



House of Commons

Business, Energy and Industrial
Strategy and Education
Committees

Apprenticeships: Government Response to the Second Joint Report of Session 2016–17

*First Joint Report of the Business, Energy and Industrial
Strategy and Education Committees of Session 2017–19*

*Third Special Report of the Business, Energy and Industrial
Strategy Committee of Session 2017–19*

*Second Special Report of the Education Committee of
Session 2017–19*

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Business, Energy and Industrial Strategy Committee

The Business, Energy and Industrial Strategy Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Business, Energy and Industrial Strategy. The Committee's name was changed, from the Business, Innovation and Skills Committee, on 17 October 2016.

Current membership

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[Drew Hendry MP](#) (*Scottish National Party, Inverness, Nairn, Badenoch and Strathspey*)

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The Education Committee

The Education Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Education and its associated public bodies.

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Committee reports are published on the Committees' website at www.parliament.uk/beis and www.parliament.uk/education-committee and in print by Order of the House.

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Business, Energy and Industrial Strategy Committee

Committee staff

The current staff of the Committee are Chris Shaw (Clerk), Ben Sneddon (Second Clerk), Ian Cruse (Committee Specialist), Jeanne Delebarre (Committee Specialist), Becky Mawhood (Committee Specialist), James McQuade (Senior Committee Assistant), Jonathan Olivier Wright (Committee Assistant) and Gary Calder (Senior Media Officer).

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Education Committee

Committee staff

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First Joint Special Report

The Business, Energy and Industrial Strategy and Education Committees' report to the House on [Apprenticeships](#) (HC 206) was published on 31 March 2017 as their Second Joint Report of Session 2016–17. The Government's response was received on 11 September 2017, after the formation of the Government following the election. The Government's response is appended to this report.

In the Government's response, the Committee's recommendations appear in bold text while the responses are in plain text.

Appendix 1: Government response

The Sub-Committee on Education, Skills and the Economy published the report of its inquiry into [apprenticeships](#) on 31 March 2017. This document sets out the Government's response to the Committee's report. In the case of some recommendations, the response reflects the fact that the Government is in the process of implementing a series of reforms to the programme, meaning many of the activities outlined are ongoing.

Introduction

The Government welcomes the Committee's recognition of the importance of apprenticeships. We are committed to ensuring high quality apprenticeships deliver the skills employers and the economy need for growth, and that individuals need to progress in work and life. More high quality apprenticeships will mean more people from all backgrounds have the opportunity to achieve the benefits associated with completing an apprenticeship, in terms of increased wages and long-term employment.

In December 2015, the Government published *English Apprenticeships: our 2020 vision*,¹ setting out our programme of reform for increasing the quantity and quality of apprenticeships in England, putting the development of apprenticeships firmly in the hands of employers, and placing the funding of the system on a sustainable footing.

The Committee's report comes at a crucial point in our reform programme, with significant progress made during and since the Committee's inquiry. The Institute for Apprenticeships is now operational, governing high-quality apprenticeship standards. We have introduced the Apprenticeship Levy, on schedule, and levy-paying employers are now using the apprenticeship service to manage their funds and invest in their future talent pipelines.

These reforms will ensure apprenticeships deliver the skills employers and the country need, giving more people from all backgrounds the training and employment experience they need for career progression.

Progress towards achieving three million starts by 2020 is on track. But the Government agrees with the Committee that the programme must achieve a wider range of benefits, supporting quality and participation. In March 2017, we published our *Benefits Strategy*

1 <https://www.gov.uk/government/publications/apprenticeships-in-england-vision-for-2020>

for the programme. This sets out the success measures, targets and ambitions we will achieve to ensure people in this country, from all walks of life, are doing the high quality apprenticeships that give them valuable skills and knowledge employers seek.

Ensuring that access to high-quality training through apprenticeships is not determined by background is crucial if we are to create a skills-system that truly works for everyone. We have taken major steps in addressing barriers to apprenticeships for some of the hardest to reach groups, including ongoing implementation of the Maynard Taskforce recommendations to support learners with learning difficulties and disabilities, committing funding for apprenticeships in disadvantaged areas, and increasing apprenticeship starts by people from black, Asian and minority ethnic backgrounds.

The Committee is absolutely right that the prestige of the programme will follow the increase in quality. We are creating a world class apprenticeship system, giving industry the role of setting the bar for high-quality apprenticeships through employer-led standards, and setting up the Institute for Apprenticeships to uphold their quality.

Employers know more about their current and future skills needs than anyone else, which is why we have placed them right at centre of the system. Employers are designing new apprenticeship standards that describe the skills, knowledge and behaviours needed in their workforce; they sit on the board of the Institute for Apprenticeships, upholding the quality of standards and assessment plans; and they are in control of apprenticeship funding using the apprenticeship service to manage their funds (if they pay the levy), choose the right apprenticeship standard or framework, and find a training provider.

Prestige of the programme is being driven also by the increasing employer-demand for higher and degree level apprenticeships. There were just over 27,000 starts on higher level apprenticeships (levels 4–7) in 2015/16 up from just under 20,000 in 2014/15. It will be increasingly important for young people to have a good set of high quality technical options, as well as academic options, at all levels, and degree apprenticeships are paving the way to ensuring this is the case.

As the Committee points out, apprenticeships should not be seen as the solution to every skills problem. Whilst it is vital that we have an apprenticeship system that is responsive and flexible to the needs of employers and individuals, that is only one part of the Government's plan for delivering a high-skilled, competitive economy that benefits people throughout the country.

Reforms to the technical education system will offer high quality college-based routes as well as apprenticeships. We will be investing £500 million per year in England's technical education system, which will deliver on the recommendations of Lord Sainsbury's review. This will support 16–19 year olds complete over 900 hours of training per year, including high quality work placements.

All of this will be underpinned by a transformation of careers advice, guidance and support on the range of options we are creating for young people. We are committed to publishing a comprehensive Careers Strategy in the Autumn. The quality and breadth of coverage will make it easier for people to progress into apprenticeships, technical routes and academic learning.

Apprenticeships are one of the cornerstones of the world class technical education system and the Apprenticeship Levy will fund a step change in the way this country invests in them. We will reverse the declining trend in employer investment in training by giving employers the flexibility to determine the content of apprenticeships, and establishing them as a customer in purchasing training.

An employer-led apprenticeship system needs to be underpinned by a highly flexible and responsive provider base which meets the evolving needs of employers and the economy. To create this, we must harness the power of a carefully regulated market to drive constant improvement and innovation. The Register of Apprenticeship Training Providers will act as our quality threshold as we encourage new providers into the market. Competition in the market will drive out unsatisfactory providers, increasingly so as more employers purchase directly from providers using their apprenticeship funds.

We have worked with large and small employers from the public, private and charitable sector, colleges, independent training providers, representative bodies and third sector organisations in implementing our reforms, and will continue to do so to ensure the system delivers on our reform principles, and meets the needs of industry.

The introduction of the Apprenticeship Levy, launch of the apprenticeship service, and establishment of the Institute for Apprenticeships are significant milestones. It will take some time for employers and providers to adapt during this period of transition. We will continue to monitor and review apprenticeship policy and delivery as we embed the new system to ensure it delivers return on investment for employers, meets their skills needs and gives individuals the training they need to build meaningful and successful careers.

Responses to individual recommendations

Strategy

1. We welcome the Government’s efforts to bring the benefits of apprenticeship to all sectors of the economy. Nevertheless, it must ensure apprenticeships are not seen to be the solution to every skills problem. Recent announcements suggest the Government recognises this. (Paragraph 12)

The Government agrees with the Committee; individuals and employers have an array of differing needs in terms of training and skills, and it is vital that this demand is met by a suite of academic, vocational and technical education and training offers.

We will be investing £500 million per year in England’s technical education system, which will deliver on the recommendations of Lord Sainsbury’s review. This will support 16–19 year olds complete over 900 hours of training per year, including high quality work placements.

Our reforms to college-based technical education and apprenticeships will sit alongside our world leading Higher Education system, delivering the highly skilled labour market the economy needs.

2. The Government is right to give employers greater influence within the apprenticeship system, but during the early stages of the process this had the effect of drowning out other voices, including those of smaller businesses. We welcome the

Government’s recent announcements that suggest it now favours a more balanced approach, but remain concerned that large businesses exercise too much influence, and the views of other stakeholders with less lobbying power are given insufficient weight. (Paragraph 18)

We recognise the importance of ensuring all businesses are able to engage with apprenticeships and shape the way in which the programme develops. We have taken many steps to expand the reach and engagement of the programme to ensure it can respond effectively to the needs of all stakeholders.

This is true for smaller employers where we have increased our communications effort, targeting SMEs through the Get In Go Far campaign, reaching 84% of the SME population, and, following our research into SME attitudes and understanding of the reforms, the National Apprenticeship Service has continued to develop its SME strategy and is delivering key aspects of it in order to embed SME engagement into its business as usual activity.

We are continuing our commitment to ensuring the broad spectrum of stakeholders in the apprenticeship system are able to feed into policy development. The Apprenticeship Stakeholder Board is chaired by a SME CEO, bringing together employers, providers and apprentices to offer insight on policy and delivery from a range of perspectives, including from SMEs.

3. The three million target is a useful symbol of the Government’s commitment to apprenticeships, but it must guard against the perception that it the only measure of success. Apprenticeship starts are the means to an end, not an end in themselves. (Paragraph 22)

4. We recommend that alongside the 3 million starts target, the Government outlines far clearer outcome measures for individual apprentices. These should include programme completion, progression to higher levels and subsequent achievement of secure relevant employment. It should publish an annual survey of performance against these measures. (Paragraph 23)

We remain committed to delivering 3 million apprenticeships by 2020 but in doing so we are committed to also driving up the quality of apprenticeships to ensure they deliver the skills employers need and progression for apprentices.

Following recommendations in the National Audit Office report on apprenticeships published in September 2016, we published our Benefits Strategy² on 30 March 2017. This document sets out the high level indicators of success for the Programme, including measures around progression into employment and learning at higher levels, widening participation, meeting employer skills’ needs and quality. Publishing these success measures meets the commitment given to the Public Accounts Committee to develop a richer set of outcomes for the programme.

We will publish an annual report against these measures, to demonstrate the Programme’s progress towards its objectives. Publication dates will be determined by the scheduled release of data, with the first annual report likely to be in late 2017.

2 <https://www.gov.uk/government/publications/apprenticeship-reform-programme-benefits-realisation-strategy>

5. The Government has not set out how its increase in apprenticeship numbers will help fill the country’s skills gaps. The current balance of provision is skewed towards sectors with low wage returns and few skills shortages and we are not convinced that tinkering with funding bands will bring about the major changes necessary. The Government already makes immigration decisions on the basis of identified skills shortages; it should make greater use of this existing knowledge. (Paragraph 31)

6. We recommend that the Government publishes an annual document setting out skills shortages on a national, regional and sector-specific basis and sets clear targets to ensure apprenticeship uptake in these areas is prioritised. (Paragraph 32)

We agree with the Committee’s premise that it is important that apprenticeships play their part in addressing the skills needs of the country.

Historically, attempts to understand current and future skills needs have relied upon analysis of national survey data. These attempts could be improved; they have been too far removed from local knowledge, and in particular local employer knowledge.

We are therefore working to bring together employers, providers and key local skills stakeholders to assess the demand for and supply of skills in local areas. We are also reforming the technical education system to ensure that it is responsive to the evolving needs of employers, learners and the economy.

With regard to apprenticeships, we think employers know best what their skills needs are, and therefore where skill shortages are, which is why we are placing them at the centre of the apprenticeship programme, and we are giving them the tools to take action. By empowering employers to design apprenticeships that deliver the skills, knowledge and behaviours they need in their businesses, we are enabling them to respond and plan for their current and future skills needs. Our early evidence suggests employers are doing this, and we have seen apprenticeships being developed in new occupations where we have not seen them before—such as Nurse and Solicitor. The apprenticeship system will enable employers to use apprenticeships where they see the greatest potential impact. We have given employers a stake in ensuring apprenticeships are targeted efficiently within their businesses, by putting funding in their hands. Employers can utilise apprenticeships to provide opportunities to up-skill existing employees as well as recruit and train new staff.

Given our focus on supporting local areas to identify and plan to meet their own skills needs, and to putting employers at the centre of the apprenticeship programme, we think it could be counter-productive for Government to set targets for apprenticeship uptake in specific areas or sectors.

7. The public sector should employ more apprentices, but a blanket target risks incentivising quantity over quality and the rebranding of existing training programmes. (Paragraph 35)

8. We recommend that the Government should keep the public sector target under review and enable increased participation in areas of the public sector with clear skills shortages. (Paragraph 36)

We agree that it is important to keep the public sector’s progress against the target under review. The target is planned to be in place from 2017 to 2021, and will be assessed as an

average over that period, allowing for peaks and troughs in recruitment. We will continue to provide support and guidance as necessary to ensure the public sector is in the best position to meet the target.

It is important that the public sector leads the way in providing more, high quality apprenticeships. Public sector employers, like any other employer, now have a stake in ensuring apprenticeships are well-targeted in their business functions, and thus are incentivised to drive quality apprenticeships. Historically, the public sector has not offered as many apprenticeships as the private sector. The public sector target therefore seeks to ensure the public sector plays its part in reversing the declining trend in employer investment in skills.

Quality is at the heart of our reforms. That is why they are employer-led. With employers empowered to design apprenticeships that provide the quality and skills they need—and we know public sector organisations are playing a role in developing many of the new standards.

These include new standards for Police Constables and Registered Nurses which are now approved, and a Teacher standard which is in development, amongst many more. By incentivising the public sector to invest in apprentices, the target will not only improve the capacity and capability of the public sector but also improve and promote the delivery of world class public services.

Professional bodies within the public sector are also supporting public bodies to ensure quality remains at the heart of apprenticeship training. Health Education England, for example, are closely involved in the development of healthcare standards.

Whilst it is right that our reforms allow employers to convert existing training programmes into apprenticeship standards, this does not undermine the quality of skills provision within the public sector. Training will need to continue to meet the quality bar set by standards, and any apprenticeship programme will still need to meet the core principles of quality (outlined in our 2020 vision and enforced through our funding rules), which include ensuring schemes last a minimum of 12 months and involve at least 20% off-the-job training.

9. Apprenticeships offer great opportunities, but they can prove difficult for some people. We welcome the Government’s commitment to widening participation, but there is more the Government can do to make this happen. (Paragraph 42)

10. *We recommend that the Government examine further measures to make apprenticeship more accessible to all. This could include changes to benefits rules, subsidised transport or direct financial support.* (Paragraph 43)

The Government welcomes this recommendation.

Apprenticeships are a powerful vehicle for social mobility. They already disproportionately benefit people from lower socio-economic backgrounds. Delivering more quality apprenticeships will ensure that more people from these backgrounds are enabled to gain the skills and training they need to build successful careers. Apprentices are also more likely to come from disadvantaged backgrounds, compared to the population as

a whole; 25% of apprentices live in the most disadvantaged fifth of areas. However, we agree with the Committee about the importance of seeking to further remove barriers to apprenticeships where we can.

Apprenticeships funding policy recognises where additional support is necessary. We are making over £60m available to training providers to support take-up by individuals from disadvantaged areas. The funding system gives support to the participation of care leavers and learners with learning difficulties and disabilities. We are committed to ensuring that high quality apprenticeships are as accessible as possible to all people from all backgrounds—we are taking forward the Maynard recommendations³ for people with learning difficulties.

Through our Benefits Strategy, we defined a number of success measures for widening participation in apprenticeships. This built on our existing commitment to increase the proportion of starts by people from black, Asian and minority ethnic backgrounds by 20% by 2020, and we are now committed to increasing the proportion of starts by learners with learning difficulties and disabilities, by 20% by 2020. In addition, we want to maintain the proportion of people from disadvantaged backgrounds starting apprenticeships and increase the proportion of these learners in higher value apprenticeships.

We recognise that not everyone may be ready for an apprenticeship. To support these people, we continue to fund a range of training targeted at those with little work experience and low qualifications. These include Traineeships, our flagship work-based training programme for 16–24 year-olds. There were over 24,000 traineeship starts in 2015/16, up from just over 19,000 in 2014/15.

An apprenticeship is a genuine job with training which gives people the chance to earn as they learn, unlike other qualifications. A young person on an apprenticeship will receive at least the national apprentice minimum wage, which is currently £3.50 per hour. In reality, most employers pay more than this minimum. Apprentices at levels 2 and 3 earn, on average, £6.70 per hour while those doing level 4 and 5 apprenticeships earn an average of £9.83 per hour.⁴

A young person's first full-time job is a big change for that person and for their family. It marks a move into financial independence that should be celebrated. We recognise that the transfer of income from parents to the young person can be a challenge for some parents, who are doing the best they can to manage household finances. However, when a young person moves into work they gain an income for themselves, and a transition to financial independence. When deciding the level of benefits a person or household receives, the Government takes into account income from other sources, such as employment, so that taxpayers are not supporting people who have income from elsewhere. While the household may no longer receive child-related benefits when a dependant moves into work, total household income should nevertheless be higher than before as the young person will be earning a wage. Assuming the job is full-time employment, this is true even at the Apprenticeship National Minimum Wage. For apprentices who are not child dependants, financial support is of course available for those on low incomes, particularly through Tax Credits and Universal Credit.

3 <https://www.gov.uk/government/publications/apprenticeships-improving-access-for-people-with-learning-disabilities/paul-maynard-taskforce-recommendations>

4 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/630070/apprenticeship-pay-survey-2016-report-gb.pdf

There is scope for apprenticeships to benefit social mobility even more and we are working across Government to use the apprenticeship programme to extend opportunities. For example, the Department for Transport and the Department for Education are working together to explore options for supporting apprentices with transport costs.

11. We agree strongly with the Government’s desire to widen participation in apprenticeships, specially among previously underrepresented groups. However barriers remain, not least the inadequate advice many young people receive about the options available to them. (Paragraph 46)

12. We recommend that the Government sets out its careers strategy as soon as possible. As we said previously, it is urgently needed and must include immediate steps to ensure all young people have access to high quality careers advice. (Paragraph 47)

The Government welcome’s the Committee’s recommendations and we are pleased that the Committee recognises that good careers provision is a vital element of the Government’s aim to deliver three million apprenticeship starts by 2020.

We remain firmly committed to publishing a comprehensive careers strategy in the Autumn. This will improve the quality and coverage of careers advice in schools and colleges, make it easier for people to apply for technical education, and give people the information they need to access training throughout their working lives.

The Government accepts that previous attempts to reform careers provision have resulted in mixed success. This is due to a range of issues including the complex nature of the careers landscape, limited evidence about what interventions are most effective and insufficient incentives for schools and colleges to improve provision. Our new strategy will be based on evidence of what works best, both in this country and internationally, and this will allow us to be clearer about what the problems are and what action we need to take to tackle them. We will seek to share this best practice to all people, of all ages and in all areas, including to those who are hardest to reach.

We agree that it is important to ensure that people are provided with high-quality information on apprenticeships. Schools have a legal duty to secure independent careers guidance for year 8–13 pupils on the full range of education and training options, including apprenticeships. We want to go further to ensure that young people hear much more consistently about the merits of alternatives to academic and school-based routes. We accepted an amendment during the passage of the Technical and Further Education Act, tabled by Lord Baker, which will require schools by law to allow providers of approved technical education qualifications and apprenticeships to talk directly to pupils about their offer.

A range of support is already in place to ensure young people have access to high quality careers advice and to ensure apprenticeships are one of a range of options advice can be provided upon.

The Careers & Enterprise Company has a lead role in transforming the provision of careers, enterprise and employer engagement experiences for young people to inspire them and prepare them for the world of work. Apprenticeships are an essential part of this inspiration which the Company is promoting through its nationwide Enterprise Adviser Network, which now has over 1400 advisers in place, and other programmes including its

£5m ‘Careers and Enterprise Investment Fund’. The enterprise advisers have been briefed on apprenticeships and will take the messages promoting apprenticeships into schools as an essential part of a wide offer of careers information.

The National Careers Service provides free, up to date, impartial information, advice and guidance on careers, skills and the labour market in England, including information on apprenticeships. Careers advisers are updated on the latest developments in apprenticeships, whilst inspiration activity makes young people aware of the benefits of apprenticeships as one of their options.

We have also taken steps to raise the prestige of apprenticeships through our ‘Get In Go Far’ campaign, launched in August 2014, with the aim of encouraging more young people to apply for apprenticeship opportunities. In addition, we have over 600 employers on our Apprenticeship Ambassadors Network, advocating the programme and the benefits of offering apprenticeships to other employers.

The Education and Skills Funding Agency (ESFA) is engaging with schools to promote apprenticeships, including through the ‘Apprenticeship Support and Knowledge for Schools Project,’ ‘Apprenticeship Champions’ in schools across England, and the ‘Amazing Apprenticeships’ schools’ resources portal. The ESFA Young Apprenticeship Ambassador Networks and Employer Ambassadors raise awareness of apprenticeships, partnering with UCAS to test the early advertising of higher and degree apprenticeship vacancies to Year 13 students applying for university.

13. We fully support the Government’s attempts to improve the prestige of apprenticeships, but it will take more than words to achieve this aim. If the quality is there the prestige will follow. (Paragraph 50)

We agree that high quality apprenticeships will build prestige of the programme. The Government is taking steps to bring about a step-change in the quality of apprenticeships.

Employer-led apprenticeship reforms continue to improve the quality of apprenticeships for all, providing the skills that employers need. Employers know the skills they need better than anyone else, which is why they are developing the new apprenticeship standards.

Under employer-designed standards, all apprentices will need to pass a rigorous end point assessment to complete their apprenticeship, giving employers more confidence that their apprentices can do the job.

We have embedded quality throughout the process of standards development; before being approved for development employers have to demonstrate that all new proposed apprenticeships will meet a high quality bar and would enable the apprentice to undertake the role in a business of any size. Last year, around 60% of new apprenticeship proposals were rejected as a result of them not meeting these key quality criteria, ensuring that only high quality, skilled apprenticeships are being developed.

The Institute for Apprenticeships officially launched on 1 April 2017. The Institute will have a key role to play in maintaining the overall quality of the apprenticeships system. As an employer-led body, this will ensure the broad range of industry needs are represented and employers themselves continue to drive the work to define, develop and deliver what makes a quality apprenticeship.

The Institute will work with other organisations—including Ofsted, Ofqual, the Education and Skills Funding Agency, HEFCE and QAA through a new Quality Partnership to develop a common approach towards securing high quality apprenticeships.

The Institute for Apprenticeships

14. The creation of the Institute is a welcome step towards building a world class apprenticeship system. It has had a rushed and therefore difficult beginning, and has a daunting array of responsibilities, but we have been reassured by recent announcements that it is now on the right track. It is crucial that it is fully operational as soon as possible and is given the tools to fulfil its promise. (Paragraph 64)

The Institute for Apprenticeships has been operational since 1 April 2017.

The Government’s Strategic Guidance⁵ gives the Institute advice and guidance at a high level about elements of the apprenticeships reforms it considers to be fundamental and sets out the policy parameters in which it should operate. Key steers in the 2017 Strategic Guidance are that the Institute should build strong working relationships with key quality bodies to ensure that their aims and approaches complement each other; during 2017/18, that it should prepare to take on its expanded remit to include all technical education; that it should play its part in ensuring that the workforce and skills are in place to deliver against the Government’s Industrial Strategy; and that it should play a key role in helping to deliver greater social mobility.

How the Institute chooses to implement and deliver against that advice is for it to decide as an independent organisation, and it has already published information about how it will do this in its Operational Plan.⁶

15. We recommend that the Government carefully monitor whether the Institute has sufficient resources to fulfil its role and acts quickly to solve any emerging capacity issues. (Paragraph 65)

The Government agrees that it is important to ensure the Institute has sufficient resources to carry out its functions. The Institute’s budget has been agreed in discussion with the Institute about its resource needs.

We have established a reporting regime with the Institute to monitor its delivery, which will include ongoing discussions about capacity and capability to deliver.

16. We recommend that the Institute appoint a permanent Chief Executive as soon as possible. (Paragraph 66)

The Institute has launched a competition to fill its Chief Executive position permanently. In the meantime, Peter Lauener is the interim Chief Executive for the Institute and has made it clear that he is happy to remain in post until the permanent Chief Executive is appointed to ensure continuity of leadership.

17. We are concerned that the Institute, a body with a clear mandate to protect the quality of apprenticeship standards and assessments, is also being asked to work

5 <https://www.gov.uk/government/publications/institute-for-apprenticeships-strategic-guidance-2017-to-2018>

6 <https://www.gov.uk/government/publications/institute-for-apprenticeships-operational-plan>

towards the Government’s three million target. This risks incentivising quantity rather than quality. If the Institute proves successful in raising the quality of apprenticeships, they will sell themselves. (Paragraph 68)

18. We recommend that the Institute should not be required to work towards the three million target. Its role should be confined to ensuring quality within the system. Its independence should be respected by Government. (Paragraph 69)

The Government published advice to the Institute through Strategic Guidance⁷ on 3 April 2017. The guidance states that the Institute’s primary objective is to support the development and delivery of high quality apprenticeships. It does this by approving new apprenticeship standards, designed by employers to replace framework apprenticeships; we are working towards all apprenticeship starts being on standards by 2020. The Institute must do this in the context of the Government’s aim to achieve three million apprenticeship starts by 2020 within a defined budget. This is important context for the Institute’s work.

The Institute’s independence is enshrined in its founding legislation and the Government is fully committed to the Institute’s role as an independent body.

Standards

19. The Trailblazer programme has done much to increase employer engagement with the apprenticeship programme, and refocus it on higher level skills. Yet it has often appeared somewhat haphazard, with no clear picture of how a final system would look and confusion between Trailblazer groups and standards approvers. We welcome the Institute’s intention to bring far greater structure and coherence to the process. (Paragraph 77)

20. Standards created under the Trailblazer programme have been of uneven quality. We welcome the Institute’s proposals to bring greater oversight and expertise to the approvals process. (Paragraph 82)

The Institute for Apprenticeships assumed legal responsibility for designing and operating the approvals process for standards and assessment plans on 1 April 2017, having regard to the policy criteria set by government.

We welcome the Institute’s intention to further enhance this system, as outlined in its Operational Plan,⁸ published on 18 April 2017, including their proposals to bring greater oversight and expertise to the approvals process and we believe the introduction of industry experts (Route Panels) to participate in the scrutiny of standards and assessment plans is particularly important in achieving this aim. We also support the Institute’s intention to ensure that a number of independent, third party reviewers will support the Route Panels by providing expert advice on standards and assessment plans. Over time, the Institute will review current standards and assessment plans to ensure that they continue to be up-to-date and of high quality.

Improving support and guidance from the very first point of contact in the Trailblazer process is a key priority for the Institute, and it therefore published its “How To” Guide

⁷ <https://www.gov.uk/government/publications/institute-for-apprenticeships-strategic-guidance-2017-to-2018>

⁸ <https://www.gov.uk/government/publications/institute-for-apprenticeships-operational-plan>

for employers⁹ on 19 April 2017. The Institute has already established a number of process changes such as a new requirement for prospective Trailblazers to make contact with a Relationship Manager (RM), an expert in their sector, within the Institute before a proposal is submitted for consideration to ensure all Trailblazers understand the context and requirements of the standards development process. This will help to reduce the risk of Trailblazers developing standards, which do not meet the Institute’s requirements.

In addition, the Institute will add further structure and coherence to the process of standard development through the publication of an occupational map for each route, which will act as a master list of mutually exclusive occupations. The map will be a live document, with amendments owned by the respective Route Panel. These tools should enable the more straightforward development of occupations recognised on the map. Where an occupation is not recognised, employer groups will have the opportunity to provide further evidence to support the argument it is distinct.

The Institute is also planning a cyclical strategic evaluation of all standards under a route to ensure that they continue to be up-to-date, of high quality and compliant with current policy. This evaluation will take a holistic look at the different standards under that route to help the Institute to build a picture of the impact that they are having for learners, employers and the wider economy. The Institute will evaluate each route roughly once every 3 years, with around 5 routes reviewed per year, on a rolling basis.

21. While standards are intended to be much simpler than previous frameworks, there is a balance to be struck between giving individual employers freedom to specify the training they want, and guidance about how this training could be given. Different sectors and industries should be allowed the freedom to tailor training to meet their different requirements. (Paragraph 83)

22. *We recommend that new standards should include greater detail about how training could be delivered, although there should be no obligation for employers to follow this advice.* (Paragraph 84)

The Institute for Apprenticeships has now assumed legal responsibility for designing and operating the approvals process for standards and assessment plans, having regard to the policy criteria set by government.

In its “How To” Guide for employers,¹⁰ the Institute confirmed that Trailblazers can develop employer occupational briefs (EOBs), which can include recommendations for on-programme training. EOBs cannot, however, mandate particular forms of training. Government supports this approach as one of our key reform principles has been to focus on the outcome of an apprenticeship and what the apprentice is competent to do on successful completion of their training rather than prescribe the training needed to achieve those outcomes. This gives individual employers greater flexibility in defining the most appropriate programme of training for them and their apprentices.

23. The Trailblazer system has not made a clear enough distinction between the role of the employer—defining the skills, knowledge and behaviours an apprentice must

9 <https://www.gov.uk/government/publications/how-to-develop-an-apprenticeship-standard-guide-for-trailblazers>

10 <https://www.gov.uk/government/publications/how-to-develop-an-apprenticeship-standard-guide-for-trailblazers>

acquire and demonstrate—and the role of assessment professionals—designing the means by which this is evaluated. We welcome the Institute’s proposals to clarify these roles. (Paragraph 88)

The Institute for Apprenticeships assumed legal responsibility for designing and operating the approvals process for standards and assessment plans on 1 April 2017.

The Government welcomes this recommendation and supports the Institute for Apprenticeships’ proposal, set out in paragraph 4.6 of its “How To” Guide for employers, to distinguish between the role of employers and the role of assessment professionals by allowing Trailblazers to access in-house assessment support when needed to ensure high quality end-point assessment.

24. Apprentices should not have been allowed to begin their training without an assessment organisation in place and a clear idea of how their success will be measured. (Paragraph 92)

25. We recommend that standards should have at least one approved assessment organisation in place before they can be delivered. (Paragraph 93)

The Government agrees that apprentices should know, when they start their apprenticeship, what they will be assessed against, and how their success will be measured. This is why apprentices cannot start an apprenticeship until the relevant assessment plan has been approved.

It is then for individual employers to decide when to start their apprentices on their training once the apprenticeship standard is approved for delivery. All apprenticeship standards will have an End Point Assessment Organisation (EPAO) available before apprentices reach their end-point assessment - particularly as many of these apprenticeships will take several years to complete.

The Government’s view is that it would therefore be counter-productive to prevent apprentices beginning an apprenticeship before an EPAO is available. 98.9% of all apprentices due to complete by March 2018 have an EPAO in place.

26. The integrity of the apprenticeships undertaken under new standards depends on the consistency and reliability of end-point assessment. We are unconvinced that the Government’s current model of external quality assurance will achieve this. (Paragraph 99)

We agree it is essential that end-point assessments are subject to quality assurance to ensure high quality assessment and that the standard is maintained over time. This is why there is a requirement for external quality assurance undertaken by an independent external body, which covers all of the assessment organisations delivering against a particular standard. This is needed to ensure that there is consistency of quality and approach to assessment across a standard, regardless of which assessment organisation has delivered the assessment and where and when the end-point assessment is carried out.

The Institute for Apprenticeships is responsible for ensuring that all end-point assessments are subject to one of the models of external quality assurance. It is essential that apprenticeship trailblazers and the Institute establish robust arrangements for external

quality assurance. The Institute has published a Framework for external quality assurance, Annex 8 within its “How To” Guide for employers,¹¹ to support organisations to develop their external quality assurance model.

27. We recommend that Ofqual should be given responsibility for the external quality assurance of all end-point assessments. (Paragraph 100)

There are four main models that employer-led Trailblazers can select from when developing their assessment plans:

- Employer-led model – where the Trailblazer sets out its own approach and this usually involves governance arrangements set up by employers, for example, People First who deliver external quality assurance for the retail, hospitality and tourism standards;
- Professional Body model – where a professional body for that occupation delivers the external quality assurance, for example the Academy for Healthcare Science who deliver external quality assurance for the Healthcare Science Assistant standard;
- The Institute for Apprenticeships; and
- Ofqual.

We are also working with the Quality Assurance Agency for Higher Education to determine whether it can deliver the external quality assurance for degree apprenticeships.

As set out in the Apprenticeship Accountability Statement,¹² published on 3 April, when Ofqual is selected by employers to deliver the external quality assurance for a standard, it will regulate the end-point assessment as it would a qualification. All assessment organisations delivering the assessment for that standard would then have to become an awarding body and comply with Ofqual’s General Conditions of Recognition.¹³

The Government will keep the implementation of External Quality Assurance under careful review.

Funding

28. Levies are a feature of many successful apprenticeship systems around the world and we heard little to suggest they should not be part of ours. But the Apprenticeship Levy is a blunt tool in which contributions are unlikely to bear any relation to the skills needs of individual employers and their sector more generally. It is not sufficiently focussed on areas of the economy, and of the country, where training is most needed. (Paragraph 109)

29. We recommend that the Government, as part of its continuing review of the operation of the levy, consider whether a single rate is the best approach and explore ways of restructuring the levy on a sectoral and regional basis. (Paragraph 110)

11 <https://www.gov.uk/government/publications/how-to-develop-an-apprenticeship-standard-guide-for-trailblazers>

12 <https://www.gov.uk/government/publications/apprenticeship-accountability-statement>

13 <https://www.gov.uk/government/publications/general-conditions-of-recognition>

Apprenticeship funding is available to employers across all regions and sectors to take on apprentices they need in their organisations. The introduction of the Apprenticeship Levy on 6 April 2017 will incentivise and encourage levy-paying employers to address previous levels of underinvestment in skills training, and to develop skills where they need them.

The Levy was set at a national level which ensured that we could deliver the increase in quality that business have been asking for regardless of sector, while ensuring it does not place an unreasonable burden on employers. This, alongside the increase in quantity that we need, is the right amount to put the funding of high-quality apprenticeship training on a sustainable footing. A single national rate maintains simplicity and clarity for all employers. Generous funding is also available to support non-levy paying employers, with the Government co-investing 90% of the training and assessment costs up the funding band limit for each apprenticeship.

The impact of the levy on different sectors and regions will be monitored and kept under review.

30. There remains a lack of clarity about the long-term funding arrangements for non-levy-paying employers, and how this may or may not relate to levy yield and how much training levy-paying employers choose to provide. (Paragraph 117)

The Government is fully committed to comprehensive investment in apprenticeships. The apprenticeships budget is set at the Spending Review, providing certainty on the forward spending profile for the duration of the Spending Review period, as well as ensuring affordability of the programme and that the taxpayer receives value for money.

We provide funding to support apprenticeship training for non-levy payers through funding allocations awarded to training providers. We announced in July 2017, that the Education and Skills Funding Agency (ESFA) will make available at least £440m of funding over 15 months, starting from 1 January 2018 through a competitive procurement exercise. This will cover funding for new starts and performance management during the transition period until we bring all employers that don't pay the Apprenticeship Levy on to the apprenticeship service in April 2019. From this date, non-levy paying employers will be able to agree training directly with their choice of provider on the Register of Apprenticeship Training Providers.

The procurement specification has been designed to ensure that there will be good geographical coverage and that the final contract awards give stability in apprenticeship training provision during this transitional period.

31. We are not convinced that introducing price competition into the apprenticeship system will have the effect the Government intends. It is unclear whether there will be enough information available to employers to choose between providers. If this proves to be the case, there will either be little competition or, more damagingly, competition based purely on price which could drive down quality. (Paragraph 126)

32. We recommend that the Government, in cooperation with Ofsted and the Institute, closely monitor the effect of price competition on apprenticeship quality. (Paragraph 127)

The Government's reforms are placing employers at the heart of apprenticeships, both in terms of the design of apprenticeships standards and by giving them greater control of

apprenticeship funding with levy-paying employers able to access funds through their apprenticeship service accounts, and non-levy payers contributing 10% of the costs of training and assessment.

This direct investment will increase employer engagement and make them more demanding of the quality of training provision they receive, driving up quality, introducing more competition and ensuring that employers receive value for money. It is therefore appropriate that they should be able to negotiate a price with the training provider based on what they will receive.

Employers will have information at their disposal on which to base their judgements of which training provider to work with, and many will go through competitive processes. The Register of Apprenticeship Training Providers will determine a minimum quality threshold that can be expected, and we will explore how we can provide more information on provider's services through the apprenticeship service.

The reforms will introduce greater competition in to the market, and we will monitor and review the impact on employers and providers.

33. Given the Government's commitment to using the apprenticeship system to aid social mobility, we are surprised that its initial funding proposals looked likely to do the opposite. While some of these potential effects have now been mitigated we are sceptical as to whether this objective can be achieved under such a dramatically simplified funding system. (Paragraph 128)

Apprenticeships disproportionately benefit people from lower socio-economic backgrounds – 25% of apprentices live in the most disadvantaged fifth of areas. Delivering more, better quality apprenticeships will ensure that more people from these backgrounds are enabled to gain the skills and training they need to build successful careers.

The new funding model supports training for individuals from disadvantaged areas by providing a cash payment to providers for training apprentices who live in the top 27% of deprived areas. Providers will receive an additional: £600 for training an apprentice who lives in one of the top 10% of deprived areas (as per the Index of Multiple Deprivation); £300 for any apprentice who lives in the next 10% of deprived areas (the 11–20% range); £200 for those in the next 7% (the 21–27% range).

This will be in place for a year, during which we will continue to review our approach to funding apprenticeships for the most disadvantaged.

Training

34. It is likely that that the Government's ongoing changes to standards and funding will increase the volume, and in some cases the complexity, of Ofsted's task. (Paragraph 133)

35. We recommend that Ofsted develop and publish a clear strategy, and related guidance for training providers, setting out how it plans to inspect standards-based provision, in particular that provided by employer-providers. (Paragraph 134)

In accordance with the requirements of statute, Ofsted sets out how it inspects in an inspection framework. The current framework for inspecting apprenticeships training providers is the common inspection framework. This inspection framework provides a strategy or approach to inspection which is set out in more detail in the Further Education and Skills Inspection Handbook,¹⁴ where the strategy and guidance for inspecting standards-based apprenticeships provision is set out.

This Handbook sets out at pages 60 to 62 the criteria and grade descriptors that inspectors must use to evaluate whether an apprenticeship training provider is delivering a good quality of training provision to its apprentices.

Ofsted recently revised the wording of these criteria and grade descriptors to ensure that they fully accommodate the requirements and expectations of apprenticeships standards as well as those for the existing apprenticeship frameworks.

Ofsted has written to all further education and skills providers to explain these changes so that all are clear on their approach. Ofsted also clarifies in this letter that it will continue to inspect employer-providers in the same way, against the framework and handbook, as other apprenticeships training providers since all are responsible for ensuring that their apprentices receive a good quality of training. Ofsted will be ensuring all new apprenticeship training providers, whether employer providers or more general apprenticeship training providers, know what to expect from inspection.

36. If the Government's reforms prove successful, far more employers will offer apprenticeships. It is important that they all have the knowledge and capacity to support and mentor these apprentices in the workplace. (Paragraph 137)

The Government agrees with the Committee. The National Apprenticeship Service (NAS) provides advice and support to enable employers to develop high-quality apprenticeship programmes, including how employers can best support their apprentices in the workplace. For example, the largest levy payers are assigned account managers where they have a direct line of contact with the NAS to discuss their apprenticeship programmes, and smaller employers can access online and telephone helpline support from the Business Support Team.

Support and mentoring arrangements are unique to each employer, but NAS shares expert advice, guidance and good practice with employers. For example, a template for an apprenticeship agreement¹⁵ confirming arrangements between the apprentice and the employer; apprentice pay and conditions;¹⁶ and the Chartered Institute for Professional Development (CIPD) guide Apprenticeships that work,¹⁷ which includes practical advice on support, pastoral care and mentoring.

NAS are considering how to build further guidance on good practice around support and mentoring into future events and case studies.

14 <https://www.gov.uk/government/publications/further-education-and-skills-inspection-handbook>

15 <https://www.gov.uk/take-on-an-apprentice/apprenticeship-agreement>

16 <https://www.gov.uk/take-on-an-apprentice/pay-and-conditions-for-apprentices>

17 https://www.cipd.co.uk/Images/apprenticeships-guide-2017_tcm18-10897.pdf