



Department
for Education

Progress report on the Apprenticeships Reform Programme

April 2019

DEPARTMENT FOR EDUCATION

Progress report on the Apprenticeships Reform Programme 2019

Presented to Parliament pursuant to section A8 of the Apprenticeships,
Skills, Children and Learning Act 2009 as inserted by the Welfare
Reform and Work Act 2016.



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Foreword

In line with the requirements of the Apprenticeships, Skills, Children and Learning Act 2009, this report provides Parliament with an update on progress towards the apprenticeships target in England. It also provides additional information about apprenticeships that the Secretary of State considers appropriate. In particular, we published a benefits strategy for the Apprenticeships Reform Programme in March 2017. We undertook to provide an annual report against those benefits and this report meets that commitment.

The latest data on apprenticeships and traineeships in England is published monthly through the Apprenticeships and levy statistics monthly release¹ and information is submitted to Parliament through answers to Parliamentary Questions, inquiries and other regular parliamentary business. This report meets our legislative requirement to report on the period from 1 August 2017 to 31 July 2018. We have included statistics covering the first two quarters of the 2018/19 academic year from 1 August 2018 to 31 January 2019. However, it may also refer to information outside these reporting periods where the Secretary of State considers that this would be helpful and where this supports reporting against the benefits strategy.

¹Apprenticeships and Levy Statistics: March 2019
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/789653/Apprenticeship-and-levy-statistics-Mar2019_.pdf

Introduction

New technologies and industries are reshaping the world at lightning speed. To meet the challenges this presents for individuals, business and the economy, we have started an ambitious programme to modernise technical education to match the best in the world. For too long doing and making things have taken second place to academic study – we want to change that. High-quality apprenticeships have been developed to ensure our workforce is fit for the future and remains a central part of our plans to develop a world class technical education system.

Our apprenticeship programme is putting technical and vocational education on a par with academic study for the first time, in tandem with T Levels, a new high-quality technical alternative to A Levels.

Apprenticeships are unique because the apprentice learns and earns at the same time. Whereas other forms of learning are primarily or solely classroom-based, apprentices spend most of their time gaining skills directly through working – while also spending a minimum of 20% of their time training away from the day job.

Apprenticeships ensure everyone – whether they are a young person leaving school or someone who wants to re-train or change career – can gain the training and qualifications they need to enter the job market and that employers can access the skills they need to make the country economically strong and globally competitive.

Apprenticeships are helping people from all occupations to progress in their careers. After finishing an apprenticeship, 90% were in a sustained positive destination (employment or further training), with 88% finding sustained employment².

Historically apprenticeships have been a respected route into a career, but prior to our reforms, they had fallen from favour with employers. That is why we have worked with employers and industry to overhaul the

² Further Education: Outcome based success measures, academic years 2010/11 to 2015/16
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/748305/FE_learners__outcome_based_success_measures.pdf

system so that it delivers higher quality, more flexible apprenticeships that cover a far wider range of professions.

We have put quality at the heart of apprenticeships. Old style apprenticeships known as 'frameworks' are being replaced, giving way to new high-quality employer-designed 'standards'. From the start of the 2020/21 academic year, all new apprenticeship starts will be on standards. These changes are making sure that today's apprenticeships reflect what employers want and need.

Our Apprenticeship Levy means more money is available than ever before for training and making sure our large firms invest in the next generation of workers' training and skills.

In response to feedback from employers, we made the levy more flexible by introducing transfers in April 2018, allowing levy-paying organisations to transfer up to 10% of the annual value of funds entering their apprenticeship service account to other employers. This will increase to 25% from April 2019, supported by up to £90 million of new funding. Transfers to other employers can support local skills needs and help sectors build sustainable capability for the future.

Co-investment is important to our apprenticeship reforms. It encourages employers to work with providers and secure quality training for their apprentices. We are keen to make sure that the co-investment contribution is not burdensome on small businesses. We are therefore reducing the co-investment made by most employers from 10% to 5% of apprenticeship training costs for apprentices starting from 1 April 2019. This is in addition to the existing waiver for the smallest employers (<50 employees) for 16-18 year old apprentices and some 19-24 apprentices, where Government already meets the full cost of training.

Apprenticeships starts

The government set itself a target of reaching 3 million high quality apprenticeships starts in England between 2015 and 2020. This report updates Parliament on progress towards that target.

There have been **1,709,500 apprenticeship starts since May 2015** to the end of January 2019. This is 57% of the 3 million quality target.

In the reporting period of 1 August 2017 to 31 July 2018, there were a total of 375,800 apprenticeship starts, compared with 494,400 in the period of 1 August 2016 to 31 July 2017. This is a decrease of 24%. It is difficult to compare old style apprenticeships on 'frameworks' – that is, those that were offered before the 2017 reforms, with the new high-quality employer-designed apprenticeships on 'standards'.

There have been 214,200 apprenticeship starts reported for the first two quarters of the 2018/19 academic year, compared with 194,100 reported at this time in 2017/18, an increase of 10.3%³.

There have been 163,700 starts on apprenticeship standards in 2017/18; more than six times higher than the 24,600 reported the previous year (2016/17).

There have been 128,100 apprenticeship starts on the new apprenticeship standards reported in the first two quarters of 2018/19, representing 59.8% of total apprenticeship starts. There have now been **321,200 starts on apprenticeship standards since their introduction in September 2014**. This represents 15.6% of total apprenticeship starts since September 2014.

We are making apprenticeships longer, better, with more off-the job training and proper assessment at the end.

³https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/789378/Further_Education_and_Skills_Release_March_2019.pdf

We are learning from the best international systems to make apprenticeships world-class; helping employers to create high quality apprenticeships that give them the skills they need. The minimum 20% off the job-training rule⁴, the shift to higher quality standards with a longer average expected duration, and the drop off in frameworks, have already contributed to a 26.3% rise⁵ in expected apprenticeship training hours over the past year.

New apprenticeship standards across all levels are being designed and driven by industry; creating higher quality training that will lead to a more skilled and productive economy. Over 3,000 employers have been involved in the development of over 400 new apprenticeship standards that are approved for delivery, with around 180 more in development. All new apprentices will be on the new, high-quality standards by the beginning of the 2020/21 academic year. It is all part of a wider move towards technical education- including introducing T Levels and a new National Retraining Scheme - to give everyone the opportunity to reach their potential.

Widening Participation

Apprenticeships benefit people of all backgrounds. People with children returning to part-time work and needing to re-train because they are changing careers. Young people who are strong academically, but do not just want to do an academic course – they want on-the-job experience too and a high-quality alternative to full time university. Those for whom an apprenticeship has opened a new world of work and learning, building their confidence and helping them to progress.

Apprenticeships are a key part of creating a stronger and fairer economy where people of all backgrounds can fulfil their potential.

⁴ Updated published guidance on off-the-job training available at: <https://www.gov.uk/government/publications/apprenticeships-off-the-job-training>

⁵ Between the 2016/17 academic year and the 2017/18 academic year.

That is why the government has committed to widening participation in apprenticeships and has committed to an increase in the proportion of starts from defined groups.

The Benefits Realisation Strategy set a measure to increase the proportion of apprenticeships started by people of black, Asian and minority ethnic (BAME) backgrounds. We aspire to a 20% increase by 2020, which would result in 11.9% of starts being by apprentices of BAME backgrounds.

Whilst starts by people from Black Asian minority ethnic groups fluctuate as a proportion of total starts quarter to quarter, final figures from the academic year 2017/18 were published in the [Further education and skills: November 2018](#)⁶ statistics release. This showed that 11.2% of starts were from a BAME background, which is unchanged from the 2016/17 academic year.

There have been 23,700 apprenticeships starts by individuals who are from a black, Asian and minority ethnic group in the first two quarters of the 2018/19 academic year. This is 11.1% of apprenticeship starts reported so far in 2018/19, compared to 10.1% reported at the same point in 2017/18.

The government has also committed to raising the proportion of starts from apprentices with learning difficulties and/ or disabilities (LDD). We aspire to a 20% increase by 2020, which would result in 11.9% of starts being by apprentices with LDD backgrounds.

In the academic year 2017/18, 11.2% of starts were from apprentices who declared a learning difficulty and/or disability, an increase from 10.3% in the academic year 2016/17.

There have been 25,500 apprenticeships started by individuals who are from the learning difficulties and/or disabilities group. This is 11.9% of apprenticeship starts reported so far in 2018/19, compared to 11.4% reported at the same point in 2017/18.

⁶https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/789172/FE_and_Skills_commentary_Dec_2018_final_v2_March2019update.pdf

Public Sector apprenticeships

Apprenticeships are at the heart of the Government's drive to equip people with the skills that the public sector needs to support better delivery of our vital public services.

To support this vision, we introduced the public sector apprenticeship target in 2017. Public sector bodies in England with 250 or more staff have a target to employ an annual average of at least 2.3% of their staff as new apprentice starts over the period 1 April 2017 to 31 March 2021.

Public sector bodies are fully involved in developing new, high quality apprenticeship standards, including teacher, teaching assistant, digital, nurse, nursing associate, midwife, police constable, firefighter, and many more.

We are working across the public sector to make sure all public bodies can benefit. For example:

- we are working with NHS trusts and Health Education England (HEE) to make sure the NHS is fully supported to recruit apprentices, and are funding specialist support through a team of Apprenticeship Relationship Managers, hosted by Health Education England, to embed apprenticeships in the NHS
- we have grant funded the Local Government Association to implement the Apprenticeship Accelerator Programme, which aims to advance the development and implementation of apprenticeship programmes in Local Authorities.

We have developed the work already underway across Whitehall to support the public sector as much as possible to achieve our vision. In 2018, we set up the Public Sector Apprenticeships Leaders Board, chaired by John Manzoni, which comprises senior representatives from across government and the Institute for Apprenticeships and Technical Education. The Board meets quarterly to oversee the delivery of department planning to help the public sector deliver more high quality apprenticeships.

We are already seeing a step-change in the public sector's recruitment of apprenticeships. According to published statistics on progress against the public sector target in the first year of the target⁷, 1.4% of public sector employees were apprentices immediately before the start of the reporting period (31 March 2017). This had risen to 1.9% by the end of the year (31 March 2018) – an increase of 0.5%, equating to nearly 15,000 additional apprentices. In addition, the statistics show that one in ten of all new appointments in public sector bodies making a return were apprenticeships – that is just over 45,000 new starts in the first reporting period. These figures demonstrate the public sector is using apprenticeships for their workforce development.

In the first reporting period of the target, some employers reported they had employed over 2.3% of their staff as new apprentice starts. This included the Armed Forces, many ambulance services, and NHS trusts such as Leeds Teaching Hospital.

Additional Benefits and Measures

Our benefits strategy published in March 2017, committed to a number of other benefits and additional measures.

Measuring the productivity impact of apprenticeships

We want to monitor the impact of apprenticeships on productivity. Apprenticeships contributes to productivity by giving people valuable knowledge, skills and behaviours that enable them to produce more with the resources available to them.

Our principal measure of productivity impact is the increase in earnings that we can attribute to achieving an apprenticeship.

⁷ Public Sector apprenticeships in England: 2017 to 2018
<https://www.gov.uk/government/statistics/public-sector-apprenticeships-in-england-2017-to-2018>

Earnings reflect how much an individual produces with the resources available to them (i.e. their productivity) and how much their output is worth. While earnings can depend on other factors, in general an increase in earnings is a good proxy for an increase in productivity.

This approach is well established in academia and public policy analysis. The impact on earnings is also key to measuring the benefit to apprentices and the extent to which apprenticeships support social mobility (by helping disadvantaged individuals progress to higher skilled, better-paid employment).

The Skills Index is our principal measure for monitoring the productivity impact of apprenticeships. The Skills Index takes the increases in earnings attributable to different apprenticeships and aggregates these across the programme as a whole to estimate a total impact on productivity.

It will take some time before we can get earnings (and therefore productivity) estimates for post-reform apprenticeships. This is why the 2017 benefits strategy set out more timely, if less pure, secondary measures related to productivity. We provide updates on these below.

We use full, HM Treasury Green Book compliant Net Present Value estimates to assess the full impact of apprenticeships⁸. The Skills Index is intended to be a simpler, more tractable measure that we can use to monitor changes in the value-added of the system over time.

Skills Index 2017/18

The Further Education (FE) Skills Index is based on estimating the total value-added of learners who had successfully completed their courses. The Index gives the aggregate value of the skills supplied by the Further Education system each year. It is the product of:

- The number of learners achieving qualifications.
- The expected employment rate for those learners.
- The expected additional earnings as a result of achieving those qualifications (this compares earnings for achievers with learners

⁸ BIS (2015), [Measuring the Net Present Value of Further Education in England](#)

who do not achieve each type of qualification, taking into account their other background characteristics).

The Index covers funded skills training for FE learners over the age of 19 and apprenticeships of all ages, and takes into account the type, level and subject of the qualification.

We are publishing a detailed methodological explanation for, and the latest results of, the Skills Index alongside this Benefits Update.

The total value-added for apprenticeships achieved in the academic year 2017/18 has increased by 2% on 2016/17, due to an increase in the volume of Advanced and Higher apprenticeship achievers, as well as a small shift towards sectors with higher wage returns.

The Index does not estimate the added value of the switch from frameworks to standards because we do not yet have sufficient data on the earnings outcomes of the new standards. We expect standards to have a strong positive impact on earnings, so the 2% is likely to be a conservative estimate.

In future years, the Programme will also use the Index to determine trends in the pattern of value ascribed to apprenticeships in comparison with comparable levels of learning delivered across the FE sector.

Earnings outcomes for apprentices

A core benefit of the Apprenticeships Reform Programme is to raise average earnings for apprentices, measured over a period of five years. This helps us understand the impact of higher quality apprenticeships, as more relevant skills will be better valued by employers and therefore rewarded with an increased rate of pay⁹.

For learners that achieved in academic year 2010/11, the median annualised earnings five years after training were greater at higher levels:

⁹For information on the variety of Apprenticeship levels, visit: <https://www.gov.uk/apprenticeships-guide>

- £26,700 for higher (level 4) apprenticeships five years after training,
- £21,000 for advanced apprenticeships and
- £17,900 for intermediate apprenticeships.

This information was released in October 2018 and can be found in the Official Statistics Release: Further education outcome-based success measures: 2015 to 2016¹⁰.

Social Mobility

We are committed to ensuring that high quality apprenticeships are a prestigious option, accessible to people from all backgrounds, and for people who do not have qualifications. We are encouraging take up from under-represented groups so that even more people can benefit from the increased wage and employment prospects that apprenticeships offer.

We have launched a partnership with five major cities to improve BAME representation, and 'Opportunities Through Apprenticeships', a pilot project working with four local authorities to create opportunities for more apprentices from disadvantaged areas to undertake high value apprenticeships with higher earnings potential and progression.

In 2017 we launched the Apprenticeships Diversity Champions Network. The Network has grown to over 70 members including employers, local authorities and schools, and has been developed to engage and inspire employers and communications to ensure apprenticeships are undertaken by people from a diverse range of backgrounds, reflecting the widest spectrum of society. These together with our ambassadors work to ensure we create opportunities for all.

Sustained destinations

We measure sustained destinations in both employment and higher learning. We define sustained destinations as the following:

¹⁰https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/748305/FE_learners__outcome_based_success_measures.pdf

- Sustained employment – learners must be in paid employment as recorded in Pay-As-You-Earn (PAYE) records in five out of six months between October and March in the following academic year or have returned a self-assessment form stating that they have received income from self-employment during that financial year.
- Sustained learning – learners must be learning in all six months between October and March in the following academic year.

In the academic year 2015/16, 90% of learners that completed apprenticeships progressed to a sustained destination after completion. This was made up of 72% going into employment only, 16% to employment and learning, and 2% to learning only. The proportion of learners that continued into a sustained destination varied between the levels of apprenticeship, ranging from 92% for higher apprenticeships to 89% for intermediate level apprenticeships.

This information was released in October 2018 and can be found in the Official Statistics Release: Further education outcome-based success measures: 2015 to 2016. For more information on these figures, and the processes underpinning their production, please see the technical annex.

Time lags

Earnings and destination rates are currently available for learners who completed an apprenticeship in academic years up to 2015/16. The nature of the reported measures and the requirement to add no burden on FE institutions or employers to supply the data means there will always be a time lag in reporting these measures. For more information on these figures, and the processes underpinning their production, please see the technical annex¹¹, which is published alongside the annual statistical publication.

¹¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/748309/FE_learners__technical_note.pdf

Increasing proportion of achievements by priority groups

In the academic year 2017/2018 there was an increase in the volume of in-year apprenticeship achievements, to 276,200 from 277,800 in 2016/17 as reported in the December 2018 statistics publication.

The programme also monitors achievement rates for BAME and LDD apprentices. In the academic year 2017/18, of 45,000 apprentices from a BAME background, the average achievement rate was 66.1%, an increase of 1.3% from the previous academic year.

In the academic year 2017/18, from 40,820 apprentices who declared a learning difficulty and/or a disability, the achievement rate was 64.6%, a slight decrease of 0.2% from the previous academic year.

The overall apprenticeship achievement rate across the whole programme was 67.3%, a slight decrease of 0.1% from the previous academic year.¹²

Apprenticeship Evaluation Surveys

The 2018 wave of the DfE Apprenticeship Evaluation Surveys (conducted with learners and employers) is currently underway, with a publication expected before Autumn 2019. The survey will provide up to date measures of Employer Satisfaction, Apprentice Retention Rates, and Career Prospects of apprentices.

Apprenticeship Future Strategy

The programme is starting to look beyond 2020 and developing a longer-term strategy. This may result in changes to the programme benefits model and revised measures.

¹² The National Achievement Rate Tables are available at:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/789589/201718_NARTs_MainText.pdf

Glossary

Term	Definition
Apprenticeship	An apprenticeship is a paid job with an accompanying skills development programme. This includes the training for an employee as part of a job, which must have a minimum duration of 12 months and include at least 20% off-the-job training.
Apprenticeship Training Provider	An organisation that is approved to deliver off-the-job training to apprentices. Apprenticeship Training providers must be approved by the Education and Skills Funding Agency (ESFA) and placed on the Register of Apprenticeship Training Providers before provision commences.
BAME	Black, Asian and minority ethnic.
DfE	Department for Education – the government department responsible for education policy in England.
Fire It Up	The new Apprenticeships marketing campaign designed to promote apprenticeships to the wider public, prospective apprentices and employers.
LDD	Learning Difficulty and/or Disability.

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