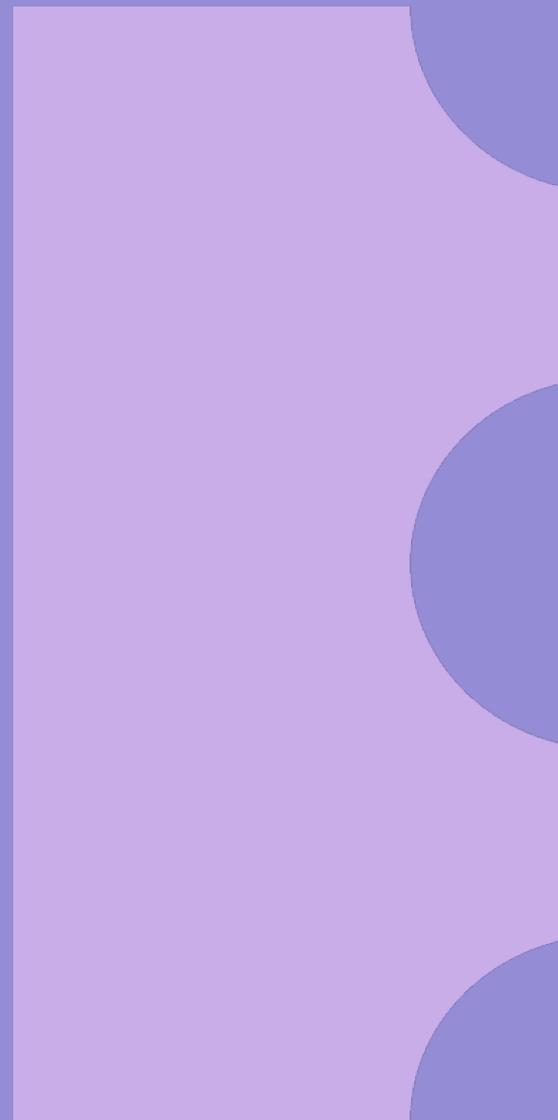
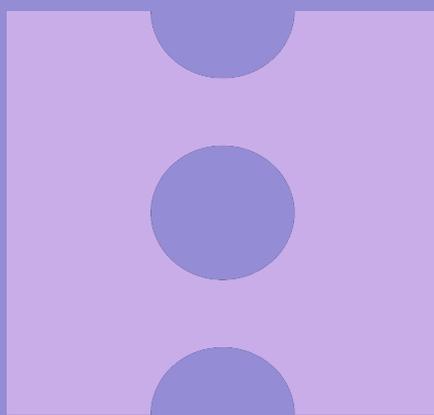


Simon Field
June 2025



A World of Difference

International apprenticeship policy
and lessons for England





About the Sutton Trust

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Key findings

This research looks in depth at a range of different apprenticeship systems worldwide and potential learnings and implications for England. It looks both at more traditional “dual systems” and at a wider set of systems outside of the usual suspects, including those with similar economies to England.

Diversity of provision

England has one of the most diverse apprenticeship systems in the world, with a wide range of durations, educational levels and occupations covered.

- **Apprenticeships in England are short internationally**, ranging from as little as 8 months to 6 years. This compares to 3 to 3 and a half years in Germany, 3 to 4 years in Australia (although shorter 1 to 3 year ‘traineeship’ apprenticeships are also available), or 2 to 4 years in Ireland.
- **English apprenticeships cover a much wider range of education levels than those found in many other countries.** Apprenticeships in England cover International Standard Classification of Education (ISCED) levels 2 to 7. Ireland’s system is almost as wide after recent changes, with newer apprenticeships there now ranging from level 4 to 8. Conversely, Germany apprenticeships only cover levels 3-4, with most Australian apprenticeships focused on the same levels. Norway’s system is even more narrow, only covering level 3.
- **Apprenticeships in England also cover a much wider range of occupations than their international counterparts.** In England, apprenticeships cover an unusually large number of occupations, from very narrow skillsets (like dual fuel smart meter installers) to very broad ones (like teachers). The English system covers two-thirds of all occupations (as measured by standard occupational classification codes), compared to less than half in the Netherlands, less than a third in Germany and Switzerland, and a fifth in Denmark.

Expectations and quality

The diversity of England's system has both benefits and drawbacks. While it gives more choice to apprentices and flexibility to employers, it also allows the existence of substandard training under the apprenticeship brand. There is also potential confusion for would-be apprentices faced with a huge variety of provision, as well as challenges for quality assurance.

- **While there are good quality apprenticeships in England, far too many fall below reasonable expectations of minimum standards, and below expectations of other leading apprenticeship countries.**
- **Off-the-job training requirements in England are loose, complex and widely ignored.** In principle, apprentices in England should receive around 6 hours off-the-job training per week. In comparison, in Denmark school time is about 20% of the programme; in Germany at least 12 hours a week are spent in the vocational school; and in Ireland there are 40 weeks of off-the-job education and training in four-year trade apprenticeships.
- **However, in England in 2023 around 300,000 apprentices received less than their training entitlement, and nearly 75,000 received no training.** And when the rules that do exist are flouted, the most disadvantaged will often be badly placed to challenge inadequacies in their programme.
- **Internationally, off-the-job training usually involves release on a daily or longer basis to attend college. But in England, much more of this off-the-job training is delivered online,** with a significant proportion of apprenticeships in England involving no face-to-face training.
- **On-the-job training requirements are extremely limited in England,** and while some sectors do offer good quality on-the-job training, this is not universal. In contrast, Austria, Germany, the Netherlands and Switzerland all have requirements to ensure apprentices are trained by a qualified or suitable trainer.

- **Dropout rates are high in England.** In England, about 40% of apprentices fail to complete their course, with evidence suggesting that poor quality training, and excessive reliance on online training are major causes of dropout. While rates are similarly high in Australia (45%) and Denmark (38%), they are much lower in several other countries, including Austria (25%), France (27%), Germany (25%) and Ireland (where the rate is 20% for craft apprenticeships, and even lower for newer non-craft programmes).
- **Many countries have national schemes to help reduce drop-out rates.** For example, in Germany volunteer coaches provide one to one support to apprentices who are having difficulties in the workplace.

Funding and employer incentives

- **Compared to other countries, England is not generous to employers taking on apprentices.** Employers are sometimes asked to contribute to the costs of off-the-job training, and they only receive additional financial incentives in special circumstances, such as what are currently modest incentives to take younger apprentices.
- **In contrast, many other countries provide additional incentives for employers.** For example, in Ireland, employers receive a subsidy, pay nothing for off-the-job training, and during off-the-job training periods wages are paid by government rather than by employers. Norway and Denmark are also generous, and in France, the Netherlands and Austria employers receive financial incentives as well as being free from any requirement to contribute to off-the-job training costs. In Northern Ireland and Wales (but not in Scotland) the government pays 100% of off-the-job training costs for apprentices.

Improving access

- Not all young people have the skills and maturity to start an apprenticeship immediately. **Many countries have large pre-apprenticeship systems, or modified apprenticeship programmes** designed for those with more limited prior attainment, to help support this group. That is not currently the case in England, although potentially the planned foundation apprenticeships could fill some of the gap.
- **Some countries also have apprenticeship programmes specifically targeted at disadvantaged groups.** For example, in Ireland the 15-week Access to Apprenticeships programme gives less advantaged young people the chance to sample apprenticeships in a range of sectors, as well as access to wider support. It includes classroom teaching and work experience. Half of the participants in one programme went on to pursue an apprenticeship.

Recommendations

Lessons for England from international best practice:

- **The government should look to increase the level of standardisation in England's apprenticeship system.** England's system is currently an extreme outlier by international standards, with a huge amount of variation in breadth, length and levels.
- **The 12-month limit for apprenticeships should remain in place.** As this is already low by international standards, and risks diluting the apprenticeship brand in England. Government should continue with plans for foundation programmes - which could be shorter than 12 months - to help prepare young people not yet ready to take up a full apprenticeship.
- **Apprentices in England should have a minimum requirement for face-to-face off-the-job training, with tighter enforcement of training requirements.** Existing requirements for off-the-job training in England are low by international standards, and can be met using online learning or on-the-job training with their employer. All apprentices should have opportunities for face-to-face learning, as is common internationally.
- **A successful apprenticeship pass in England should lead automatically to a named qualification.** The English apprenticeship system is an anomaly not only in comparison with other apprenticeship systems, but also in relation to other substantive education and training programmes in England.
- **Funding for lower-level apprenticeships for young people should be reviewed.** Internationally, lower-level apprenticeships are often directly funded by government, and other pathways for young people at Level 2 and 3 are already fully funded in England. The government should examine options for prioritising funding for these lower-level apprenticeships, especially for those taken up by young people.

- **Degree and higher apprenticeships for young people (ideally up to 25) and in key industries should remain eligible for levy funding.** This is an area where England has led internationally, with higher-level apprenticeships giving vital opportunities for young people to train to a high level without debt, a particular benefit for those from lower income families, but one that has yet to be fully realised. Key industries, like medicine, where degree apprenticeships can offer a vital opportunity for second chance or later in life social mobility, should also remain eligible for funding.
- **The Government should fund incentives to support apprentices from lower socio-economic backgrounds, for example providing additional funding to employers, or additional support directly to apprentices.** A wide variety of countries, including Australia, New Zealand, the United States and Ireland, have programmes that specifically support or encourage apprentices from under-represented groups. Evidence and experience from these programmes should be utilised in England to support apprentices from lower-income backgrounds.

Introduction

The apprenticeship challenge

In England, more than three quarters of a million 16–24-year-olds are not in education, employment or training (NEET).¹ Among the poorest children, eligible for free school meals, the risk of this outcome is doubled.²

But the economy needs skilled workers. Fully one million out of the 2.5 million job roles in ‘critical demand’ need some form of work-related training in addition to basic education.³ Bridging this gap between supply and demand is a key task for the English skills system, and especially for apprenticeships.

But, despite some positive reforms over the past decade, the current apprenticeship system is not up to the task:

- Only 6% of 16-18 year-olds are in apprenticeships.⁴ Only 2% of starting apprentices were previously NEET.⁵ With the demise of traineeships, England lacks the pre-apprenticeship systems used successfully in several countries to transition young people into apprenticeships, although the new foundation apprenticeships may start to fill some of the gap.
- The apprenticeship system has potential to play a key role in social mobility, as those from disadvantaged backgrounds receive a greater earnings boost from apprenticeships than their more

“More than three quarters of a million 16-24 year-olds are not in education, training or work.”

¹ DfE, ‘NEET Age 16 to 24, Calendar Year 2024’, 2025, <https://explore-education-statistics.service.gov.uk/find-statistics/neet-statistics-annual-brief/2024>.

² Gadsby, B., ‘Establishing the Employment Gap’ (CVER, 2019), <https://impetus-org.files.svdcn.com/production/assets/publications/Report/Youth-Jobs-Gap-Establishing-the-Employment-Gap-report.pdf>.

³ Skills England, ‘Driving Growth and Widening Participation’, 2024, https://assets.publishing.service.gov.uk/media/66ffd4fce84ae1fd8592ee37/Skills_England_Report.pdf.

⁴ Office of National Statistics, ‘Mid-2023 Population Estimates for England’ (ONS, 2024), <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/populationestimatesforenglandandwales/mid2023#:~:text=The%20population%20of%20England%20and%20Wales%20at%20mid%20year%202023,in%20at%20least%2075%20years>.

⁵ IFF Research, *Apprenticeship Evaluation 2023: Learner and Non-Completer Surveys*, 2024, https://assets.publishing.service.gov.uk/media/66e98fd9c069f68b7681bc90/Apprenticeship_evaluation_2023_learner_and_non-completer_surveys_research_report.pdf.

affluent peers.⁶ But the poorest young people, who have been eligible for free school meals, are under-represented in apprenticeships, especially at higher levels. Access has deteriorated further, as those from more advantaged backgrounds have gained most from the rapid expansion of higher-level apprenticeships.⁷

- Minimum quality standards for apprenticeships are weak and often unenforced, with 1 in 10 apprentices apparently receiving no off-the-job training. Around 40% of apprentices drop out, most often because of inadequate training. Sub-minimum wages are ten times more likely among apprentices than ordinary workers.

Reform is needed, and the incoming government plans to give more emphasis to youth apprenticeships.⁸

The aim of this report is to support changes to the apprenticeship system, by looking at how in other countries, apprenticeships transition young people securely from school into skilled jobs, including the most vulnerable,⁹ and drive economic growth. In particular, this report focuses on ensuring the system can deliver for young people from lower income backgrounds.

⁶ Social Mobility Commission, 'Apprenticeships and Social Mobility: Fulfilling Potential' (Social Mobility Commission, 2020), <https://www.gov.uk/government/publications/apprenticeships-and-social-mobility-fulfilling-potential/apprenticeships-and-social-mobility-fulfilling-potential>.

⁷ C Cavaglia, S McNally, and G. Ventura, 'The Recent Evolution of Apprenticeships: Apprenticeship Pathways and Participation since 2015', 2022, <https://www.suttontrust.com/our-research/the-recent-evolution-of-apprenticeships/>.

⁸ UK government, 'Prime Minister Overhauls Apprenticeships to Support Opportunity', GOV.UK, 2024, <https://www.gov.uk/government/news/prime-minister-overhauls-apprenticeships-to-support-opportunity>.

⁹ Research shows, for example, that countries with strong dual system apprenticeship systems have lower rates of NEET among young people. See Quintini, G. and Martin, S., 'Starting Well or Losing Their Way? The Position of Youth in the Labour Market in OECD Countries.' (OECD, 2006), https://www.oecd.org/en/publications/starting-well-or-losing-their-way_351848125721.html.

Methodology

For the purposes of comparison, a set of countries was chosen to illustrate some of the main different approaches to apprenticeships visible internationally. While every country is different, two main groups of countries, with many points in common, can be identified:

- **What may be called 'dual system' countries.** These usually involve apprenticeships of 3-4 years, especially in crafts and trades, with around one day a week in vocational school pursuing a mix of vocational training and general education. There is much emphasis on the role of the employer in delivering on-the-job training. Apprentices are usually young new recruits, around the age of 16, with apprenticeship providing upper secondary education parallel to an academic track which provides direct access to higher education. A special apprenticeship contract rather than an employment contract is usual. The leading examples are German-speaking countries and their close neighbours, including Austria, Denmark, Germany, the Netherlands and Switzerland. While this is a very different model to the current UK system, 50 years ago the UK had an apprenticeship model quite similar to the dual system.
- **English-speaking apprenticeship countries.** This is a looser grouping, but there are points in common between Australia, Canada, Ireland and New Zealand on the one hand and the UK on the other. (The United States also has some similarities but is a much smaller apprenticeship system relative to population.) In these countries adult apprenticeships are more common, and apprenticeship is often wider than just at upper secondary level. In Australia and more recently in Ireland, apprenticeships have increasingly included service industries as well as trades and craft occupations. The emphasis of funding and regulation often falls on off-the-job training, delivered through a variety of providers, including those in the private sector.

In addition to these two groups, some other countries, including Finland, France, and Norway, offer approaches which are distinctive and less easy to classify.

Within the UK, there are four separate apprenticeship systems in the devolved administrations, but they retain many similarities of approach, in that apprentices are employees, and include a mix of younger new recruits and incumbent workers. Funding and regulation primarily concern off-the-

job training and assessment. In all four countries, apprenticeships may be pursued at many qualification levels, including degree level.

One main difference between the UK nations lies in funding arrangements as set out in Box 1 (see page 22). Given these similarities, only Scotland has been included in the comparisons undertaken in this report, as it provides some points of contrast with England. It follows that the chosen comparator countries are: Australia, Austria, Canada, Denmark, Finland, France, Germany, Ireland, Netherlands, New Zealand, Norway, Scotland, Switzerland, and the United States.

International comparison is useful because it raises policy questions and sometimes suggests answers. As will be seen in this report, the English apprenticeship system is, in several respects, an outlier by international standards. The following two sections look at how the English apprenticeship system is much more diverse than other countries and examine the funding arrangements which in England are effectively unique. The issues emerging, and especially the challenges for the most disadvantaged young people, are explored further.

The final four sections look at different groups at risk of exclusion and disadvantage, and how international experience illuminates the role of apprenticeships in serving these groups. Each year in England, around 700,000 people turn 16.¹⁰ An inclusive apprenticeship system should ensure that very few of these individuals are left behind. This means that it should provide good quality training to all apprentices; minimise dropout; serve young school-leavers effectively; and facilitate access for the most disadvantaged.

Internationally, the strongest apprenticeship systems meet most or all of these objectives. These four objectives correspond to four inter-related groups of young people who in one way or other are at risk:

- **Good quality training for all.** In 2023 around 300,000 apprentices in England received less than their training entitlement, and nearly 75,000 received no training. Some of this emerges from an unusual

¹⁰ Office for National Statistics, 'Principal Projection - England Population in Age Groups - Office for National Statistics', 2024, <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/tablea24principalprojectionenglandpopulationinagegroups>.

approach to the definition of off-the-job training, not seen in other countries. Section 4 explores these and other quality issues.

- **Minimising dropout.** In any year, around 110,000 English apprentices drop out, mostly because of disappointment with programme quality. Dropout damages life chances, wastes resources, and reduces programme attractiveness. While other countries sometimes also have high levels of dropout, some factors, notably the reliance on online training, are particularly salient in England. Section 5 addresses this issue.
- **Serving school leavers effectively.** Only just over 10% of young school-leavers in England, or 80,000 people under 19, enter apprenticeships. Section 6 looks at some of the financial barriers, especially among those from the poorest households, and how these same barriers are addressed in other countries.
- **Facilitating access for the most disadvantaged.** Those young people who cannot obtain an apprenticeship immediately require supportive programmes that enable eventual entry into the apprenticeship system. Section 7 looks at what we can learn from the experience of countries with pre-apprenticeship and modified apprenticeship programmes.

Diversity of provision

How diverse is the English apprenticeship system compared to other countries?

Compared with other countries, the English system is not just more diverse, but in a class of its own. Apprentice standards range from elementary level 2 to master's level 7. Programmes last from eight months to as much as six years. They cover an unusually large number of occupations, from very narrow skillsets (like dual fuel smart meter installers) to very broad ones (like teachers). Apprentices include both adults and young school-leavers, incumbent workers and new recruits. The format of training varies from mostly online study to day release and classroom teaching, while the amount of training received is hugely variable. A myriad of training providers develop curricula locally and variably. Moreover, as will be seen in Section 4 below, even the existing

“Compared with other countries, the English system is not just more diverse, but in a class of its own.”

limits on what can count as an apprenticeship are widely ignored, allowing the emergence of a shadow landscape of apprenticeships with little training and/or sub-minimum wages.

Table 1 shows England in comparison with some English-speaking countries, Germany - representing the dual system approach, and Norway for a somewhat different model. Over time, some other countries have also diversified their apprenticeship system, for example extending apprenticeship beyond manual trades to service occupations in Australia and Ireland. However, the level of diversification in England is effectively unique, as shown in Table 1.

Table 1: Diversity in apprenticeship systems

| Dimension | England | Germany | Australia | Ireland | Norway |
|---|---|--|---|--|--|
| Length | 18 months - 6 years. Average around 21 months. | 3-3.5 years. Around 8% of apprentices in two-year programmes for those who find regular programmes too challenging. | Usually 3-4 years. traineeships (also a form of apprenticeship) are 1-3 years. ¹¹ | 2-4 years for new apprenticeships from 2015 in a wider range of occupations. 4 years for traditional craft apprenticeships. | Usually 4 years – 2 years in vocational school, 2 with employer. |
| ISCED 2011 Level (International Standard Classification of Education) ¹² | 2-7 | 3-4 | 3-4 and occasionally 5. ¹³ | Craft apprenticeships level 4. ¹⁴ New apprenticeships can be at levels 4-8. ¹⁵ | 3 |

¹¹ MIGAS Apprentices & Trainees, 'How Long Is an Apprenticeship?', 5 May 2023, <https://www.migas.com.au/faq/how-long-is-an-apprenticeship>.

¹² UNESCO, 'International Standard Classification of Education (ISCED)', 2023, <https://uis.unesco.org/en/topic/international-standard-classification-education-isced>.

¹³ Vogler-Ludwig, K. et al., 'International Approaches to the Development of Intermediate Level Skills and Apprenticeships' (UKCES, 2012), <https://assets.publishing.service.gov.uk/media/5a7d76c6e5274a676d532397/evidence-report-42-international-approaches-synthesis-report.pdf>.

¹⁴ Central Statistics Office: Ireland, 'Educational Attainment Thematic Report 2021' (CSO, 2021), <https://www.cso.ie/en/releasesandpublications/ep/p-eda/educationalattainmentthematicreport2021/backgroundnotes/>.

¹⁵ Higher Education Authority: Ireland, 'Apprenticeships', accessed 24 April 2025, <https://hea.ie/skills-engagement/apprenticeships/>.

| | | | | | |
|-----------------------|--|--------------------------------------|---|--|--|
| Age of apprentices | Nearly half of starters aged over 24. ¹⁶ | Mostly 18-24. | 40% over 24. ¹⁷ | Mostly 20-25. ¹⁸ | Mostly 18-24. |
| Occupational coverage | Much wider in England than in most apprenticeship countries: the English system covers more than two thirds of occupations as identified by 4 digit standard occupational classification (SOC) codes, compared to less than half for the Netherlands, less than a third for Germany and Switzerland, and just a fifth for Denmark (20%). This partly reflects the relatively large number of apprenticeship standards in England compared to other countries. ¹⁹ | | | | |
| Off-the-job training | In principle 6 hours per week out of paid working time, but can include online learning, and training on-the-job by the employer. Many apprenticeships are non-compliant (see section 4) | 12 hours a week in vocational school | Variable between occupations and Australian states, but, for example, an apprentice carpenter may attend off-the-job training in a college one day a week ²⁰ | In 4 year craft apprenticeships 44 weeks ²¹ | 50% of programme time in vocational school |

Source: for Germany, Ireland and Norway CEDEFOP European database of apprenticeship schemes <https://www.cedefop.europa.eu/en/tools/apprenticeship-schemes>.

¹⁶ Murray, A., 'Apprenticeship Statistics for England' (House of Commons Library, 2025), <https://commonslibrary.parliament.uk/research-briefings/sn06113/>.

Australian Government, 'Updated_statistics_on_apprentices_and_trainees_in_training' (Australian Government, 2022), https://www.aph.gov.au/-/media/Estimates/eet/bud2324/Updated_statistics_on_Apprentices_and_Trainees_in_training.pdf?hasp=8D80B5AB5A65405AF0C9AF564D59361478DCA523&la=en.

¹⁸ Careers Portal Ireland, 'Becoming an Apprentice', 2025, https://careersportal.ie/apprenticeships/index.php?ed_sub_cat_id=215.

¹⁹ Norman, A., 'What Is an Apprenticeship? Comparing the Occupational Coverage of Apprenticeships In England, The Netherlands, Switzerland, Germany And Denmark' (Gatsby Charitable Foundation, 2022), <https://www.gatsby.org.uk/uploads/education/labour-market-coverage-v3.pdf>.

²⁰ Fair Work Ombudsman, 'Apprentices in the Building and Construction Industry', 2025, <https://www.fairwork.gov.au/find-help-for/building-and-construction-industry/apprentices-in-the-building-and-construction-industry>.

²¹ Smith, J., 'D/PECDR Analytical Note. Apprenticeships – Trends and Profiles' (Government of Ireland, 2024), <https://assets.gov.ie/294548/30162cf5-d05e-4a32-a074-77d4fbafa2b6.pdf>.

The pros and cons of diversification

Diversification has some advantages, for example in extending the powerful learning model of apprenticeship beyond skilled manual trades. But in England diversity has become so extreme that reference to an 'apprenticeship' conveys limited information to an individual or an employer about what kind of training programme is involved. As a result, challenges have emerged in terms of career navigation, qualification value, and quality assurance:

- **Career navigation.** Much evidence shows that young people from less affluent backgrounds receive less adequate careers advice, including on apprenticeships.²² As a result, they may make poor choices, and become disappointed when their apprenticeship programme is not what they expected. Recent research by the Sutton Trust, based on a survey of UCAS applicants, shows that only 1 in 4 applicants with an initial interest in apprenticeships found it easy to find information about them. When applying for apprenticeships, those from the poorest backgrounds received more limited support, with 1 in 3 from these backgrounds receiving no support with their application.²³ Diversity amplifies this challenge, by making it harder to be sure what any given apprenticeship programme will involve, or should involve. Moreover, the many apprentices who find themselves receiving below minimum training and/or wages (see sections 4 and 6 below) will find it harder to clarify their rights or voice challenges when those rights are not respected.
- **Qualification value.** The economic function of a qualification is to signal the skills of an individual to employers. This allows employers to make good recruitment decisions, and fuels the careers of the qualified. But in England the type and amount of training received by apprentices is so variable that employers will be uncertain over the skills of a qualified apprentice, undermining the apprenticeship 'brand'. In theory, regardless of the training received, the end point assessment should offer reassurance on the skills acquired, but the pass rate at around 98% suggests a rubber stamp rather than a solid test of occupational competence. Weak branding has been

²² Guy, C., 'Social Mobility and Careers Guidance Provision', 2018, <https://luminare.prospects.ac.uk/social-mobility-and-careers-guidance-provision>.

²³ The Sutton Trust, 'Where next? What Influences the Choices of Would-Be Apprentices?', 2023, <https://www.suttontrust.com/wp-content/uploads/2023/07/Where-next-What-influences-the-choices-of-would-be-apprentices.pdf>.

exacerbated by the failure to grant clear name recognition to apprenticeship qualifications, unlike almost all country comparators.²⁴

- **Quality assurance.** The diversity of the apprenticeships system is also an obstacle to quality assurance. Quality assurance bodies have to monitor a multiplicity of programmes, delivered by hundreds of differently organised training providers, with (unlike some countries) no national curricula to set out standard expectations for training provision. Effective quality assurance has therefore proved impossible: the minimum requirements for off-the-job training are not met in 40% of apprenticeships, partly because, as will be described in Section 3, the rules permit so much more diversity in modes of training delivery than other countries. The inevitable result is a substantial proportion of poorly trained and/or dropout apprentices who may add to the NEET population.

Despite these challenges, the merits of diversification as a principle are little discussed, partly because it is only in international comparison that England emerges as such an outlier. Some historical factors explain diversification. It partly reflects the fragmentation of technical education in England with, by common consent, unacceptably large numbers of technical qualifications, in the context of a rapid churn of policies and institutions.²⁵ More recently it has been driven by a levy funding arrangement that encourages employers to package a wide range of training programmes as apprenticeships in order to attract funding, a point further discussed in the next section.

In 2012 the coalition government introduced a 12-month minimum for the length of apprenticeships, following disquiet over programmes involving just a few weeks of training being designated as apprenticeships.^{26,27} However from August 2025, the minimum length of an apprenticeship will

²⁴ Field, S., 'Great Expectations: Three Steps to a World Class Apprenticeship System' (Gatsby Charitable Foundation, 2023), <https://www.gatsby.org.uk/uploads/education/reports/great-expectations-three-steps-to-a-world-class-apprenticeship-system-final.pdf>.

²⁵ Norris, E. and Adam, R., 'All Change: Why Britain Is so Prone to Policy Reinvention, and What Can Be Done About It' (Institute for Government, 14 March 2017), <https://www.instituteforgovernment.org.uk/publication/report/all-change>.

²⁶ Department for Business, Innovation & Skills. (2012, April 1). New minimum 12 month duration for all apprenticeships. GOV.UK. <https://www.gov.uk/government/news/new-minimum-12-month-duration-for-all-apprenticeships>

²⁷ FE Week, 'Morrisons, Elmfield and the over-25 Apprentices', *FE Week*, 30 June 2011, <https://feweek.co.uk/morrisons-elmfield-and-the-over-25-apprentices/>.

be reduced from 12 to 8 months, covering not only the recognition of prior learning, but also certain apprenticeship standards where full occupational competence can be developed in less than 12 months. It is envisaged that this might cover, for example, the level 2 healthcare support worker.²⁸

There is almost no country in the world outside the UK that accepts apprenticeships of less than 12 months in length, and most expect apprenticeship programmes to be much longer (see Table 2). At the same time many other countries do allow for more rapid acquisition of apprenticeship qualifications through recognition of prior learning. Sometimes this may involve an accelerated apprenticeship programme, permitted in England and many other countries.

However, in addition, *most* leading apprenticeship countries allow experienced practitioners to gain such qualifications directly through an assessment of knowledge and skills, without any required programme of study, and without going through an actual apprenticeship.²⁹ There are clear efficiency advantages in this approach, since it makes no sense to require those who already have full occupational competence to pursue apprenticeship training of any length. This is very different from granting limited narrow skillsets associated with particular technologies an apprenticeship title in their own right. Such an approach risks devaluing the currency of all apprenticeship qualifications.

²⁸ UK government, '10,000 More Apprentices as Government Slashes Red Tape to Boost Growth', GOV.UK, 18 February 2025, <https://www.gov.uk/government/news/10000-more-apprentices-as-government-slashes-red-tape-to-boost-growth>.

²⁹ Field, S., 'Great Expectations: Three Steps to a World Class Apprenticeship System'.

Table 2: Minimum length of apprenticeship programmes

| Country | Minimum length in months |
|-------------|--|
| Australia | 48 ³⁰ |
| Austria | 24 |
| Canada | 12 ³¹ |
| Denmark | 24 |
| Finland | 12 |
| France | 12 |
| Germany | 36-42 (special apprenticeships 24 months) (see table 1) |
| Ireland | 48 (craft apprenticeships) 24-48 (new apprenticeships) (see table 1) |
| Netherlands | 12 (entry programmes only, otherwise 24 months) |
| New Zealand | 36 ³² |
| Norway | 24 |
| Switzerland | Regular programmes 36 (24 months for special apprenticeship scheme) |

Source: for Austria, Denmark, Finland, France, Ireland, Netherlands, Norway, see CEDEFOP database on European apprenticeship schemes.³³ Sources for the other countries are separately referenced.

Diversification: conclusions

England has, without explicit intent or debate, established the most diverse apprenticeship system in the world. While some aspects of diversification have been positive, others have created major challenges, with particular risks for the most disadvantaged.

³⁰ Ai Group Apprentice & Trainee Centre. (2024, July 11). *The benefits of an apprenticeship or traineeship - Ai Group Apprentice & Trainee Centre*. Ai Group Apprentice & Trainee Centre - <https://www.aigroupapprentices.com.au/apprentices/benefits-of-apprenticeship/>

³¹ Apprenticeship and Trades Certification Division, 'Questions and Answers', 2025, <https://www.gov.nl.ca/ipgs/files/app-pdf-faq.pdf>.

³² What is an apprenticeship? | Competenz apprenticeship training. Available from: <https://competenz.org.nz/jobseekers/what-is-an-apprenticeship>

³³ CEDEFOP, 'Cedefop European Database on Apprenticeship Schemes', 2025, <https://www.cedefop.europa.eu/en/tools/apprenticeship-schemes>.

A more targeted framework would have the advantage of clarifying for all stakeholders what an apprenticeship implies, rather than, as at present, allowing it to cover a very wide range of programmes. This would help to establish the apprenticeship brand and therefore increase its attractiveness both to individuals and employers. Especially for the most disadvantaged, it would clarify what they might expect from apprenticeships. Some proposals advanced later in this report pursue this approach, for example in section 6 by giving more priority to youth apprenticeship, and, in section 4, through a simpler definition of off-the-job training, and stronger enforcement of minimum training standards.

One shared objective must be to promote the apprenticeship brand, whereby possession of an apprenticeship qualification is seen as desirable and meaningful by individuals and by employers. This implies limiting the application of the term 'apprenticeship' so as to defend the brand, just as we defend the 'university' brand by ensuring that driving schools do not call themselves universities.

One way of enhancing the apprenticeship brand would be to create a named qualification for apprenticeships. The absence of such nomenclature makes English apprenticeship an anomaly not only in comparison with other apprenticeship systems, but also in relation to other substantive education and training programmes in England. A qualification nomenclature could be implemented with little difficulty.³⁴

Funding for inclusion

In England, apprenticeships are funded in a distinctive manner. Most attention goes to the funding of off-the-job training, and therefore to its regulation. While this emphasis is shared with some other English-speaking countries such as Australia, it contrasts with the countries which place more emphasis on on-the-job training. The apprenticeship levy is effectively unique to England, as it only has a superficial resemblance to other skills levies. As a result, the English funding system faces an unusual set of challenges.

This section looks first at the resources which go into apprenticeships and how these are managed in England in comparison with other countries.

³⁴ Some more specific proposals for such a nomenclature are set out in Field, S., 'Great Expectations: Three Steps to a World Class Apprenticeship System'.

Second, it considers how, in England, apprenticeship funding is supported by the apprenticeship levy. It then looks at how priorities for the apprenticeship budget can and should be determined.

What resources go into apprenticeships?

The resources devoted to apprenticeships include:

- For the employer, the resources they put into on-the-job training.
- For employers and government agencies, the direct costs of off-the-job training, and for the employer, the opportunity cost of releasing apprentices for such training.

In England, much of apprenticeship policy is driven by the rules setting out how apprenticeships are funded – what programmes are eligible for funding from the apprenticeship budget, and what aspects of apprenticeship training are funded. Currently, levy-paying employers can offer apprenticeships in which off-the-job training and assessment are fully funded from the apprenticeship budget. Smaller employers who do not pay the levy can also offer apprenticeships but have to contribute 5% of the off-the-job training and assessment costs, except for apprentices aged 16-18, where they do not have to contribute. In addition, both employers and training providers receive £1,000 from the government for all 16- to 18-year-old apprentices and for those aged between 19 and 24 who have previously been in care or who have a Local Authority Education, Health and Care plan.³⁵

While employers across the UK contribute to the levy, only in England is it explicitly linked to apprenticeship funding. Off-the-job training in Northern Ireland and Wales is usually fully funded (see Box 1). In some other English-speaking countries – for example in Australia and Canada – employers sometimes have to pay training providers for off-the-job training, but often government budgets support all or most of these costs.

³⁵ Powell, A., 'Apprenticeships Policy in England' (House of Commons Library, 2024), <https://researchbriefings.files.parliament.uk/documents/SN03052/SN03052.pdf>.

Box 1: Funding of apprenticeship across the UK

In **Northern Ireland**, since September 2023, government covers 100% of off-the-job training costs for apprentices of all ages and across all sectors. This replaced the previous model where only apprentices aged 16 – 24 received full funding.³⁶ Employers receive a payment of between £558 to £1,674 when an apprentice successfully completes their full Level 2 or Level 3 apprenticeships framework.³⁷

In **Scotland**, off-the-job training for apprenticeship is funded through Skills Development Scotland, a government agency which channels funds to different training providers allowing them to recruit and fund apprentices in different sectors and regions. Employers are sometimes required to contribute.³⁸

In **Wales**, the government fully funds apprenticeships, covering the costs of off-the-job training and other costs. Employers are not asked to contribute.³⁹

In many countries, including most of continental Europe, off-the-job training and education is provided in vocational schools, colleges and workshops, fully funded by the state. In a few countries, employers are compensated so that they do not have to pay the wages of apprentices during off-the-job training periods. This takes place in Denmark through an employer levy fund arrangement⁴⁰ and in Ireland where the government pays the apprentice an allowance during off-the-job phases.⁴¹ Many countries also offer (sometimes substantial) financial incentives to employers to take apprentices (see Table 3).

³⁶ Department for the Economy, 'All Age Apprenticeships Now Available with Potential to Create up to 1,700 Training Opportunities per Year', 8 September 2023, <https://www.economy-ni.gov.uk/news/all-age-apprenticeships-now-available-potential-create-1700-training-opportunities-year>.

³⁷ nibusinessinfo.co.uk, 'Finances and Funding for Apprenticeships', accessed 29 April 2025, <https://www.nibusinessinfo.co.uk/content/finances-and-funding-apprenticeships>.

³⁸ Field, S., 'Strengthening Skills in Scotland: OECD Review of the Apprenticeship System in Scotland', (OECD, 2020), <https://www.skillsdevelopmentscotland.co.uk/media/rruaa344/oecd-report-strengthening-skills-in-scotland.pdf>.

³⁹ TSW Training, 'Apprenticeship Funding & Incentives for Employers in Wales', 2023, <https://www.tsw.co.uk/apprenticeships/employer-funding/>.

⁴⁰ CEDEFOP, 'Financing of Apprenticeship Schemes', Database on financing apprenticeships in the EU, 2025, <https://www.cedefop.europa.eu/en/tools/financing-apprenticeships/apprenticeship-schemes>.

⁴¹ Smith, J., 'D/PECDR Analytical Note. Apprenticeships – Trends and Profiles'.

Table 3: Incentives offered to employers to take apprentices

| Country | Incentives |
|-----------|---|
| Australia | Wage subsidies for priority occupations: 10% of wages for the first two years, 5% for the third year. ^{42 43} |
| Austria | Employers receive subsidies of various types, but the main subsidy corresponds to around 15% of the apprentice wage during the course of an apprenticeship. ⁴⁴ |
| Canada | <i>Apprenticeship Job Creation Tax Credit</i> : Employers can set 10% of salaries and wages paid to qualifying apprentices against company taxes, up to a maximum of around £1,000 ⁴⁵ per apprentice per year. ⁴⁶ |
| Denmark | A fund established through a levy on all employers, with a fixed payment per employee, and regulated by law pays the wages of apprentices during off-the-job training. |
| Finland | Compensation to employers for workplace training costs. ^{47,48} |
| Germany | No direct financial support for regular apprentices. |
| Ireland | Employers receive around £2,500 per apprentice two thirds upon registration and the remainder after 12 months). ⁴⁹ |

⁴² Apprenticeship Support Australia, 'Incentives Eligibility', Incentives Eligibility, 2025, <https://asa.cciwa.com/employer/incentives/>.

⁴³ Apprenticeship Support Australia, 'Incentives And Funding', 2024, <https://www.apprenticeshipsupport.com.au/Employers/Incentives-and-Funding>.

⁴⁴ Austrian government, 'Support and Grant Assistance for Apprentices', oesterreich.gv.at - Österreichs digitales Amt, 2025, https://www.oesterreich.gv.at/en/themen/bildung_und_ausbildung/lehre-und-berufsbildende-schulen/Seite.333903.html.

⁴⁵ Throughout this report, money figures are expressed in pounds sterling using the exchange rates current in May 2025.

⁴⁶ Canadian government, 'Apprenticeship Job Creation Tax Credit', 2024, <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-41200-investment-tax-credit/apprenticeship-job-creation-tax-credit.html>.

⁴⁷ European Commission, '3.5 Traineeships and Apprenticeships', Youth Wiki: Finland, 2025, <https://national-policies.eacea.ec.europa.eu/youthwiki/chapters/finland/35-traineeships-and-apprenticeships>.

⁴⁸ Finnish Institute for Health and Welfare, 'Financial Support for Employers', 8 October 2024, <https://thl.fi/en/topics/management-of-health-and-wellbeing-promotion/promotion-of-inclusion/inclusion-in-working-life/easy-steps-towards-working-life-guide/financial-support-for-employers>.

⁴⁹ Minister Harris announces new gender-based funding for apprenticeship employers, 'Minister Simon Harris Launches Financial Incentive Scheme for Employers to Recruit Apprentices', gov.ie, accessed 24 April 2025, <https://gov.ie/en/department-of-further-and-higher-education-research-innovation-and-science/press-releases/minister-simon-harris-launches-financial-incentive-scheme-for-employers-to-recruit-apprentices/>.

| | |
|-------------|---|
| Netherlands | Employers taking apprentices may benefit from a grant of up to around £2,300 per apprentice per year. ⁵⁰ |
| New Zealand | In critical industries and occupations <i>Apprentice Boost</i> provides up to about £2,500 per first-year apprentice as a wage subsidy. ⁵¹ The <i>Mana in Mahi</i> programme, is designed to encourage employers to take on apprentices who need additional targeted help. Employers may receive up to around £7,000 in wage subsidies for each first-year participant under 25 years old. ⁵² |
| Norway | Employers receive a training grant (approximately £10,000 over two years) per apprentice hired. ⁵³ |
| Switzerland | No direct financial incentives. |

Source: the CEDFOP database on the financing of apprenticeship schemes provided some of the data,⁵⁴ supplemented by other sources as referenced.

Note: current exchange rates used for sterling estimates.

Two conclusions follow:

- First, English funding arrangements, and associated regulation, primarily focus on off-the-job training and assessment. They set out the funding bands for each apprenticeship standard, and indicate how training providers have to deliver off-the-job training of a particular type in order to obtain funding (and similarly for assessment). Funding is not available for on-the-job training. In dual system countries (such as Germany, Switzerland and Austria), the primary emphasis falls on *on-the-job* training. It is through such training that the apprentice is expected to develop most of their occupational competences, supported by regulation underpinning the employer’s primary responsibility for such training. Outside the dual system countries, requirements for on-the-job training are less onerous but still sometimes significant. In England however, there

“In dual system countries the primary emphasis falls on on-the-job training. It is through such training that the apprentice is expected to develop most of their occupational competences, supported by regulation underpinning the employer’s primary responsibility for such training.”

⁵⁰ Netherlands Enterprise Agency, ‘Subsidy Scheme for Practice Based Learning’, [business.gov.nl](https://business.gov.nl/subsidy/practical-learning/), accessed 24 April 2025, <https://business.gov.nl/subsidy/practical-learning/>.

⁵¹ Careerforce, ‘Apprenticeship Boost Extension’, Careerforce - Qualifications for Life. Skills for Good, accessed 24 April 2025, <https://www.careerforce.org.nz/training/train-my-staff/fees-funding/apprenticeship-boost/>.

⁵² Work and Income, ‘Mana in Mahi - For Employers’, accessed 24 April 2025, <https://www.workandincome.govt.nz/employers/subsidies-training-and-other-help/mana-in-mahi.html>.

⁵³ CEDEFOP, ‘Financing of Apprenticeship Schemes’.

⁵⁴ CEDEFOP.

are few requirements for employers to undertake on-the-job training. This is further explored in section 4.

- Second, relative to other countries, England is not generous to employers taking apprentices. Employers are sometimes asked to contribute to the costs of off-the-job training, and they only receive additional financial incentives in special circumstances, such as the modest incentives to take young apprentices. By contrast, in Ireland, employers receive a subsidy, pay nothing for off-the-job training, and during off-the-job training periods, wages are paid by government rather than by employers. Norway and Denmark are also generous, and in France, the Netherlands and Austria employers receive financial incentives as well as being free from any requirement to contribute to off-the-job training costs. Conversely, the expectations on employers in England are light, with no requirements on them to offer on-the-job training. So from the employer point of view, and compared internationally, the English approach may be regarded as a low cost, low commitment model. The question arising is whether this is the best route to high quality apprenticeships.

“From the employer point of view, and compared internationally, the English approach may be regarded as a low cost, low commitment model.”

Funding higher level apprenticeships

Between 2006/7 and 2014/15, apprenticeships at levels 4-7 were progressively added to the previous options at just levels 2 and 3. Apprenticeships at levels 4-7 grew from 7% of all starts in 2016/17 to 36% in 2023/24, with particularly strong growth in degree apprenticeships at levels 6-7.⁵⁵ Roughly half a billion pounds, or around 20% of the apprenticeship budget went to level 6 and 7 apprenticeships in 2021/22.⁵⁶ However, the government has recently announced that most level 7 apprenticeships with the exception of the small proportion pursued by those aged under 22 (a relatively low threshold), will no longer be funded through the apprenticeship budget.⁵⁷

⁵⁵ Murray, A., 'Apprenticeship Statistics for England'.

⁵⁶ Camden, B., 'Degree-Level Apprenticeship Spending Hit Half a Billion Last Year', *FE Week*, 2023, <https://feweek.co.uk/degree-level-apprenticeship-spending-hit-half-a-billion-last-year/>.

There are good arguments for higher level apprenticeships as a means of professional training. Work experience is often the best way to acquire the technical, practical, and interpersonal skills necessary in any job. A work-based learning approach (without the terminology of apprenticeship) has been utilised for many years in health, teaching and legal professions. In England, degree apprenticeships also represent an opportunity for young people to gain higher education qualifications while earning a salary and without the burden of debt falling on regular higher education students. This could be particularly important for those from the poorest households who are more likely to be debt-averse, and therefore a potential means of widening participation. Some other countries have longstanding systems of apprenticeship in higher education, and these have grown in recent years (see Box 2).

Box 2: International experience with apprenticeship at degree level

In **France**, forms of degree apprenticeship have existed since the 1980s, having been introduced to improve the links between higher education and labour market needs. These follow the principle of *alternance* in which training alternates between higher education institutions and workplace environments. In recent decades the number of higher education apprentices has increased greatly, reaching 576,000 in 2022. The recent introduction of professional bachelor's and master's degrees has fuelled the expansion.⁵⁸

In **Germany** in the 1960s *duale Studium* apprenticeship programmes were introduced, primarily on the initiative of industry, to link higher education programmes to labour market needs. Enrolments have doubled over the last two decades to reach 121,000 students, and the number of programmes has tripled. In most cases they involve partnerships between employers and universities of applied science or 'dual universities' on the one hand and employers on the other. Programmes are very often devised locally through industry-higher education institution collaboration, with many different models for the form of training.⁵⁹

⁵⁸ Ministère de L'Enseignement Supérieur et de la Recherche, 'L'apprentissage Dans l'enseignement Supérieur En 2022' (French government, 2023), <https://www.enseignementsup-recherche.gouv.fr/sites/default/files/2023-09/nf-sies-2023-13-29097.pdf>.

⁵⁹ Graf, L., Anna P. Lohse, and Nadine Bernhard, 'Varieties of Work-Based Higher Education: France, Germany and the United States Compared', *International Journal of Training and Development* 28, no. 4 (2024): 385–403, <https://doi.org/10.1111/ijtd.12329>.

In the **Netherlands**, *duaal studeren* apprenticeship is possible both at bachelor's and master's level, usually in collaboration with universities of applied science. Often students spend 3-4 days working and 1-2 days in classes, but there are also models in which alternation involves months or even years in the different learning locations. Apprentices sign a contract with both their employer and the higher education institution, so they have the status of both employee and student. They receive a salary for their workdays only, and they or their employer may have to pay tuition fees (of around £2,300⁶⁰ annually). At least 20% of the final credits must be based on workplace learning, and employers are involved in the assessments.⁶¹

Scotland, Wales and Northern Ireland all maintain forms of apprenticeship at degree level. Recently, **Australia** and **New Zealand** have launched a small number of degree apprenticeship programmes.^{62,63}

Higher level apprenticeships face two potential questions. To what extent have they displaced other forms of training rather than adding to skills and opportunities? And have they succeeded in widening participation?

First, on displacement, a 2017 estimate was that across the UK, 200,000 students were pursuing qualifications at level 4-7 paid for by their employer.⁶⁴ More recent estimates are not available, but employers have strong incentives to offer degree apprenticeships, funded by the apprenticeship budget, rather than paying tuition fees for a traditional sponsored degree. The National Audit Office⁶⁵ and others⁶⁶ have

⁶⁰ Dutch Ministry of Education Culture and Science, 'Tuition Fees', 2025, <https://www.duo.nl/particulier/tuition-fees.jsp>.

⁶¹ Langeveld, I. Pijlman, R., 'Dual Study in Higher Professional Education' (Career tiger), accessed 14 May 2025, <https://www.carrieretijger.nl/opleiding/ho/varianten/duaal>.

⁶² University of South Australia, 'An Australia-First University Apprenticeship and Pathway to a Career in STEM', accessed 14 May 2025, <https://www.shapingaustraliaawards.com.au/finalists/unisa-an-australia-first-university-apprenticeship-and-pathway-to-a-career-in-stem>.

⁶³ Gerritsen, J., 'More Earn-While-You-Learn Degrees on the Way', 24 July 2024, <https://www.rnz.co.nz/news/national/522939/more-earn-while-you-learn-degrees-on-the-way>.

⁶⁴ Phoenix, D., 'Making a Success of Employer Sponsored Education', HEPI, 2016, <https://www.hepi.ac.uk/2016/04/21/making-success-employer-sponsored-education/>.

⁶⁵ National Audit Office, 'The Apprenticeships Programme', 2019, <https://www.nao.org.uk/reports/the-apprenticeships-programme/>.

⁶⁶ Richmond, T., 'Runaway Training' (EDSK, 2020), <https://www.edsk.org/wp-content/uploads/2020/01/EDSK-Runaway-training.pdf>.

documented how many management apprenticeships are replacing training that employers would have funded in any case.

As this opportunity has emerged, employer-funded training generally has been in steady decline, falling by 19% in real terms between 2011 and 2022.⁶⁷ There are also incentives on students to pursue degree apprenticeships to avoid the debts resulting from tuition fees, a second form of displacement. When displacement occurs it is not adding either to workforce skills or to training opportunities except insofar as it improves the quality of training. However it does represent a financial transfer of costs from employers and individuals (welcome to those concerned) to the apprenticeship budget (less welcome in terms of pressure on this budget).

In England, funding incentives for apprenticeships at level 2 and 3 are different. In many cases, such occupational training is not easily available outside apprenticeship, and most other programmes at this level, including A and T levels, are fully funded by government. So there is little incentive or opportunity to package training as apprenticeship simply to avoid the costs of alternative routes to the same occupation. Compared internationally, higher education in Scotland, France, Germany and the Netherlands involves small or no tuition fees, so, unlike England, there is little incentive to package programmes as degree apprenticeships simply to avoid fees falling on employers or individuals (see Box 2).

Second, on widening access, the latest data show that compared with (often privileged) undergraduate students, degree apprentices are half as likely to have received free school meals, half as likely to be from minority ethnic backgrounds, and less likely to have a disability.⁶⁸ Just 13% of degree apprenticeships go to those in the most deprived fifth of neighbourhoods, only half the participation rate of the most affluent fifth.⁶⁹ Such unequal access appears to be worsening.⁷⁰

“Compared with (often privileged) undergraduate students, degree apprentices are half as likely to have received free school meals, half as likely to be from minority ethnic backgrounds, and less likely to have a disability.”

⁶⁷ Skills England, 'Driving Growth and Widening Participation'.

⁶⁸ Office for Students, 'Access-and-Participation-Data-Findings-from-the-Data' (Office for Students, 2023), <https://www.officeforstudents.org.uk/media/fa35219d-c363-40a9-9b85-d618ae27da1c/access-and-participation-data-findings-from-the-data.pdf>.

⁶⁹ Richmond, T., 'A Level of Uncertainty: How to Resolve the Debate over the Future of Level 7 Apprenticeships' (Social Market Foundation, 2025), <https://www.smf.co.uk/publications/level-7-apprenticeships/>.

⁷⁰ Cullinane, C. and Doherty, K., 'Degree Apprenticeships: Levelling Up?', The Sutton Trust, 2020, <https://www.suttontrust.com/our-research/levelling-up/>.

While in England degree apprenticeship has not lived up to its apparent promise in terms of serving the most disadvantaged, the French system has performed better. In France, most higher education apprentices come from similar backgrounds as those in regular higher education, except for some sectors such as schools of commerce, where the apprentices are from more disadvantaged backgrounds.⁷¹ University fees in France are usually no more than about £150 annually, so, unlike England, employers have no incentive to use apprenticeship rather than regular higher education to train their existing staff, and the average age of higher education apprentices, at 22, is much lower than in England.⁷² This may explain why the French system has performed better in serving those from poorer backgrounds.

Levy illusion

Across countries, skills levies are distinguished from regular taxes because levy receipts are placed in a ring-fenced fund only available for skills development.⁷³ Such levies have advantages and disadvantages similar to other earmarked or ‘hypothecated’ taxes.⁷⁴ But in England the government has been explicit that the DfE apprenticeship budget “is not dependent on income from the levy and does not equate to the funds in employer’s apprenticeship service accounts”.⁷⁵ This raises the question of whether the levy should be considered as a regular tax.

One reason why the levy is not always seen as a tax is that levy-paying employers register their contributions in a digital account – their levy pot – only available to pay for apprenticeships, and therefore enter a ring-fenced budget. This perception, although encouraged by the rhetoric surrounding the levy, is largely an illusion. Employer digital accounts are notional rather than real budgets. Actual spending on apprenticeships comes from the apprenticeship budget held by DfE and agreed with the Treasury like any

“The value of the levy pot to an employer is largely illusory.”

⁷¹ Ministère de L’Enseignement Supérieur et de la Recherche, ‘L’apprentissage Dans l’enseignement Supérieur En 2022’.

⁷² Ministère de supérieur et de la Recherche, dans supérieur - état de supérieur, de la Recherche et de en France (Ministère de supérieur et de la Recherche), accessed 21 May 2025, https://publication.enseignementsup-recherche.gouv.fr/eessr/FR/T260/L_apprentissage_dans_L_enseignement_superieur/.

⁷³ UNESCO. (2022). *Global review of training funds: spotlight on levy-schemes in 75 countries*. Retrieved from <https://unesdoc.unesco.org/ark:/48223/pf0000384184>

⁷⁴ Field, S., ‘Skills Levies in Africa: A Way Forward’ (British Council, 2024), <https://opportunities-insight.britishcouncil.org/features/skills-levies-africa-way-forward>.

⁷⁵ UK parliament, ‘Written Questions, Answers and Statements - UK Parliament’, 2021, <https://questions-statements.parliament.uk/written-questions/detail/2021-01-25/142995>.

other budget. Moreover, levy pots have very little real value to employers. Since 2019, smaller non-levy-paying employers have had to contribute just 5% of the cost of apprenticeships, so levy pots only make a marginal difference. The IFS has argued that it makes no policy sense to give smaller employers less encouragement than larger employers to offer apprenticeships, with the implication that the levy pot arrangement should be removed or reformed.⁷⁶

Perceptions matter, and this levy illusion has become unhelpful. Levy-paying employers, understandably, want flexibility so that they can make full use of 'their' levy pots, and not 'waste' them unspent. But in reality, such flexibility would involve an increased apprenticeship budget to fund the additional training permitted by the flexibility. It is therefore no surprise that, in the context of tight constraints on public expenditure, the greater flexibility hinted at in the new government's plans for a growth and skills levy have not yet been pursued. At an aggregate level, complaints have mounted that receipts from the levy in England have yielded an unspent surplus relative to apprenticeship expenditure, a comparison which rests on the mistaken but understandable assumption that levy receipts are ring-fenced, as in most skills levies.⁷⁷

Moreover, there is a weakness in the economic reasoning behind the levy principle. The assumption was that if employers control 'their' apprenticeship budgets, they would use those budgets to provide the skills needed by the economy. But this is a fallacy. Clearly employers will use 'their' apprenticeship budgets to improve their individual profitability: often individual employers can do this most effectively by using their notional apprenticeship budgets to displace their real internal training costs, shifting the costs of training from employers to government, but not adding to the training undertaken.

Looking ahead, the apprenticeship budget should be determined on its merits, not by unpredictable fluctuations in levy receipts determined by the economic cycle. 'Levy illusion', whereby a payroll tax is represented as a levy, may have temporarily increased the acceptability of levy payments to employers, but has unhelpfully distorted the policy debate.

⁷⁶ Tahir, I., 'Investment in Training and Skills: IFS Green Budget 2023 Chapter 9', 2023, <https://ifs.org.uk/publications/green-budget-2023>.

⁷⁷ Crawford-Lee, M., 'Every Pound Raised through the Levy Should Be Spent on Apprenticeships', *FE Week*, 2024, <https://feweek.co.uk/every-pound-raised-through-the-levy-should-be-spent-on-apprenticeships/>.

Prioritising newly recruited apprentices

In many countries today, and historically almost everywhere, starting apprentices were young new recruits. However in England roughly half of all starting apprentices are now incumbent workers, rising to four out of five for those over 24.⁷⁸ For employers and individuals, there is a very different rationale for upskilling existing workers rather than recruiting to a training programme, but in regulatory and funding terms the two types of apprenticeship are treated equally.

Young school leavers who are not university bound are a vulnerable group, at risk of becoming NEET if they are not effectively integrated into training and work. Apprenticeship has been shown to be a powerful tool in transitioning such young people into good jobs – so apprenticeship for new recruits has great value as a career foundation for many young people, including the more vulnerable.

The economic return to apprenticeship for new recruits substantially outweighs that for incumbent workers. The wage premia commanded by qualified apprentices signal the productivity benefits of their training. Recent estimates⁷⁹ show that new recruit apprenticeships realise nearly three times the wage premia obtained through incumbent worker apprenticeships (35% vs 13%). In a related finding, there are higher wage returns for younger, rather than older apprentices.⁸⁰ These results almost certainly reflect how apprenticeship as a career foundation has a bigger economic return than apprenticeship as additional training for an existing worker. In recognition of this point, some countries offer additional incentives to employers taking new recruit apprentices (see Box 3).

“New recruit apprenticeships realise nearly three times the wage premia obtained through incumbent worker apprenticeships.”

So why, if the returns are so weak, do employers seem so keen on offering apprenticeships to their existing staff? This reflects how employers will naturally seek to use the apprenticeship budget to fund training that they would otherwise have to fund directly, yielding an immediate bankable saving to the employer (but no net addition to skills). The point is similar to that made earlier in respect of degree apprenticeships, and in fact the great majority of degree apprenticeships are for incumbent workers.

⁷⁸ IFF Research, *Apprenticeship Evaluation 2023: Learner and Non-Completer Surveys*.

⁷⁹ Speckesser, S. and Xu, L., 'Returns to Apprenticeships: A Comparison between Existing Apprentices and Newly Recruited Apprentices.', *Oxford Economic Papers*, 2021, <https://ideas.repec.org/a/oup/oxecpp/v74y2022i1p14-39..html>.

⁸⁰ McIntosh, S. and Morris, D., 'Labour Market Outcomes of Older Versus Younger Apprentices: A Comparison of Earnings Differentials' (CVER, 2018), https://cep.lse.ac.uk/_NEW/PUBLICATIONS/abstract.asp?index=5975.

Conversely the employer will only partially reap the productivity benefits of training up new recruits, as those benefits will be shared with the apprentice and other employers. The current incentive structure therefore does not encourage the development of the skills needed for economic growth.

Box 3: Incentives for employers to offer apprenticeships to new recruits

In Finland, in addition to regular compensation for workplace training costs, additional subsidies are available for employers when hiring apprentices directly from school. This is about £700, £400 and £250, per month, in the first, second and third year of an apprenticeship programme.⁸¹

France offers incentives to companies when they hire new apprentices. Currently these can be up to a maximum of about £4,300 per recruit for smaller enterprises (less than 250 workers), and about £1,700 for larger companies.⁸²

Ireland offers a financial incentive of £1,700 per year per apprentice for employers who take on apprentices in the 37 post-2016 'new' apprenticeship programmes. This encourages the development of these new programmes outside the trades which have traditionally dominated Irish apprenticeship.⁸³

Setting funding priorities

One strength of apprenticeships relative to other technical programmes is that participation mirrors the labour market, reflecting both the need for skills by employers and the interest of individuals in acquiring those skills. Local and sectoral variations in the supply and demand for skills are directly reflected in the mix of apprenticeships realised.

⁸¹ Kumpulainen, T., 'Key Figures on Apprenticeship Training in Finland' (Finnish National Board of Education, 2016), <https://www.oph.fi/en/statistics-and-publications/publications/key-figures-apprenticeship-training-finland>.

⁸² French Government, 'Recrutement d'un apprenti : ce qui change', 2025, <https://entreprenre.service-public.fr/actualites/A17983>.

⁸³ Regional Skills and Training Centre: Ireland, 'Apprenticeship Employer Grant 2022', 2021, <https://www.rstc.ie/index.php/latest-news/330-apprenticeship-employer-grant-2022>.

But market determination does not capture strategic needs for skills. For example, the government's target of 1.5 million new homes completed by the end of this parliament will require more apprenticeships in construction occupations.⁸⁴ Markets are also blind to broader policy objectives, such as the need to offer young and more vulnerable groups effective routes into employment, or to develop green skills. So there are good reasons for tweaking the market to reflect strategic policy needs. One potential model is the Australian system of incentives for employers and apprentices, designed to tackle skills shortages, develop green skills and support the most vulnerable apprentices (see Box 4).

Box 4: The Australian Apprenticeships Incentive System⁸⁵

This scheme draws on a list of priority occupations where there are skills shortages. Key elements of the scheme are:

Payments to employers: Up to around £2,400 per apprentice for employers hiring in priority occupations full-time: 40% at 6 months and the remainder at 12 months.

Payments to apprentices: Up to around £2,400 for apprentices in priority occupations full-time: the sequence of payments includes two payments of £850 after 6 & 12 months followed by two payments of £350 after 18 & 24 months. Up to £4,800 is payable to full-time apprentices in clean energy roles, with payments distributed across six milestones. A 'living away from home' allowance is payable to apprentices relocating for work.

In addition, since 2024, apprentices in priority occupations have become eligible for income-contingent loans, on the same basis as higher education students. In 2024/25 they can borrow up to a lifetime maximum of around £12,000 to help with daily living and training costs. Successful completion of the apprenticeship triggers a 20% discount on their loan. Repayment is income-contingent, and begins once earnings reach £26,000 annually.

Note: money figures are expressed in pounds sterling at May 2025 exchange rates.

⁸⁴ Mellor, J., 'Building Speed to Meet Housebuilding Need', *FE Week*, 7 December 2024, <https://feweek.co.uk/can-sector-fast-track-apprentices-help-hit-1-5m-new-homes/>.

⁸⁵ Australian Government, 'Australian Apprenticeships Incentive System Factsheet', 2025, <https://www.dewr.gov.au/download/13748/australian-apprenticeships-incentive-system-factsheet/39278/australian-apprenticeships-incentive-system-factsheet/pdf>.

A precondition for well-targeted incentives is evidence on the supply of apprenticeship places by employers, and demand for such places by potential apprentices. Such data would indicate in which sectors and regions apprenticeships are constrained by employer reluctance, and/or by limited interest by individuals. This in turn would suggest the appropriate policy response – there is little point in encouraging employers to offer apprenticeships for which there is no demand. But such systematic data are currently lacking in England. Although UCAS now provides data on UCAS applicants who express an interest in apprenticeships, these data are unlikely to include those who do not also have an interest in higher education. In fairness, no country provides very adequate data on the supply and demand for apprenticeship, especially at a disaggregated level, but such data are clearly desirable to support policies, such as those mooted for Skills England, which aim to manage the mix of skills to realise economic and social objectives.

Funding for inclusion: conclusions

Current funding arrangements for apprenticeships encourage employers to invest in higher-level apprenticeships and incumbent workers, rather than the apprenticeships for young new recruits which yield the greatest benefits to the individuals concerned and the economy. One effect is to increasingly undermine the historic claim of the apprenticeship system to serve disadvantaged youth.

The new Growth and Skills Levy that will take the place of the Apprenticeship Levy will need to address these challenges. Details will be announced later this year (in 2025). But in March 2025 Skills Minister Jacqui Smith said: “We need to rebalance the programme towards young people, but in order to do so, there are tough decisions to make for what we fund in the future, having inherited a challenging fiscal picture and with 99% of the apprenticeship budget spent last year. We will need to prioritise.”⁸⁶

The analysis here has suggested the form these tough decisions should take.

- Higher-level apprenticeships can be effective learning programmes, and offer a way of earning while learning. However experience, especially with degree apprenticeships has shown they

⁸⁶ Camden, B., ‘Constrained Resources Mean Tough Decisions in Levy Reform’, *FE Week*, 11 March 2025, <https://feweek.co.uk/constrained-resources-may-hold-back-levy-reforms-skills-minister-says/>.

often displace other forms of training and they have narrowed rather than widened participation. They also demand an increasing share of the limited apprenticeship budget, competing with new recruit apprenticeships at level 2 and 3. The defunding of most level 7 apprenticeships has now changed the picture somewhat. Reform will need to target funding with an emphasis on support for younger apprentices (ideally below the age of 25), drawing on the French experience that suggests that such apprentices are more socially representative. Similarly, employers may be asked to address widening participation where they do receive funding.

- There is a good argument for offering more funding support for new recruit apprenticeships, as opposed to apprenticeships for incumbent workers. This would reflect compelling evidence that the greatest returns both in supporting vulnerable youth, and in serving the economy, come from newly recruited apprentices rather than apprenticeship for incumbent workers.

This re-prioritisation, within a constrained budget, would help to realise a greater focus on youth apprenticeship, and make available more resources to support those with the greatest needs. The framework previously established for the apprenticeship levy, in which levy-paying employers were encouraged to see their payments as 'their' levy pot, to be allocated as they wish, has become an unhelpful illusion that has not served either the economy or the neediest individuals.

Quality for all: realising minimum standards

Training is the heart of apprenticeship. But in England the training received by apprentices in England is more variable in quantity and quality than in most countries. This is because in England off-the-job training takes multiple and sometimes dubious forms, training minima are unenforced, and there are few expectations of on-the-job training. This means that the apprenticeship system sustains few effective standards for minimum quality. A long tail of weak quality creates particular challenges for disadvantaged young people.

Off-the-job training

In England most of the DfE apprenticeship budget funds off-the-job training through training providers, with around 20% reserved for the cost of assessments. In principle, apprentices are expected to receive a minimum of 6 hours per week of off-the-job training in paid work time.⁸⁷ On the face of it this is comparable to other countries. In Denmark school time is about 20% of the programme; in Germany at least 12 hours a week are spent in the vocational school; In Ireland there are 40 weeks of off-the-job education and training in four-year trade apprenticeships.⁸⁸

But in fact, many English apprentices receive much less off-the-job training than other countries, for two reasons:

- Unlike the countries where off-the-job training involves release on a daily or longer basis to attend college, in England homework, online study, and training on-the-job are all potentially included in the count of what is called (at a stretch of ordinary language) off-the-job training.⁸⁹ Little information, and no regular data, are available on the extent of these different forms of learning. Training providers have obvious incentives to limit the amount of costly face-to-face training in favour of cheaper alternatives, and a

⁸⁷ DfE, 'Apprenticeship Off-the-Job Training', 2023, https://assets.publishing.service.gov.uk/media/6530efdb92895c000ddc2b2b/2023_10_OTJT_Guide_v5_-_23_24_Rules_v1.0.pdf. From August 2025 this requirement will be expressed in terms of hours of off the job training required for each standard.

⁸⁸ Field, S., 'Great Expectations: Three Steps to a World Class Apprenticeship System'.

⁸⁹ DfE, 'Apprenticeship Off-the-Job Training'.

significant proportion of apprenticeships involve no face-to-face training.⁹⁰

- Even given this very broad definition of off-the-job training, in 2023, 4 in 10 apprentices did not receive the training required, and 1 in 10 reported receiving no off-the-job training at all,⁹¹ so around 300,000 apprentices received less than their training entitlement, and nearly 75,000 received no training.⁹²

“Around 300,000 apprentices received less than their training entitlement, and nearly 75,000 received no training.”

During the COVID pandemic, many apprenticeship systems were forced to make extensive use of online training.⁹³ As the pandemic concluded, the many European systems where apprentices normally spend one day a week in vocational school will presumably have reverted, more or less, to their traditional arrangements, possibly with some adaptations to make use of online provision where it is most effective. But in England the incentive to cut costs by limiting face to face provision will be stronger, especially but not only in private providers.

Homework and online learning are valuable learning tools. But disadvantaged homes often lack a quiet place to study, quality computer hardware and software, and a relative or friend to offer informed help and support. Reliance on home study, in the absence of compensatory support, therefore allows inequalities in home background to heavily influence attainment. This point has been widely recognised in the context of academic education⁹⁴ but it applies equally to apprenticeship. In France,

⁹⁰ M Brockmann et al., ‘On and Off the Job Training in Apprenticeship in England’ (Gatsby Charitable Foundation, 2020), <https://www.gatsby.org.uk/uploads/education/reports/pdf/onandoffthejobtrainingv5.pdf>.

⁹¹ IFF Research, *Apprenticeship Evaluation 2023: Learner and Non-Completer Surveys*. These 2023 figures are based on a mix of apprentices subject to a requirement of 20% of working hours spent in off the job training, and those (from August 2022) subject to a requirement of 6 hours per week, which represented a slight relaxation of the standard.

⁹² The baseline for these estimates is apprenticeship participation of 736,530 in 2023/24 <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships#dataBlock-89678654-a45c-4d2d-9e68-7de679015a90-tables> (DfE 2024)

⁹³ CEDEFOP, ‘How Are European Countries Managing Apprenticeships to Respond to the Covid-19 Crisis’ (CEDEFOP, 2020), https://www.cedefop.europa.eu/files/how_are_european_countries_managing_apprenticeships_to_pond_to_the_covid-19_crisis.pdf.

⁹⁴ Jerrim, J., ‘Extra Time: Private Tuition and out-of-School Study, New International Evidence’ (Sutton Trust, 2017), https://www.suttontrust.com/wp-content/uploads/2017/09/Extra-time-report_FINAL.pdf.

as an alternative approach, apprenticeships delivered online will soon be subject to a different funding regime.⁹⁵

The broad English definition of off-the-job training obstructs quality assurance, since it requires any auditor to delve into a complex mix of activities in the workplace, at a training provider, and at home in order to assess compliance. That task has proved impossible, as evidenced by the 40% of apprenticeships that are non-compliant. Conversely, when off-the-job training takes place through day release to a vocational institution as in most continental European countries, or through block release as in Ireland, monitoring to ensure that required training hours are delivered is straightforward.

Weak or little training damages trainees. Of those receiving less than required training just 57% reported positive career growth, compared with 70% of those who received the required training.⁹⁶ Moreover both insufficient training, and too much online training, are strongly implicated in dropout – an issue pursued in the following section.

Poor training quality also causes indirect damage, most immediately for those considering the option of an apprenticeship programme. By analogy, most people would hesitate to buy a product item of which 40% have proved substandard. Similarly, a substantial minority of poor quality apprenticeships undermines the capacity of an apprenticeship qualification to signal to employers that those qualified have undergone a rigorous programme of training. As a result, the many people who have had excellent apprenticeship training may not receive the labour market recognition and reward that they deserve, because employer perceptions of the value of apprenticeship training are sullied by the prevalence of poor training.

In England, apprentices who are unsatisfied with their training are expected to complain initially to their employer or training provider before approaching any other body. Naturally, they may be reluctant to do so, and this approach is clearly not working. More active monitoring of compliance with minimum standards would help. For example, in Victoria, Australia, a complaints line is in place encouraging apprentices to raise concerns directly with the Victorian government. The heading “No supervision? No training release? No skilled tasks?” invites apprentices to complain directly

⁹⁵ Russo, I. L., ‘2025 : quels changements pour l’apprentissage ?’, *OPCO 2i* (blog), 26 February 2025, <https://www.opco2i.fr/2025-quels-changements-pour-lapprentissage/>.

⁹⁶ IFF Research, *Apprenticeship Evaluation 2023: Learner and Non- Completer Surveys*.

to a government telephone helpline.⁹⁷ In New Zealand, apprentices can complain, for example if they are not receiving the required amount of training, directly to the Tertiary Education Commission which regulates apprentice training providers. Complaints can be through a telephone hotline or through a complaints form submitted online.⁹⁸

On-the-job training

Historically, on-the-job training was the defining feature of apprenticeship, emerging from the relationship between a skilled practitioner and their apprentice, and the compelling principle that there can be no better trainer than that practitioner. In the dual system countries this perspective has been retained, so that employers are seen as primarily responsible for developing occupational competence, with off-the-job education and training in a subsidiary role. This is backed up by curricular requirements for the competences to be acquired on-the-job, and for specially trained staff in employers taking apprentices (see Box 5).

⁹⁷ Victorian government, 'During Your Apprenticeship or Traineeship', 24 October 2024, <https://www2.vrqa.vic.gov.au/during-your-apprenticeship-or-traineeship>.

⁹⁸ Tertiary Education Commission, 'How to Make a Complaint', 2024, <https://www.tec.govt.nz/funding/funding-and-performance/monitoring-tertiary-education-sector/make-a-complaint>.

Box 5: Country requirements for supervisors of apprentices delivering on-the-job training⁹⁹

In **Austria**, employers must have one qualified trainer for every five apprentices, with the qualification obtained through a 40-hour course.

In **Denmark**, courses for workplace trainers of apprentices are available but are not compulsory.

In **Germany**, supervisors of apprentices must be qualified. To obtain a qualification, candidates normally attend a course of 115 hours, with the costs falling to employers and sometimes government. This course leads to an examination, the *Ausbildereignungsprüfung*, which includes a written and practical component, covering the assessment of educational needs, recruitment of apprentices, and planning and delivering training.

In the **Netherlands**, employers taking apprentices must first be accredited, for which they need to show that they have suitable trainers and can offer suitable training opportunities for apprentices.

In **Norway**, optional training courses are offered to those supervising apprentices, and employers releasing the staff for this training. The courses, normally for two days per year, are organised and funded by counties, but are subject to national guidelines. Through roleplay and practice, the staff learn how to develop and pursue a training plan that covers the curriculum, and undertake assessments.

In **Switzerland**, supervisors of apprentices must be qualified through 40 hours of training leading to a cantonal certificate, or 100 hours leading to a higher level federal diploma. The courses are organised and subsidised by cantons, and cover the Swiss VET system, pedagogy, and youth challenges such as with drugs and alcohol.

⁹⁹ For Austria and Denmark see Cedefop (accessed 2023) *European database on apprenticeship schemes: scheme fiche Denmark*. <https://www.cedefop.europa.eu/en/tools/apprenticeship-schemes/scheme-fiches/apprenticeship>. For Germany, Norway and Switzerland see Kis, V. (2016) *Work, train, win: work-based learning design and management for productivity gains*. OECD Education Working Papers, No. 135. <https://ideas.repec.org/p/oec/eduaab/135-en.html>. For the Netherlands see Hoftijzer, M., Stronkowski, P. and Rozenbaum, J. (2018) *Getting out of school and into the workplace: strengthening work-based learning in upper secondary technical education in Poland's Świętokrzyskie region*. World Bank eLibrary. <https://elibrary.worldbank.org/doi/epdf/10.1596/978-1-4648-1322-1>

In England, on-the-job training, historically the central element of apprenticeship, has become marginal in terms of policy. Nearly all regulation concerns delivery of off-the-job training with no real requirements on on-the-job training. In practice some employers do offer good quality on-the-job training, as confirmed by recent research, but the same research has suggested that in some sectors such as retail and social care there is almost no on-the-job training, leading the authors to question whether the programmes involved could reasonably be described as apprenticeships.¹⁰⁰

Quality for all: conclusions

Although there are good quality apprenticeships in England, far too many fall below reasonable expectations of minimum standards, and below the expectations of other leading apprenticeship countries. Off-the-job training requirements are framed too loosely, and in any case are widely ignored. On-the-job training requirements barely exist. This places all those apprentices who experience weak quality at risk of dropout or limited skills acquisition. When the rules that do exist are flouted, the most disadvantaged will often be badly placed to challenge their experience. The system as a whole is therefore failing to realise its task of inclusion.

These challenges require a concerted effort to develop and enforce strengthened minimum standards. Off-the-job training needs a better definition, and reference to the need for a minimum of face-to-face training. Online training and homework would remain valuable tools, but as in most schools and universities, they should be supports rather than replacements for face-to-face learning. Such an approach would facilitate effective enforcement of training minima. Better data on the hours spent in different forms of off-the-job training – face-to-face, online modules, and self-study would help to monitor quality.

More developed requirements for on-the-job training could also be established, drawing on the experience of other countries. This might be facilitated by national curricula which set out the competences which should be acquired on-the-job, and training arrangements for employer-based trainers of apprentices. Such curricula, would in addition, facilitate quality assurance, as training providers could be held to account for

“Although there are good quality apprenticeships in England, there are far too many that fall well below reasonable expectations of minimum standards and below the expectations of other leading apprenticeship countries.”

¹⁰⁰ Brockmann et al., ‘On and Off the Job Training in Apprenticeship in England’.

delivering these curricula. Such curricula were mooted at one point by the Institute for Apprenticeships and Technical Education.¹⁰¹

Tackling dropout

The previous section described the many quality challenges faced by apprenticeship training in England, including poor training quality and over-reliance on online training. One effect is that apprentices are more likely to drop out, with damaging consequences. This section looks at this issue.

High dropout rates

Between one third and one half (38% in 2023/24) of those who start apprenticeship standards drop out during the programme.¹⁰² So in any year around 110,000 apprentices drop out (given around 290,000 leavers). The dropout rate is much higher than in many other education programmes: for example around 1 in 10 first degree students in UK universities drop out.¹⁰³

110,000
apprentices drop
out in any year.

Some international comparisons are given in Table 4. They are order of magnitude only, as many technical variations in dropout measures affect comparability. The English dropout rate is similar to those of some countries such as Australia, but higher than those for the dual system countries. In England, only a small proportion of non-completion is attributable to failure in the final assessment, as the pass rate is around 98%. In Germany and Austria, overall completion rates are higher, and a significant proportion of the non-completion corresponds to failure in the final assessment.¹⁰⁴

¹⁰¹ Field, S., 'Great Expectations: Three Steps to a World Class Apprenticeship System'.

¹⁰² DfE, 'Apprenticeships, Academic Year 2024/25'.

¹⁰³ Hillman, N., "'Dropouts or Stopouts or Comebackers or Potential Completers?": Non-Continuation of Students in the UK' (HEPI, 2024), <https://www.hepi.ac.uk/2024/04/25/dropouts-or-stopouts-or-comebackers-or-potential-completers-non-continuation-of-students-in-the-uk/>.

¹⁰⁴ Field, S., 'A World without Maps? Assessment in Technical Education.' (Gatsby Charitable Foundation, 2021), <https://www.gatsby.org.uk/uploads/education/reports/pdf/assessment-in-technical-education-simon-field.pdf>.

Table 4: Dropout rates

| Country | Dropout rate |
|-----------|---|
| Australia | Around 45% ¹⁰⁵ |
| Austria | Around 25% fail to complete. About one third of these non-completers do not drop out, but either fail or do not pursue the final assessment. ¹⁰⁶ |
| Denmark | 38% of those who started vocational training (mostly apprenticeship) in 2017 had discontinued their education after five years. ¹⁰⁷ |
| France | 27% ¹⁰⁸ |
| Germany | About 25% (although many of those involved shifts to a different apprenticeship) ¹⁰⁹ |
| Ireland | Around 20% in craft apprenticeships. ¹¹⁰ (The new, post-2016, non-craft apprenticeships appear to have lower dropout rates). |

¹⁰⁵ National Centre for Vocational Education, 'Overall Apprentice and Trainee Completion Rates down in 2023' (National Centre for Vocational Education Research, 12 September 2024), <https://www.ncver.edu.au/news-and-events/media-releases/overall-apprentice-and-trainee-completion-rates-down-in-2023>.

¹⁰⁶ CEDEFOP, 'Austria: Monitoring Apprenticeship Graduates Underlines the Importance of Training Success', 20 December 2023, <https://www.cedefop.europa.eu/en/news/austria-monitoring-apprenticeship-graduates-underlines-importance-training-success>.

¹⁰⁷ Danmarks Statistik, 'Lille Stigning i Afbrud På Erhvervsuddannelser', 2023, <https://www.dst.dk/da/Statistik/nyheder-analyser-publ/nyt/NytHtml?cid=45608>.

¹⁰⁸ Lamar, D., 'Le Taux de Rupture Des Contrats d'apprentissage Est de 27,4%', 2024, <https://toutpourlemploi.fr/2024/03/rupture-contrat-apprentissage-2020/>.

¹⁰⁹ Oberst, B., 'Ausbildungsabbruch: Krise Der Kommunikation', dhz.net, 2022, <https://www.deutsche-handwerks-zeitung.de/ausbildungsabbruch-krise-der-kommunikation-227899/>.

¹¹⁰ Brennan, C., 'Almost 3,400 Drop out of "outdated" Apprenticeships in Three Years', *Irish Examiner*, 2024, <https://www.irishexaminer.com/news/arid-41374801.html>.

The impact of dropout

Dropping out of an apprenticeship damages life chances. In England only 8% of non-completers secured a permanent job with the same employer compared to 29% of completers; only 7% received a promotion compared to 18% of completers.¹¹¹ There is little information on the longer term damage in England, but international evidence is indicative.¹¹² In Austria only 44% of apprenticeship dropouts were employed three years after leaving, compared to 84% of completers.¹¹³

Dropout wastes the resources put into training, by the apprentice, training provider, employer, and government. Moreover such waste has a knock-on impact. High dropout rates discourage individuals and employers from embarking on apprenticeships through fear that their efforts will not yield a successful outcome. So high rates of dropout tend to stigmatise apprenticeship in the eyes of the main stakeholders.

The causes of dropout

The evidence suggests that apprentices in England drop out primarily because they are unhappy with the training they are receiving. The main reasons reported by dropouts themselves are that the training was badly run, not as good as hoped, and with insufficient time for learning.¹¹⁴ Excessive dependence on (cheap but unengaging) online training is a major factor. Of non-completers, fully two thirds said that online training had made up more than half their training, and 45% said that *all* of their training had been online.¹¹⁵ The previous section discussed how in England, the COVID experience has tended to entrench dependence on online learning beyond the pandemic itself.

"Of non-completers, fully two thirds said that online training had made up more than half their training, and 45% said that *all* of their training had been online."

Dropout rates for those with disadvantaged backgrounds are higher. In England those from disadvantaged backgrounds (from the most deprived quintile of postcodes) are 4 percentage points less likely to successfully

¹¹¹ IFF Research, *Apprenticeship Evaluation 2023: Learner and Non-Completer Surveys*.

¹¹² Patzina, A. and Wydra-Somaggio, G., 'Early Careers of Dropouts from Vocational Training: Signals, Human Capital Formation, and Training Firms', *European Sociological Review* 36, no. 5 (2020): 741–59, <https://doi.org/10.1093/esr/jcaa011>.

¹¹³ Dornmayr H., Lengauer B., and Riepl M., 'Ausbildungs- und Arbeitsmarkterfolg von LebrabgängerInnen: LebrabsolventInnenmonitoring 2011-2020' (IBW, 2023), <https://ibw.at/publikationen/id/559/>.

¹¹⁴ IFF Research, *Apprenticeship Evaluation 2023: Learner and Non-Completer Surveys*.

¹¹⁵ IFF Research.

complete intermediate level apprenticeships than other apprentices.¹¹⁶ In Germany trainees with weak school attainment, with a migrant background and who start their training in the poorer eastern parts of Germany are more likely to drop out.¹¹⁷ Similarly in France, dropout rates are higher among those with weaker prior qualifications.¹¹⁸ The COVID pandemic may have worsened inequality, as in Wales, the gap in dropout rates between the disadvantaged and other apprentices trebled when comparing rates before and after the pandemic.¹¹⁹ This may reflect an increased reliance on online modes of learning.

Two thirds of those who failed to complete their apprenticeship were incumbent workers when they started their apprenticeship, compared with just over half of completers. 14% of non-completers, remarkably, said that they had started their apprenticeship because they were required to by their employer (compared with 8% of completers).¹²⁰

Other factors

Beyond minimum quality standards, how else can apprenticeship systems be designed to reduce dropout? Two issues are salient:

- Disappointment results in dropout: dropouts often report that their training programmes were not what they expected. Would-be apprentices have little information about how they will acquire occupational competences, in what sequence, what they are expected to learn in the classroom, in the workshop, or through practical experience. This level of uncertainty contrasts with nearly all other education and training programmes. It arises because curricula are variable and developed by individual training providers. The development of national curricula for apprenticeship standards, as suggested in the previous section, would alleviate this uncertainty.

¹¹⁶ Social Mobility Commission, 'Apprenticeships and Social Mobility'.

¹¹⁷ Siembab, M., Beckmann, J., and Wicht, A., 'Why Do Young People Decide to End Their Training Early?' (BIBB, 2023), <https://www.bibb.de/dienst/publikationen/de/19224>.

¹¹⁸ Fauchon, A., 'Ruptures des contrats d'apprentissage : quelles évolutions depuis la réforme', 2024.

¹¹⁹ Welsh government, 'Using Free School Meal History as an Indicator of Deprivation for Apprenticeship and Adult Learning Outcomes' (Welsh government, 7 November 2023), <https://www.gov.wales/using-free-school-meal-history-indicator-deprivation-apprenticeship-and-adult-learning-outcomes-august-2021-to-july-2022-html>.

¹²⁰ IFF Research, *Apprenticeship Evaluation 2023: Learner and Non-Completer Surveys*.

- In dual system countries dropping out leads directly to unemployment. In these countries there is an apprenticeship contract but no separate employment contract, so dropping out from apprenticeship sunders the relationship with the employer. This means that dropout is more costly both for the apprentice and for the employer who has invested in the recruitment and training of that individual. So the incentives on both parties to make the apprenticeship work are stronger. The downside of this arrangement is that for apprentices who do drop out, the medium-term labour market costs are higher. This is a particularly heavy price to pay when, as at present, one of the main causes of dropout appears to be inadequate training, for which the individual apprentice is not responsible. So while this approach may have long-term promise in England, it would not make sense to pursue it immediately.

Other initiatives to prevent dropout

Several countries have measures in place to intervene with those at risk of dropout (see Box 6). However it will usually be more cost-effective to design and deliver apprenticeship programmes to minimise the risk of dropout in the first instance. If the cause of dropout is poor quality training, an intervention with the apprentice will not necessarily resolve the problem. In the Netherlands, while measures such as stricter absenteeism measures appeared to have little impact, intensive tuition in the vocational school did reduce drop out (see Box 6).

Box 6: Dropout prevention measures

In **Australia**, the Apprenticeship Support Network offers personalized support for apprentices identified as at risk of dropping out, including pastoral care and conflict resolution. The aim is make apprentices feel valued and supported in their training, and thereby improve completion rates.¹²¹ Regular contact with apprentices may help: a trial in New South Wales showed that sending apprentices six SMS messages over 12 months reduced dropout rates by 2.8 percentage points.¹²²

In **Germany** under the VerA initiative, volunteer coaches, who are normally retired practitioners, provide one-to-one support to apprentices facing difficulties in the workplace, in the vocational school, or at home. Such support can be triggered on the initiative of the apprentice, the employer, a parent, or the vocational school. Separately, in the state of Hesse, the QuABB programme provides professional coaching, primarily aimed at apprentices, but also for employers, and designed to prevent dropout.¹²³

In the **Netherlands** several programmes seek to tackle apprentice dropout, including e-coaching for parents, stricter absenteeism policies, and financial incentives for vocational colleges. The regional contact and coordination offices track students at risk and provide necessary support.¹²⁴ Evaluations using randomized controlled trials showed that intensive coaching of students lowered dropout rates by 40%,¹²⁵ but measures to improve student discipline, implement stricter absenteeism rules, and increase parental involvement did not appear to reduce dropout rates.¹²⁶

¹²¹ Ministers of Employment and Workplace Relations, 'Investing in Skills and Training to Support a Future Made in Australia', Investing in skills and training to support a Future Made in Australia, 2024, <https://ministers.dewr.gov.au/oconnor/investing-skills-and-training-support-future-made-australia>.

¹²² New South Wales Government, 'Increasing Completion of Apprenticeships and Traineeships Using Behaviourally Informed Messages' (New South Wales government, 2021), <https://www.nsw.gov.au/departments-and-agencies/behavioural-insights-unit/blog/increasing-completion-of-apprenticeships-and-traineeships>.

¹²³ Huismann, A. and Hippach-Schneider, U., 'Early Leaving from Vocational Education and Training (ELVET) in Germany' (BIBB, 2023), https://res.bibb.de/vet-repository_781342.

¹²⁴ CEDEFOP, 'Netherlands - Leaving Education Early: Putting Vocational Education and Training at Centre Stage' (CEDEFOP, n.d.), https://www.cedefop.europa.eu/files/netherlands_-_leaving_education_early.pdf.

¹²⁵ Van Der Steeg, M., Van Elk, R., and Webbink, D., 'Does Intensive Coaching Reduce School Dropout? Evidence from a Randomized Experiment', *Economics of Education Review* 48 (October 2015): 184–97, <https://doi.org/10.1016/j.econedurev.2015.07.006>.

¹²⁶ Bolhaar, J., Gerritsen, S., and Kuijpers, S., 'Experimenting with Dropout Prevention Policies', 2019, https://www.cpb.nl/sites/default/files/omnidownload/cpb-discussion-paper-400-experimenting-with-dropout-prevention-policies_0.pdf.

Tackling dropout: conclusions

Around 40% of apprentices fail to complete their programme, damaging their life chances, wasting resources and discouraging employers and individuals from embarking on apprenticeships. Other countries have shown that lower dropout rates are possible. We need a systematic response.

Evidence suggests that poor quality training, and excessive reliance on online training are major causes of dropout. One implication is that more demanding minimum training standards, and limits on online training, as suggested in the previous section, would reduce dropout. National curricula for apprenticeships, as proposed earlier, would also clarify for would-be apprentices what education and training they might expect from any programme. Such curricula would therefore reduce the risk of disappointment on the part of apprentices, and facilitate quality assurance, so that apprentices get the training they are promised.

Developing youth apprenticeships

Across countries, the apprenticeship system can, and often does, play an important role in transitioning young people who do not pursue university qualifications into good careers. This role could be particularly important in England, given that in other respects, there is a confused set of pathways choices post-16 for those who are not bound for higher education.¹²⁷ The previous two sections looked at some of the quality challenges, arguing for enhanced minimum training standards, and consequently better completion rates. Better quality should increase the attractiveness of the apprenticeship pathway.

This section turns now to the quantity of youth apprenticeships. In England every year around 700,000 people turn 16,¹²⁸ and about 80,000 persons under 19 start an apprenticeship,¹²⁹ suggesting that just over 10% of the cohort enter youth apprenticeships before they are 19, although more will enter apprenticeships later on. In some other countries, much

¹²⁷ Field, S., 'Inequality in English Post-16 Education', *Oxford Open Economics* 3, no. Supplement_1 (1 July 2024): i828–41, <https://doi.org/10.1093/ooec/odad014>.

¹²⁸ Statista, 'Population of England in 2023 by Age Group', 2024, <https://www.statista.com/statistics/281208/population-of-the-england-by-age-group/>.

¹²⁹ DfE, 'Apprenticeships, Academic Year 2024/25'.

larger proportions of young people leave school to enter apprenticeships. In Austria around 40% of the cohort do so at age 15,¹³⁰ rising to as much as two thirds of the cohort in Switzerland.¹³¹ Little of these differences can be attributed to different industrial structures: although England has a relatively large service sector by international standards, and apprenticeship was historically more common in the manufacturing sector, England now offers apprenticeships across a wider range of occupations than most countries, with the health and care sectors among the fastest growing (see Table 1).

So although England maintains a substantial apprenticeship system, its role in offering youth apprenticeship, in the sense of new recruit apprenticeships at levels 2 and 3, is limited. We may estimate that around one third of apprenticeship starts are in this category,¹³² but this will correspond to well under one third of the apprenticeship budget, given that higher level apprenticeships are typically costlier. Section 2 of this report argued on several grounds that apprenticeship funding should be refocused on levels 2 and 3, and on new recruits rather than incumbent workers. These funding reforms should increase the incentives on employers to offer youth apprenticeships. But these incentives may need to be matched by other measures to increase demand for such apprenticeship places. More demand would further encourage the employer offer, since it would allow employers to be more selective in who they take as apprentices. This section looks at some potential obstacles to increased demand, and how they might be overcome.

Financial barriers

As mentioned in Section 3, we have limited data on the offer of apprenticeship places by employers in comparison with demand for such places. However there is some evidence of ample latent demand for apprenticeships: half of all those applying to enter university through

¹³⁰ European Commission, '3.5 Traineeships and Apprenticeships'.

¹³¹ Swiss government, 'Vocational Education and Training & Apprenticeships', 2023, https://www.eda.admin.ch/countries/usa/en/home/representations/embassy-washington/embassy-tasks/scienceoffice/vocational-education-and-training_apprenticeships.html.

¹³² Of the 737 thousand apprentices in 2023/24, 467 thousand were at levels 2 and 3. Since 55% of apprentices at levels 2 and 3 are new recruits we may estimate that 257 thousand were new recruits. These will mostly, but not entirely be under the age of 25 given that around 80% of apprentices of 25 and above were incumbent workers prior to starting their apprenticeship. (Apprenticeship statistics <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships#dataBlock-d233c36e-c202-40f9-862b-b7e76e4a44f7-tables>)

UCAS also express an interest in apprenticeship.¹³³ So it is likely that the main constraint on youth apprenticeship numbers is limited employer interest.

For the poorest families, financial considerations weigh heavily on the decision of individuals to enter apprenticeship. Among level 2 apprentices who dropped out, nearly 40% mentioned financial problems as contributing factors.¹³⁴ Recent research has demonstrated that the poorest households may lose around £80 a week in Child Benefit and Universal Credit when a 16 year old enters an apprenticeship, but all those benefits would be retained if they pursued a programme such as A or T levels.¹³⁵ Other apprenticeship countries are often more generous to apprentices, accepting their eligibility for various benefits, as well as sometimes offering direct payments (see Box 7). One other interesting model is Australia's recent innovation of allowing apprentices to access income-contingent loans to supplement living costs, on the same basis as higher education students (see Box 4).

¹³³ UCAS, 'Apprenticeships Are the Future of Technical Education', 2025, <https://www.ucas.com/connect/blogs/apprenticeships-are-future-technical-education>.

¹³⁴ IFF Research, *Apprenticeship Evaluation 2023: Learner and Non-Completer Surveys*.

¹³⁵ Padley, M., 'Apprenticeships, Child Benefit and Universal Credit: Exploring the Impact of Eligibility Criteria on Living Standards and Income Adequacy' (Loughborough University, 2024), https://repository.lboro.ac.uk/articles/report/Apprenticeships_Child_Benefit_and_Universal_Credit_exploring_the_impact_of_eligibility_criteria_on_living_standards_and_income_adequacy/27726147/1.

Box 7: Benefits and financial incentives for apprentices

Australia offers benefits for apprentices detailed in Box 4.

In **Austria**, apprentices receive financial support and assistance at both federal and provincial levels. This includes subsidies for accommodation, and meals, free annual public transport passes as well as grants for living costs and further training. The families of apprentices aged under 24 are eligible for family allowances.¹³⁶

In **France** under the Mobili-Jeune program, apprentices under 30 may receive up to around £85 monthly (depending on family circumstances) to support housing needs.¹³⁷

Germany provides various benefits for apprentices, including the *Berufsausbildungsbeihilfe*, a means-tested monthly allowance of up to around £700 for those not living at home, which helps cover living costs.

Additionally, housing assistance and travel allowances may be available based on financial circumstances.¹³⁸

Apprentices in **Norway** can receive a housing grant if they meet certain criteria, such as living more than 40 kilometres from their training establishment or spending more than three hours daily commuting.

Additional grants are available for apprentices from very poor backgrounds or who have families living even further away from their workplace.¹³⁹

For a household in England, loss of benefits when someone enters apprenticeship may be set against any household contribution from their wage. However many apprentices are paid less than their legal minimum

¹³⁶ Austrian government, 'Support and Grant Assistance for Apprentices'.

¹³⁷ Méheust, C. L., 'Aides pour les apprentis en 2024-2025', CFA SACEF, 2024, <https://cfasacef.fr/aides-pour-les-apprentis-en-2024-2025/>.

¹³⁸ Jaber Lawyers, 'Boost Your Naturalization Chances with Vocational Training Allowance (BAB)', 25 August 2024, <https://www.jaberlawyers.com/news/boost-your-naturalization-chances-with-vocational-training-allowance-bab/>.

¹³⁹ Lånekassen, 'Apprentices', Lånekassen, accessed 25 April 2025, <https://lanekassen.no/en-US/grants-and-loans/norway/apprentice/apprentice/>.

entitlement. Around half of hairdressing apprentices are paid less than the legal minimum and apprentices have 10 times the risk of receiving a sub-minimum wage than an average worker.¹⁴⁰ Training providers are now required to ensure that their apprentices are in receipt of minimum wage. Across countries, the comparison of apprentice wages needs to be linked to the form of apprenticeship (see Box 8).

Box 8: Apprentice wages: different country approaches

Apprentice wages bear on the willingness of both individuals and employers to enter into an apprenticeship agreement. But comparing apprentice wages across countries is a complex task, given varying average wages, exchange rate fluctuations, and regional and sectoral variations. A comparative analysis of apprenticeship pay from a decade ago powerfully illustrates the many methodological difficulties, but it does suggest that apprentice wages in England are comparatively high relative to those of dual system countries.¹⁴¹

In several apprenticeship countries there are institutionalised increments in the apprentice wage over the period of an apprenticeship. For example, in Saskatchewan, Canada, first year apprentices typically earn a minimum of 40% of a qualified journeyperson's wage, (or the minimum wage if it is greater) rising to 90% by year 4.¹⁴² Similarly in Denmark, apprentices earn 30% to 70% of the wages of a skilled worker, with wages rising over the 4 years of the apprenticeship. In Germany for example, a first-year motor mechanic apprentice will earn only around £7500, but this increases to around £9500 by the fourth year.¹⁴³ Typically, apprentices impose a net cost on employers in the first part of the apprenticeship since although they are not paid well their skills are not sufficient to yield much productivity. This is then compensated in later parts of the apprenticeship when the apprentices become nearly as productive as skilled workers, but with a lower wage.¹⁴⁴

¹⁴⁰ Field, S., 'Great Expectations: Three Steps to a World Class Apprenticeship System'.

¹⁴¹ London Economics, 'An International Comparison of Apprentice Pay' (London Economics, 2014), <https://londoneconomics.co.uk/blog/publication/international-comparison-apprentice-pay/>.

¹⁴² Saskatchewan Apprenticeship and Trade Certification Division, 'Untitled', accessed 4 May 2025, <https://saskapprenticeship.ca/wp-content/uploads/2020/08/2020-Wage-Rates-Table-for-Website-final.pdf>.

¹⁴³ CEDEFOP, 'Financing of Apprenticeship Schemes'.

¹⁴⁴ Kuczera, M., 'Striking the Right Balance' (OECD, 2017), https://www.oecd.org/en/publications/striking-the-right-balance_995fff01-en.html.

However, in England it is harder to apply this model. Incumbent workers are unlikely to accept a 'first year' wage when they start an apprenticeship, and the typically shorter apprenticeship programmes in England do not easily allow the balance of costs and benefits over the apprenticeship programme as described above. One reason for the comparatively high apprenticeship wages in England may be partly because they so often are incumbent workers rather than young new recruits.¹⁴⁵

Other barriers

Recent research has shown that only 1 in 4 apprenticeship vacancies are open to learners without level 4 GCSE English and maths passes. Yet we know that 1 in 3 school leavers lack such passes.¹⁴⁶ The researchers argue that when English and maths requirements are part of final assessments, employers are reluctant to take on apprentices who may not succeed in these assessments. So the paradoxical outcome of measures designed to build numeracy and literacy skills may have been to exclude the young people who lack such skills. The government has now responded to this challenge by removing the requirement for apprentices aged over 18 to pass functional skills courses to complete their apprenticeship. The requirement remains in place for those aged 16-18.¹⁴⁷

A decade ago, the influential Wolf review noted that England differed from most comparable countries in that 16- to 19-year-olds were not at that time required to continue mathematics and own-language education.¹⁴⁸ Requirements for maths and English were introduced as a response to that concern. However English apprenticeship still has weak general education requirements in comparison with the many European countries where apprenticeship is one upper secondary programme among others. For example, in Germany, apprentices receive 160 hours of general education

¹⁴⁵ Wolter, S. and Joho, E., 'Apprenticeship Training in England', 2018, <https://epi.org.uk/publications-and-research/apprenticeship-training-in-england/>.

¹⁴⁶ AELP mini-commission, 'Functional Skills Qualifications' (AELP, 2024), <https://www.aelp.org.uk/media/fltek1er/mini-commission-1-report-functional-skills-qualifications.pdf>.

¹⁴⁷ Camden, B., 'Apprentices: English and Maths Pass Rule for Adults Scrapped', *FE Week*, 2025, <https://feweek.co.uk/english-and-maths-rule-scrapped-for-adult-apprentices-dfe-confirms/>.

¹⁴⁸ Wolf, A., 'Fixing a Broken Training System: The Case for an Apprenticeship Levy', 2015, <https://www.smf.co.uk/wp-content/uploads/2015/07/Social-Market-Foundation-Publication-Alison-Wolf-Fixing-A-Broken-Training-System-The-Case-For-An-Apprenticeship-Levy.pdf>.

each year including German, English, economics or social science, and sports. In Switzerland apprentices receive 120 hours annually covering official language, communication, civic education (including some applied mathematics) and sports.¹⁴⁹

Developing youth apprenticeship: conclusions

Section 3 on funding argued that funding priority should be given to apprenticeships at levels 2 and 3, and to new recruits. Such measures should encourage employers to offer such apprenticeships. But to be most effective such measures should be matched by incentives for young people to take advantage of this offer. This section has pointed to some potential barriers on this front.

There are several implications for policy. First, breach of minimum wage requirements for apprentices is much too common, damaging both the individuals concerned and the reputation of apprenticeships. It is also a greater risk for the most disadvantaged who do not fully understand the rules on minimum wages, or who do not feel they can challenge their employer on this point. As argued in Section 4 in respect of training minima, enforcement needs to be proactive, for example by creating national helplines where non-compliant employers can be reported anonymously.

Other countries financially support young apprentices in various ways, through grants, or through benefits such as support for travel costs. With those comparisons in mind, there are grounds for looking again at the loss of benefits to a family which may occur when a young person enters an apprenticeship.

While the government has adjusted functional skills requirements for apprentices, the broader challenge remains of ensuring that apprentices receive education and training in sufficient transferable skills, including maths and English, to support a working career, as well as the immediate skills necessary to make them job-ready. Options include:

¹⁴⁹ Kuczera, M. and Field, S., 'Apprenticeship in England, United Kingdom', 2018, https://www.oecd.org/en/publications/apprenticeship-in-england-united-kingdom_9789264298507-en.html.

- Establishing an additional financial incentive for employers who take apprentices who lack the required maths and English qualifications.
- Ensuring that pre-apprenticeship programmes, as proposed in the next section, are open to those lacking maths and English qualifications and that the programmes include sufficient maths and English to develop the relevant skills.
- In the context of resistance to traditional classroom teaching of maths and English, especially among those who have performed badly in standard school academic contexts, giving attention to pedagogical approaches which emphasize learning such material in context.

Access to apprenticeships

What happens to those who cannot immediately obtain an apprenticeship?

While youth apprenticeship can meet the needs of many young people who do not pursue a more academic path, not all school-leavers will have the mix of skills and maturity necessary to pursue an apprenticeship programme. Some evidence emerged from a longitudinal study of those who took their GCSEs in 2006. Each year around 8% of those who turn 16 enter a pathway in which over a period of years, they are very often NEET, even if they have less significant periods in employment and training.¹⁵⁰ A further 11% pursuing level 2 technical programmes have labour market outcomes not very different from those who become NEET, with similar wage levels but slightly better employment rates,¹⁵¹ implying weaknesses in these programmes. While this data is some years old and should therefore be treated with some caution, it suggests that 19% of the cohort, or around 150,000 16-year-olds in any year, are at risk, and in need of more effective transition into the labour market. Potentially they might benefit from apprenticeship, but many will need some preparation to do so.

“Around 150,000 16 year olds in any year are at risk, and in need of more effective transition into the labour market.”

In the face of similar challenges, many apprenticeship countries use pre-apprenticeship programmes to transition under-prepared young people into regular apprenticeships. Such programmes can be substantial: for example in Germany in 2013, for every two persons starting regular apprenticeships, one starts a pre-apprenticeship,¹⁵² implying a relative programme scale unmatched by the (now abandoned) traineeships programme in England. A few countries also offer modified programmes designed for those who cannot immediately pursue a regular apprenticeship. Such schemes offer a safety net for young people with limited school attainment who may be disengaged from education and training, and at risk of becoming NEET. Although NEET rates have multiple causes, many countries with substantial pre-apprenticeship and modified apprenticeship schemes have lower NEET levels. In 2022, 12.5% of those

¹⁵⁰ The research study used longitudinal data to classify the cohort into different categories according to the dominant experience during the period of years examined.

¹⁵¹ Dickerson, A., Morris, D., and McDool, E., 'Post-Compulsory Education Pathways and Labour Market Outcomes', *Education Economics* 31, no. 3 (4 May 2023): 326–52, <https://doi.org/10.1080/09645292.2022.2068137>.

¹⁵² Kuczera, M. and Field, S., 'Apprenticeship in England, United Kingdom'.

aged 20-24 were NEET in the UK, compared with 12.2% in Switzerland, 11.8% in Denmark, 10.8% in Austria, 8.9% in Germany and 4.4% in the Netherlands.¹⁵³

Pre-apprenticeships

The aim of pre-apprenticeship programmes is to develop the skills necessary to succeed in an apprenticeship, assisting both individuals and the employers who may subsequently offer them regular apprenticeships (see Box 9). Often such schemes offer a mix of work experience, classroom and workshop training, and education, with the length, intensity, and emphasis varying. This type of programme is difficult to evaluate, since programme participants are by definition those who will find it difficult to obtain and pursue an apprenticeship, so success is relative to a purely hypothetical measure of what would have happened to those young people had they not entered the programme.

In principle, pre-apprenticeship programmes look as if they should help the most disadvantaged, by giving them the kind of support they need to access regular apprenticeships. But this may not always happen in practice. In Australia, those with less years of schooling, or with a disability, were less likely to benefit from pre-apprenticeships, while indigenous people were more likely to make use of pre-apprenticeships in the trade professions but not in other areas. The implication is that if pre-apprenticeship programmes are to assist the most disadvantaged, they need to be carefully targeted.¹⁵⁴

¹⁵³ OECD, 'Youth Not in Employment, Education or Training (NEET)', OECD, accessed 25 April 2025, <https://www.oecd.org/en/data/indicators/youth-not-in-employment-education-or-training-neet.html>.

¹⁵⁴ Karmel, T., 'The Efficacy of Pre-Apprenticeships' (NCVER, 2021), <https://www.voced.edu.au/content/ngv%3A91810>.

Box 9: Pre-apprenticeship programmes

In Austria, the Production Schools offer practical training in various trades combined with social and personal development support for young people not ready for formal apprenticeships. 60% of participants have positive outcomes, entering apprenticeships or further education.¹⁵⁵

Pre-apprenticeship programmes **in Ontario** offer free training and work placements for up to 52 weeks. They target individuals lacking skills or experience for regular apprenticeships, including Indigenous people, newcomers, and women.¹⁵⁶

In Germany three different programmes help to prepare disadvantaged youth for vocational training through practical experience combined with classroom instruction. Participants are more likely than non-participants to then enter apprenticeships or employment.¹⁵⁷

In Ireland the 15-week Access to Apprenticeships programme gives less advantaged young people the chance to sample apprenticeships in a range of sectors, as well as access to wider support. It includes classroom teaching and 2 weeks of work experience. Half of the participants in one programme went on to pursue an apprenticeship.¹⁵⁸

In New Zealand the *Mana in Mahi* programme helps disadvantaged youth into apprenticeship by subsidizing their wages and mentoring participants, who receive a qualification.¹⁵⁹ Of the participants who had been on benefits, 75% did not return to benefits after the programme.¹⁶⁰

¹⁵⁵ 'ILO Toolkit for Quality Apprenticeships Volume 2: Guide for Practitioners', accessed 25 April 2025, https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_emp/@ifp_skills/documents/publication/wcms_748751.pdf.

¹⁵⁶ Ontario government, 'Pre-Apprenticeship Training', 2025, <http://www.ontario.ca/page/pre-apprenticeship-training>.

¹⁵⁷ Kis, V., 'Work-Based Learning for Youth at Risk: Getting Employers on Board' (OECD, 2016), https://www.oecd.org/en/publications/work-based-learning-for-youth-at-risk_5e122a91-en.html.

¹⁵⁸ <https://www.tudublin.ie/study/apprenticeships/access-to-apprenticeship/>

¹⁵⁹ Work and Income, 'Mana in Mahi - For Employers'.

¹⁶⁰ New Zealand government, 'Government Exceeds Mana in Mahi Target | Beehive.Govt.Nz', 2022, <https://www.beehive.govt.nz/release/government-exceeds-maha-mahi-target>.

In Scotland the Employability Fund aims to help young people into an apprenticeship or jobs through a combination of work experience, training, and by fostering employability skills.¹⁶¹ Evaluations indicate that the programme helps young people to progress.¹⁶²

In Switzerland the *Integrationsvorlehre* (INVOL) programme prepares disadvantaged youth and migrants for vocational training through language learning and competency development. 75% of participants subsequently enter apprenticeships.¹⁶³

In England the traineeships programme, which paralleled such schemes, was dropped by the previous government. The T level foundation year¹⁶⁴ was designed for those students who want to pursue T levels but need some additional preparation before doing so.¹⁶⁵ In practice, this programme has turned out to be a pathway into apprenticeship as well as T levels, underlining how many young people, for good reasons, may change their minds about career and learning objectives.¹⁶⁶ This experience argues for a broader foundation year leading to apprenticeship, T levels, employment or some other positive outcome.

Modified apprenticeship

A few countries offer specially adapted apprenticeship schemes designed for disadvantaged young people, where disadvantage is interpreted variously, for example in relation to diagnosed special needs, or limited prior school attainment and other disadvantages. In England this topic is of

¹⁶¹ Camacho-Dominguez, G. A. et al., 'Traineeships_in_England' (Edge Foundation, 2024), https://www.edge.co.uk/documents/509/Traineeships_in_England.pdf.

¹⁶² Dorsett, R. et al., 'Estimating the Impact of Traineeships: Final Report' (Institute of Employment Studies, 2019), https://assets.publishing.service.gov.uk/media/5dd410e0ed915d08703aa18e/Traineeships_Impact_Evaluation.pdf.

¹⁶³ ILO, *ILO Toolkit for Quality Apprenticeships Volume 2: Guide for Practitioners* (ILO, 2020), https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_emp/@ifp_skills/documents/publication/wcms_748751.pdf.

¹⁶⁴ DfE, 'T Level Foundation Year: Framework for Delivery', GOV.UK, 2021, <https://www.gov.uk/government/publications/t-level-foundation-year-framework-for-delivery>.

¹⁶⁵ Field, S., 'Great Expectations: Three Steps to a World Class Apprenticeship System'.

¹⁶⁶ Field, S.

particular interest because the publicly announced features of foundation apprenticeships suggest that they will be a form of modified apprenticeship, as it has been stated that they will involve a 'paid job'.¹⁶⁷

One challenge is how to persuade employers to take on young people who lack the qualities they normally considered essential in a starting apprentice. Some countries, without modifying their standard apprenticeship schemes, simply offer financial incentives. In Australia employers are given monetary incentives to hire disadvantaged group members, including indigenous Australians and job seekers, as apprentices.¹⁶⁸ In Ireland, where until recently apprenticeships have been an overwhelmingly male domain, dominated by construction professions, a new scheme offers employers around £2,300 for each female apprentice recruited in sectors which are currently more than 80% male.¹⁶⁹ Ireland also offers incentives to some disadvantaged apprentices directly, including the Access and Inclusion bursary and the Traveller Apprenticeship Incentivisation Programme, which can provide up to around £2,500.¹⁷⁰

¹⁶⁷ FE News, 'Keir Starmer Announces New Foundation Apprenticeship at the Labour Party Conference', *FE News* (blog), 24 September 2024, <https://www.fenews.co.uk/skills/keir-starmer-announces-new-foundation-apprenticeship-at-the-labour-party-conference/>.

¹⁶⁸ Queensland Government, 'Employer Incentives and Subsidies for Apprenticeships and Traineeships', 22 April 2021, <https://www.business.qld.gov.au/running-business/employing/hiring-recruitment/apprentices-trainees/about/cost-benefits-incentives/employer-incentives-subsidies>.

¹⁶⁹ Department of Further and Higher Education, Research, Innovation and Science, 'Minister Harris Announces New Gender-Based Funding for Apprenticeship Employers', 2022, <https://gov.ie/en/department-of-further-and-higher-education-research-innovation-and-science/press-releases/minister-harris-announces-new-gender-based-funding-for-apprenticeship-employers/>.

¹⁷⁰ Citizens Information, 'Apprenticeships' (Citizensinformation.ie, 2025), Ireland, <https://www.citizensinformation.ie/en/education/further-education-and-training/apprenticeships/>.

Box 10: An incentive scheme for disadvantaged apprentices in Germany¹⁷¹

Between 2008 and 2010 a training bonus scheme (*Ausbildungsbonus*), offering £3,500 to £5,000 per apprentice, encouraged employers to take on apprentices who had not previously been successful in obtaining an apprenticeship, who had limited qualifications, or who had learning difficulties.

The bonus was paid to employers showing evidence of taking on increased numbers of apprentices, with half of the bonus being withheld until the apprentice took the final exam. Extra payments were offered for apprentices with a disability.

However evaluation found that over 90% of the apprentices would have been taken on without the bonus, suggesting that the bonus was too low to make a real difference in behaviour.

However, an OECD review points to difficulties with such schemes.¹⁷² Most evidence suggests that the effects of employer financial incentives on apprenticeship provision are modest. 'Deadweight', whereby employers would have offered the same apprenticeship even without the subsidy, is common. Evaluations of a German scheme illustrate the challenge (see Box 10).

The risks of deadweight from financial incentives used in isolation suggest that more might be achieved by modifying the design of apprenticeship schemes to make them more suitable for disadvantaged apprentices. This would ensure that they are also attractive to employers, while providing support to the disadvantaged apprentices during their programmes. From this perspective, two schemes stand out. In Austria the scheme offers a standard apprentice qualification but with extra support and subsidies for the employers. In Switzerland the programmes involve lower-level apprentice qualifications, while allowing for progress to a regular, longer apprenticeship (see Box 11).

¹⁷¹ Kis, V., 'Work-Based Learning for Youth at Risk: Getting Employers on Board'.

¹⁷² Kis, V.

Box 11: Special apprenticeship programmes designed for disadvantaged youth

In Austria, Integrative Apprenticeships (*Integrative Berufsausbildung* (IBA) aim to serve those with special needs, disabilities, and those lacking a basic school leaving certificate. Participants may take longer to complete, or obtain a partial qualification in between one and three years. Participants attend regular classes in vocational schools, but with additional support from teachers who are specially trained, and with smaller class sizes. Employers receive special subsidies to take apprentices in the programme.

In Switzerland, regular apprenticeships are usually 4 years long. Special two year apprenticeships are offered to young people seen as being at risk, and/or have not found regular apprenticeships. They cover around 60 occupations, including retail sales and healthcare assistants. They combine on-the-job training with vocational school education, typically one day per week, supplemented by extra tutoring, and extra support within the training company. Graduates of the scheme can progress into regular apprenticeships, receiving credit for their time in the programme, and 41% of graduates of the programme make this transition. Of those who do not enter further training, three quarters find jobs within six months. Analysis also suggests that employers providing these apprenticeships break even on their training investment.

Source: Kis, Work-Based Learning for Youth at Risk: Getting Employers on Board¹⁷³

¹⁷³ Kis, V.

Access to apprenticeships: conclusions

Looking across countries, two types of scheme are used to transition young people with economic, social and educational disadvantages into apprenticeships. First, many different countries offer pre-apprenticeship schemes, aiming, through a blend of work experience, education and training to prepare young people so that they can access regular apprenticeships. Second, a few countries have developed modified apprenticeship schemes designed to be suitable for the most disadvantaged, and these schemes may allow transition to regular apprenticeships. Much evidence suggests that England could usefully draw on this experience, given relatively high NEET rates among young adults, and the abandonment of traineeships.

- Firstly a pre-apprenticeship programme might be developed to build on the existing T level foundation year, which already transitions some young people into apprenticeship.
- Secondly the new foundation apprenticeships will need to recognise the need to encourage employers to take on individuals who are most at risk. A carefully designed modified apprenticeship scheme, drawing on experience of such schemes in Austria and Switzerland, may be the most effective approach.

Conclusion: what are apprenticeships for?

What is apprenticeship for? In England, as in most countries with apprenticeship systems, the answer is twofold. First, for the many young people who do not enter higher education – half the youth cohort in England – it offers training for many skilled jobs. This serves equity by offering career opportunities to young people who come from disadvantaged backgrounds, and may not have done well at school. Secondly, apprenticeships serve the economy by providing the skills for the many jobs that do not require higher education.

But in England, while some apprenticeships serve these objectives, a growing part of the apprenticeship system has different functions. The system is increasingly used by incumbent and older workers, often in higher education and as a result, is now disproportionately benefitting those from better off backgrounds.¹⁷⁴ So a large part of the system neither effectively serves equity, nor the needs of the economy, given evidence that the strongest economic contributions of apprenticeship training come from the training of new, younger recruits.

These developments raise a profound challenge. At a time of intense public expenditure pressures, it will not be possible to justify the apprenticeship budget of £2.7 billion as providing, in significant part, just another form of higher education alongside the higher education budget of £10.7 billion.¹⁷⁵ Nor can the justification be as a contribution to the employer training of incumbent workers, when employers already spend around £39 billion on this function.¹⁷⁶ Evidence suggests that when the apprenticeship budget is used for these tasks, it is often displacing alternative budgetary sources and providing little help to the most disadvantaged. To the question of “What is apprenticeship for?” the answer has to give a leading role to training for young new recruits, in the

¹⁷⁴ Cavaglia, McNally, and Ventura, ‘The Recent Evolution of Apprenticeships: Apprenticeship Pathways and Participation since 2015’.

¹⁷⁵ DfE, ‘Supplementary Estimate 2024-25: Estimates Memorandum’ (DfE, 2025), <https://committees.parliament.uk/publications/46698/documents/240276/default/>.

¹⁷⁶ Evans, S., ‘Increasing Employer Investment in Skills’ (Learning and Work Institute, 2022), <https://learningandwork.org.uk/wp-content/uploads/2022/04/Raising-the-bar-Increasing-employer-investment-in-skills.pdf>.

interests both of equity and the UK economy. That implies significant reform.

Drawing on international experience, this report has set out some directions for such reform. This report has shown how many countries have less diverse, but more targeted apprenticeship systems, often involving a primary focus on young school leavers as new recruits. Off-the-job training more often takes place through face-to-face training in a school or college, through day release – so compliance with off-the-job training requirements is easy to monitor. On-the-job training may be regulated and professionalised, with qualified company trainers. In nearly all countries, (with England being an exception) apprenticeship leads directly to a recognised named qualification. Often substantial pre-apprenticeship systems prepare young people to enter full apprenticeship. Special pre-apprenticeship and modified apprenticeship programmes are used to support disadvantaged young people into and through apprenticeship programmes. Funding for youth apprenticeship may also be more generous. Employers less commonly have to contribute to the costs of off-the-job training, and quite often they receive incentives to take youth apprentices. Youth apprentices themselves may receive different benefits.

In this report, these comparisons have been used to underpin proposals for how apprenticeships might be refocused to improve both the quantity and the quality of apprenticeships for young people, especially the most disadvantaged, including those with weak school attainment. Some of these proposals would involve additional expenditure. In the context of general pressures on public expenditure, such spending might have to be supported through different priorities within the apprenticeship budget, as much as through overall growth in that budget.

This will require a new approach, casting aside some of the thinking associated with the apprenticeship levy, under which employers determine priorities for the use of 'their' money. That thinking has not worked, as it has facilitated, in the context of a very flexible and diverse apprenticeship system, a much reduced emphasis on youth apprenticeship, which has not been good either for equity or the national economy. It is time to cast aside levy illusion, to recognise the levy as a tax, and to give a clear priority to youth apprenticeship.



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