

Apprenticeships: An overview of the current apprenticeship system and developing government policy.

1. The current system:

1.1 The Government has made a commitment of 3 million new apprenticeships starts in England between 2015 and 2020. Apprenticeships are full time paid jobs which incorporate on and off the job training. A successful apprentice will receive a nationally recognised qualification on completion of their apprenticeship. New recruits or existing employees aged 16 and above can undertake an Apprenticeship.

1.2 Under the current system, there are over 200 different types of apprenticeships available in England, in 13 broad sector subject areas, through existing apprenticeship frameworks.

Apprenticeships can be studied at different qualification levels:

- Intermediate Apprenticeships lead to level 2 qualifications, equivalent to 5 GCSE passes;
- Advanced Apprenticeships lead to level 3 qualifications, equivalent to 2 A level passes;
- Higher and Degree Apprenticeships lead to level 4 qualifications and above.

1.3 Recognised apprenticeships are required to meet Government minimum standards, which include a minimum duration of 12 months (some apprentices aged over 19 may complete an apprenticeship in less than 12 months if they demonstrate prior attainment of certain qualifications), employed for 30 hours a week, an English and maths requirement if the apprentice doesn't have the relevant qualifications, and off the job training. Apprentices have the same rights as other employees and are entitled to be paid at least the apprenticeship rate of the national minimum wage.

1.4 Apprentices aged 16-18 are entitled to the apprentice minimum wage of £2.73 an hour. This will increase to £3.30 from 1st October 2015. Employers can, if they wish, pay more than the minimum apprentice wage. Those over the age of 19 are also entitled to the apprentice minimum wage in the first 12 months of their apprenticeship. After the first 12 months those aged 19 or over are entitled to the national minimum wage rate, which is age dependant.

1.5 Traineeships are also available for people who are unemployed and have little work experience, but can be prepared for employment or an apprenticeship within 6 months. Traineeships are relatively new and developing, offered by some training providers, and are seen as a 'stepping stone' into an apprenticeship.

1.6 The Government contributes towards the training of an apprentice depending on the apprentices' age. The Department for Education (DfE) funds training for apprentices aged under 19. The Department for Business Innovation and Skills (BIS) provides the funding for apprentices aged 19 and over. DfE and BIS cover a proportion of the cost of training apprentices, the amount they contribute depends on the age of the apprentice:

- 100% of the training costs for Intermediate and Advanced Apprenticeships if the apprentice is aged 16-18
- 50% of the training costs if the apprentice is aged 19-23
- Up to 50% of the training costs if the apprentice is aged 24 and over

1.7 If employers choose to deliver additional qualifications as part of the apprenticeship which are not within the apprenticeship framework, then these qualifications will be paid for by the employer. Employers are free to fund apprenticeships themselves without any support from government.

1.8 The Apprenticeship Grant for Employers of 16-24 year olds (AGE 16-24) pays £1,500 to small businesses hiring a young apprentice if the firm has not hired an apprentice before. AGE 16-24 began in 2012 aiming to encourage more small businesses (less than 50 employees) to hire apprentices and encourage more young people into apprenticeships. An employer can claim up to 5 grants. This grant is available until December 2015.

1.9 As well as AGE 16-24 other support is also available for employers seeking to employ an apprentice:

- Abolition of employer national insurance for apprentices under 25. From April 2016 no employer will pay secondary class 1(employer) national insurance contributions for apprentices under 25 earning up to the upper earning limit
- The government runs an official job site for apprenticeships in England, Apprenticeship Vacancies, which employers can use. An employer guide to apprenticeship recruitment is also available through Gov.uk
- Apprenticeship Training Agencies (ATAs) are organisations directly employing apprentices, which employers can hire. The business hosting the apprentice operates as the apprentice's day to day workplace and manager. ATAs coordinate the training and pay associated training costs. The host employer pays a fee based on wage and training costs. ATAs deal with the administration associated with hiring or employing an apprentice.
- Local training providers and colleges will offer support to employers, for example, assist in advertising and recruiting apprenticeship vacancies, and support the apprentice whilst on training and at work.

2. Government Apprenticeship Policy Development:

2.1 The Richards Review of Apprenticeships looked at how apprenticeships in England could meet the needs of the changing economy. Following this review a number of changes to the apprenticeship system are being developed. Broadly: apprenticeship frameworks to be more rigorous and responsive to the needs of employers, higher expectations on English and maths, provide a grading system e.g. Pass, Merit, Distinction, an assessment at the end of the apprenticeship, and funding reforms to provide employers greater control over training.

2.2 In the 2015 Queen's speech the government set out its intention to create a duty to report on progress to meeting the target of 3 million new apprenticeships by 2020. Public sector bodies will be required to employ apprentices and will be set targets to increase apprenticeship numbers. The Welfare and Reform Bill includes an obligation for the government to report each year on progress made towards meeting the target. The government has also announced that it would give apprenticeships the same legal treatment as degrees and protect the term 'apprenticeship' in the Enterprise Bill.

2.3 In line with the recommendations from the Richards Review, new apprenticeship standards are being developed by employer led groups known as 'trailblazers'. There are currently 140 trailblazers involving over 1,200 employers and 129 apprenticeship standards have been published so far, of which, 45 are Higher and Degree Apprenticeships. More than 220 new standards are in development. In November 2014 an integrated Degree Apprenticeship model was also announced. Employers, universities and professional bodies' co design a new degree to meet full competency for an occupation. Degree apprenticeships are part of the Higher Apprenticeship programme. The digital sector is developing the first of these integrated Degree Apprenticeships.

2.4 A new funding pilot is being trialled which gives employers greater control over spending on training delivery. The simplified funding pilot involves:

- For every £1 spent by an employer on training the government will contribute £2 up to a maximum cap
- Additionally, 3 incentive payments are available to employers for recruiting 16-18 year olds, for small businesses and on successful completion of the apprenticeship

2.5 The March 2015 budget announced employers will be given funding control through an Apprenticeship Voucher, which will be developed before full implementation in 2017. The 2015 summer budget set out plans to introduce a levy on large employers to create a fund supporting apprenticeships. It has been suggested that this levy could be collected via a PAYE system. Further details of the levy will be set out in the 2015 Spending Review.