

Apprenticeships - Update

Date 15 March 2016
Author Toby Hill
LGiU/CSN Associate

Summary

This briefing provides a broad overview of the government apprenticeship reforms to date, providing key information and analysis of the changes.

The reforms, begun under the Coalition government, have gathered pace and complexity under the majority Conservative administration. A pledge to deliver three million new starts by 2020 has been accompanied by a raft of new standards and assessment procedures, tailored to each sector and occupation, and a levy on business to spread the costs of apprenticeship provision. However, concerns exist that improvements in quality are failing to keep pace with the quantity of new apprenticeships. This briefing outlines how the government's latest proposals address these criticisms, and what challenges continue to lie ahead.

This briefing will be of interest to members and officers with responsibility for education, skills training and economic development.

Overview

This briefing considers both the changes that the government has made to the apprenticeship system, and the criticisms and problems that have been highlighted along the way.

In its manifesto, the Conservative government pledged to create three new million new apprenticeships by 2020. Alongside a drive to increase the numbers undertaking apprenticeships, a number of changes have been implemented with the aim of improving their quality. These include:

- A new business tax known as the apprenticeship levy applied at a rate of 0.5% of an employer's paybill where it is in excess of £3 m, with one allowance of £15,000;
- A new, simpler and more rigorous system of standards and assessments, to be designed by employers known as Trailblazers;
- A new law requiring that staff from colleges and apprenticeship providers visit schools to provide careers guidance;
- A new duty in the Enterprise Bill which will require public sector organisations with more than 250 employers to include a minimum of 2.3% apprenticeships among new starts;
- The creation of a new Institute for Apprentices, intended to verify the quality of new standards and assessments, and monitor the quality of the apprenticeships being created.

Early results of the Government's apprenticeship reforms met with some criticism from Ofsted, as well as the CBI, Engineering Employers Federation (EEF) and Chambers of Commerce. There was concern that the rush to create apprenticeships was diluting their quality, and that they were not being created in the technical apprenticeships. Concomitantly, industry representatives argued that the new apprenticeships were not being created in industries which have the greatest need,

particularly in STEM industries. This briefing's comment considers how far the changes outlined above go towards overcoming these concerns.

Briefing in full

Background to the Reforms

Reforming the apprenticeship system was a central ambition of the Coalition government from the start of their time in office. Level 3 was positioned as the standard qualification that students and employers should aim for, while progression routes from Level 3 upward were smoothed and signposted. The government also endeavoured to increase the number of people undertaking apprenticeships across all age groups.

This initial strategy became more focused with the publication of the Richard Review of Apprenticeships in 2012, which was quickly followed by a government consultation on its proposals. This brought in goals to improve the quality of apprenticeships and to simplify the model through which they are funded. The 2015 Conservative manifesto tied this together with the promise to provide three million new apprenticeships before 2020.

Underlying these changes was a fundamental drive –not new, but to be pursued with renewed vigour - to place vocational education on a level footing with academic education. The most clear examples of this are new super apprenticeships, which provide a qualification equal to a Bachelor's degree and are intended to provide an equally or more effective route into the workplace.

Economically, effective vocational education is seen as key to meeting the UK's future skills needs. UK productivity currently stands at 20% lower than the rest of the G7, a fact due at least in part to low levels of skills in the workforce. There is also a pressing need for new technical and skilled workers to fill critical roles over the next decade, particularly in STEM industries.

The rest of this briefing looks at the government's strategy for achieving these goals, which encompasses changes ranging from the provision of careers guidance in schools to the funding of apprenticeships in the workplace. It also presents some of the criticisms that have been made of elements of this strategy, and considers the government's response to these criticisms.

Careers advice and guidance

The government's most recent intervention aimed at elevating the status of vocational education was the announcement of a new law concerning careers guidance in schools. While details are yet to be released, a [January press release](#) stated that apprenticeship providers and staff from colleges will be required to visit schools from the start of secondary education, as part of careers advisory services.

These practitioners will talk to students about the potential advantages of apprenticeship or technical and professional education (TPE) routes. The new law aims to counter concerns of a "two tiered system of careers advice" in which a university education is always seen as the preferred option over a more vocational route.

More details on the new law will be included in a government strategy on careers advice and guidance, to be published in 2016.

Finally, from September 2016, the highest level 'super apprenticeships' will be posted on UCAS. It is hoped that this will signal their equal value to an academic degree.

Traineeships

Another reform intended to bring more young people into apprenticeships was the introduction of traineeships. Brought in alongside the reform of the apprenticeship system, they are aimed at young people who need more support with the transition from school to work.

A traineeship lasts for up to six months and is delivered as a partnership between employers and training and education providers. Core elements include work-preparation training, a work placement, and English and maths.

Since their introduction in 2013, almost 30,000 young people have completed a traineeship. In two-thirds of cases, according to government statistics, doing so has enhanced the career prospects of trainees. They remain an integral part of the government's strategy to boosting the number of young people between 16 and 19 in apprenticeships

New Standards and Assessments

Among the main changes announced in the government's response to the Richard Review on apprenticeships was a redesign of the system of standards and assessments within apprenticeship programmes.

The new standards and assessment plans are being designed by groups of employers known as Trailblazers. The first eight Trailblazers launched in October 2013; there are now over 140 which have delivered over 350 new standards. All new frameworks will include end-point assessments to test the skills, knowledge and behaviours outlined in the standards.

Initially, the government had intended all new apprenticeship starts to be on the new standards by 2017/18. But this aim has now been delayed, in part due to the additional complexity created by of the introduction of the apprenticeship levy (see below). A December 2015 document announced the government's intention for a "migration from apprenticeship frameworks to standards over the course of the Parliament, with as much of this to take place in 2017/18 as possible."

Not all previous assessment plans have been translated into new standards, and the Government anticipates that there are occupations not yet associated with apprenticeships that could benefit from being so. It therefore continues to ask for groups of employers to make bids to design the new standards. The latest guidance for trailblazers was published in December 2015 and can be seen [here](#).

Finally, the December 2015 document [Apprenticeships: Vision for 2020](#) outlined a plan to establish a new independent body – the Institute for Apprenticeships – which will be led by employers, and will regulate the quality of apprenticeships. This body will put in place mechanisms for the approval of apprenticeship standards, to ensure only those valued by employers are approved and funded. The standards and assessment plans submitted by employers will be reviewed by "a small number of experts". The Institute is expected to be fully operational by 2017.

Targets

Increasing the number of students starting an apprenticeship was a goal taken up by the Coalition government. Between 2009-10 and 2013-14, there was a 3% increase in people under 19 starting an apprenticeship, a 40% increase in people between 19-24, and a 229% increase in those aged

25 and over. In their election manifesto, the Conservatives announced an acceleration of this process, promising to create three million new apprenticeships by 2020.

It remains an ambitious target. In order to meet it, the government has asked the public sector to make a substantial contribution. Public sector organisations in England will now be required to employ apprentices and will be set targets to increase the number of apprenticeship starts. Provisions to amend the Apprenticeships, Skills, Children and Learning Act 2009 in order that the Secretary of State can prescribe apprenticeship targets to public sector bodies is included in the Enterprise Bill.

The target will be a minimum of 2.3% new apprenticeship starts based on the headcount of employees working for a body in England. In order to be practicable, the duty will apply to public bodies that have 250 or more employees in England.

To make it easier for employers to take on new apprentices, the government is rolling out a new Digital Apprenticeship Service. This online tool will enable employers to select the most appropriate apprenticeships, choose a training provider, and pay for apprenticeship training and assessment.

Apprenticeship Levy

As well as designing the new apprenticeship standards, employers will also be drawn on to fund them, through a new business tax known as the apprenticeship levy. The measure was first announced in the July 2015 budget, which was followed by a consultation document. Further details were released in the government response to the consultation and in the 2015 Autumn Statement and Spending Review.

The levy will be applied at a rate of 0.5% of an employer's paybill. There will be an allowance of £15,000, meaning that only firms with paybills of more than £3 million will pay it – anticipated to be less than 2% of the firms in the UK. It will also be applied to public sector organisations which meet the requirements.

The levy will come into force in April 2017; by 2019-20, it is intended to have generated £3 billion for apprenticeship training. The Spending Review claimed that by this time, government spending on apprenticeships will have doubled in comparison to 2010-11 levels. It will be paid through the Pay as You Earn System (PAYE).

Challenges and Criticisms

Renovating the status of vocational education has been a perennial political promise in recent decades. But with their pledge to deliver three million new apprenticeships while simultaneously overhauling assessment and financing procedures, the Government has approached it with particular vigour.

However, there have been some signs that the speed and ambition of these changes could be damaging the quality and efficacy of the final product. These concerns were most succinctly summarised in an Ofsted report, based on a survey of 45 apprenticeship providers conducted in early 2015. The report concluded that, rather than a simultaneous expansion and improvement of apprenticeship provision, the rush to create new starts had diluted their quality.

Among their main criticisms were:

- Quality of apprenticeship provision is too variable, and often poor;

- The majority of new apprenticeships starts were in the retail and service sectors, and often took the form of simply accrediting pre-existing skills;
- Correspondingly, there were still insufficient apprenticeships providing the advanced, professional level skills needed in specific sectors with shortages;
- Employers are not making sufficient contributions to the cost of apprenticeships, undermining their quality;
- The number of 16 to 18 year olds starting in apprenticeships is still as low today as it was a decade ago. This is partly put down to schools and colleges failing to effectively promote apprenticeships.

The government has taken steps to address these concerns. The apprenticeship levy, outlined above, aims to enforce a meaningful contribution to the cost of apprenticeships from the largest employers. This income can then be used to boost the quality of the apprenticeship system across the board.

Secondly, a new law – also outlined earlier in this briefing - will require apprenticeship providers and staff from colleges to visit schools as part of careers advice from early secondary school. This is hoped to encourage more 16 to 18 year olds to start apprenticeships. It's also hoped that it will channel more students towards sectors with specific shortages, where there are good opportunities for a secure career, for example in the STEM industries.

The Government also intends to legislate for the term apprenticeship to be protected in law, to prevent its abuse by unscrupulous employers. And finally, the new Institute for Apprenticeships is intended to regulate the quality of new apprenticeships in the context of the three million new starts before 2020.

Comment

The aim of elevating the status of vocational education has been undertaken, largely without success, by a succession of governments. By now, it is clear that this involves changing cultural perspectives as much as it does amending a structural or institutional bias. And with 52% of young people still choosing paths other than university, and with tuition fees building a vertiginous tower of debt to greet students at the end of their years of study, a renewed attempt to dislodge this prejudice is very welcome. In such a context, there is no doubt that making it easier for young people to earn while they learn meaningful and challenging new skills is a very positive goal.

Amid the rush to fulfil eye-catching pledges, however, a range of voices have warned that quality has not been matching quantity as apprenticeship provision expands. This was most thoroughly demonstrated by the Ofsted survey summarised in the briefing above, but it was also a call [echoed](#) by the [CBI](#), the EEF, and the British Chambers of Commerce.

In light of these criticisms and concerns, over the past eight months the government has implemented a number of changes to their original programme of reform. The introduction of an Apprenticeship Levy is intended both to ensure employers provide sufficient funding to support quality apprenticeships, and that those that contribute little to training the UK's workforce share the cost burden of those that do.

But the levy was immediately treated with scepticism. The CBI warned that there was no reason to assume this extra money would "equate to higher quality or deliver the skills the UK needs". Indeed, as Andrew Jones writes in a [previous LGiU](#) briefing focused on the apprenticeship levy, a 1963 Act introduced a very similar mechanism. It quickly proved unpopular with industry, and was

gradually wound down over the subsequent two decades. Things may have changed since then, but employer responses have so far been similarly sceptical. Furthermore, with the public sector included within the levy's requirements, extra strain is likely to be placed on local authority budgets that are already under a great deal of financial pressure.

In a similar fashion, the announcement of a new Institute for Apprenticeships shows an awareness of concerns over the quality of the apprenticeships that are currently being generated. But whether a small board of employers overseeing the creation of three million new apprenticeships can make much of an dent on what is widely [acknowledged](#) to be a critical issue remains to be seen.

Elsewhere, action is being taken on the issue of the persistent small take-up of apprenticeships among 16 to 18 year olds. A new careers guidance strategy is due out shortly, and is expected to emphasise improving advice on apprenticeships. The Government is also looking to use legislation to protect the term apprenticeships, mirroring what is already in place for degrees. In terms of tackling the aforementioned attitudes to vocational education, schools must play a crucial role, so these changes are worth watching closely.

But while these tweaks and changes are welcome recognitions that more needs to be done, there is continuing concern both over the quality of apprenticeships that are being created, and the extent to which new apprenticeships are matching the technical skills that will promote the UK's future economic success.

External links

BIS [Apprenticeships Website](#)

BIS [The Future of Apprenticeships in England: Guidance for Trailblazers – from standards to starts](#)

Ofsted [Apprenticeships: developing skills for future prosperity](#)

DfE Press Release: [New law will end 'outdated snobbery' towards apprenticeships](#)

Skills Funding Agency [New Apprenticeship Standards](#)

BIS/DfE [Public Sector Apprenticeship Targets](#) (consultation closed on 4 March 2016)

BIS [Apprenticeships \(in England\): vision for 2020](#)

Related briefings

[The Future of Apprenticeships in England: What is Known So Far](#) (January 2016)

[Apprenticeships: Delivering Skills for Future Prosperity – Ofsted Survey](#) (November 2015)

[Post-16 Education and Training Institutions: BIS Guidance of Area Reviews](#) (October 2015)

[Solving the Productivity Puzzle](#) (July 2015)

[The Future of Apprenticeships in England: Implementation Plan – HMG](#) (November 2013)

[The Future of Apprenticeships in England: Next Steps from the Richard Review](#) (April 2013)

For further information, please visit www.lgiu.org.uk or email john.fowler@lgiu.org.uk