should take steps to ensure that all employers who flout the law on the apprenticeship minimum wage are identified and swift action is taken against them. Training providers should educate apprentices about their employment rights and how to take action if their rights are breached. (Paragraph 122)*
35. *Any review of the apprenticeship minimum wage should recognise the need for the internal economics of the apprenticeship to add up for the employer, and particularly the small employer, or the number of apprenticeships on offer will drop further still. So long as a low minimum wage for young apprentices is accompanied by a high quality, sustained input from employers and a transformative impact on earnings afterwards, then it can and should be supported. (Paragraph 123)*

Increasing employer engagement

36. *The Government should set out how reforms to funding and standards will improve the benefits employers receive from engaging in apprenticeships. (Paragraph 129)*
37. *We recommend that the Government explore the most effective measures to encourage more employers to take on apprentices. (Paragraph 130)*

Traineeships

38. *The impact of traineeships is currently unclear. Where employers and providers have engaged with the programme there are examples of positive outcomes for participants. There is a clear need for a pre-employment programme to help young people into employment or apprenticeships. (Paragraph 137)*
39. *The Government should provide greater clarity about the purpose of traineeships and what the success criteria for the programme are. (Paragraph 138)*

40. *The Government should ensure that Job Centre Plus staff are able to advise people properly about the impact of traineeships on benefit entitlement. (Paragraph 139)*
41. *The Government should promote the activities of the best performing local authorities so that best practice in identifying and delivering services to young people at risk of disengagement is shared. (Paragraph 140)*

Formal Minutes

Wednesday 4 March 2015

Members present:

Mr Graham Stuart, in the Chair

Neil Carmichael
Alex Cunningham
Bill Esterson
Pat Glass

Siobhan McDonagh
Caroline Noakes
Mr David Ward
Craig Whittaker

Draft Report (*Apprenticeships and traineeships for 16 to 19 year-olds*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 144 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Sixth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 11 March at 9.00 am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's inquiry page at www.parliament.uk/apprenticeships-and-traineeships-16-19.

Wednesday 5 November 2014

Question number

Professor Paul Croll, Bulmershe Professor of Education, Institute of Education, University of Reading, **Professor Alison Fuller**, Pro-Director, Research and Development, and Professor of Vocational Education and Work, Institute of Education, University of London, **David Sims**, Research Director, National Foundation for Educational Research, and **David Massey**, Senior Manager, UKCES

[Q1-88](#)

Kirstie Donnelly MBE, UK Managing Director, City and Guilds, **Rob Wall**, Head of Employment and Education Policy, CBI, **Eileen Cavalier OBE**, CEO, London College of Beauty Therapy, and **David Harbourne**, Director of Policy and Research, The Edge Foundation

[Q89-143](#)

Wednesday 26 November 2014

Lorna Fitzjohn, National Director for Further Education and Skills, Ofsted, **Katerina Rudiger**, Head of Skills and Policy Campaigns, Chartered Institute for Personnel and Development, **Conor Ryan**, Director of Research and Communications, Sutton Trust, and **James Whelan**, Head of Mathematics, Harris Academy Morden

[Q144-216](#)

Deborah Lee, Chief Learning Officer, BT Group, **Charlotte Bosworth**, Director of Skills and Employment, OCR, **Stephen Overell**, Principal, Employment and Skills, New Economy Manchester, and **Darren Northcott**, National Official, Education, NASUWT

[Q217-277](#)

Wednesday 10 December 2014

Dan Hooper, Policy Advisor, Federation of Small Businesses, **Steve Radley**, Director of Policy and Strategic Planning, Construction Industry Training Board, **Sally Hunt**, General Secretary, University and College Union, and **Paul Champion**, Assistant Principal, Work Based Learning, Chesterfield College

[Q278-337](#)

Ian Taylor, Chief Executive Officer, SkillsActive, **Tony Moloney**, Head of Education & Skills, National Grid, **Kate Stock**, Managing Director, Smart Training, and **Brian Wisdom**, Chairman, Federation for Industry Sector Skills and Standards

[Q338-383](#)

Wednesday 14 January 2015

Nick Boles MP, Minister of State for Skills and Equalities, Department for Education and Department for Business, Innovation and Skills

[Q384-484](#)

Published written evidence

The following written evidence was received and can be viewed on the Committee's inquiry web page at www.parliament.uk/apprenticeships-and-traineeships-16-19. AAT numbers are generated by the evidence processing system and so may not be complete.

- 1 157 Group ([AAT0022](#))
- 2 A4e Ltd ([AAT0037](#))
- 3 Alan Green ([AAT0021](#))
- 4 Alison Fuller ([AAT0091](#))
- 5 Aspire Group ([AAT0010](#))
- 6 Association Of Accounting Technicians (Aat) ([AAT0047](#))
- 7 Association Of Colleges ([AAT0032](#))
- 8 Association Of Employment And Learning Providers ([AAT0027](#))
- 9 Association Of School And College Leaders ([AAT0056](#))
- 10 British Horseracing Authority ([AAT0068](#))
- 11 BSkyB ([AAT0016](#))
- 12 BT ([AAT0104](#))
- 13 BT ([AAT0025](#))
- 14 CBI ([AAT0078](#))
- 15 Central Bedfordshire College ([AAT0019](#))
- 16 Chartered Institute Of Personnel And Development ([AAT0034](#))
- 17 Chartered Insurance Institute ([AAT0063](#))
- 18 Chesterfield College ([AAT0059](#))
- 19 CITB - Construction Industry Training Board ([AAT0077](#))
- 20 City & Guilds ([AAT0020](#))
- 21 City & Guilds ([AAT0099](#))
- 22 Civil Engineering Contractors Association ([AAT0028](#))
- 23 Civil Engineering Contractors Association ([AAT0107](#))
- 24 Cogent SSC On Behalf Of Science Industry Partnership ([AAT0066](#))
- 25 Construction Industry Training Board (CITB) ([AAT0114](#))
- 26 Department For Education ([AAT0115](#))
- 27 DfE ([AAT0073](#))
- 28 Douglas Richard ([AAT0089](#))
- 29 Edge Foundation ([AAT0006](#))
- 30 Education & Training Foundation ([AAT0070](#))
- 31 EEF, The Manufacturers' Organisation ([AAT0005](#))
- 32 Engineering Construction Industry Training Board ([AAT0008](#))
- 33 Fair Train ([AAT0035](#))
- 34 Federation For Industry Sector Skills And Standards ([AAT0075](#))
- 35 Federation For Industry Sector Skills And Standards ([AAT0108](#))
- 36 Federation Of Small Businesses ([AAT0103](#))
- 37 Federation Of Small Businesses (Fsb) ([AAT0023](#))
- 38 Food And Drink Federation ([AAT0088](#))
- 39 Fujitsu ([AAT0057](#))

- 40 Greater Manchester Colleges Group ([AAT0018](#))
- 41 GTA England ([AAT0062](#))
- 42 Institute Of Customer Service ([AAT0051](#))
- 43 James Whelan ([AAT0012](#))
- 44 James Whelan ([AAT0109](#))
- 45 Jessica Mwanzia ([AAT0009](#))
- 46 JTL ([AAT0031](#))
- 47 Key Training Group ([AAT0002](#))
- 48 LCBT ([AAT0042](#))
- 49 Leeds College Of Building ([AAT0015](#))
- 50 LGA ([AAT0082](#))
- 51 Lifetime Training ([AAT0058](#))
- 52 Mardell Associates Ltd Trading As Smart Training ([AAT0029](#))
- 53 Microsoft ([AAT0046](#))
- 54 NASUWT ([AAT0049](#))
- 55 National Electrotechnical Training ([AAT0053](#))
- 56 National Federation Of Roofing Contractors ([AAT0030](#))
- 57 National Foundation For Educational Research ([AAT0007](#))
- 58 National Grid ([AAT0055](#))
- 59 Nestle UK & Ireland ([AAT0074](#))
- 60 New Economy Manchester ([AAT0076](#))
- 61 Newham College Of Further Education ([AAT0065](#))
- 62 NIACE ([AAT0084](#))
- 63 North York Moors National Park Authority ([AAT0064](#))
- 64 OCR ([AAT0081](#))
- 65 Ofqual ([AAT0044](#))
- 66 Ofsted ([AAT0024](#))
- 67 Ofsted ([AAT0101](#))
- 68 Oxford, Cambridge & Rsa Examinations ([AAT0100](#))
- 69 Oxfordshire County Council ([AAT0014](#))
- 70 Paul Croll ([AAT0038](#))
- 71 Paul Croll ([AAT0093](#))
- 72 Pearce Hire ([AAT0003](#))
- 73 Pearson ([AAT0113](#))
- 74 Plasa ([AAT0013](#))
- 75 Senta ([AAT0045](#))
- 76 Skillsactive ([AAT0036](#))
- 77 Skillsactive ([AAT0112](#))
- 78 The Electrical Contractors' Association (Eca) ([AAT0069](#))
- 79 The Gatsby Charitable Foundation ([AAT0054](#))
- 80 The Lancashire Colleges Ltd ([AAT0052](#))
- 81 The London College Of Beauty Therapy ([AAT0090](#))
- 82 The Manchester College ([AAT0048](#))
- 83 The Sutton Trust ([AAT0039](#))
- 84 The Work Foundation ([AAT0017](#))

- 85 Trades Union Congress ([AAT0079](#))
- 86 UCAS ([AAT0097](#))
- 87 UK Commission For Employment And Skills ([AAT0071](#))
- 88 UK Commission For Employment And Skills ([AAT0095](#))
- 89 UK Youth ([AAT0026](#))
- 90 Unite The Union ([AAT0040](#))
- 91 University And College Union ([AAT0061](#))
- 92 University And College Union ([AAT0102](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the Committee's website at www.parliament.uk/education-committee.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2010-12

First Special Report	Young people not in education, employment or training: Government Response to the Children, Schools and Families Committee's Eighth Report of Session 2009-10	HC 416
Second Special Report	The Early Years Single Funding Formula: Government Response to the Seventh Report from the Children, Schools and Families Committee, Session 2009-10	HC 524
Third Special Report	Transforming Education Outside the Classroom: Responses from the Government and Ofsted to the Sixth Report of the Children, Schools and Families Committee, Session 2009-10	HC 525
Fourth Special Report	Sure Start Children's Centres: Government Response to the Fifth Report from the Children, Schools and Families Committee, Session 2009-10	HC 768
First Report	Behaviour and Discipline in Schools	HC 516-I and -II (HC 1316)
Second Report	The role and performance of Ofsted	HC 570-I and II (HC 1317)
Fifth Special Report	Looked-after Children: Further Government Response to the Third Report from the Children, Schools and Families Committee, Session 2008-09	HC 924
Third Report	Services for young people	HC 744-I and -II (HC 1501)
Fourth Report	Participation by 16-19 year olds in education and training	HC 850-I and -II (HC 1572)
Fifth Report	The English Baccalaureate	HC 851 (HC 1577)
Sixth Report	Services for young people: Government Response to the Committee's Third Report of Session 2010-12	HC 1501 (HC 1736)
Seventh Report	Appointment of HM Chief Inspector, Ofsted	HC 1607-I
Eighth Report	Chief Regulator of Qualifications and Examinations	HC 1764-I and -II
Ninth Report	Great teachers: attracting, training and retaining the best	HC 1515-I (HC 524, Session 2012-13)

Session 2012-13

First Report	The administration of examinations for 15-19 year olds in England	HC 141-I (HC 679)
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Second Report	Appointment of Chair, Social Mobility and Child Poverty Commission	HC 461-I
Third Report	Governance and leadership of the Department for Education	HC 700 (HC 919)
Fourth Report	Children first: the child protection system in England	HC 137-I (HC 993)
Fifth Report	Support for Home Education	HC 559-I (HC 1013)
Sixth Report	Pre-legislative scrutiny: Special Educational Needs	HC 631-I
Seventh Report	Careers guidance for young people: The impact of the new duty on schools	HC 632-I (HC 1078)
Eighth Report	From GCSEs to EBCs: the Government's proposals for reform	HC 808-I (HC 1116)
Session 2013–14		
First Report	2012 GCSE English results	HC 204 (HC 662)
Second Report	The Role of School Governing Bodies	HC 365 (HC 661)
Third Report	School sport following London 2012: No more political football	HC 364 (HC 723)
Fourth Report	School Partnerships and Cooperation	HC 269 (HC 999)
Fifth Report	Foundation Years: Sure Start Children's Centres	HC 364 (HC 1141)
Sixth Report	Residential Children's Homes	HC 716
Session 2014-15		
First Special Report	Residential Children's Homes: Government's response to Committee's Sixth Report of Session 2013-14	HC 305
First Report	Underachievement in Education by White Working Class Children	HC 142 (HC 647)
Second Report	Into independence, not out of care: 16 plus care options	HC 259 (HC 738)
Third Report	Appointment of the Children's Commissioner for England	HC 815
Fourth Report	Academies and free schools	HC 258
Fifth Report	Life lessons: PSHE and SRE in schools	HC 145