

The Skills We Need, And Why We Don't Have Them



How Apprenticeships should be reformed to
make the UK compete on the global stage

Tom Richmond and Jonathan Simons



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Introduction and Executive Summary

When Theresa May stood on the steps of Downing Street and delivered her first words as Prime Minister, she emphasised three things. The first was that her government was going to be one that focussed on social mobility and to be a country “that works not for a privileged few, but for every one of us”. The second was that following the European Union referendum, the country “faces a great national change” and will “forge a new positive role for itself in the world”. And the third was that in all areas of public policy, the government was going to focus on what was termed the ‘just about managing classes’.

The skills agenda – and specifically, the government’s flagship programme of Apprenticeships – is central to the themes within this speech, and has the potential to answer all three of those challenges.

A flourishing Apprenticeship system offers immense possibilities for the UK – a chance to offer a world class alternative to the traditional academic pathway, to address labour market needs, and to boost social mobility. Politicians of all parties are right to value Apprenticeships, and this report starts from the position of strong support for a high quality system of professional and technical education. This report sets out the changes needed to ensure that the UK has one.

“A flourishing Apprenticeship system offers immense possibilities for the UK – a chance to offer a world class alternative to the traditional academic pathway, to address labour market needs, and to boost social mobility”

Skills and the May agenda

The best vehicle for social mobility is a high quality education. A government that has at its heart an ambition to improve social mobility is one that prioritises education. In particular, a high quality further education and skills system offers a route other than the academic one to those who might benefit from it, improving their own life chances.

A flourishing skills system also offers a way in which Britain can “forge a new positive role in the world”. The current UK labour market is in many ways a global one; in particular, many employers in the UK have used immigration to address skills shortages. Post Brexit, it is likely that there will be a decline in those numbers, requiring the substitution of UK labour and an expansion of skills based training for UK citizens.

The third element of the skills system which speaks to the Prime Minister’s remarks is its class composition. The FE sector has historically educated

disproportionately from those who are more disadvantaged and socially excluded. 29% of learners in further education colleges are from disadvantaged postcodes, compared to 25% of the population as a whole, and 56% of 17-year olds in further education colleges are from the bottom three socio-economic groups, compared with 22% in maintained school sixth forms¹. In other words, delivering improvement in this sector and in the broader skills arena will have a disproportionate benefit on precisely that group which Mrs May and the government have – rightly, in this report's view – suggested need additional focus and support.

Lastly, and importantly, skills offer a chance to improve social cohesion. Research by Matthew Goodwin and Oliver Heath, which linked counting data from the EU referendum to census data, allows for a statistical picture to be drawn of those who voted Remain and those who voted Leave. This research concluded that

“The Leave vote was much higher in authorities where there are substantial numbers of people who do not hold any qualifications, but much lower in areas that have a larger number of highly educated people. Fifteen of the 20 ‘least educated’ areas voted to leave the EU while every single one of the 20 ‘most educated’ areas voted to remain².”

This is unequivocally not to conclude – as some commentary following the referendum has come close to doing - that people who voted for Leave are misinformed. It is simply to note that education achievement gaps are representative of divisions within society. The Brexit vote was simply one manifestation of a potentially significant and important cleavage amongst the British people. When a large proportion of public opinion feels out of step with the whole purpose of government – especially where they feel ‘left behind’ - then that is a political culture which needs remedying.

Apprenticeships to the rescue?

Talk about the importance of technical education to a Government Minister, or indeed any politician, and the answer is swift: Apprenticeships are the way in which the UK is rejuvenating this pathway.

High-quality Apprenticeships do indeed offer key benefits: a well-known brand, employer engagement, a mixture of on-the-job and off-the-job training and deep historical roots. They offer a win-win-win system: prospects for the individual, gain for the employer who recruits them, and gain to the wider economy and society. In particular, the development of higher level Apprenticeships, and standards in highly prestigious white collar and professional service occupations, offer a chance to both meet businesses' specific higher level skills needs and also boost the prestige of this route.

Since 2010, the Government has made clear that Apprenticeships would be prioritised as the *primus inter pares* technical route, including through the abolition of the more generic ‘Train to Gain’ programme and with funding redistributed to Apprenticeship starts. In 2012, to ensure that the quantity of Apprenticeships did not come about at the expense of their quality, Doug Richard, the entrepreneur, was commissioned to produce a report on how to ensure Apprenticeships could be high quality. The 2015 Conservative Party election manifesto committed the Government to delivering three million Apprenticeship starts over this Parliament, funded via

¹ BUDDERY, P., KIPPIN, H., AND LUCAS, B. (2011), *The further education and skills sector in 2020: a social productivity approach*. London, RSA.

² GOODWIN, M. AND HEATH, O., *A tale of two countries: Brexit and the ‘left behind’ thesis*. London School of Economics Brexit Vote blog, London, 22 July 2016.

an 'Apprenticeship levy'. And most recently, the Department for Education has announced that there will be a Technical Education Bill to take forward some elements of this agenda. This is a fast moving programme and it is evolving all the time.

Apprenticeships – at their best – are world class. However, despite the move away from the old system of frameworks to the new Apprenticeship standards, the concern is that many of these new Apprenticeship programmes fall short of this ideal.

Who will rescue the rescuers?

This report analyses Apprenticeships policy from 2012, with the publication of the Richard Review and the commencement of the reform programme, to date.

Our conclusion is that some of the new Apprenticeship standards are superbly designed, with high level employer engagement, and provide access to labour market and wage progression for the individuals who take them up. However, while well intentioned, their real world roll out has demonstrated a number of weaknesses in the Apprenticeship reforms and the wider strategy that threaten to (and, in some cases, have already begun to) undermine the very important and laudable principles at the heart of it.

There are a number of world class Apprenticeship standards which are supported by large employers. We have met many of them during our research phase and regional roundtables and heard from them how, working with providers and awarding organisations, they are providing high quality technical training. We have also heard from a number of apprentices and school leavers who are employed on such schemes and their futures do indeed look bright.

But we also conclude that too many of the new Apprenticeship standards which have been designed, approved, funded and are being undertaken do not stand comparison to the best ones in the UK, or reflect an Apprenticeship by international definitions.

An Apprenticeship is not a synonym for 'training'. It is an education programme that focuses on systematic long-term training both on- and off-the-job in a new and skilled occupation. A programme which does not do this – either because the content does not meet skills gaps in the labour market, or because it does not deliver sustained training on- and off-the-job, or because it does not provide access to a new and skilled occupation or links to professional body standards, or because it is not more than professional training – should not be defined as an Apprenticeship. However, the existing government designed system means some Apprenticeships can indeed have these features.

This report identifies a number of weaknesses with the approved new Apprenticeship standards. It outlines how the reality of rolling out the reforms has created an environment where Apprenticeships can be defined and developed that do not adhere to the best in class definition of an Apprenticeship or the high expectation of quality. These include:

- Apprenticeships that are insufficiently stretching to meet the demands of the profession and the level of qualification within it
- Apprenticeships that – while describing an important role or function in a business – do not represent a skilled occupation (as defined by the National

Occupational Standards or international benchmarks) or are not closely aligned or integrated with professional body standards.

- Apprenticeships that do not require substantial and sustained training, particularly the significant amount of off the job training which is central to an Apprenticeship
- Apprenticeships which move individuals through a career ladder in an occupation, but do not include the right level of new responsibilities to ensure the Apprentice grows in a new job or role
- Apprenticeships where too much content is duplicated between different levels, meaning that two (or more) approved Apprenticeship standards are essentially just one set of training
- Apprenticeships with inadequate assessment methods, including ones where the company concerned can sign off their own Apprenticeship with insufficient third party review, or Apprenticeships where there is no agreed method of assessment or awarding organisation contracted to assess whether an apprentice has met the standard.

In addition to the above, some of the new standards are not in sector specific areas but are in generic skills such as management and entrepreneurship. Such standards have proved popular in terms of take up and in some areas, such as management, are undoubtedly addressing skills gaps in a high quality way which should be welcomed. However, as non sector specific Apprenticeships are a new introduction and not aligned with the traditional definition of an Apprenticeship it is important that the appropriate controls are in place to ensure that these programmes are more than just professional training, and that they include the right level of new responsibilities to ensure the Apprentice grows in a new job or role.

“In total, and without change, we conclude that – as a conservative estimate – five hundred million pounds of public money could be spent every year from 2020 supporting young people and adults to undertake new Apprenticeship standards which are not aligned with the traditional definition of an Apprenticeship”

In total, and without change, we conclude that – as a conservative estimate – five hundred million pounds of public money could be spent every year from 2020 supporting young people and adults to undertake new Apprenticeship standards which are not aligned with the traditional definition of an Apprenticeship.

It is important to ask how we got to this position. The report demonstrates that some of the initial definition and decisions relating to the roll-out of

Apprenticeships and the move away from the old system of frameworks to the new standards have not stood the test of real world implementation. As a result there is now an environment where Apprenticeships can be created where the content is insufficient to meet labour market needs, and where employers could potentially rebadge professional training as an Apprenticeship without providing the ancillary benefits.

The report's conclusion is that four miscalculations were made from the beginning of the reform process:

- **There was no clear definition of what the reforms were supposed to achieve and what was meant by an ‘Apprenticeship’** – ensuring a move away from internationally recognised definitions of what an Apprenticeship is, and meaning that there has been a lack of clarity from the start as to the goals of the reform programme
- **There were insufficient safeguards put in place to ensure that only high-quality ‘Apprenticeship standards’ were developed** – meaning that many new Apprenticeships programmes were approved when they shouldn’t have.
- **There were insufficient requirements for how Apprenticeships ought to be assessed** – meaning that it is not always possible to measure appropriately whether an Apprentice has met the standards required of them – and in some cases, that there is no plan at all for assessing the apprentice at the end of the programme
- **There has been confusion about how and why Apprenticeship funding was to be reformed** – meaning that providers, employers and apprentices have been left unsure of how training is to be taken up and a lack of overall control of value for money

In advance of the introduction of the new Apprenticeship levy where the largest businesses will now be required to contribute 0.5% of their paybill to support further uptake of Apprenticeships – which will generate revenue of £2.5bn to be spent on Apprenticeships in England by 2020 - these challenges need to be resolved.

What is to be done?

Apprenticeships have enormous potential. In terms of brand awareness amongst employers and would-be apprentices, they offer the best route for delivering high quality technical education. But the concern is that not enough of the new Apprenticeship standards will deliver the quality that is needed. This report concludes that it is time to put these reforms on a new path that gives the programme stronger foundations and a better educational and economic rationale as part of a more coherent vision for what our Apprenticeship system could and should deliver for apprentices, employers and taxpayers across the country.

In particular, this report details a series of recommendations across three main themes (and which are set out in detail in chapter 4):

1. Set a clear goal for the Apprenticeship programme based on international best practice - and which is not about number of Apprenticeships taken up.

- Recognise that the target of 3m Apprenticeship starts, although a manifesto commitment, is unhelpful as being the primary focus of the programme.
- Set a new primary goal for the programme on ensuring that all new Apprenticeships are of high quality, even at the expense of volume
- Introduce a more robust and demanding definition of Apprenticeships that must be adhered to in order to receive public money

2. Redefine all existing and upcoming Apprenticeship standards to focus unequivocally on quality

- All Apprenticeships must be linked to a skilled occupation as defined by the National Occupational, professional body standards, or international equivalents
- All Apprenticeships must have a curriculum and training plan before they can be approved

- All Apprenticeships must have a named assessment organisation who will accredit the learner and these organisations must be approved by Ofqual

3. Design a delivery infrastructure and funding model that supports Apprenticeships and wider high quality technical education qualifications

- The new Institute for Apprenticeships and Technical Education should become the voice of technical education for all post 16 learning
- Employer Trailblazer groups should be converted into Technical Education Councils to provide a permanent and sustainable vehicle for articulating employer needs
- Funding should be focussed on the clear pathways as set out in the government's plan for post-16 skills, and should include both Apprenticeships and other approved classroom based technical courses, for adult learners

In their 2010 manifesto, the Conservatives committed to “use funding that currently supports Labour’s ineffective employment and training schemes, such as Train to Gain, to provide our own help for people looking to improve their skills. This will allow us to create 400,000 work pairing, Apprenticeship, college and training places over two years”³

The challenge, then, was clear. High quality training was not simply a case of increasing qualifications, particularly when they did not deliver new skills. The previous approach of quantity over quality had failed, and Apprenticeships – the programme which could make a difference – was to be prioritised.

It is easy to see how the Apprenticeship reforms therefore came about from 2010. However, it is also easy to see how the current approach, if not unchecked, risks leaving Apprenticeships by 2020 in the same position as Train to Gain a decade earlier; a programme consumed with numbers, that lost sight of quality, that sought to bring in all forms of training within its orbit, and did not consistently deliver the transformative outcomes which were required.

A skills system in a country that works for everyone, not just a privileged few, has the potential to do so much better. This report sets out how this can be done.

³ THE CONSERVATIVE PARTY (2010),
*Invitation To Join The Government Of
Britain*. P 17

1

The Early Stages of the Apprenticeship Reforms (2012-2013)

“No matter who I speak with, when I mention Apprenticeships people react warmly. The warmth crosses ages and party lines, regions of the country and backgrounds, ethnicity and gender. People tell anecdotes of people they’ve known who have succeeded through Apprenticeships and they talk about what a fulfilling route to success it can be. Apprenticeships, or at least the notion of them, are popular. This is a good thing and a bad thing. It is good because there is broad support amongst all stakeholders for a strong Apprenticeship system in our country. At the same time, with that warm regard and that popularity, comes a diversity of views on what an Apprenticeship is and, more importantly, what it should be going forward. This plurality of views in itself is no bad thing but it has led us to stretch the definition of what an Apprenticeship is too far and, as a consequence, we risk losing sight of the core features of what makes Apprenticeships work, what makes them unique.”

From the introduction to the ‘Richard Review’ (2012)

The current labour market and the position of skills

Only a decade ago, the consensus of policymakers was that the UK would be moving away from a low skilled labour market to one in which high skill, high status work dominated. The Leitch report, commissioned by Chancellor Gordon Brown in 2004, concluded that

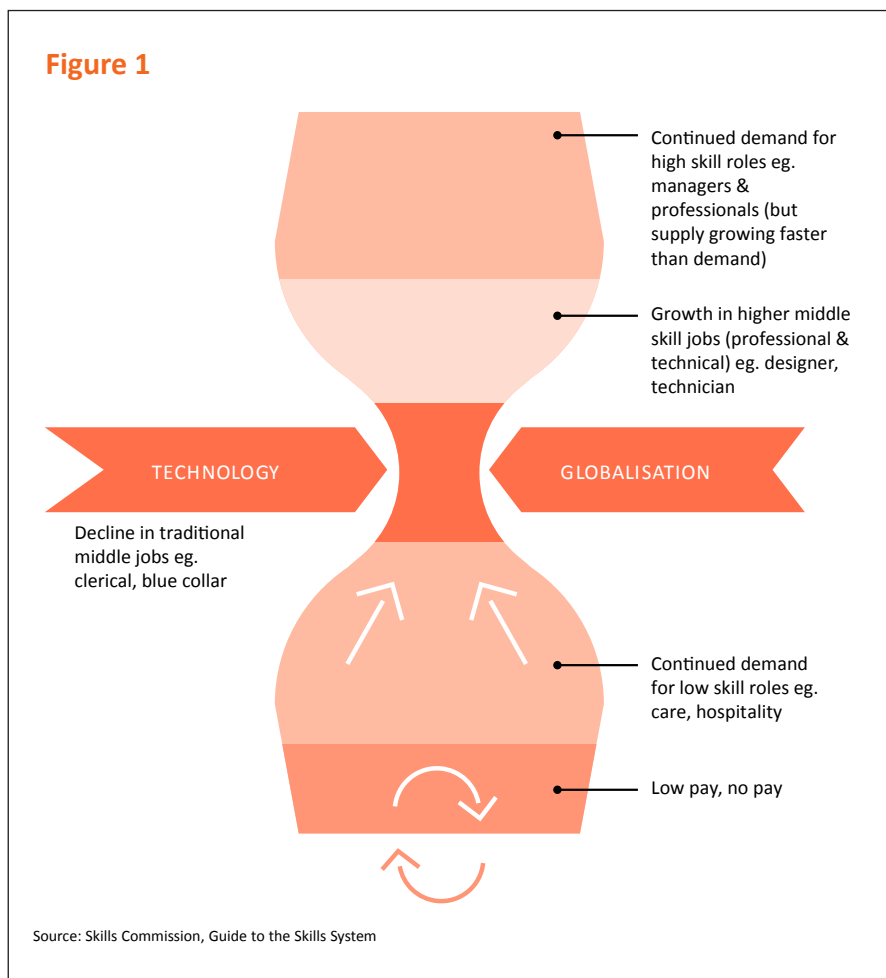
“In the 19th Century, the UK had the natural resources, the labour force and the inspiration to lead the world into the Industrial Revolution. Today, we are witnessing a different type of revolution. For developed countries who cannot compete on natural resources and low labour costs, success demands a more service-led economy and high value-added industry. In the 21st Century, our natural resource is our people – and their potential is both untapped and vast. Skills will unlock that potential. The prize for our country will be enormous – higher productivity, the creation of wealth and social justice. The alternative? Without increased skills, we would condemn ourselves to a lingering decline in competitiveness, diminishing economic growth and a bleaker future for all”.⁴

In his Budget speech in 2006, accompanying the launch of the report, Gordon Brown predicted that there would be just 600,000 low skill jobs in the UK in 2020⁵.

As is now easily seen, such forecasts were misguided. The UK labour market now represents what is called an ‘hourglass’, with growth both at the top end and bottom end, and with shrinkage seen in medium skill jobs - driven by globalisation, outsourcing, and automation.

4 HM TREASURY (2004), *Prosperity for all in the global economy - world class skills*, Introduction

5 GUARDIAN (2006), *Full text: Gordon Brown’s Budget speech 2006*, 22 March 2006



The UK retains a long standing weakness in the proportion of the labour market at low and medium skill level – known as the long tail. We rank 19th in the OECD for those qualified with low skills, and 24th for those with moderate skills. By contrast, we rank 11th for high skills⁶. Separate OECD analysis in January 2016 suggested that the UK had the lowest literacy rate and the second lowest numeracy rate of 23 developed nations⁷.

This position both reflects and is a consequence of the investment decisions and public policy choices which have been made by successive governments with regards to tertiary education. Put simply, as a country we have systematically privileged Higher Education and universities – who educate by no means exclusively, but disproportionately, the economic and social elite – at the direct expense of the Further Education and skills system, used as above disproportionately by those from lower income backgrounds.

In 2010, to address these issues, the incoming Coalition Government made clear that Apprenticeships would be prioritised as the *primus inter pares* technical route, including through the abolition of the more generic ‘Train to Gain’ programme and with funding redistributed to Apprenticeship starts.

However, despite a consensus that more people starting an Apprenticeship was commendable, the emerging evidence suggested that this was not delivering what apprentices or our economy needed. Although the Government did not want to

6 UK COMMISSION ON EMPLOYMENT AND SKILLS (2015), *UK skills levels and international competitiveness 2014*. Stationery Office, London

7 OECD (2015), *Survey of Adult Skills / Programme for the International Assessment of Adult Competencies (PIAAC)*. OECD, Paris.

lose momentum towards greater Apprenticeship numbers, it recognised that the quality of Apprenticeships had diminished. Doug Richard, the entrepreneur, was therefore commissioned to produce a report on how to ensure the high quality of Apprenticeships.

The terms of reference for the Richard Review were to help the Government “build upon the record success of Apprenticeships in recent years”.⁸ When he published his final report in November 2012, it contained a set of clear recommendations about where Apprenticeships policy should go next:

- Apprenticeships should be ‘redefined’ so that they are targeted only at those who are new to a job or role that requires sustained and substantial training
- Apprenticeships should focus on the outcome - what the apprentice can do when they complete their training - and the process by which they get there should be freed up
- the assessment of Apprentices should be ‘trusted’ and ‘independent’
- industry standards should be recognised as the basis of every Apprenticeship and linked to professional registration in sectors where this exists
- all apprentices should be required to have reached Level 2 in English and maths before they can complete their Apprenticeship
- government funding should create the right incentives for Apprenticeship training, with the purchasing power for investing in training lying with the employer and greater diversity and innovation in training - with employers and the government safeguarding quality⁹

In March 2013, the Government endorsed this plan: “We firmly agree with Doug Richard’s assessment of the challenges and opportunities ahead, and endorse his vision for the future of Apprenticeships and the key steps we will need to take to get there.”¹⁰

The Government reforms which followed this endorsement were then announced by the Prime Minister in October 2013:

“If you want an Apprenticeship, we’re going to make sure you do the best Apprenticeship in the world. The reforms we’re announcing today will put employers in the driving seat and ensure that we deliver rigorous training that supports you and our economy for years to come.”¹¹

Alongside this came the Government’s implementation plan, which sought to translate Doug Richard’s vision into concrete steps distributed among three main actors: employers, apprentices and government.

“In this relationship, the government’s role is to set the principles and criteria for Apprenticeships to ensure they are rigorous and responsive; the apprentice’s role is to work hard in their pursuit of the Apprenticeship standard and the employer’s role is to drive the system, ensuring that Apprenticeships deliver the skills required to meet their needs and the needs of the future economy.”¹²

There is little to object to in these sentiments. Even so, as this chapter will show, the content of the implementation plan soon revealed that the task of translating such sentiments into a tangible, quantifiable and deliverable reform package was far more complicated than it first appeared.

8 HM GOVERNMENT (2012). *Doug Richard to lead independent Apprenticeships review*. Press release. 11th June.

9 HM GOVERNMENT (2013). *The Future of Apprenticeships in England: Implementation Plan*.

10 HM GOVERNMENT (2013). *The Future of Apprenticeships in England: Next Steps from the Richard Review*. p5.

11 HM GOVERNMENT (2013). *Employers in the driving seat for reformed Apprenticeships*. Press release. 28th October.

12 HM GOVERNMENT (2013). *The Future of Apprenticeships in England: Implementation Plan*. p10.

Encouragingly, the Government's plans had high level employer buy-in from the outset. The Richard Review had strongly argued that employers must be placed at the heart of the new Apprenticeship system. The Government's response was to initiate the 'Trailblazer' programme. Groups of employers, by sector, were tasked with developing the Apprenticeship standard and high level assessment approach for an occupation or number of occupations in their sector¹³

The list of employers and professional bodies involved in the Trailblazers was impressive – BAE Systems, Rolls Royce, BMW, Siemens, KPMG, IBM, Microsoft, Balfour Beatty, the National Grid, British Gas, Barclays, HSBC, Nestle, Unilever, and the Royal Society of Chemistry to name but a few. This unequivocal statement of intent from highly-regarded employers and institutions provided the momentum needed to launch the Trailblazers.

Maintaining a high degree of employer buy-in to the Apprenticeships programme is important, and is a key success criterion for any reforms. However,

“Maintaining a high degree of employer buy-in to the Apprenticeships programme is important, and is a key success criterion for any reforms”

despite early enthusiasm for the Richard Review from ministers and employers, our analysis suggests that there were four key weaknesses in the implementation plan that put the programme at risk from the start. These were:

- Failing to clearly define what the reforms were supposed to achieve and what was meant by an 'Apprenticeship'
- Insufficient safeguards to ensure that only high-quality 'Apprenticeship standards' were developed
- Flawed requirements for how Apprenticeships ought to be assessed
- Confusion about how and why Apprenticeship funding was to be reformed

Failing to clearly define what the reforms were supposed to achieve and what was meant by an 'Apprenticeship'

The most important element required for any new reform programme is a clear statement of its aims and objectives. This statement provides a collective understanding of what the reforms will deliver, and when. Yet the Government's implementation plan does not describe the aims and objectives for the Apprenticeship reforms at any point. The closest that the Government comes to explaining what their reforms are supposed to achieve is found in a separate guidance document produced for employers in 2013:

“Our reform programme is set out in *The Future of Apprenticeships in England: Implementation Plan*. The key measures aim to:

- **Increase the quality of Apprenticeships.** An apprentice will need to demonstrate their competence through rigorous and synoptic assessment. This will focus on the end of the Apprenticeship to ensure that the apprentice is ready to progress. Apprenticeships will also be graded.
- **Put employers in the driving seat.** In future, Apprenticeships will be based on standards designed by employers.
- **Simplify the system.** The new employer-led standards will be short and easy to understand. They will describe the skills and knowledge that an individual needs to be fully competent in an occupation.¹⁴

13 HM GOVERNMENT (2013). *The Future of Apprenticeships in England: Implementation Plan*. p23.

14 HM GOVERNMENT (2013). *The Future of Apprenticeships in England: Guidance for Trailblazers*. p3.

Aside from being hard to locate, these aims are problematic in that they are not specific enough. For example, ‘increasing the quality of Apprenticeships’ only refers to a new style of assessment and the introduction of grading. The key components of a high-quality Apprenticeship – such as the added value of training inside and outside the workplace, the support and mentoring provided by employers and the responsiveness of providers to the needs of each industry sector – are not mentioned. Furthermore, ‘quality’ is not defined or quantified in any meaningful sense. Meanwhile, ‘putting employers in the driving seat’ just refers to the process of employers setting standards. Simplification is welcome but, again, nothing is said beyond the introduction of new standards written by employers.

A reform programme needs aims and objectives that are measurable, tangible, easily understood and widely agreed and publicised among stakeholders. Otherwise it is at risk of going astray and is vulnerable to constant revisions as a result of ministerial or official-level changes. To this day, there has not been a clear statement of the reform’s objectives with details of how observers are supposed to know whether or not they have been achieved. When the National Audit Office investigated the Apprenticeship reforms in 2016 – four years after they began – they concluded that the Government still had:

“not defined what ‘success’ will look like in the reformed programme [...] there are no success measures in terms of, for example, how the programme is impacting on skills levels, addressing skills gaps or improving achievement rates. Without establishing which indicators should be used to judge whether the Apprenticeships market is working in the right way, DfE cannot know whether the systems and incentives in place are having the desired effect.”¹⁵

Having articulated the aims and objectives of the reforms, the next step for the Government should have been to succinctly define what was meant by an Apprenticeship. An earlier report published by the International Labour Office (ILO) set out the internationally accepted definition of an Apprenticeship:

“‘Apprenticeship’ is taken to denote training programmes that combine vocational education with work-based learning for an intermediate occupational skill (i.e., more than routinised job training), and that are subject to externally imposed training standards, particularly for their workplace component.”¹⁶

The ILO definition also incorporates the key features of an Apprenticeship:

- they are based in the workplace and supervised by an employer;
- they are intended for young people;
- the fundamental aim is learning a trade/acquiring a skill;
- the training is ‘systematic’ i.e. follows a predefined plan (a “programme of learning”);
- the training is to established standards for a recognised occupation;
- it is governed by a contract between apprentice and employer;
- it provides long-term training;
- there is also off-the-job education and training;
- there is external regulation of training standards both in and outside the workplace.

15 NATIONAL AUDIT OFFICE (2016). *Delivering value through the Apprenticeships programme*. London: NAO. p7.

16 INTERNATIONAL LABOUR OFFICE (2012). *Overview of Apprenticeship systems and issues: ILO contribution to the G20 Task Force on Employment*. pp2-3.

The Richard Review broadly agreed with the ILO's viewpoint:

"There has been a drift towards calling many things Apprenticeships which, in fact, are not. This does not help us define and support Apprenticeships going forward. Simply enough, not all instances of training on a job are Apprenticeships."¹⁷

The Government's implementation plan subsequently attempted to spell out what an 'Apprenticeship' referred to¹⁸:

Box 1: What is an Apprenticeship?

An Apprenticeship is a job that requires substantial and sustained training, leading to the achievement of an Apprenticeship standard and the development of transferable skills.

This definition is underpinned by four principles of future Apprenticeships:

- an Apprenticeship is a job, in a skilled occupation
- an Apprenticeship requires substantial and sustained training, lasting a minimum of 12 months and including off-the-job training
- an Apprenticeship leads to full competency in an occupation, demonstrated by the achievement of an Apprenticeship standard that is defined by employers and
- an Apprenticeship develops transferable skills, including English and maths, to progress careers.

However, while a superficial glance at this offering may give little cause for alarm, it has subsequently been shown that the definition was in fact not as strong as it needed to be:

- The Government defined an Apprenticeship as "a job that requires substantial and sustained training" whereas the ILO defined it as a training programme that involves employment, not merely a 'job with training'. The Richard Review was also adamant that "increasing the skills of people within an existing job" should not be seen as an Apprenticeship.¹⁹
- Despite 'occupation' being a core feature of the Government's supposed definition, it too was not defined. What's more, the guidance for employers, published alongside the implementation plan, said it was up to them "to agree what constitutes a suitable and discrete occupation."
- The implementation plan suggested that an Apprenticeship is "a job, in a skilled occupation", yet it has never been explained how to differentiate a 'skilled' occupation from 'unskilled' or 'semi-skilled' work. The Standard Occupation Classification (SOC) system used across the UK distinguishes between skill levels (high, upper-middle, lower-middle, low) as well as differentiating between managerial / professional, intermediate, technical and routine / semi-routine roles, yet none of these categories were built into the reforms.
- There was no mention in the implementation plan of other critical features of Apprenticeships, such as the need for a 'systematic' training plan, on- and off-the-job training and external regulation of the training standards.

17 RICHARD, D. (2012). *The Richard Review of Apprenticeships*. London: School for Startups. p4.

18 HM GOVERNMENT (2013). *The Future of Apprenticeships in England: Implementation Plan*. p9.

19 RICHARD, D. (2012). *The Richard Review of Apprenticeships*. London: School for Startups. p32.

Insufficient safeguards to ensure that only high-quality ‘Apprenticeship standards’ were developed

The Richard Review took a robust line on the level of employer engagement in our existing Apprenticeship system:

“...a strong and recurring theme that I heard from stakeholders was that the system is far too complex and that in practice, [Sector Skills Councils] and Awarding Organisations - rather than employers themselves - were the ones in the driving seat.”²⁰

His solution was radical and was welcomed eagerly by the employer community:

“Currently, many [Apprenticeships] involve completing a package of often small qualifications, selected from many thousands available, many of which are not recognised or valued by employers, and which emphasise continuous assessment or evidencing of individual tasks or competencies at a very detailed level. ... Reform is needed to place the achievement of a recognised industry standard at the heart of every Apprenticeship. This standard, which sets out what is required to do the job well, should form the basis of a new overarching Apprenticeship qualification. These should replace Apprenticeship frameworks – along with the qualifications which comprise them, and the national occupational standards which underpin them. The new Apprenticeships qualifications will differ fundamentally from these by focussing solely on setting out, in high level terms relevant and meaningful for employers, what an apprentice should be able to do at the end of their Apprenticeship. The new system will need to place employers much more firmly, transparently and consistently at the centre of the process for defining the content of an Apprenticeship.”²¹

In their response to the Richard Review, the Government wholeheartedly agreed that:

“every Apprenticeship should be based on industry standards that are widely recognised, easy to understand and trusted by employers [and] these should describe what an employer requires from a fully competent apprentice at the end of their training.”²²

In their implementation plan, the Government set out the new approach in more detail:

“In future, every apprentice will train towards the achievement of an employer-designed standard. There will be one new standard for each occupation identified by employers as requiring apprentices, and the standards will replace existing Apprenticeship frameworks. The new standards will be short (typically one side of A4), easy to understand documents that describe the level of skill, knowledge and competency required to undertake a specific occupation well, and to operate confidently within a sector. They will focus on how an apprentice should demonstrate mastery of an occupation, and will not list narrowly defined tasks. The new Apprenticeship standards will meet professional registration requirements in sectors where these exist (for example, in engineering, science and accountancy).”²³

What is interesting to note here is the considerable leeway given to employers, not just in designing the new standards but also in deciding which occupations

20 RICHARD, D. (2012). *The Richard Review of Apprenticeships*. London: School for Startups. p45.

21 RICHARD, D. (2012). *The Richard Review of Apprenticeships*. London: School for Startups. p48.

22 HM GOVERNMENT (2013). *The Future of Apprenticeships in England: Next Steps from the Richard Review*. p11.

23 HM GOVERNMENT (2013). *The Future of Apprenticeships in England: Implementation Plan*. p11.

'require' apprentices. In theory, the Government was able to prevent abuse of employer ownership of the standards by designing a set of criteria that would provide a framework against which to judge the proposed standards put forward by employers. This framework was codified in the following criteria for the new Apprenticeship standards:

Box 2: Criteria for new Apprenticeship standards

Any new standard must:

- describe what full competence for a specific occupation means so that, on completion, an apprentice will have the skills, knowledge and confidence to perform the role in any part of the sector
- be publicly recognised by employers (including small businesses), recognised professional or trade bodies and, where appropriate, higher education institutions (HEIs), as fit for purpose
- be suitable for small businesses to use to train their apprentices, if necessary with external training
- contain sufficient content, and be pitched at such a level, that a new entrant to the occupation would find it stretching and need at least one year of training to meet the standard
- include any skills, and any other requirements, for professional registration if such a system exists in the sector or occupation so that, on completion, a successful apprentice can achieve professional registration.

The Government set a number of additional requirements aside from the core standard. For example, they wanted to see letters of support for the new standard "...from relevant professional and trade bodies and at least five employers (including smaller employers) that are representative of the sector or occupation."²⁴ Each new standard would also have to "specify the level of English and maths achievement required if this is above the general requirements for all apprentices" – which was set at Level 2 English and maths – and the standard also had to "specify any qualifications that are necessary"²⁵

Moving towards 'full competence' and increasing the level of recognition from employers were undoubtedly positive developments. However, the fourth bullet point - which required the standards to contain sufficient content to ensure the Apprenticeship lasted at least a year - was insufficiently clear. There were a number of crucial revisions and omissions as the implementation plan moved from defining Apprenticeships to explaining (just a few pages later) how the new employer-led Apprenticeship standards would be judged:

- The phrase 'skilled occupation' did not feature in the criteria for judging the new standards even though this was a core part of the Government's definition of an Apprenticeship. The criteria merely requested that employers added "sufficient content" to their standards.
- The phrase 'sustained training' was replaced in favour of requiring Apprenticeships to last just 12 months – which is below international standards for the typical length of an Apprenticeship. The need for "long-term training" cited in the ILO definition was not even an expectation, let alone a requirement.
- The implementation plan claimed that the Government would "mandate" the amount of off-the-job training at a minimum of 20%²⁶ (essentially one day

24 HM GOVERNMENT (2013). The Future of Apprenticeships in England: Implementation Plan. p15.

25 HM GOVERNMENT (2013). The Future of Apprenticeships in England: Implementation Plan. p8.

26 HM GOVERNMENT (2013). The Future of Apprenticeships in England: Implementation Plan. p19.

a week) but it did not specify how this would be enforced. There was no need for employers to describe how and when off-the-job training would be delivered or what elements of the training would be best suited to this environment.

- There was no mention of a systematic training or programme of learning. The only mention of a training plan was in the separate guidance for employers, which noted that designing the content of the training would take place, but that it was not formally required nor would it be checked or assessed either in the standard or later in the process.

The end result of these criteria was significant:

- Employers did not have to focus on high-skilled occupations – they merely had to describe any job or role that they wished to be classed as an ‘Apprenticeship’
- There was no compulsion to only offer the Apprenticeship to those who were new to a job or role.
- The new standards did not have to promote long-term or systematic training.
- There was no need for employers to outline the Apprenticeship content that would be delivered in the workplace.
- Employers were under no obligation to explain what would constitute the off-the-job training element of the Apprenticeship.

During this research we have spoken to employers, providers and apprentices who all demonstrate the benefits of high quality Apprenticeship provision. However, while the approach taken by the Government did not preclude the emergence of high-quality Apprenticeships, these reforms did not necessitate them.

“While the approach taken by the Government did not preclude the emergence of high-quality Apprenticeships, these reforms did not necessitate them”

Flawed requirements for how Apprenticeships ought to be assessed

Doug Richard was clear that the assessment of apprentices should happen at the end of the training over a series of days or weeks. His review rightly noted that:

“many countries take a similar approach to assessment. In Germany, for example, the assessment is at the end and includes a final examination in the vocational school and an oral examination and practical test in the workplace. In Switzerland, assessment also takes place at the end and lasts a period of time (around 10 days).”²⁷

The quality assurance of such an assessment system was also considered in depth. The Richard Review highlighted that an assessment system would need to develop criteria against which apprentices could be assessed and differentiated; that such measurements were consistent over time; and were judged by a mixture of an independent assessor (focussing on technical competencies) and employers (judging employability of that apprentice in that occupation).²⁸

27 RICHARD, D. (2012). *The Richard Review of Apprenticeships*. London: School for Startups. p55.

28 RICHARD, D. (2012). *The Richard Review of Apprenticeships*. London: School for Startups. pp73-76.

The Review was also clear that

“A standard is only as good as the way it is assessed. So the biggest challenge here is how to ensure that the standard, as set by employers and approved by Government, is maintained by those who assess it. There is a risk that standards get diluted, misinterpreted or misapplied, and so effective quality assurance of the assessment process is vital. A critical task of Government now will be to identify and implement the most effective mechanism for this – it must be ruthless and unrelenting in safeguarding the standard.”²⁹

In the Government's implementation plan, the early signs were that they had followed Doug Richard's lead:

- A single approach to assessment would be used for each standard and employers and professional bodies would develop the high level approach to assessment while designing their standard, working with assessment experts as they see fit
- On independence, the assessment would be delivered by a third party³⁰ with an expectation that in most cases at least two thirds of the assessment must take place at the end of the Apprenticeship
- On oversight, the Government committed to ensuring that they, a government body or regulator would approve and oversee the assessment process as a whole, or the organisations in charge of that process, and that they should do so in a proportionate way³¹

The Government's assurance that the assessment process would be overseen by a competent body and that standards would be maintained over time was welcome, not least because so much of Doug Richard's vision hinged on getting the quality assurance right.

By adhering to the main tenets of the Richard Review on assessment and reiterating their desire to put in place the infrastructure needed to support the delivery and quality assurance of rigorous Apprenticeships, the Government appeared to be setting off on the right path. There was merit in not being too prescriptive at this stage. However, the importance of consistent, reliable and valid assessment to the functioning of an Apprenticeship system meant that far more attention was required at this juncture.

Confusion about how and why Apprenticeship funding was to be reformed

The Richard Review had set a new course for funding Apprenticeships in November 2012:

“I think it is right the Government contributes to the cost of training and that it should continue to do so. However, I think that the purchasing power for training must lie firmly in the hands of employers. Employers are best placed to judge the quality and relevance of training and demand the highest possible standards from training organisations. To become real consumers of training, employers should have control of Government funding and, also, contribute themselves to the cost of training.”³²

29 RICHARD, D. (2012). *The Richard Review of Apprenticeships*. London: School for Startups. p80.

30 HM GOVERNMENT (2013). *The Future of Apprenticeships in England: Implementation Plan*. pp15-16.

31 HM GOVERNMENT (2013). *The Future of Apprenticeships in England: Next Steps from the Richard Review*. p18.

32 RICHARD, D. (2012). *The Richard Review of Apprenticeships*. London: School for Startups. p100.

So committed was the Richard Review to reforming the way that Apprenticeships are funded, it even stated that:

“...funding is the major lever the Government has to drive change in Apprenticeships [and] establishing a funding system which incentivises quality, actively encourages expansion of Apprenticeship opportunities, and drives efficient use of both Government and private investment, is an essential underpinning of everything else recommended in this report.”³³

Even so, research by BIS released in May 2012 - six months before the Richard Review - highlighted the enormity of the challenge to reforming funding. Only 11% of employers paid any fees to a training provider for their apprentices, and of that 11% only half (around 5-6% of all employers of apprentices) paid more than £1,000. Even these small percentages were skewed by a small number of employers training against the Engineering and Manufacturing Technologies Apprenticeship frameworks who reported “exceedingly high” levels of payment.³⁴ Moreover, researchers found that of those employers who indicated that they had paid fees to a training provider, 35% said that they took on fewer apprentices than they would have in the absence of fees.³⁵ This suggests that recruitment could easily be impacted by future demands for cash.

In fairness to the Richard Review, it was surprisingly cautious about how the Government should approach the issue of employer contributions:

“it is right ... that the employer contributes to the cost. ... However, we should also acknowledge that employers are already contributing to the cost of an Apprenticeship. They accept the individual’s reduced productivity while they are training; take on someone who is more of a risk than an individual who was already trained, and provide use of their facilities, or internal supervision and training. Therefore, while it is important that the employer pays something towards the cost of training, this should not necessarily mean more employer investment overall. The funding system should encourage and not deter employers from participating – particularly recognising that today many receive Apprenticeship training as a free good. ... This means that the Government could be more generous in other respects, for example by funding elements which at the moment it does not support. Government could offset or partly offset employers’ contributions to training, by reimbursing part of the cost of internal training or even a proportion of the wage costs. Therefore, it should be possible to ensure that overall, employers are not worse off, even if they are now contributing to the cost of training that was previously free.”³⁶

There are two crucial statements here: (a) the funding system should encourage and not deter employers from participating, and (b) it should be possible to ensure that overall, employers are not worse off.

Following the Richard Review, the next phase of funding reform came courtesy of the government consultation in July 2013 that tried to put Doug Richard’s principles into practice. The ‘core model’ of Apprenticeships in future would be as follows:

- An apprentice is registered to determine whether he / she is eligible for government funding, and for how much.
- The employer – together with training providers and the apprentice – will decide the training the apprentice needs to achieve the industry standard. They will then seek appropriate registered providers to deliver this training,

33 RICHARD, D. (2012). *The Richard Review of Apprenticeships*. London: School for Startups. p106.

34 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (2012). *Research paper number 77 - Evaluation of Apprenticeships: Employers*. pp62-64.

35 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (2012). *Research paper number 77 - Evaluation of Apprenticeships: Employers*. p67.

36 RICHARD, D. (2012). *The Richard Review of Apprenticeships*. London: School for Startups. p109.

depending on what they consider to be the best value, and agree the content and price with the provider.

- As Apprenticeship training takes place, the business will make payments to providers in a normal supplier relationship. When these payments have been made, government funding can be claimed.
- The employer – together with the learner and training providers – will decide when the apprentice is ready for a final assessment to demonstrate full mastery of the occupation.
- The business will agree a price for assessment with the chosen body, in the same way as was done for training. If the apprentice is assessed to have reached the industry standard, then any outstanding government funding – which has been withheld until successful completion – will be paid by government.³⁷

Three models were put forward regarding how the government funding would flow throughout the duration of the Apprenticeship:

- **1: Direct Payment Model**, where businesses register Apprentices and report claims for government funding through a new online system. Government funding is then paid directly into their bank account.
- **2: PAYE Payment Model**, where businesses register Apprentices through a new online system and then recover government funding through their PAYE return.
- **3: Provider Payment Model**, where government funding continues to be paid to training providers, but can only be drawn down when the employer's financial contribution towards training is received..³⁸

The consultation acknowledged that:

“these changes mark a significant departure from the current system, where the public contribution towards the cost of training is set by the Skills Funding Agency (SFA) by a funding formula”³⁹

It also stated that any new online system (particularly models 1 and 2) would be operational by 2016 at the earliest because of the time and investment needed.⁴⁰

Having laid out the three potential models, everything went quiet for several months. The consultation closed in October 2013, with the implementation plan (published in the same month) merely noting that the Government would respond later in the year. The silence on funding reform ended abruptly in December 2013. The Autumn Statement announced that the Government would develop a model that used HMRC systems to route Apprenticeship funding directly to employers. They would consult on the technical details of the system in early 2014, and on the option of an alternative funding route for the smallest businesses.⁴¹ The Autumn Statement also contained commitments to:

- introduce a compulsory employer cash contribution for a significant proportion of the external training costs of an apprentice, excluding English and maths;
- provide an additional contribution to the costs of training for 16 to 17 year olds and separately consider the approach for 18 year olds;

37 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS AND DEPARTMENT FOR EDUCATION (2013). *A Consultation on Funding Reform for Apprenticeships in England*. pp11-12.

38 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS AND DEPARTMENT FOR EDUCATION (2013). *A Consultation on Funding Reform for Apprenticeships in England*. p10.

39 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS AND DEPARTMENT FOR EDUCATION (2013). *A Consultation on Funding Reform for Apprenticeships in England*. p9.

40 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS AND DEPARTMENT FOR EDUCATION (2013). *A Consultation on Funding Reform for Apprenticeships in England*. p22.

41 HM GOVERNMENT (2013). *The future of Apprenticeships in England: Funding Reform Technical Consultation*. p5.

- introduce a range of ‘caps’ on the maximum government contribution per apprentice; and
- withhold a proportion of the funding for a payment by results approach.⁴²

At the time, this raised more questions than it answered because it did not appear to bear any resemblance to the three models proposed in 2013. The reasons for this became clear when, three months later, yet another funding consultation was released. Instead of naming which of the three funding models had been selected, the new consultation recognised concerns raised with the first consultation:

“The direct payment option [Model 1] has been excluded from this consultation because, on further consideration, it has been judged to carry an unacceptable risk of fraud. A pure provider payment model [Model 3] has also been ruled out as it does not go far enough to deliver the Richard principle of giving employers the purchasing power.”⁴³

The PAYE model was presented again in this new consultation, but it was accompanied by a brand new funding model: the ‘Apprenticeship Credit’. This was a relatively simple proposal that revolved around employers paying their enforced contributions into an external account, and government topping up the balance with whatever central funding the apprentice was eligible for:

“The employer and the government pay their contributions into the Apprenticeship Credit account. Employers control all of the money for training and assessment, but only have to pay in their contribution. As with an online bank account, employers can log in, check their balance, make payments into the Apprenticeship Credit account and make payments out to training and assessment providers.”⁴⁴

Even though eight months had elapsed since the first consultation was launched, the Government recommitted to 2016 as the date for the new funding model. They also announced that they were going to apply the new funding ‘principles’ (e.g. employer cash contributions, payment-by-results) to the new Apprenticeship standards as soon as the standards were ready for use⁴⁵ i.e. before the online payment system was operational. The SFA would work with the Trailblazer groups to set a ‘maximum government contribution’ for each new standard, and employers would then be able to access this funding by providing evidence that they had made their mandatory contribution towards the cost of training.⁴⁶

As this report went to print, in late October, the Government had just announced the final details of the funding model⁴⁷ to general acclaim. Nevertheless, the fact that it had taken so long to get here, and – as our roundtables demonstrated – caused so much angst amongst providers and businesses in the run up to April 2017- shows the difficulty which this has caused in getting the programme up and running effectively.

42 HM GOVERNMENT (2013). *The future of Apprenticeships in England: Funding Reform Technical Consultation*. p5.

43 HM GOVERNMENT (2013). *The future of Apprenticeships in England: Funding Reform Technical Consultation*. p15.

44 *ibid* p20.

45 *ibid* p25.

46 *ibid* p25.

47 HM GOVERNMENT (2016), *New apprenticeship funding to transform investment in skills*. Press release, 25 October.

Preparing for the next phase of the reforms

The warm reception from employers to the early stages of the Government's Apprenticeship reforms was a positive sign in terms of their commitment to the programme. The eight Trailblazer groups duly set about creating the first wave of Apprenticeship standards and the announcement of a second phase of Trailblazers followed soon after. New approaches to assessment were slowly emerging as the standards progressed. A funding model was now in place to support the first Trailblazers as they began using the new Apprenticeship standards. Government was fully focussed on the potential for these new reforms to improve standards.

However, our analysis suggests that, looking back, a number of mistakes were made at this early stage.

- The Government's definition of an Apprenticeship was weaker than established international norms.
- The quality safeguards were too loose and did not sufficiently preclude the emergence of low quality Apprenticeship standards.
- The complexities of assessment and quality assurance were not fully appreciated.
- The funding model required a significant shift with regards to the role of employer contributions but the precise way it was to be implemented was unclear and subject to numerous revisions.

In fairness to government, it is clear that some of these issues are difficult to grapple with and require considerable time and effort to understand in full, let alone to solve. The government's intention was that the process should be subject to a continual internal feedback loop to test whether the reforms were having the intention they were intended to:

*"Given the radical and far-reaching nature of these reforms, it is essential that we carefully monitor and evaluate their impact. This will enable us to determine whether they are having the intended positive effects, whether they are having any unintended consequences and, if so, whether any further refinements to the reforms are needed."*⁴⁸

Despite the best of intentions, however, this report concludes that such feedback has not taken place to the extent necessary.

48 HM GOVERNMENT (2013). *The Future of Apprenticeships in England: Implementation Plan*. p27.

2

The Demise of Quality in Some Parts of the Apprenticeships Programme

“Around the world, Apprenticeships have long been recognised as a crucial way to develop the skills wanted by employers. That is why the Government will increase the quality and quantity of Apprenticeships in England, reaching three million starts in 2020. Our goal is for young people to see Apprenticeships as a high quality and prestigious path to successful careers, and for these opportunities to be available across all sectors of the economy, in all parts of the country and at all levels. This will support our aim for young people to get the best start in life, through the opportunity that high quality education and training provides.”⁴⁹

From the Government’s ‘2020 vision’ for Apprenticeships (2015)

Following the General Election in May 2015, the Government were rightly keen to move forward with the Apprenticeship reforms. However, as has been set out in the previous chapter, some faults in the system were already visible. Although some Apprenticeships delivered life changing experiences, far too many were not Apprenticeships in their true sense. This chapter details how and why quality in some areas has fallen away.

Moreover, it is important to note here that the weaknesses around quality standards have been exacerbated by an overwhelming desire for speed on behalf of the government. There has been – and continues to be – a clear expectation that more apprentices is a positive thing. In principle, this is right. It is also true to say that, as the government contends, quality and quantity do not necessarily trade off against each other. Nevertheless, this report concludes that in this instance the desire for speed has reduced the time available to put sufficient quality filters and a rigorous definition of what an Apprenticeship is into the reform programme, and will continue to do so in future.

“A desire for speed has reduced the time available to put sufficient quality filters and a rigorous definition of what an Apprenticeship is”

An important point on definitions. When discussing quality, here and elsewhere, we are referring to two related yet distinct facets of Apprenticeships:

- (a) The quality of the content in the new standards, and specifically whether it meets the needs of apprentices and employers

49 HM GOVERNMENT (2015). *English Apprenticeships: Our 2020 Vision*. p2.

(b) The specific nature of an Apprenticeship i.e. an education programme that focuses on systematic long-term training both on- and off-the-job in a new and skilled occupation

When either one of these is lacking, an Apprenticeship cannot be deemed to be a true Apprenticeship. To merit the prestige and protected brand name of an Apprenticeship, the standard must both meet the identified skills needs in scope and content terms, and contain sufficient long-term on and off the job training, rather than being a generic training course.

Our assessment shows that there are quality weaknesses in both of these areas, and analyses why the quality bar has been allowed to slip. Taking them in turn:

A. The quality of the content in the new standards

Problem 1: A weak process for approving the standards

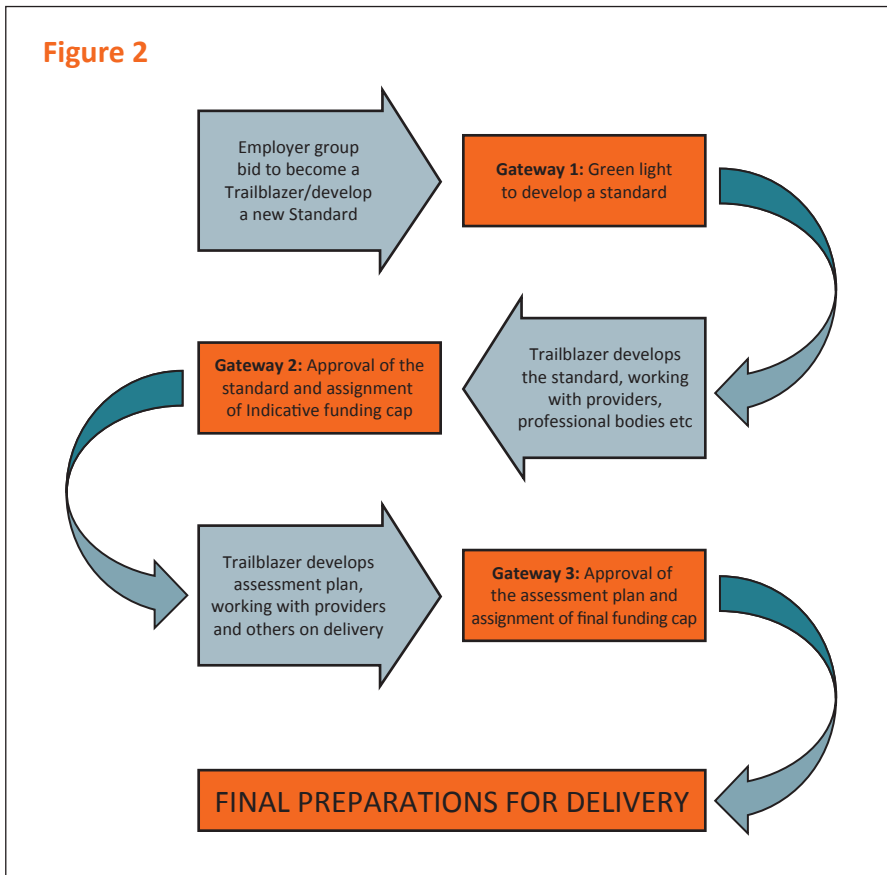
The production of huge numbers of new standards from enthusiastic employers is a welcome sign of engagement. Absolute volumes would not be a concern if there was a rigorous and robust process in place for checking that the new standards were of sufficient quality. The original process was that the Skills Minister was responsible for approving the new Apprenticeship standards. He was in turn advised by a panel comprised of employers and academic representatives as well as experts on assessment. Although the precise makeup of the panel changed over time, it broadly consisted of:

- Representatives from employer organisations, such as the Confederation of British Industry (CBI) and Federation of Small Businesses (FSB);
- The principal of a College and chief executive of a training provider;
- Academic experts on vocational education;
- Experts on professional registration;
- Experts on assessment, including from the Office of Qualifications and Examinations Regulation (Ofqual).⁵⁰

An independent panel of this calibre, advising the minister on which standards should be approved, amended or rejected, is a very sensible measure. This panel became part of a 'gateway' process developed by BIS to manage the expansion of the Trailblazer programme (see diagram below).⁵¹

⁵⁰ HM GOVERNMENT (2014). *The Future of Apprenticeships in England Guidance for Developers of Apprenticeship Standards and related Assessment Plans*. p22.

⁵¹ HM GOVERNMENT (2015). *The Future of Apprenticeships in England: Guidance for Trailblazers – from standards to starts*. p6.



However, the official evaluation of the Trailblazer programme⁵² published in November 2015, which sought to assess how the employer groups had fared as they developed the new standards, found examples of standards being approved when they conflicted with other standards, plus situations where multiple Trailblazers in the same sector were locked in disputes about who had the right to develop particular standards. As mentioned earlier, the astonishing rate of expansion in Trailblazer standards threatened the viability and stability of the reform programme. The evaluation was unequivocal on what lay ahead for the reforms if the situation did not improve:

“While in the early stage of developments such difficulties might be expected, these issues point to the challenges that may be faced in the future unless some system of occupational classification can be found to assist the Gateway 1 process and ensure clarity for all concerned. The Gatsby Foundation raised this point in its submission to the House of Commons Educational Committee, where it noted the risks raised by a proliferation of large numbers of overlapping Apprenticeships. These include problems in maintaining rigour and quality and the risk of Apprenticeships becoming too narrow and not supporting transferability between job roles and sectors.”⁵³

The evaluation went on to emphasise concerns about how the quality of standards could be assured over time (“It will be important to address this if the process is to be successfully scaled up”) as the Government had not explained how this would work or who would be responsible for its implementation.⁵⁴ The evaluation also found:

52 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (2015). BIS research paper 256: Process evaluation of the Apprenticeship Trailblazers.

53 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (2015). BIS research paper 256: Process evaluation of the Apprenticeship Trailblazers. p31.

54 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (2015). BIS research paper 256: Process evaluation of the Apprenticeship Trailblazers. p31.

“a growing concern for the Trailblazer networks was how any national governance model or system would interact with the varied approaches that are emerging from the Trailblazers.”⁵⁵

In fairness to the panel members, the task handed to them was not an enviable one. Their role was essentially to judge whether the standards being put forward by Trailblazers met the criteria for approving standards published by Government in 2013. The enormous demands placed on the panel only increased in line with the number of standards being developed. The Education Select Committee had previously questioned:

“whether any one panel, however talented and industrious its members, is capable of properly evaluating standards [and] assessments from so many sectors.”⁵⁶

Indeed, our research has suggested that several employers raised the issue of the inadequate capacity in the approval panel, given that employers were trying to approve as many standards as possible in response to the Government's drive for a fast rollout

To address the concerns raised in the evaluation, and to provide a more streamlined process, the Government's response was to scrap the panel in favour of civil servants advising the minister instead.⁵⁷ This has undoubtedly led to a speedier process and a more concentrated focus on approving employer needs. However, it raises questions around the independent scrutiny of decisions made regarding which Apprenticeships standards have met the relevant criteria.

Problem 2: Standards not being focussed on skilled occupations and where the content does not meet skills shortages in the sector

As discussed in the previous chapter, the Government's chosen definition of Apprenticeships is: it is a job, in a skilled occupation that requires substantial and sustained training. As the Trailblazer programme has produced vast numbers of new Apprenticeship standards, it is necessary to consider how well the new standards meet the Government's definition. On reading through the published standards as well as those in development, some do indeed focus on high-skilled occupational training with stretching content. However, this report has also identified standards that – while describing an important role or function in a business – do not represent a skilled occupation or do not require substantial and sustained training.

'Retail' is one of the dominant Apprenticeship frameworks in the current system so a new **RETAILER (LEVEL 2)** standard was to be expected. Unfortunately, the content of this standard raises questions over the sector specific skills contained within it. The standard claims that those who complete it can:

“work in a variety of shops and other retail establishments: small boutiques, large high street chains, supermarkets and well-known department stores are just some examples [and] more specialist retailers include funeral services, garden centres, delicatessens and people who work in remote environments for example in telephone, on-line and mail order retail.”

The notion that someone who works in a garden centre is equally well-equipped to work in a funeral home, department store or delicatessen is only tenable if the skills and knowledge contained within the Apprenticeship are mostly generic. The

55 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (2015). BIS research paper 256: Process evaluation of the Apprenticeship Trailblazers. p32.

56 HOUSE OF COMMONS EDUCATION SELECT COMMITTEE (2015). Apprenticeships and traineeships for 16 to 19 year olds. p26.

57 HM GOVERNMENT (2015). The Future of Apprenticeships in England: Guidance for Trailblazers – from standards to starts. p32.

specialist knowledge required to embark on a career in funeral services bears little or no resemblance to those required to support customers purchasing a new plant or food stuffs. That is not to say the skills, knowledge and behaviours included in this standard are not relevant to the workplace; rather that the requirement for ‘substantial and sustained training’ to meet the needs a specific skilled occupation cannot be met if the content of the standard would genuinely transfer between all the proposed settings.

A recent briefing note from the joint Business, Innovation and Skills and Education Select Committees outlined the gulf in ambition between retail Apprenticeships in Germany compared to those in England:

“The main reasons for this disparity emerge from comparisons of work organisation and skills utilisation in the two industries. In Germany sales assistants are typically responsible for the whole distributive process, including ordering, merchandising and advising customers and they do not receive daily instructions from superiors. . . . By contrast, in UK retail firms, work for sales assistants is typically divided up into bounded tasks which are relatively easy to carry out. Sales staff have limited autonomy and tend to follow day-to-day instructions by managers. Thus, the predominant mode of work organisation in the British retail industry is entirely consistent with limited demand for Level 3 apprentice skills”⁵⁸

In short, some retail employees in England have lower skills, less autonomy and narrower training than their German counterparts, driven (at least in part) by a difference in ambition within the Apprenticeship standards.

The **HOSPITALITY TEAM MEMBER (LEVEL 2)** takes the same approach as its retail counterpart by claiming that it encompasses working in bars, restaurants, cafés, conference centres, banqueting venues and hotels through its range of ‘specialist areas’:

- Food and beverage service
- Serving alcoholic beverages
- Barista
- Food preparation
- Housekeeping
- Concierge and guest services
- Reception
- Reservations
- Conference and Events Operations

The standard is clear that an apprentice need only complete the content for one of these specialist areas during the 12-month course, which risks reducing his / her employability through curtailing the breadth and depth of training. As with retail, the contrast to Germany is clear. Like its English equivalent, the ‘Hotel Business Specialist’ Apprenticeship trains people to work in hotels, guesthouses, inns, restaurants, cafes and in catering. However, it lasts for three years and includes all of the following:

- Setting tables and serving customers
- Preparing and serving drinks, including alcoholic beverages and coffee
- Preparing simple meals
- Storing goods and managing supply inventories

58 HOUSE OF COMMONS (2015). Education, skills and productivity: first Joint Special Report of the Business, Innovation and Skills and Education Committees of Session 2015–16. p20.

- Overseeing stock control
- Planning employee shift patterns
- Taking room reservations and processing payments
- Arranging room occupancy plans
- Checking and setting up guest bedrooms
- Conducting promotions and marketing activities⁵⁹

Limited content is evident in other new standards. For example, the **AVIATION GROUND OPERATIVE (LEVEL 2)** standard supports people to work in a number of environments such as a commercial airport, military base / aerodrome, heliport or other airfield. The standard is broken up into five 'key specialist functions':

- Aircraft handling
- Aircraft movement
- Fire fighter
- Flight operations
- Passenger services

To finish the Apprenticeship (which lasts just 12 months), apprentices only have to cover one of these functions. Again, compare this standard to a similar offering in Germany for an 'Air Traffic Management Assistant' Apprenticeship:

*"Air traffic management assistants mainly work for airport operators, airlines and charter airlines. They also find employment at air freight forwarding companies and travel agencies. Air traffic management assistants plan, organise and monitor the transportation of passengers and freight. They work in the fields of customer advice and support, aircraft ground handling, sale of freight space, marketing, human resources, finance and accounting."*⁶⁰

The Apprenticeship includes dealing with passengers, baggage and cargo handling, purchasing, sales, marketing, PR, customer service, flight schedules and aircraft handling. It is hardly surprising that it takes three years to complete. Instead of whittling down the training to its lowest common denominator, the Apprenticeship spans all the major functions within airports and airlines, giving a learner the flexibility to pursue whichever route suits him or her best.

Other new standards also fail to demonstrate content that require the breadth of training and duration of an Apprenticeship. The **EXPRESS DELIVERY DRIVER / COURIER SERVICES (LEVEL 2)** standard describes basic functions in delivering packages to homes and businesses e.g. loading and unloading vehicles, following delivery routes and instructions, offering customer service and adhering to the relevant rules and regulations. It is not clear why this has been classed as a 'skilled occupation' and there is no indication that 'substantial and sustained training' is needed to be a courier. The German equivalent, a two-year Apprenticeship, goes a long way beyond this and includes getting to know how a company's products are manufactured and produced as well as learning about sales, consulting and basic vehicle maintenance.⁶¹

Similarly, the new **CUSTOMER SERVICE PRACTITIONER (LEVEL 2)** standard fails in this report's judgement to demonstrate high-quality content that necessitates substantial training. The core 'knowledge' listed in the standard includes statements such as:

59 FEDERAL EMPLOYMENT AGENCY IN GERMANY. Description of Hotelfachmann/-fachfrau Apprenticeship.

60 FEDERAL MINISTRY OF EDUCATION AND RESEARCH IN GERMANY. Occupational profile: Air traffic management assistant.

61 FEDERAL EMPLOYMENT AGENCY IN GERMANY. Service Driver video.

- Understand who customers are
- Understand the difference between internal and external customers
- Know the purpose of the business and what ‘brand promise’ means
- Understand types of measurement and evaluation tools available to monitor customer service levels
- Understand your role and responsibility within your organisation and the impact of your actions on others
- Know the targets and goals you need to deliver against
- Understand how to build trust with a customer and why this is important
- Understand the products or services that are available from your organisation and keep up-to-date

Delivering outstanding customer service will inevitably draw on such material at some point. But the idea that these packets of knowledge (which constitute about half of the knowledge requirements named in the standard) can only be achieved through an extensive and rigorous training programme is implausible.

Another example of content that is unlikely to meet needs of employers or apprentices in this area is the **HOUSING / PROPERTY MANAGEMENT ASSISTANT (LEVEL 2)** standard. It opens by claiming that this is an “entry level role”, which may well be the case, yet it goes on to admit that someone on this Apprenticeship would be “primarily responsible for administrative work” and the role would entail “working under supervision”. It is incongruous to suggest that an administrative role, in which you are not sufficiently trained to work without supervision, should be classified as an Apprenticeship – that is to say, a ‘skilled occupation’ that requires ‘substantial and sustained training’. The standard goes on to say that this supposed Apprenticeship would only prepare an individual “for a range of general housing / property management duties leading to entry level professional / management roles” – a tacit acknowledgement that this Apprenticeship is not going to train someone up to a professional standard.

What is frustrating – yet also in some ways encouraging – is that the frequent comparisons made here to the German system show that it would not take an enormous leap to transform the content of the English version into a more aspiring agenda. For example, the **EXPRESS DELIVERY DRIVER / COURIER SERVICES** standard could either incorporate a much wider training programme related to a company’s products and services, or include other aspects of the delivery business such as warehousing, supply chain management, packaging, stock control and marketing. The potential is there for all Apprenticeships to have rigorous content, as is the opportunity for the Government to require it.

“The potential is there for all Apprenticeships to have rigorous content, as is the opportunity for the Government to require it”

There are, of course, many counter examples, of high quality content designed by employers, with clear pathways through for the Apprentices. One of the examples our research considered was the KPMG Apprenticeship programme which draws from the professional Accountancy / Tax Technician standard and includes a graduated series of qualifications from a respected and accredited awarding body: the Association of Accounting Technicians.

Box 3:

KPMG Apprenticeship programme – case study

KPMG360⁰ is a three or six year Apprenticeship Programme for school/college leavers who have completed a Level 3 qualification.

The programme begins with a one year foundation level, which lays the ground work for a career in accountancy and finance. Apprentices rotate around Audit, Tax and Advisory, gaining a broad and balanced understanding of business areas, and complete the AAT Level 3 qualification. In addition, further non certified training focuses on bridging the gap between academic study and the world of work and builds on core skills such as resilience, collaboration and making an impact.

Upon completion of the foundation level, apprentices can exit the programme if they choose. Those who stay on progress to the two year technician level and study the AAT Level 4 (Certificate).

At the end of year three, apprentices can again exit the programme and take on a role relevant to the skills and experience they have acquired or obtain a qualification which they can use in the industry.

The final stage of the programme is a further three years training in which apprentices specialise in one area and study for a chartered level qualification.

Within the firm, KPMG recognises the importance of Apprenticeships both to broadening the company's recruitment base, but also to affording individuals the opportunity to access a range of different pathways - helping to increase the diversity of the workforce. The rotational aspect of the KPMG360⁰ programme allows for specialist content across a suite of areas – as with leading international Apprenticeships – and also incorporates a series of graduated and accredited qualifications which have labour market value.

Problem 3: Ignoring the importance of off-the-job training

In the original implementation plan, it was specified that:

“the amount of off-the-job training mandated will be a minimum of 20% [and] we expect this to be genuine off-the-job training”⁶²

In addition, the Government stated that they would explore ways of ensuring that this happens in practice as part of the Trailblazer process. This same commitment can be found in the latest versions of the guidance for Trailblazer employers. As discussed in the first chapter, despite this being an explicit requirement of new Apprenticeship standards, no checks were made by ministers or civil servants (or the now-defunct independent panel) during the gateway approval process.

In a normal working week, 20% of off-the-job training would be equivalent to 1 full day (8 hours). This would equate to approximately 400 hours a year of off-the-job training for every apprentice in the country. To put that into context, an entire A-level subject is expected to be taught over 360 hours across two academic years. Even for a 12-month Apprenticeship, 400 hours provides a considerable amount of time in which the relevant skills, knowledge and competencies can be taught for a skilled occupation. This would theoretically put us on a par with Apprenticeships in Germany, where they typically reserve 640 hours for off-the-job training in a 2-year Apprenticeship or 960 hours for a 3-year Apprenticeship.⁶³

The comparison between England and Germany quickly breaks down when one considers how this time is supposed to be used. In Germany, the ‘dual system’ means that apprentices receive 6 to 8 lessons a week (normally over 1.5-2 days) at a vocational college learning their vocational subject, including related material for their particular Apprenticeship such as mathematics, drawing and sciences.⁶⁴ This is the result of regulations in Germany that include a ‘training plan’ to describe the content of each Apprenticeship as well as a suggested timeframe for each segment

62 HM GOVERNMENT (2013). The Future of Apprenticeships in England: Implementation Plan. p19.

63 BREMER, R. & SANITER, A. (2011). Apprenticeship in Germany: Institutional patterns, organisation and methods. Bremen: Institute of Technology and Education. p25.

64 *ibid*

of the training plan. These regulations also indicate the approximate amount of time that should be set aside for teaching the respective subject matter and for reinforcing that learning in the workplace.⁶⁵

In England, there is no training plan, no compulsory off-the-job content and no time segments. Employers and training providers are free to choose what needs to be covered, and when, and how. The gateway approval process does not ask for a training plan at any point. Due to the absence of such a plan, the official Trailblazer evaluation found that employers:

“...recognised the significant amount of development time that training providers would need in order to turn the new standards ...into a learning programme, especially given the expansion in knowledge and skills ...required by the new Apprenticeships in comparison with the framework Apprenticeships”.

The training providers would in essence need to:

“design the overall training programme, develop new learning materials and possibly ...provide development to ensure that teachers and assessors were fully equipped to deliver some aspects of the new standards.”⁶⁶

It takes time and effort to assemble an effective training plan. Given this commitment is borne by employers and training providers, the Government ought to provide them with compensation. Ministers and civil servants must then ensure that this compensation happens.

B. The specific nature of an Apprenticeship

Problem 4: Apprenticeship standards not being restricted to those new to a role
A crucial point made in the Richard Review was that Apprenticeships should be clearly targeted at those who are new to a job or role. An Apprenticeship is about a qualification with significant on and off the job training, that is necessary to be successful in a new job or role – including those progressing to a more senior position which necessitates a significant upskilling. By contrast, simply increasing the skills of people within an existing job should not be seen as an Apprenticeship.

Box 4:

Examples of Apprenticeships with large components of professional development training

ADULT CARE – Leader in Adult Care (Level 5)
ADULT CARE – Lead Practitioner in Adult Care (Level 4)
AVIATION – Aviation Operations Manager (Level 4)
BUS, COACH AND HGV – Bus and Coach Engineering Manager (Level 4)
CHILDREN, YOUNG PEOPLE & FAMILIES – Children, Young People and Families Manager (Level 5)
EQUESTRIAN – Senior Equine Groom
FOOD AND DRINK – Advanced Food Technologist
FOOD AND DRINK – Advanced Baker
GOLF GREENKEEPING – Golf Course Manager (Level 5)
HAIR AND BEAUTY – Advanced Beauty Professional
HAIR AND BEAUTY – Senior Hair Professional
HOSPITALITY – Hospitality Manager (Level 4)
HOSPITALITY – Senior Chef Culinary Arts (Level 4)
HOSPITALITY – Senior Chef Production Cooking (Level 3)
HOUSING – Senior Housing/Property Management (Level 4)

65 FEDERAL INSTITUTE FOR VOCATIONAL EDUCATION AND TRAINING (2011). Vocational Training Regulations and the Process Behind Them. p29.

66 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (2015). BIS research paper 256: Process evaluation of the Apprenticeship Trailblazers. p49.

To be clear, high-quality training at all levels is valuable to individuals and society as a whole as well as to employers, and is something that should be supported. Some of the content analysed in the above Apprenticeships is rigorous and would meet the skills shortages identified by those employers.

Nevertheless, the use of Apprenticeships to cover some of these areas in the standards above does not sit comfortably alongside the Government's designation of an Apprenticeship, Doug Richard's perspective or the ILO definition - yet the way in which the Government designed the approvals process has led to clear incentives for these training programmes.

The introduction of Degree Apprenticeships is welcome and one which this report wholeheartedly supports. A technical education system must be able to offer qualifications up to the highest level to give parity with the academic path – as some longstanding systems such as those in engineering do, or in professional services. But this is not the same as allowing any professional development course to be rebranded. In September 2016, the National Audit Office recognised the possibility that:

“employers might artificially route other forms of training into Apprenticeships”⁶⁷

This is a rational response from employers to meet their needs. Nevertheless, from a system perspective, allowing for any training to be badged as an Apprenticeship should be addressed.

Problem 5: Unclear differentiation between Apprenticeships at different levels

England remains one of the few countries to offer Apprenticeships at both Level 2 and Level 3 (known as ‘vertical differentiation’⁶⁸) instead of the widely-recognised international benchmark of Level 3. Neither Doug Richard nor the Government chose to explicitly rule out new Apprenticeship standards being developed at Level 2 – something with which this report agrees. For some occupations, where there is a need for large scale entry at level 2 – such as in construction – it would be perverse to have a technical training system which does not support them.

What is problematic is the unclear definition between whether a standard ought to be approved at Level 2 or Level 3. Our research suggests numerous examples of pairs of new standards that contain strikingly similar descriptions of a role at both levels. The most common differentiator being the amount of responsibility given to the apprentice and the level of specialist (rather than introductory) knowledge included in the Level 3 version.

Box 5:

Examples of Apprenticeship standards where there is an unclear distinction between Level 2 and Level 3

| Level 2 Standards | Level 3 Equivalent Standard |
|---------------------------------------|----------------------------------|
| Assistant Early Years Practitioner | Early Years Educator |
| Housing/Property Management Assistant | Housing/Property Management |
| Investment Operations Administrator | Investment Operations Technician |
| Rail Engineering Operative | Rail Engineering Technician |
| Shop Fitting | Engineering |
| Welding | Welding |

67 NATIONAL AUDIT OFFICE (2016). Delivering value through the Apprenticeships programme. London: NAO. p40.

68 FULLER, A. & UNWIN, L. (2013). Apprenticeship and the concept of occupation. London: The Gatsby Charitable Foundation. p26.

Whilst there can, as noted above, be a natural and sensible rationale for separating out Level 2 and 3, often problems occur when the distinction is moot – especially if the ‘natural’ level of a standard might be deemed Level 3, requiring a slimming down of content to make a Level 2 standard viable. For example, when scrutinising the **INVESTMENT OPERATIONS ADMINISTRATOR / TECHNICIAN** standard, a comparison between them in terms of content and language shows how the Level 2 apprentice is arguably only viable as an entry route into the Level 3 standard, rather than a standard which itself qualifies the apprentice to work in the area.

Box 6:

| | Investment operations administrator (level 2) | Investment operations technician (level 3) |
|---|---|---|
| The Role | An employee at this level “will be capable of performing routine, non-complex tasks” | “The majority of work ...would be non-complex but requiring high standards of accuracy, proficiency and responsibility.” |
| Industry and Company Understanding | “Basic understanding of the purpose and structure of the Financial Services industry” | “Broad understanding of the role and structure of the Financial Services industry, the role and purpose of markets and the principles of investing” |
| Regulatory & Compliance | “Broad understanding of the purpose and relevance of the Financial Services regulatory framework to their organisation” | “Understands the Financial Services regulatory framework and how the relevant rules and principles apply” |
| Products | “Understands at a basic level the main types of the securities and investment products” | “Good understanding of the purpose & technical content of the financial instruments and/or products” |
| Service Delivery | “Follows agreed work plans to deliver required outputs to clients & colleagues” ... “Sorting and routing correspondence to the correct departments. Administration of one element of a process, and/or focusing on a single type of financial product or instrument.” | “Capable of performing non-complex tasks to consistently high standards of client service, timeliness, accuracy and attention to detail” ...“Manages own workload and adheres to agreed systems and processes.” |

Although this is not an exhaustive collection of the differentiation between the standards, it neatly demonstrates how the Level 2 version is unlikely to stand muster to a point that is recognised across the industry as a professional role with the autonomy and responsibility that this entails. The Level 3 **INVESTMENT OPERATIONS TECHNICIAN** standard makes clear that it is the “entry level role”, raising further questions about why the Level 2 standard has been approved.

The key issue here is that, in order to be a genuine Apprenticeship, both the lower and higher-level standards would have to require substantial and sustained training with at least 400 hours of off-the-job training. Again, there is nothing wrong in principle with a Level 2 Apprenticeship in a skilled occupation, and this report does not – as others, including the Labour party in their 2015 manifesto suggested – think that Level 2 Apprenticeships ought not to exist.

But for there to be a Level 2 standard in the same area as Level 3 and 4 standards, the latter must require hundreds of hours of additional training away from the workplace, to be sufficiently distinct to require their own standard. If the reality is that the different standards are really one complete set of training, the sub levels should therefore not be regarded as an Apprenticeship.

In addition to the problems listed above, it should also be noted that a without definition of an 'occupation' to guide them, Trailblazer employers have taken different approaches to the level of specificity that they have put into their standards and the skills they seek to meet. As a result, there has been a significant growth in Apprenticeships which are not sector specific but instead cover more generic skills.

For example, the latest figures show that **MANAGEMENT** has become one of the most popular Apprenticeship frameworks – 3rd in total – with 83% of all starts in 25+ higher Apprenticeship frameworks in management. In total, just under 10% of all Apprenticeships are currently under the management framework⁶⁹. Within the new standards, management training as an Apprenticeship also appears in areas such as **TEAM LEADER/SUPERVISOR (LEVEL 3)** and **OPERATIONS/DEPARTMENTAL MANAGER (LEVEL 5)** Similarly, the **ENTREPRENEUR (LEVEL 4)** standard refers to a set of cross cutting skills, and '**BUSINESS ADMINISTRATOR (LEVEL 3)** standard – also takes a generic approach, rather than within one sector.

Some of these skills are much needed. For example, it is very sensible to address management skills in this country, with research suggesting that UK small and medium-sized companies are unable to grow as fast as they could because of their owners' poor management skills⁷⁰. Given that the government approval process allows for the designation of professional training in this space, it is also a logical response for employers to have designed such frameworks and new standards, for providers to offer it, and for employers to enthusiastically take it up.

However, it should be noted that non sector specific Apprenticeships are not aligned with the traditional definition of an Apprenticeship. Appropriate controls should be in place to ensure that these programmes are more than just professional training, and that they include the right level of new responsibilities to ensure the Apprentice grows in a new job or role. In Germany, for example, there are six different 'business administrator' Apprenticeships available: in automotive; in logistics; in marketing; in office and project organisation; in purchasing; and for retail.⁷¹

As our assessment of the new standards has demonstrated, there are some superb Apprenticeships with content that compares well to international partners and which demonstrate a meeting of the skills needs. However, too many Apprenticeships standards which have been designed, approved, funded and are being undertaken are not in line with the traditional definition of an Apprenticeship.

An Apprenticeship is not a synonym for 'training'. It is an education programme that focuses on systematic long-term training both on- and off-the-job in a new and skilled occupation. A programme which does not do this – either because the content does not meet skills gaps in the labour market, or because it does not deliver sustained training on- and off-the-job, or because it does not provide access to a new and skilled occupation or links to professional body standards, or because it is not more than professional training – should

69 FE WEEK (2016), The unstoppable rise of management Apprenticeships, News report, 9th October

70 DEPARTMENT FOR BUSINESS INNOVATION AND SKILLS (2015), Leadership and Management Skills in SMEs: Measuring Associations with Management Practices and Performance. BIS research paper 211, London.

71 FEDERAL MINISTRY OF EDUCATION AND RESEARCH IN GERMANY. List of search results for 'Business Administrator'.

72 FEDERAL MINISTRY OF EDUCATION AND RESEARCH IN GERMANY. Occupational profile: Clerk in Business Administration.

not be defined as an Apprenticeship. Regrettably, there are some Apprenticeship standards which have these features.

The impact of these low quality Apprenticeships is significant to all three of the parties who are engaged in the Apprenticeship ‘transaction’:

- It is significant to employers, who invest their own money, as well as their own time, in designing standards, in training their employees, and in working with professional learning providers to upskill their staff. If the end result is that individuals are not capable or surviving in the occupation in the labour market – either for their current employer or a future employer – then that undermines the goodwill of employer buy in to the concept of Apprenticeships and willingness to pay the levy.
- It is significant to learners, who also invest considerably in taking on an Apprenticeship, both through time spent and through wages foregone. They are taking such training because they have been assured by everyone in the system that Apprentices are rigorous and will transform life chances through greater productivity, access to jobs, and higher wages. If they find out that holding such a standard turns out not to be transformative, then that is profoundly damaging
- It is significant to the Exchequer. The levy is forecast to bring in up to £2.5bn for Apprenticeships in England by 2020.⁷³ The Exchequer’s calculation is that a levy will more than pay for itself via increased productivity, and therefore increased tax revenue. If such money is not translating into better outcomes for learners and employers – and hence to the state - then such funds are being wasted.

For this report, Policy Exchange analysed the content, structure and assessment plans of all the new Apprenticeship standards that have been developed or approved. The analysis used the internationally recognised definition of an Apprenticeship to judge the quality of these new Apprenticeship standards.

We conclude that large numbers - perhaps as many as a third - of the new approved Apprenticeships standards are not in-line with the traditional definition of apprenticeships. In light of the forecast spend of £2.5 billion a year on Apprenticeships by 2020, **this means that at a conservative estimate, five hundred million pounds a year could be spent on Apprenticeships that are not in line with a traditional definition of an Apprenticeship.**⁷⁴

From next April, large employers will be paying the new Apprenticeship levy of 0.5% of their paybill, to support greater Apprenticeship growth in their organisations (and, through a potentially complex digital voucher scheme, to provide funds for non-levy paying employers to also access funds for new Apprenticeships). Absent any changes, there is a risk that a significant proportion of this new income stream will be used to unwittingly, and in good faith, support further uptake of low quality Apprenticeships – something which would be unacceptable to the paying employers, to the apprentices themselves, and to the exchequer.

73 HM TREASURY (2015). Spending Review and Autumn Statement 2015. p45 and DEPARTMENT FOR EDUCATION (2016). Information on apprenticeship levy P8. Total levy funds estimated to be over £3bn by 2019-2020 of which £2.5bn will be spent on Apprenticeships in England

74 It should be noted that the evaluation as to which Apprenticeships meet the required level is purely a judgement of the authors and Policy Exchange. The exercise compared all published Apprenticeship frameworks and standards as of July 2016 (n=237) to the ILO definition of an Apprenticeship as set out in chapter 1, and assessed whether, in the authors’ opinion, the published standards met this definition. As an additional check, for some standards, the authors compared them to other Apprenticeships in the same occupational grouping (i.e. a Level 2 and Level 3 Apprenticeship in the same area) and also for some areas, benchmarked them in broad content terms against high-performing Apprenticeship standards in other countries. Each Apprenticeship was then deemed to be either compliant or not compliant with the definition. Given that each Apprenticeship will be taken up in different volumes, and the way the funding system operates – with different qualifications wrapped into each Apprenticeship standard or framework, all of which have different prices – and the new funding model which sets out a series of bands for funding each Apprentice, but which encourages employers to negotiate with providers to secure a price – it is not possible to calculate the precise amount of money which will be spent on Apprenticeships which do not meet the definition. However, in the authors’ estimation, around 30-40% of new approved Apprenticeships standards do not meet ILO definitions. An estimate of £500m a year – representing a fifth of all Apprenticeship spending by 2020 – is therefore a robust assumption.

3

Wider Impacts of the Race For Quantity Over Quality in the Apprenticeship Programme

As well as addressing the low quality Apprenticeships which have been allowed to be created, this chapter details three more areas which need to be addressed if the Government is to achieve its aim of driving social mobility through world class technical education:

- A proliferation of new Apprenticeship standards
- Significant weaknesses in the assessment method for Apprenticeships
- Continued uncertainty over the funding model for Apprenticeships

A proliferation of standards

At the time of writing, there are over 200 'Apprenticeship frameworks' available in the current system.⁷⁵ These Apprenticeship frameworks are used by colleges and other training providers to ensure that the full content of the qualifications are delivered. When the first phase of eight Trailblazers was launched, there was a long way to go before the new standards reached the same scope and coverage as the frameworks that they were set to replace. Even so, the speed at which the Trailblazers expanded was mesmerising. In March 2014, the second phase of Trailblazers – containing 29 new employer groups – was announced alongside the publication of the new Apprenticeship standards which was produced by the first phase of Trailblazers. Phase 3 followed in October 2014 with another 37 employer groups developing 75 new standards, with Phase 4 in March 2015 adding another 26 groups developing 35 standards.⁷⁶

The then Skills Minister Nick Boles had criticised the “unbelievable proliferation” of existing Apprenticeship frameworks when he gave evidence to the Education Select Committee in early 2015,⁷⁷ declaring “what I promise you we will achieve, is many fewer standards.”

Given that, it was something of a surprise when, in August 2015, BIS announced that “there are now over 140 Trailblazer groups that so far have collectively delivered or are in the process of delivering, over 350 standards.”⁷⁸

Graham Stuart, then Chair of the Education Select Committee, commented that it was:

⁷⁵ Available at Apprenticeship Framework Online.

⁷⁶ HM GOVERNMENT (2015). The Future of Apprenticeships in England: Guidance for Trailblazers – from standards to starts. p5.

⁷⁷ FE WEEK (2015). Broken Boles promise leads to Trailblazer criticism. News article. 4th September.

⁷⁸ FE WEEK (2015). Broken Boles promise leads to Trailblazer criticism. News article. 4th September.

“...disappointing that ministers have still been unable to simplify the confusing landscape of different standards that are applied to Apprenticeships, the sheer complexity of which risks diluting the consistency of the qualification.”⁷⁹

The fact that there are already over 200 approved new standards⁸⁰ and almost 200 more in development⁸¹, with plenty more to come, is a direct consequence of a number of decisions that the Government has taken. Putting employers in the driving seat when it comes to describing the skills, knowledge and behaviours required by apprentices was absolutely the right move. As the Select Committee recognised, the level of employer involvement in the Trailblazer scheme showed that there was an appetite for greater ownership of standards among employers. However, the Government’s decision in their implementation to allow employers to choose their own definition of an ‘occupation’ and which occupations ‘require’ apprentices has meant that the volume of new standards being generated by the Trailblazer groups shows little sign of abating. Such issues did not escape the attention of the National Audit Office when they published their report into the Apprenticeship reforms in September 2016:

“Some employers and industry representative groups are concerned that the approach is leading to a large number of narrow and overlapping standards, which may restrict the extent to which apprentices gain transferable skills. In December 2015, analysis by the UK Commission for Employment and Skills indicated that a high proportion of the standards in development had a potentially significant overlap with other standards. There could be as many as 1,600 standards by 2020”⁸²

With employers having the flexibility to decide which roles should be designated as Apprenticeships, different interpretations were always likely to surface. In 2013, Alison Fuller and Lorna Unwin from the Institute of Education had criticised what they labelled “the ‘anything goes’ approach” to job titles and job roles in the existing Apprenticeship frameworks because it had created a “highly inconsistent and overly complex system”.⁸³ It seems clear that this is an issue that the Government needs to address.

There are two major risks posed by the proliferation of standards. First, a larger number of standards makes the overall system more confusing for learners, employers and training providers. A recent government-led review of the provision of technical education for 16 to 19-year-olds (discussed later in this chapter) rightly identified the advantages of moving to a more simplified system, and this mantra should have been applied just as forcefully to the Apprenticeship reforms. There is certainly a balance to be struck between employer ownership and simplicity, but the current direction of travel is not sustainable. Second, allowing an uncontrolled expansion of standards greatly increases the chances that poor-quality standards will emerge that either do not provide learners with ‘substantial and sustained training’ or do not train someone to the required standard in a particular industry.

An inadequate set of Apprenticeship assessments

Once a new standard had been approved, Trailblazer employers were asked to design an ‘assessment plan’ i.e. the high-level assessment approach. It is vital to remember that this did not refer to the production of assessment tools e.g. a

79 FE WEEK (2015). Broken Boles promise leads to Trailblazer criticism. News article. 4th September.

80 HM GOVERNMENT (2016). Apprenticeship standards: list of occupations available. May.

81 HM GOVERNMENT (2016). Apprenticeship standards in development. July.

82 NATIONAL AUDIT OFFICE (2016). Delivering value through the Apprenticeships programme. London: NAO. p9.

83 FULLER, A. & UNWIN, L. (2013). Apprenticeship and the concept of occupation. London: The Gatsby Charitable Foundation. p1.

written examination. Instead, the assessment plan was an attempt by the Trailblazer employers (who may or may not have any experience of designing assessments) to outline the general format and structure of assessments. The centrepiece of the assessment plan was the 'end-point assessment' (EPA) which had to constitute about two-thirds of the final mark for each apprentice. This allowed for some on-going assessments of an apprentice but was explicitly designed to emphasise the movement towards assessing them at the end of their Apprenticeship in a summative fashion.

Recent guidance for the Trailblazer employers lists the range of information that each assessment plan must cover:

- Explain what will be assessed (i.e. which [knowledge, skills and behaviour] listed on the standard, giving more detail if needed).
- Explain how the apprentice will be assessed (i.e. which method or range of methods will be used at the end of the Apprenticeship to judge competency).
- Indicate who will carry out the assessment (i.e. who will be the assessor(s) for each aspect of the EPA) and who will make the final decision on competency and grading.
- Propose internal and external quality assurance arrangements to make sure that the assessment is reliable and consistent across different locations, employers and training and assessment organisations.⁸⁴

In terms of judging whether the Trailblazer's assessment plan is "robust and of high-quality", the government made clear that it would look at factors including whether an assessment was reliable, included a range of metrics, produced an independent judgement of competence, and differentiated between different Apprenticeships.⁸⁵

If and when the assessment plan was approved by ministers and civil servants, the next stage was to identify a set of organisations that were able to deliver what the Trailblazers had specified in their plan. The responsibility for this task fell to the SFA even though their primary role is to distribute Apprenticeship funding to providers. Their strategy was to create a new 'Register of Assessment Organisations' (AOs) by March 2015 that would contain the names of those organisations who were deemed fit to offer the EPA for each individual standard. Any organisation wishing to be included on the Register would need to meet 'rigorous entry criteria' that analysed the applicant's financial health, 'organisational capacity and capability' and 'sector experience and knowledge'⁸⁶. At the same time as demanding that applicants met this rigorous criteria, the SFA stated that the Register was:

*"intended to allow for a wide range of organisations, with a range of expertise, to independently assess apprentices against a given standard."*⁸⁷

Once an AO - either an existing Ofqual-regulated AO or a new entrant - was accepted onto the Register, it was up to the Trailblazer employers to decide which of them was allowed to deliver the EPA for their standard(s). Should a Trailblazer decide that an AO was suitable, they would be able to offer the EPA to any employer who wished to put an apprentice forward for the final assessment. While this

84 HM GOVERNMENT (2015). The Future of Apprenticeships in England: Guidance for Trailblazers – from standards to starts. p34.

85 HM GOVERNMENT (2015). The Future of Apprenticeships in England: Guidance for Trailblazers – from standards to starts. p74.

86 HM GOVERNMENT (2016). Register of apprentice assessment organisations. June.

87 FEDERATION OF AWARDDING BODIES (2015). Apprenticeship assessment policy. Conference presentation slides. pp13-14.

process of the SFA operating the Register followed by Trailblazers nominating their chosen assessment organisations has been in place for some time, it has attracted little attention. This has meant that significant concerns about how assessments will be carried out for the new standards remain unaddressed.

The SFA Register of AOs

It is a sensible approach to have a transparent process for organisations to come forward and present their case for receiving public funds for Apprenticeship assessments. However, the trouble is that the wrong organisation has been asked to do this. The SFA is a funding body. It does not have, and has never had, any statutory or non-statutory role in assessment within our education system. As a result, it has no expertise in this area. To put a group of civil servants with no assessment expertise in charge of deciding who should be allowed to compete for millions of pounds of taxpayers' money injects an enormous degree of risk into the new Apprenticeship system.

What's more, the Register itself was the wrong answer to the wrong question. The Register is merely a collection of 'entry' criteria. Once an AO has been placed onto the Register, there is no mechanism for monitoring its activities from that point onward. Only half of the AOs currently listed on the Register are regulated by Ofqual,⁸⁸ which means that for those unregulated AOs there is not a single body – be it an employer group, government agency, regulator or otherwise – who is checking their conduct, behaviour and performance regarding Apprenticeship assessments. In addition, nobody is investigating whether any of the promises, commitments and assertions made during the application process are being kept. This is even more astounding when one considers that a number of the organisations seeking to become approved AOs have never delivered large-scale assessments before. Despite good intentions, the inexperience and potential lack of capacity in these new AOs represents a serious threat to the integrity of the assessment system.

The lack of assessment coverage for approved standards

When a new standard has been created, it is not ready for use until the assessment plan has been approved. Generally speaking, ministers prefer to talk about the number of Apprenticeship standards approved or in development (around 400 at present). However, the most relevant figure to discuss is the number of Apprenticeship standards that are approved for delivery – a total of 147 as of October 2016.⁸⁹ Of these, only 63 – or less than half – have an approved assessment plan in place, from a total of 19 assessment organisations⁹⁰. When looking at volume of actual Apprenticeship starts, only 58% of the Apprenticeships begun under the new standards have an agreed awarding organisation attached to it, and 42% do not – something which Susan Pember, former senior civil servant at the Department of Business Innovation and Skills, has rightly called 'diabolical.'⁹¹

This raises two important issues. First, the process of creating assessment plans has become a severe constraint on the reforms as a whole. The evaluation of the Trailblazer programme identified this in 2015 as something that urgently needed attention:

88 FE WEEK (2016). Half Apprenticeship assessment orgs unregulated by Ofqual. News article. 17th June.

89 SKILLS FUNDING AGENCY (2016). Apprenticeship standards approved for delivery. 7th October.

90 SKILLS FUNDING AGENCY (2016). Register of apprentice assessment organisations – overview. 12th October.

91 Analysis of coverage of assessment organisations and Susan Pember quote both taken from FE WEEK (2016), Lack of assessment organisations 'disrespectful' to apprentices. News article 14th October.

“...with the number of [Trailblazers] approved by Gateway 1 to develop Standards accelerating, but no increase in the speed at which assessments are approved, there is a risk that bottlenecks may increase.”⁹²

In many respects, this is unsurprising as employers have very little experience in tackling thorny issues such as ensuring the reliability and validity of examination tools and overseeing independent assessments on a national scale. Nonetheless, it has taken years of reform to produce just 32 new Apprenticeships that are ready to be assessed.

The second important issue is the numbers themselves. Almost 100 Apprenticeship standards have been approved by the Government and are currently available for employers to start using even though there is no AO in place to deliver the EPA. This is untenable – and by way of comparison, would not be accepted with traditional academic qualifications. A world class Apprenticeship system needs to ensure that all programmes have a designated end point assessment system in place before any learner can begin studying it.

Independence of assessment

As noted in the previous chapter, the Richard Review was very forceful on the issue of ‘independent assessment’. Similarly, in the Government’s implementation plan, it was agreed that independence of the assessment process was important. The Government expected to see assessment being delivered by an independent third party to give employers confidence that apprentices in different parts of the country had reached the same standard. The SFA went a step further in their funding rules for Trailblazer employers:

“To ensure independence in the assessment process, end-point assessment must involve a third party who does not stand to benefit financially from the outcome of the end-point assessment.”⁹³

A very strong example of how independent assessments can indeed be delivered on a new standard is found in the **BUTCHER (LEVEL 2)** assessment plan:

“The [AO] will appoint, train and approve the Independent Assessors who will be a qualified assessment practitioner but importantly must also be a butcher by profession with requisite experience of quality assurance in the food industry. Independent Assessors must have no connection with the apprentice and the apprentice’s employer or training provider.”

Many of the published assessment plans attempt to reach this same level of independence, although this often comes in the form of requiring assessors employed by the AO to hold ‘relevant’ qualifications rather than requiring them to be existing or former practitioners in their occupation.

But the level of independence in the best assessment plans makes it all the more challenging to Government that some plans have been approved even though they are not, in this report’s judgement, meeting the criterion for ‘independent assessment’. A collection of standards from the service sector including **RETAILER (LEVEL 2), TRAVEL CONSULTANT (LEVEL 3) and HOSPITALITY TEAM MEMBER (LEVEL 2)** illustrate the point:

92 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (2015). BIS research paper 256: Process evaluation of the Apprenticeship Trailblazers. p35.

93 SKILLS FUNDING AGENCY (2015). Trailblazer Apprenticeships: Funding Rules 2015 to 2016 - Version 1. p24.

“The employer led approach to end assessment allows assessors to be sourced from the employer’s workforce to assess apprentices in their own organisation as long as independence from the apprentice can be demonstrated (i.e. they must not have been involved in either the learning and development or line management of the apprentice).”

Suggesting that someone else from the same company as the apprentice and their line manager is suitably ‘independent’ just because they have not been directly involved with the apprentice is not an acceptable proposition.

Other Trailblazers have taken a similar approach to independent assessment. The Energy and Utilities Trailblazer has been able to produce several new standards and related assessment plans because they began work in the first phase of employer groups. Their chosen model for ensuring independence for standards such as the **DUAL FUEL SMART METER INSTALLER (LEVEL 2)** is worth considering. Rather than having an independent assessor for the EPA, the Trailblazer employers have allowed a ‘technical expert’ to mark the portfolio of work produced by the apprentice as well as conduct the end-point interview. This expert will be nominated by the apprentice’s employer and may come from within their own organisation or brought in if required from other employers or an AO. Although this employer group insists that the nominated expert will not have directly worked with the apprentice or participated in his / her learning and training, it is still feasible for an employer to sign off their own apprentices without a third party providing much scrutiny. This particular Trailblazer did give an independent AO the role of ‘moderating’ the final judgements made by an employer on a ‘risk based’ sampling basis, with a minimum of 20% of an experienced technical expert’s decisions being referred for moderation, but this does not entirely alleviate the issues raised by an employer assessing their own apprentices.

Consistent, reliable and valid judgements

As noted above, the Government rightly wanted to make certain that: “employers can have confidence that apprentices assessed in different parts of the country, at different times, by different assessors have been judged in the same way and have therefore reached the same standard of occupational competence”.

Using academic qualifications again as a comparator, government would not tolerate a situation in which someone sitting a GCSE exam in one part of the country had their paper marked differently to a candidate sitting the same exam elsewhere. Unfortunately, such a position can indeed occur for Apprenticeships. From analysing the published assessment plans, Trailblazer groups seem to have taken a different view on what constitutes ‘consistency’ and ‘reliability’. Most have assumed that these terms refer to the role of the AO:

- **DENTAL NURSE (LEVEL 3):** “The Apprenticeship assessment organisation carrying out the end point assessment will be expected to put in place quality assurance systems that support fair, reliable and consistent assessment”
- **LEAD ADULT CARE WORKER (LEVEL 3):** “independent end-point assessment organisations ... will be expected to regularly compare judgements and grading decisions offered by their assessors for consistency”
- **INVESTMENT OPERATIONS ADMINISTRATOR (LEVEL 2):** “The assessment methods described previously are designed to produce assessment outcomes that are consistent and

reliable, allowing fair and proper comparison between apprentices employed in different types and sizes of organisations. ...[Assessors] will be trained and approved by the Assessment Organisation to ensure that they are capable of using the tools developed for assessment in a fair and consistent manner to make reliable judgments.”

For employers who are not well versed in the mechanics of testing and assessment, these might seem like reasonable assumptions. In truth, they do not reflect the scale of the challenges ahead for Trailblazers. Although ‘consistency’ is a fairly broad term, ‘reliability’ is a technical term that has a specific meaning. In 2013, Ofqual produced a guide to reliability that aimed to improve awareness among educators, trainers and assessors across the education system.⁹⁴ Reliability refers to: “the extent to which a candidate would get the same test result if the testing procedure was repeated.”

Although reliability can only be judged accurately through the delivery of assessments and their subsequent evaluation, the most important aspect at the assessment plan stage was for Trailblazers to explain how consistency over time would be measured i.e. who is responsible for ensuring consistent judgements, what comparisons would be made to measure reliability, what datasets would support these judgements and so on. This is not a task that can sit with the AO – at least not without a check on their own capability and track record in this area. Keeping assessments fair and consistent is challenging for the most experienced AOs; even more so for the newly-created AOs. The biggest weaknesses in this area of the reform programme stem from the absence of Ofqual from this process. Bearing in mind that half of the AOs set to deliver EPAs across the new Apprenticeship standards are not even regulated by Ofqual, the prospect of unreliable and inconsistent assessments is a very real possibility.

Similarly, validity is a technical term that merits serious consideration in any form of assessment and it too brings into question the suitability of some assessment plans. The National Foundation for Educational Research describe validity as: “the extent to which test scores are appropriate for the uses to which they are intended to be put.”⁹⁵

A rigorous Apprenticeship programme needs to place great emphasis on ensuring that the assessment tools (e.g. written tests, observational checks) are valid as well as reliable. Unfortunately, some of the new assessment plans do not mention validity at all while in others misinterpretations of validity are rife.

The **JUNIOR MANAGEMENT CONSULTANT (LEVEL 4)** standard claims that:

“the submission and assessment of the portfolio prior to the presentation and interview ensures that multiple views are taken of the apprentice’s competency helping to ensure the accuracy and validity of judgments”

It also suggested that:

“the pragmatic combination of assessment methods ensures breadth, validity and reliability to satisfy the assessment requirements”

This statement assumes that validity would necessarily increase if you have more people making judgements about an apprentice when it is conceivable that

94 OFQUAL (2013). Research and analysis: introduction to the concept of reliability.

95 NATIONAL FOUNDATION FOR EDUCATIONAL RESEARCH. Information about assessment: A discussion of validity.

such an arrangement will have the opposite effect. The standard also assumes that using a combination of different assessments would increase validity, which is not necessarily the case and again could do precisely the opposite. Meanwhile, in the **RETAILER (LEVEL 2)** standard it was asserted that one of their assessments:

“will be an objective on demand test and will be in multiple-choice format ensuring validity and reliability”

The belief that, by virtue of being a multiple-choice test, the assessment would automatically become more valid and reliable is simply incorrect (you can easily design an unreliable and invalid multiple-choice test).

This is not to criticise the Trailblazers efforts. Assessment design is a complex and skilled role which requires many years of experience and is not something which can reasonably be expected of employer groups. In order to inspire confidence in all Apprenticeships, changes need to be made to ensure that assessments are indeed – in the true technical sense – valid, reliable, and consistent.

End-point assessment

The Richard Review was strongly supportive of a genuinely ‘end-point assessment’ (EPA) because it: “demonstrates that the apprentice can take the knowledge and expertise they have gained and apply it in a real world context to a new, novel problem”.

The Review was fairly open-minded about the precise form it would take (“a project or an assessment in front of an examiner”). However, it stipulated that it should always take place primarily at the end of an Apprenticeship, not measuring progress during it. The Government concurred that apprentices should be assessed “largely at the end”.

Yet some assessment plans have emerged with a nominal end point assessment that does not meet the Government’s expectations. The **ACTUARIAL TECHNICIAN (LEVEL 4)** assessment plan explains that their EPA includes two elements:

- “A summative showcase - containing evidence from 1 or more real work products which have been completed during the Apprenticeship, usually towards the end, and which, taken together (with supporting documentation such as compliance checks, record of internal audit, manager/client feedback, log book of activity), cover the totality of the standard”
- “A structured interview - exploring what has been produced in the portfolio, how it has been produced and how they have performed in their role during the Apprenticeship”

From this description, the ‘showcase’ appears to be a collection of work that does not even have to be completed near the end of the Apprenticeship, while the structured interview is just a discussion about the showcase. This does not meet the definition of a true test of an apprentice’s ability to apply his / her newly-acquired skills, knowledge and behaviours in a real world context to a new, novel problem.

An almost identical setup can be found in the **DUAL FUEL SMART METER INSTALLER (LEVEL 2)** assessment plan mentioned earlier, in which the EPA consists of a ‘portfolio’ worth 80% of the final mark and an ‘end-point interview’ worth 20%.

The **BESPOKE TAILER AND CUTTER (LEVEL 5)** assessment plan is also noteworthy. The end-point assessment is made up of three parts:

- Assessment method 1: “a portfolio of practical garments and patterns carried out over a 6 month period” (75% of the overall mark)
- Assessment method 2: a “Professional Presentation and Discussion” in which “the apprentice will present the project and will be questioned about elements of the project” by their employer and an AO representative (15%)
- Assessment method 3: a “Textiles Assignment research project ...which will demonstrate the apprentice’s knowledge of the characteristics of a variety of fabrics and their suitable application to construction” (10%)

For a portfolio that is created over the course of six months to constitute such a large proportion of an EPA suggests that some assessment plans have interpreted the requirements far more loosely than the Richard Review intended.

In pleasing contrast, the **WELDER (LEVEL 2)** and **WELDER (LEVEL 3)** assessment plans show that it is perfectly possible to design a high-quality EPA that combines practical and theoretical elements in the final three months of an Apprenticeship. In addition to a ‘professional interview’ and a theoretical test that lasts around two hours, the assessment plan includes two separate practical tests in which the apprentice must demonstrate what they have learned throughout their Apprenticeship:

“The practical tests will be carried out in accordance with a recognised industry specification and will be in the most difficult welding positions for the skill/knowledge modules selected.”

This industry has a historical advantage in that practical tests have been around for 60 years and workplaces are understandably keen to maintain high standards and safe practices at all times. That said, some of the newer industry sectors and Apprenticeship standards have also shown that novel tasks can be introduced to EPAs. In the **PUBLIC SECTOR COMMERCIAL PROFESSIONAL (LEVEL 4)** assessment plan, the first part of their EPA is a ‘case study’ exercise:

“Inevitably, the variety of experiences available to Commercial apprentices in the public sector may mean that some candidates have less exposure to certain aspects of the procurement cycle than others. In order to provide all apprentices with an opportunity to demonstrate that they meet or exceed the standards expected of them, they are required to complete a case study. The case study will be developed by an independent assessment organisation, and will cover the entire procurement cycle. Apprentices will be required to write a paper of around 1500–2000 words, demonstrating their ability to apply the skills, knowledge and behaviours expected of Commercial professionals in a context that might not be immediately related to their day-to-day work.”

This is more like the kind of EPA that the Richard Review envisaged. Apprentices are forced to apply what they have learned to a new scenario, and then have their performance judged by an independent third party.

Further upheaval in the funding reforms

Chapter 1 outlined how the funding mechanism had been a matter of considerable debate and discord in the early stages of reform. In May 2014, the Government announced a new Apprenticeship funding model with no mention of the 1,459 consultation responses they had just received on PAYE and the Apprenticeship Credit. This new model⁹⁶ (see below) was designed for Trailblazer employers to use on their new standards once they were approved for delivery.

96 HM GOVERNMENT (2015). The Future of Apprenticeships in England: Guidance for Trailblazers – from standards to starts. p48.

Box 8:

| | CAP 1 | CAP 2 | CAP 3 | CAP 4 | CAP 5 |
|--|--------|--------|--------|---------|---------|
| Core Government Contribution (CGC) Cap: | | | | | |
| £2 for every £1 from employer | £2,000 | £3,000 | £6,000 | £8,000 | £18,000 |
| Additional incentive payments | | | | | |
| Recruiting a 16-18 year old | £600 | £900 | £1,800 | £2,400 | £5,400 |
| For a small business (<50) | £500 | £500 | £900 | £1,200 | £2,700 |
| For successful completion | £500 | £500 | £900 | £1,200 | £2,700 |
| Maximum total Government contribution | £3,600 | £4,900 | £9,600 | £12,800 | £28,800 |

The plan was relatively simple: employers would negotiate with their training provider for the cost of training an apprentice. For every £1 the employer paid the training provider, that provider could receive an additional £2 of government subsidy up to a maximum subsidy ‘cap’ that varied depending on the Apprenticeship standard. Although this represented a simplification compared with the convoluted ‘funding rates’ mechanism used for the existing Apprenticeship frameworks, it generated a whole host of other problems. The biggest barrier facing the new funding model was that enforcing cash contributions of this magnitude on every employer of apprentices was an extraordinary shift away from the funding system used for Apprenticeship frameworks, which rarely demanded any contribution at all. Undeterred, the Government pressed on and in September 2014 the first apprentices were enrolled on the new standards with the new funding caps ready for action.

When the Education Select Committee investigated the overall progress of the Apprenticeship reforms later in 2014, they found that:

“while we received some submissions supporting the principles behind the Government’s [funding] reforms, opposition to the method of implementation was nearly universal.”⁹⁷

The main concerns revolved around the impact on recruitment when employers were having to put cash into the system, and also the administrative burdens that would fall on employers under the new model (particularly smaller businesses). These problems were echoed in the official evaluation of the Trailblazer initiative, with further concerns being voiced around the potentially severe impact on cash-flow and the lack of negotiating power among smaller employers when dealing with training providers.⁹⁸ The evaluation commented:

“there was also criticism from some Trailblazer networks that the Trailblazer agenda now centred on the funding model and mechanism with the original ethos of innovation and employer ownership being lost in this debate.”⁹⁹

97 HOUSE OF COMMONS EDUCATION SELECT COMMITTEE (2015). Apprenticeships and traineeships for 16 to 19 year olds. p30.

98 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (2015). BIS research paper 256: Process evaluation of the Apprenticeship Trailblazers. pp56-57.

99 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (2015). BIS research paper 256: Process evaluation of the Apprenticeship Trailblazers. p58.

What's more, the question of what the actual funding mechanism would be to distribute the new funding pots for each standard – PAYE or the Apprenticeship Credit model – was still unresolved as 2014 came to a close.

In January 2015, the Government announced that it would not pursue either PAYE or the Apprenticeship Credit model. This meant that not one, but two consultations had now failed to answer the question of how the new apprenticeship standards would be funded. The explanation given by the Minister was:

“the concerns that were raised were ones that I thought were important for us to listen to, which were that either of those models might be off-putting, particularly to small and medium-sized businesses that do not want to get involved in a huge administrative process, and perhaps do not have the cash flow to be able to bankroll the training and then get their money back from the Government.”¹⁰⁰

Further to this, in the March 2015 Budget, a new ‘digital Apprenticeship voucher’ was launched that would put employers in control of the government funding for training and be fully implemented by 2017:¹⁰¹

“the employer would register their details on a system being developed by the SFA, including their type of business, the details of the apprentice and the Apprenticeship standard being signed up to. The discounted rate [in the form of a voucher code], which could be up to 100 per cent for 16 to 18-year-olds and at which employers can purchase training, would be calculated and the employer would be able to pass on the voucher code to the provider that is delivering the training for their apprentice. The provider would then reclaim the value of the voucher from the SFA.”¹⁰²

And in addition, an ‘Apprenticeship levy’ was then announced in the Summer 2015 Budget:

“...the government will introduce a levy on large UK employers to fund the new Apprenticeships. ...The levy will support all post-16 Apprenticeships in England. It will provide funding that each employer can use to meet their individual needs. The funding will be directly controlled by employers via the digital Apprenticeships voucher, and firms that are committed to training will be able to get back more than they put in.”¹⁰³

Following yet another consultation that ran from August to October, the 2015 Autumn Statement provided the first details on how the levy would operate:

“The Apprenticeship levy on larger employers announced in the Summer Budget will be introduced in April 2017. It will be set at a rate of 0.5% of an employer's paybill. Each employer will receive an allowance of £15,000 to offset against their levy payment. This means that the levy will only be paid on any paybill in excess of £3 million and that less than 2% of UK employers will pay it. The levy will be paid through Pay As You Earn. By 2019-20, the levy will raise £3 billion in the UK.”¹⁰⁴

In August 2016, the Government released the long-awaited details of how levy funds could be used by employers.¹⁰⁵ While the Trailblazer funding model only had five funding bands, the new Apprenticeship funding system (which encompasses existing Apprenticeship frameworks and new Trailblazer standards)

100 HOUSE OF COMMONS EDUCATION SELECT COMMITTEE (2015). Apprenticeships and traineeships for 16 to 19 year olds. p31.

101 HM TREASURY (2015). Budget 2015. March. p49.

102 FE WEEK (2015). Number 10 reveals Apprenticeship funding reform ahead of Budget. News article. 17th March.

103 HM TREASURY (2015). Budget 2015. July. p60.

104 HM TREASURY (2015). Spending Review and Autumn Statement 2015. p45.

105 HM GOVERNMENT (2016). Apprenticeship Funding: Proposals for Apprenticeship funding in England from May 2017.

is set to have 15 funding bands ranging from £1,500 to £27,000. If a levy-paying employer wishes to use up their levy funds, they can draw down money up to the maximum funding band limit for a particular Apprenticeship standard. Non-levy payers or employers who have used up all their levy funds will have to co-invest 10% of the training costs negotiated with each provider, with government paying the remaining 90%. Some additional support was also announced such as small employers who take on an apprentice aged 16-18 being exempt from the 10% co-investment plus an additional payment of £1,000 to both employers and training providers to help with the extra costs of supporting younger apprentices, young care leavers and young adults with additional learning needs.

While the Government is no doubt hoping that the publication of the provisional levy details will end the debate over its future, it remains a source of concern for various theoretical and practical reasons. Although it may appear novel in the context of mainstream political debate, levy-based funding systems are nothing new. France has had an ‘Apprenticeship tax’ since 1925, and over 60 countries are listed as having levy schemes in operation (including the UK).¹⁰⁶ There are several elements of the Government’s proposed levy that make it highly unusual. For instance, it will only apply to employers with wage bills of over £3 million. According to the OECD, levy schemes are generally either universal (i.e. apply to all employers) or vary by industry sector or geographical region. France varies their levy from 0.55% to 1.6% of payroll depending on the size of the company but every company still has to pay.¹⁰⁷

It is also rare for a government to be solely in charge of the money generated by levy schemes. Usually there are funds set up to manage levy finances (often on a sectoral or regional basis) to determine training strategies and priorities as well as oversee the collection and disbursement of funds. The boards of such funds are normally comprised of employer, trade union and government representatives.¹⁰⁸ In contrast, the Government’s proposed levy will pass employer funds directly to HM Treasury with no suggestion of any arms-length body or agency to coordinate how the funding is used. The OECD have previously advised that:

“if funds are gathered by government, there is a risk that the proceeds might be diverted to different purposes. Hence, independence from public budgets seems important.”¹⁰⁹

Professor Wolf emphasised the need for the Apprenticeship levy to be placed into a separate hypothecated fund to ensure that it remains a secure long-term funding source.¹¹⁰ At the time of writing, HM Treasury have yet to confirm that the levy funds are ring-fenced for Apprenticeships, in the 2015 Autumn Statement:

“...key providers, including colleges will be able to benefit from the significant increase in [government] Apprenticeship spending of almost £900 million by 2019-20”¹¹¹

Conspicuously, this did not mention where the extra money would come from. The DfE and BIS ‘Post-16 Skills Plan’, published in July 2016, confirmed that this £900 million increase will be funded by the new Apprenticeship levy,¹¹² demonstrating that in the absence of a ring fenced fund, HM Treasury will need to use this new pot of cash to plug gaps in other budgets.

106 MÜLLER, N. & BEHRINGER, F. (2012). Subsidies and Levies as Policy Instruments to Encourage Employer-Provided Training. Paris: OECD. p26.

107 MÜLLER, N. & BEHRINGER, F. (2012). Subsidies and Levies as Policy Instruments to Encourage Employer-Provided Training. Paris: OECD. p28.

108 MÜLLER, N. & BEHRINGER, F. (2012). Subsidies and Levies as Policy Instruments to Encourage Employer-Provided Training. Paris: OECD. p25.

109 MÜLLER, N. & BEHRINGER, F. (2012). Subsidies and Levies as Policy Instruments to Encourage Employer-Provided Training. Paris: OECD. p39.

110 WOLF, A. (2015). Fixing a Broken Training System: The case for an Apprenticeship levy. London: Social Market Foundation. p15.

111 HM GOVERNMENT (2015). Spending Review and Autumn Statement 2015. p46.

112 DEPARTMENT FOR EDUCATION AND DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (2016). Post-16 Skills Plan. p37.

What is left of the original reforms at the end of 2016?

With the implementation plan in place and Trailblazer employers primed for action, the Apprenticeship reforms started from a position of strength. This makes it all the more important to identify areas where such a well-intentioned reform programme has not been successful. The enthusiasm of employers remains the highlight of these reforms and is something that must be held onto regardless of what direction the reforms take over the coming months.

“The emergence of some low-quality standards that focus on non skilled occupations or which require minimal training. In addition, some standards are not being restricted to new jobs or roles and instead are being used by employers as professional development”

What has become clear is that the Government programme has allowed the emergence of some low-quality standards that focus on non skilled occupations or which require minimal training. In addition, some standards are not being restricted to new jobs or roles and instead are being used by employers as professional development. The uncoordinated and uncontrolled expansion of the number of new standards has also caused issues of quality control.

Similarly, the Government's commitment to high-quality assessment is undermined by the use of the SFA to act as the Register of AOs, while the failure of some standards to offer genuine end-point assessments is yet another example of an area where the reform programme has drifted.

On the funding side, the government started from the correct analysis that Apprenticeships should operate as a three way commitment. But the result of numerous widespread and enormously disruptive funding changes has been, as our research and discussions made abundantly clear, to generate commotion and confusion that risks undermining the goodwill invested by many individuals and organisations in these reforms. The levy system seems set to go ahead in 2017, despite calls from various organisations to delay it. Although this report does not focus on the operation of the levy model – preferring to focus on the quality of training which it can purchase – it shows that there remains some differences of approach between Government and the large employers who ought to be the ones offering the types of high quality Apprenticeships which do exist and which can be transformational.

In December 2015¹¹³ in an attempt to re-energise the programme, government published a 2020 vision for Apprenticeships. The only notable change in policy within this vision was that the Government would establish a new independent body, led by employers – the Institute for Apprenticeships [IfA] – to regulate the quality of Apprenticeships.¹¹⁴ The IfA was to deliver a number of separate functions:

“An independent Chair will lead a small Board made up primarily of employers, business leaders and their representatives, to ensure employers continue to drive Apprenticeship quality to the highest level. Building on the current Trailblazer processes, the Institute for Apprenticeships will put in place transparent mechanisms for the approval of Apprenticeship standards and assessment plans, and maintain clear quality criteria so that only standards that are valued by employers will be approved and funded. ...Employers will continue to design new Apprenticeships and they will engage directly with the Institute for Apprenticeships to submit their standards and

113 HM GOVERNMENT (2015). English Apprenticeships: Our 2020 Vision.

114 HM GOVERNMENT (2015). English Apprenticeships: Our 2020 Vision. p41.

assessment plans for approval. These will be peer reviewed by a small number of experts to ensure they meet the published quality criteria before being approved for publication. The Institute will also support the work of BIS and DfE in setting a cap on the level of government funding available for each Apprenticeship standard.”¹¹⁵

The emergence of such a body is worthwhile. It offers an opportunity to address issues raised in this report around quality of standards, assessment expertise, and employer engagement. What is critical— is ensuring that this body is independent, suitably staffed, and clear on its remit. It is also important that it has as its focus the delivering of quality. One concern this report identifies is that the Government is clear that the IfA’s remit is to be carried out “within the context of reaching three million starts in 2020”.¹¹⁶ This presents a risk that, far from providing a bulwark against poor-quality standards and assessment plans, the IfA will be under similar pressure to previous scrutiny panels and gateways by approving them as quickly as possible. The news that the IfA was only going to have 40 members of staff to perform all their functions¹¹⁷ is another potential cause for concern.

The other positive development is the ‘Post-16 Skills Plan’ published in July 2016 alongside recommendations from Lord Sainsbury’s independent panel on technical education. The independent panel made several robust recommendations about where to go next with the IfA (aside from changing its name to ‘the Institute for Apprenticeships and Technical Education’). For example, the panel stated that new standards:

“must be designed to deliver the knowledge, skills and behaviours required to perform successfully in specific occupations, not the narrower job role-focused needs of individual employers”¹¹⁸

In addition, they recommended that:

“at the earliest opportunity, the Institute for Apprenticeships reviews all existing Apprenticeship standards to satisfy itself that there is no substantial overlap between standards, and that every standard is occupation- rather than firm-specific and contains sufficient technical content to warrant at least 20% off-the-job training. Standards found to be overlapping or wanting in terms of breadth or technical content should be revised, consolidated or withdrawn.”¹¹⁹

These changes could in theory result in a number of inappropriate or underwhelming standards being rejected, although it is hard to judge the scale of possible withdrawals in advance and it is unclear whether assessment plans would be subjected to similar scrutiny.

As we approach the end of 2016, almost four years after the Apprenticeship reforms began, there are signs of positivity. However, there are also deep seated issues which need to be addressed to deliver a world class Apprenticeship system that will aid social mobility. In amongst all the upheaval, controversy and turmoil, only 2,600 apprentices¹²⁰ (approximately 0.6% of Apprenticeship starts) have so far begun training on less than 40 new standards.¹²¹ This has already required the Government to change the intention to have all Apprenticeship starts on the new standards instead of the old frameworks by 2017/18.¹²² The proportion of starts on the new standards will undoubtedly increase but, as described throughout this report, there remain risks that poor practice amidst high-quality Apprenticeships will still exist after the transition is complete.

115 HM GOVERNMENT (2015). English Apprenticeships: Our 2020 Vision. p42.

116 HM GOVERNMENT (2015). English Apprenticeships: Our 2020 Vision. p41.

117 FE WEEK (2016). Fears IfA won’t have the staff to police standards. News article. 2nd May.

118 DEPARTMENT FOR EDUCATION AND DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (2016). Post-16 Skills Plan. p46.

119 DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS AND DEPARTMENT FOR EDUCATION (2016). Post-16 Skills Plan. p48.

120 HM GOVERNMENT (2016). FE Data Library for Apprenticeships - Apprenticeships by framework type and level: starts 2009/10 to 2015/16 reported to date. Table 3.

121 HM GOVERNMENT (2016). FE Data Library for Apprenticeships - Apprenticeships by framework, level and age: starts 2002/03 to 2015/16 reported to date.

122 HM GOVERNMENT (2015). English Apprenticeships: Our 2020 Vision. p43.

4

Fixing What Has Gone Wrong – Recommendations

“Young people in this country deserve an education system that can compete with the best in the world, a system which sets – and achieves – high expectations. Today’s reforms are essential to achieve this goal. By making GCSEs more demanding, more fulfilling, and more stretching we can give our young people the broad, deep and balanced education which will equip them to win in the global race.”¹²³

Former Education Secretary Michael Gove (2013)

When Michael Gove set out his plan to reform GCSEs in Parliament, he unashamedly promoted his goal of making them more challenging, more ambitious and more rigorous. Equally demanding language accompanied the re-writing of all A-level subject content. Indeed, it is hard to imagine a situation in which a senior politician would champion anything other than these objectives. What distinguishes the reforms to GCSE from those to Apprenticeships is that, regrettably, the former saw the Government’s words consistently matched by their deeds whereas the latter did not always do so.

In August 2016, the new Skills Minister Robert Halfon declared:

“...my dream is that if someone says at a dinner that they’re doing an Apprenticeship and another person says they’ve been to Oxbridge, that people will be more impressed by the apprentice than the person who goes to Oxbridge”¹²⁴

This is a fine aspiration. But without alterations to the reforms as they stand, it risks remaining just a dream. These alterations should focus on preserving the positive achievements seen thus far in the reforms while discarding any incorrect or inappropriate choices made along the way. This chapter sets out how it can be done.

Part 1 - Set A Clear Goal For The Apprenticeship Programme Based On International Best Practice - And Which Is Not About Number Of Apprenticeships Taken Up

The first, and broadest, task for government is to reset the way in which Apprenticeships sit within public policy. At present, although the term itself is protected in law, the current definition of an Apprenticeship is very broad and there is still a lack of clarity on the overall aims of the reform programme – other than a belief that volume itself acts as a proxy for beneficial outcomes.

123 HM GOVERNMENT (2013). Oral statement by Michael Gove on education reform. 11th June.

124 TES FURTHER EDUCATION (2016). Minister calls for living wage for apprentices to achieve ‘social justice’. News article. 5th August.

Recommendation 1:

Move away from the 3 million target for Apprenticeship starts being the sole metric of success of the Apprenticeships programme, by setting a new system goal alongside it which focusses on quality; “an Apprenticeship system which is comparable to the best in the world”

Although a drive for ‘quantity over quality’ cannot be blamed for all the ills facing the reform programme, the evidence presented in this report demonstrates that it has incentivised the wrong behaviours from some employers, awarding organisations and providers as well as ministers and civil servants. The pressure for numbers risks, at the margins, encouraging government to make decisions that prioritise quantity over quality.

Such concerns have led to large numbers of people – including Neil Carmichael, the chair of the Education Select Committee - who made this call at a Policy Exchange roundtable during our research phase¹²⁵; Baroness Alison Wolf, author of the original proposals into the Apprenticeship levy¹²⁶; the National Audit Office¹²⁷; and other voices including Her Majesty’s Chief Inspector Sir Michael Wilshaw¹²⁸, that the 3 million target be abandoned,

However, it should be noted that as a high profile manifesto commitment, and with the passing of the Enterprise Act which laid down some of this into law, the Government is at best unlikely and at worst unable to move away from this target.

Given that, we recommend that the way to make progress on the quality agenda is to define a new goal for the Apprenticeships programme – sitting alongside the 3 million target – which emphasises the wider purpose of reforms, and the quality element to it. These two goals should act as the twin poles of the Apprenticeship programme from now through to 2020 – so that the government is driven by the twin purposes of improving quantity and quality. The current 3 million Apprenticeship target does, at present have a quality element to it¹²⁹. But it is often neglected from discussion, and as the evidence in this paper suggests, in practice does not drive behaviour.

Such a target could be framed as “an Apprenticeship system which is comparable to the best in the world”. In just the same way as the Government has explicitly benchmarked the new secondary curriculum to the highest performing school systems in the world, so that the maths that 15 year olds in London or Manchester are now studying is comparable to what 15 year olds in Shanghai study, so too could we seek to require all new Apprenticeship standards to be explicitly benchmarked in terms of content, duration, and assessment to a defined set of international comparators, such as Germany. The target could also seek to build in external measures of outcomes as part of a basket of indicators – so, for example, seeking that by 2020, Apprenticeships are delivering a certain level of wage gains, productivity gains, or measures of popularity including number of people who would recommend an Apprenticeship to their children or employers who report positive benefits to having recruited an apprentice. In reality, at least at the beginning, such metrics will be proxies for quality. But what is important is that the government sets explicitly a target for quality and that resources are devoted not just to approving standards, but approving standards that will meet this target.

125 TES (2016), “Quality should be focus of apprenticeship policy, not chasing millions of starters, says MP committee chair”. News report summarising Policy Exchange roundtable on Apprenticeships, 8 September.

126 “It is a mad and artificial political target which risks undermining the reputation of apprenticeships”. Quoted in INDEPENDENT (2016) ‘Mad’ apprenticeship targets have consigned a generation to low-skill, low-paid duties, News article, 30 August

127 NATIONAL AUDIT OFFICE (2016), Delivering value through the apprenticeships programme, 6 September

128 DAILY TELEGRAPH (2015), Sir Michael Wilshaw: End apprenticeships for making coffee and cleaning floors. News article, 18 October.

129 “You will all be aware of the government’s vision for 3 million high quality apprenticeship starts. And quality is intrinsically linked to the 3 million starts. Let me be absolutely crystal clear on this point. The focus of Government in the last few years has been on quality. High quality apprenticeships. That’s what we all want.” SKILLS FUNDING AGENCY (2016), Three million quality Apprenticeships. Speech by Sue Husband to FE Week annual apprenticeship conference, 17 March.

Recommendation 2:

Introduce a new definition of an 'Apprenticeship' building on international best practice and use this as a legal definition through which to assess all current standards when they are proposed or renewed

A recent comparative study illustrated the gap between how Apprenticeships are construed in this country compared to the most highly-regarded systems:

"Unlike in some other countries, there has been no statement of purpose setting out the nation's reasons for continuing to support Apprenticeships. The lack of a clear purpose for Apprenticeship in England has allowed it to become a 'wrapper' or 'brand' embracing a range of formal and informal learning experiences, opportunities and attainments. ... Apprenticeship is not a 'course' or a 'qualification' but merely a label. Some Apprenticeships are highly prized, very selective, and lead to well-paid careers with professional pathways and qualification hierarchies. ... At the other end of the spectrum are Apprenticeships that demand little if anything in the way of entry requirements, offer no opportunity for off-the-job education and training, and limit the apprentice to a restrictive diet of on-the-job experience."¹³⁰

No Apprenticeship system can have a stable foundation if the phrase 'Apprenticeship' is not used consistently and appropriately by all stakeholders. We saw in the previous chapters how employers have taken diverse approaches in how they have defined an 'Apprenticeship', which was only possible because the Government did not provide an unambiguous definition.

If the Government is to pursue a new top level goal of an Apprenticeship system which is comparable to the best in the world, it must have a clear definition of what an Apprenticeship is. Such a definition must be used to assess all current standards due for approval, and all existing ones when they come up for re-approval in future years. Without a sound definition of the programme, quality can never be consistently guaranteed.

Our proposed approach would be to set out a clear definition of what an Apprenticeship must be:

Box 9:

'Apprenticeship' refers to an education and training programme that combines vocational education with work-based learning for a newly-acquired occupational skill or trade.

On completing an Apprenticeship, the apprentice will be fully competent in all aspects of their occupation. They will be able to operate independently in the workplace, meaning that they can take responsibility for completing novel tasks and procedures efficiently and effectively. In addition, they will be able to exercise autonomy and sound judgement to deliver complex and non-routine work."

Recommendation 3:

Government should set a series of clear and measurable aims for the Apprenticeship programme which are used as a way to implement the twin goals of the programme and are used to drive allocation of resources and priorities.

130 LE DEIST, F. & WINTERTON, J. (2011). Synthesis report on comparative analysis of the development of Apprenticeship in Germany, France, the Netherlands and the UK: Comparative analysis of apparent good practice in Apprenticeship System. Toulouse: France. p39.

When the National Audit Office delivered their verdict on the Apprenticeship reforms in 2016, they criticised the failure to articulate the purpose of the Apprenticeship programme for learners, the economy and society as a whole. This should be remedied immediately.

Following logically from the new top level goal for the Apprenticeship system, and from the new proposed definition of an Apprenticeship, and based on recent work by the OECD identifying the features of high-quality Apprenticeship systems, we propose the following aims for the Apprenticeship programme in this country to underpin current and future reforms:

- Apprenticeships should smooth the school-to-work transition of younger workers and support the transition of existing workers into highly-skilled senior roles.
- Apprenticeships should foster and enhance skills acquisition.
- Apprenticeships should improve labour productivity.
- Apprenticeships should increase overall skill levels across the economy.

Where possible, these aims should have metrics attached to them so that progress can be measured over time as the reforms are rolled out. These aims should also inform cross Government resource decisions in terms of budgeting, human resources and so on.

Part 2 – Redefine All Existing And Upcoming Apprenticeship Standards To Focus Unequivocally On Quality

Recommendation 4:

All newly approved and reapproved standards should have to include evidence that they are focussed on skilled occupations.

Historically, debates on Apprenticeships have often focussed on the ‘level’ of the Apprenticeship, particularly on the question of whether Level 2 Apprenticeships should be allowed to continue. This report believes it is more important to focus on the content, depth and rigour of the Apprenticeship than it is to fixate on the level to which it is assigned. Provided that they deliver extensive training both on and off-the-job in a skilled occupation, there is no reason why Apprenticeships should not exist at both lower level up to degree level. As a result, the definition of an Apprenticeship in recommendation 2 – which seeks to achieve our goal of quality in recommendation 1 – should concentrate on capturing the essence of a genuine Apprenticeship. Alongside this, the approval process should seek to confirm that the Apprenticeship is in a skilled occupation.

This can be achieved through small alterations to the process used by Trailblazers. As it stands, the ‘gateway process’ consists of:

- GATEWAY 1: Green light to develop a standard
- GATEWAY 2: Approval of the standard
- GATEWAY 3: Approval of the assessment plan

These gateways fall well short of the procedures used in other countries for creating or renewing an Apprenticeship. Additional clarity and precision is needed, which is why the gateways must encompass a wider set of safeguards. Judging by the quality of many standards and assessment plans being developed by Trailblazers, the first gateway is not performing its 'filtering' role effectively. This suggests that Gateway 1 is in need of fortification. The way to achieve this is to think more deeply about terms such as 'Apprenticeship' and 'occupation'.

In order to develop a new standard, therefore, we recommend that the proposal must meet the new definition of an Apprenticeship and, in addition, evidence must be provided that at least two of the following criteria are met for the proposed standard:

- (a) It is listed in the UK National Occupational Standards (NOS) as a 'skilled', 'professional' or 'operative' role.
- (b) It is listed in O*NET (from the USA) or the International Standard Classification of Occupations (maintained by the ILO) as a 'skilled', 'professional' or 'operative' role.
- (c) It is listed as an Apprenticeship in two or more high-performing Apprenticeship systems abroad.
- (d) It is closely aligned or integrated with professional body standards

Recommendation 5:

All newly approved and reapproved standards should have to include a training plan to ensure that there is some baseline consistency around, time allocations, off the job training and qualifications delivered within it.

With a strengthened Gateway 1, the second and third gateways become more straightforward. Trailblazer employers have shown that, for a recognised high-skill occupation, they are capable of producing suitable standards and assessment plans. Nevertheless, a de minimis check on content and curriculum is required so that an Apprenticeship provides a complete package of information and support for employers, training providers and apprentices.

We recommend that whilst designing a standard, employers must also agree a high level training plan. This should include the following:

- a more detailed list of the content that will be taught throughout the Apprenticeship) with a clear separation between what will be learned in the workplace or off-the-job
- approximate time allocations for teaching each content segment – in particular, ensuring that they total a minimum of 400 hours for the off-the-job training content)
- any additional qualifications which are required to be achieved during the Apprenticeship (which will not be appropriate for all standards)

For the sake of comparison, the 'training regulations' in Germany already stipulate what must be included as part of the package for each occupation:

- the designation (name) of the training occupation;
- the duration "... which should be no more than three years and no less than two";
- the profile of the training occupation i.e. "the typical 'skills, knowledge and capabilities' of the occupation in summarised form";

- the training plan – “an outline of the syllabus structure and time allocations for teaching the required skills, knowledge and capabilities”;
- the examination requirements.¹³¹

Designing a training plan from scratch is a significant undertaking and will require employers to work alongside providers in some instances to design something appropriate. In order to minimise the bureaucracy involved with this, we recommend that the training plan is intended and designed as a de minimis threshold – that is something which all standards must meet, and which recognises the greater flexibility needed in certain sectors where the content of the Apprenticeship is more quickly evolving, or where the sector is predominantly made up of SMEs. This does not preclude, of course, employers voluntarily going beyond this high level requirement and designing a more detailed plan if this suits their requirements.

Recommendation 6:

Require the inclusion of genuine ‘end-point assessments’

The ‘end-point assessments’ (EPAs) designed by many Trailblazers, often consisting of just a portfolio of work plus an interview, are not sufficient. The Richard Review envisaged a final test to demonstrate the ability of an apprentice to take the knowledge and expertise he / she has gained and apply it in a real world context to a new problem. This would bring us into line with international best practice as well as drive up the quality of training delivered to apprentices in order to pass a more challenging test.

As such, the existing references in the Trailblazer guidance to assessment plans including a ‘rigorous’ EPA should be made more explicit, save for any exemptions on legal or health and safety grounds. A new criterion should be included within the guidance for Trailblazers on assessment plans that explicitly references the need for a rigorous EPA.

Recommendation 7:

Add a new gateway for Ofqual to inspect all new assessment tools and to accredit all Apprenticeship assessment organisations.

With a new standard, training curriculum and assessment plan in place, the final part of the Apprenticeship package that needs a new approach is the assessment tools themselves. The current approach to assessment has numerous deficiencies, as the previous chapter set out, and has left the reform programme vulnerable to poor practice and even at risk of fraudulent behaviour. In a fiercely commercial environment, AOs have little choice but to compete with each other on the price of their assessments. This means that the incentives are pointing the wrong direction. The normal response would be that a regulator is in place to approve all AOs and to satisfy taxpayers that they are suitably high quality – as currently exists for all those AOs who wish to offer academic qualifications such as GCSEs and A-levels. That brand new AOs, who have never run Apprenticeship assessments before, will not be subjected to any oversight or supervision is a critical weakness in the reforms. To make matters worse, the assessment tools do not even have to be in place when an apprentice begins training against the new standard. This situation is wholly unacceptable in terms of protecting apprentices and taxpayers from unscrupulous behaviour by employers, training providers and AOs. It cannot be allowed to continue.

131 FEDERAL INSTITUTE FOR VOCATIONAL EDUCATION AND TRAINING (2011). Vocational Training Regulations and the Process Behind Them. pp11-12.

We recommend that the examination regulator Ofqual be tasked with checking the reliability and validity of all new assessment tools proposed for each Apprenticeship standard. No standard will be approved for delivery until it has at least one complete set of assessment tools approved by Ofqual. Following approval, Ofqual will monitor the use of the assessment tools over time through their normal regulatory oversight of AOs.

Furthermore, given the substantial public funding that will be poured into Apprenticeships in future, we do not believe it is tenable to allow organisations that are not formally regulated and monitored to be allowed to access these funds. We recommend that only AOs regulated by Ofqual should be allowed to offer any Apprenticeship assessments across the range of standards in order to protect the interests of apprentices and taxpayers.

The decision to give the SFA responsibility for creating and managing the Register of Assessment Organisations (AOs) was peculiar. They are a funding agency with no assessment expertise. Seeing as the Register offers no on-going protection for apprentices or taxpayers, it cannot remain part of the infrastructure for delivering technical education in future, and should be replaced by Ofqual.

Furthermore, if present trends continue, we will have hundreds of new standards in place – each of which will potentially throw up multiple assessments designed by different AOs. This raises the prospect of well over a thousand tests and assessments being used across all Apprenticeships. For comparison, there are around 50 GCSE qualifications offered by the three major AOs in England – meaning that there are approximately 150-200 sets of assessment tools in total. Even if Ofqual were given a formal role in regulating Apprenticeship assessments, as this report is proposing, it would be virtually impossible under this existing model to effectively oversee the reliability and validity of each assessment tool from every AO for every Apprenticeship standard, let alone monitor their delivery across hundreds of thousands of apprentices. Worse still, this vast array of assessment tools will remain separate from those used for Tech Levels in full-time education, leading to large-scale duplication and an inefficient use of precious time and resources.

To simplify the process, there should be only one set of assessment tools per occupational standard. In practice, this will mean that all AOs listed against a given standard will use the same set of standardised assessment tools (e.g. a 60-minute written test, two assessed workplace observations and a 30-minute interview panel) to offer an end-point assessment. This will dramatically simplify the system for AOs, providers and employers and allow Ofqual to focus their efforts on a far smaller number of assessment tools when assessing their validity and reliability.

Once an assessment plan for a standard has been approved, interested AOs will be invited to jointly create a single set of assessment tools. Once the tools have been designed, they will be submitted to Ofqual for approval before they can be used. When the assessment tools for a standard are approved by Ofqual and ready for use, they will become the only tools available for all assessments against that standard irrespective of whether a learner has chosen a classroom-based or workplace-based route and regardless of which AO delivers them.

There is no doubt that this more rigorous gateway process and the set of standards outlined in part 2 above will mean that it takes employers longer to develop new standards and assessment plans. This should be seen a positive

step, given the variable quality of what has been produced by Trailblazers up to this point. What the new gateway process will promote is a set of occupational standards that are understood and valued by all and have genuine currency in the labour market.

The new Trailblazer process (see diagram below) should be implemented immediately for all new Apprenticeship standards being proposed by employers i.e. those who have not yet passed through Gateway 1. Any standard that has already passed through Gateway 1 and is either in development or has been approved will progress under the current model until it comes up for review three years after its approval date, at which point it will need to go through the new process with the additional gateways.

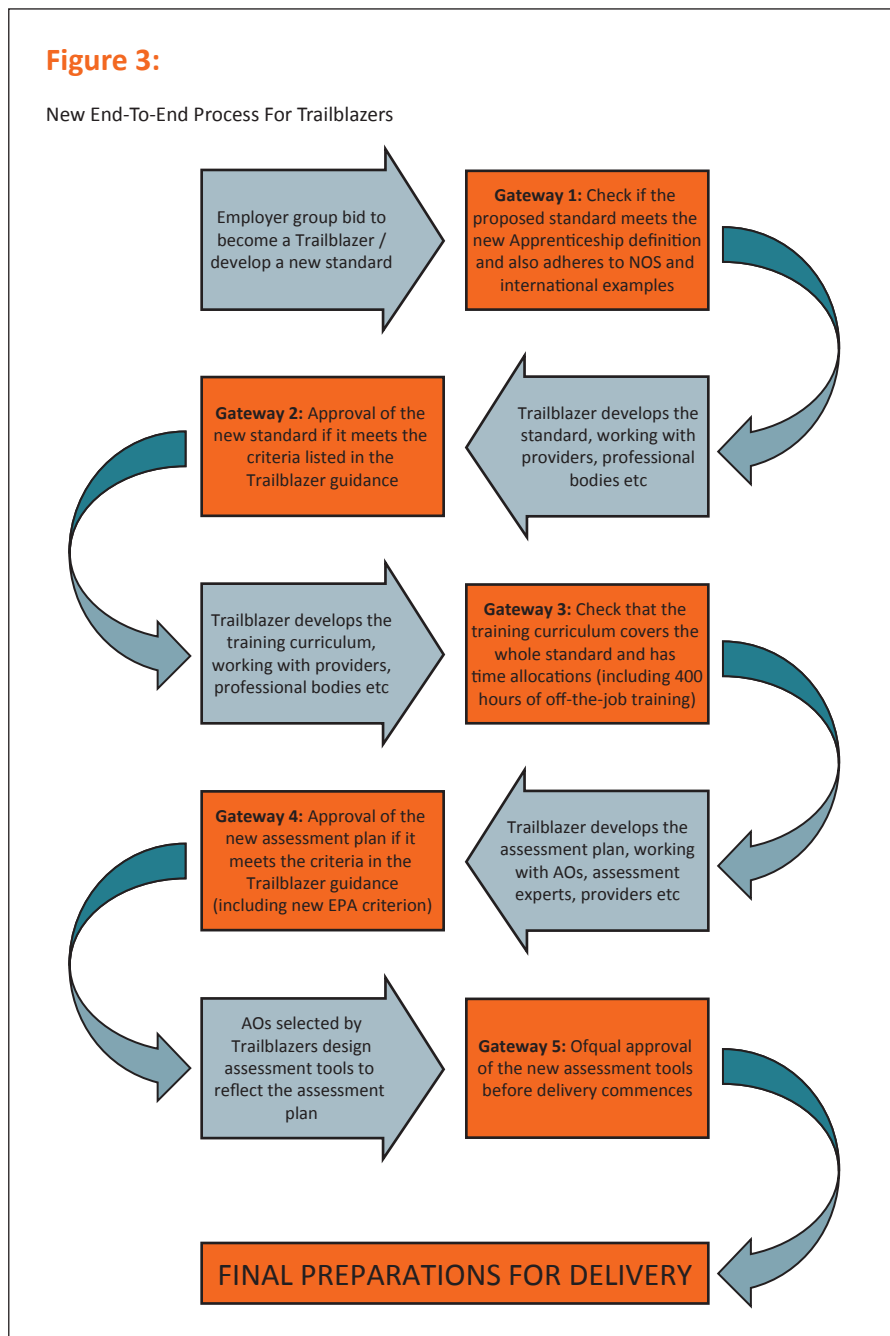
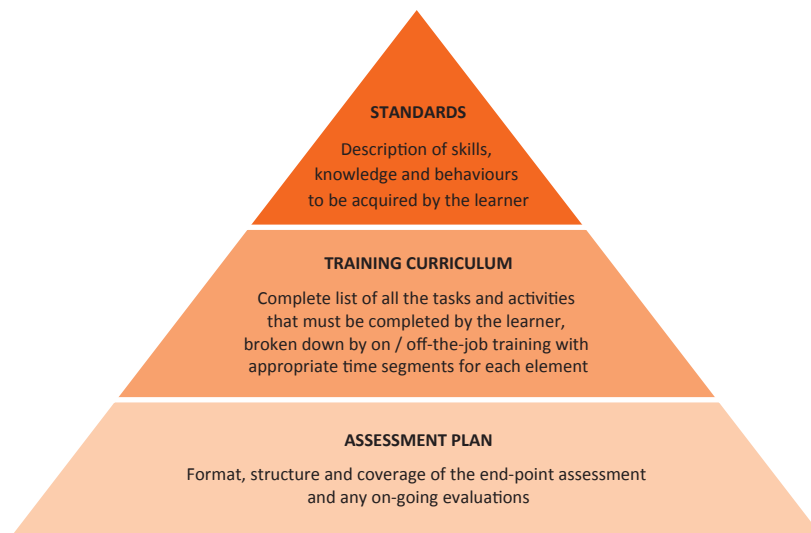


Figure 4:

Final Package For Each Apprenticeship



Part 3 – Design A Delivery Infrastructure And Funding Model That Supports Apprenticeships And Wider High Quality Technical Education Qualifications

Recommendation 8:

The Institute for Apprenticeships (IfA) should become the voice of technical education for all post 16 learning.

The question of who speaks for employers in the UK education system is a longstanding debate. Industrial Training Boards, the Manpower Services Commission and National Training Organisations attempted to answer this question in previous years, yet none stood the test of time.

There is still no stable infrastructure in which employers can articulate their skills needs to government, colleges, universities and other stakeholders. If the Government wishes to see their Apprenticeship reforms and their wider plans for the governance of technical education succeed, such an infrastructure needs to be established— and fast.

One of the threads running through almost all past attempts to understand the needs of employers is that employers are generally grouped together by sector. Admittedly, each attempt produces a slight variation in terms of the number of 'groups' (e.g. Sector Skills Councils (SSCs) started with 25, later reduced to 16; 8 Industrial Partnerships; 15 new technical education routes in the Sainsbury Review). Even so, a clear articulation of the broad classification of employer groups is vital for providing a solid infrastructure to support reforms to Apprenticeships and technical education. The Sainsbury Review deserves enormous credit for undertaking a large-scale mapping exercise to analyse what the most appropriate

sectoral grouping might look like. This involved analysing databases such as the National Occupational Standards, the new Apprenticeship standards, Tech Levels and international classifications. The final list of 15 ‘routes’ was based on the outcome of this analysis.¹³² Given that the Sainsbury Review conducted this analysis based on the most recent economic data available, it seems prudent to use this as the basis on which to build the Apprenticeship and technical education reforms.

A recurring feature found in countries with stable and impressive technical education systems is that they have a body or agency sitting above their sector-based groups that provides governance and oversight of the groups and the system as a whole. Examples include:

- the Federal Institute for Vocational Education and Training (BiBB) in Germany
- the Cooperation Organisation for Vocational Education, Training and the Labour Market (SBB) in the Netherlands
- the National Council for Vocational Education and Training in Norway

Building on the international evidence, we therefore recommend the IfA (recently renamed the Institute for Apprenticeships and Technical Education; and henceforth referred to as IFATE) should be given a wider remit. It will be responsible for:

- establishing and operating the framework of 15 new technical education routes from levels 2 to 5 and the qualifications within them
- managing the first four gateways as part of the process for Technical Education Councils (i.e. current Trailblazer groups) developing new standards and assessment plans (see next recommendation)
- conducting research on technical and vocational education research both in this country and abroad
- producing and distributing labour market research and intelligence
- disseminating the skills needs of employers through an annual ‘National Skills Report’ that describes the current areas of strength and weakness in the UK labour market (similar to the ‘State of the Nation’ report prepared annually by the Social Mobility Commission)

We support the observation in the Sainsbury Review that the IFATE must be given wide-ranging autonomy over its functions¹³³ to prevent politically-charged interventions or vested interests interfering in their work. Organisations such as the UK Commission for Employment and Skills (UKCES) were funded as separate bodies from central government but in reality they were never given true autonomy nor were they able to openly disagree with ministers. There is little to be gained by repeating past mistakes, which is why the autonomy of the IFATE should be upheld.

We therefore further recommend that IFATE is given the same degree of independence as the examination regulator Ofqual, which is classed as a non-ministerial government department and is accountable to Parliament instead of the Department for Education. This is the best way to prevent IFATE going the same way as its predecessors through constant meddling, changing remits and responsibilities, funding cuts or similarly damaging events. We also believe that this will give IFATE far more credibility among stakeholders, knowing that their work will be valued and protected going forward.

132 HM GOVERNMENT (2016). Report of the Independent Panel on Technical Education. pp78-79.

133 HM GOVERNMENT (2016). Report of the Independent Panel on Technical Education. p39.

Recommendation 9:

Trailblazer groups should be converted into 'Technical Education Councils' (TECs) sitting underneath the IFATE and following from the pathways set out by the Sainsbury Review.

Even with a strengthened IFATE acting as the hub for a new technical education system, the story of SSCs provides a cautionary tale. Having been set up with a sensible remit, the then Labour Government soon piled extra responsibilities on them while the list of other agencies and quangos operating in the skills space (e.g. Regional Development Agencies) was seemingly growing by the minute. This left SSCs and their meagre budgets with little clout in the system. At the same time, their reputation also suffered as a result of being given too much leeway in developing new Apprenticeship frameworks. Their incentive was to produce as many frameworks as possible to draw in government funding for their sector rather than focusing on high-quality products. This bureaucratic culture meant that a number of SSCs lost touch with employers and by extension with their main objective: creating high-quality occupational routes and giving employers a voice. This was a shame in many respects because SSCs had, at their core, the same functions that the Sainsbury Review identified in a number of high-performing skills systems such as designing occupational standards and providing labour market intelligence.¹³⁴

Building on the recommendations of the Sainsbury Review and following the model used in Norway, each TECs would be a permanent body that would comprise experts (representing both employers and employees) from within their sector / route. Once formed, the TEC's core responsibilities would:

- design standards from levels 2-5 for each recognised occupation within their route
- design assessments for occupational standards at every level (see Recommendation 10)
- articulate employer needs in terms of current and future skills
- produce careers information, advice and educational guidance (CIAEG) material based on the new occupational standards

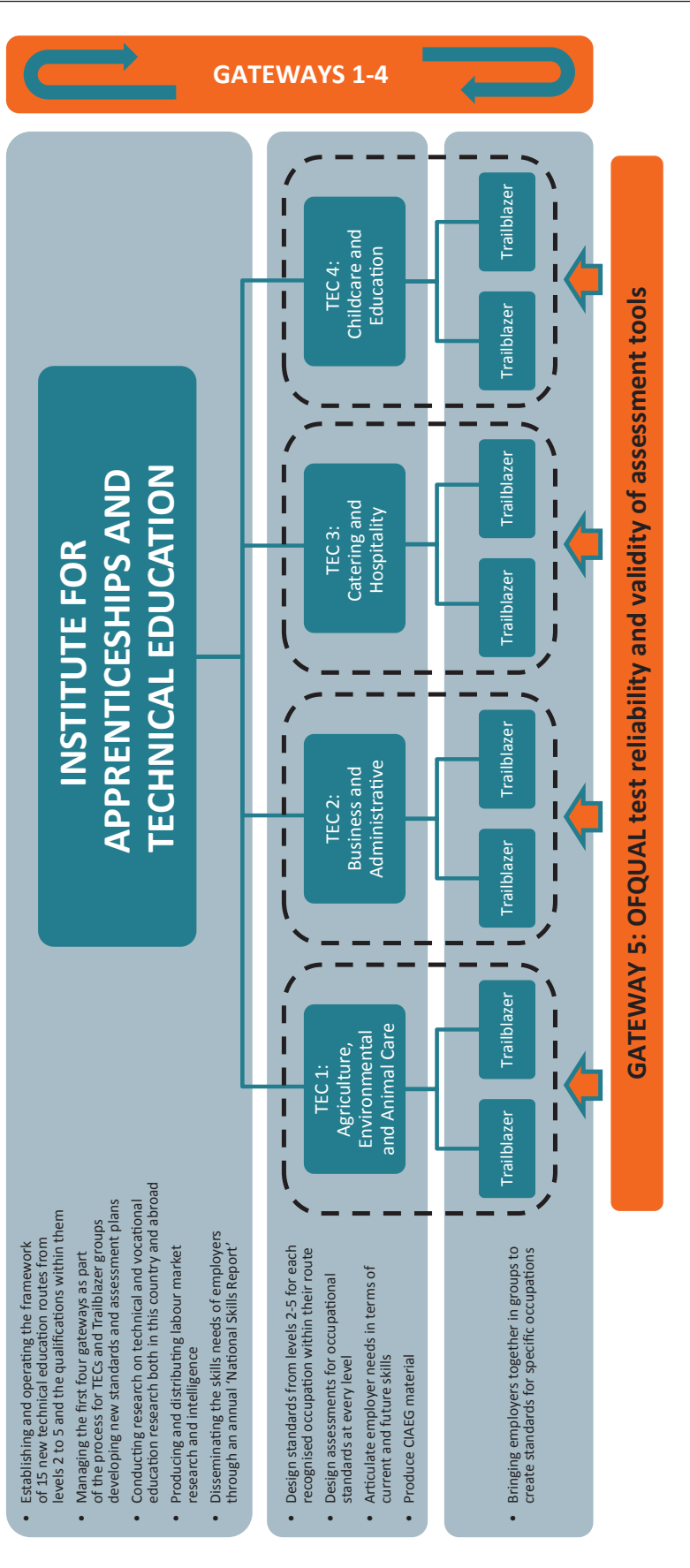
Based on the system in Denmark, the existing Trailblazer groups in the Apprenticeship reforms should become 'subcommittees' of the TECs to enable the TEC to coordinate the development of their standards and assessment plans in related occupations. The ownership of approved 'National Colleges' will also be passed to the TECs to help them operate in parallel with other employers in their sector.

In this new system, the TECs would provide a single point of contact with the IFATE by overseeing the new gateway process, outlined in part 2 of this chapter, for the standards and assessment plans in their sector. This would allow the IFATE to concentrate on more strategic issues instead of having to manage huge numbers of Trailblazer groups on a day-to-day basis.

¹³⁴ HM GOVERNMENT (2016). Report of the Independent Panel on Technical Education. pp88-101.

Figure 5:

Proposed Infrastructure For Apprenticeships And Technical Education



*If the technical education reforms envisaged by the Government (including Apprenticeships) are to flourish, they need investment. The Sainsbury Review was unequivocal on this point:*¹³⁵

“If we are truly to secure a step-change in the quality of technical education in this country, significant but targeted investment is required. Putting in place an easy-to-understand, national system of qualifications that will stand the test of time must be a priority for investment. Not only does it make economic sense – our competitors recognised years ago that investing in technical education is essential to enhancing national productivity – but it is also essential if we are to equip people with the knowledge and skills they need to obtain rewarding and skilled employment in the future and compete in a globalised labour market. That is why we have put forward stretching recommendations in terms of funding: not just additional funding for work placements, but a review of current funding for technical education overall. We are aware these will not be easy recommendations to take forward in such a challenging financial context, but they are critical.”

We wholeheartedly support this view. Trailblazer employers have managed to produce standards and assessment plans with little public investment. A strong financial commitment from the Government is required to build a progressive and sustainable infrastructure, which in turn would drive up the quality of technical education. The vision should be that any new funding system should encourage and not deter employers from participating, and that it should be possible to ensure that employers do not end up worse off.

We set out a number of funding changes below that will help to provide a more stable funding platform in the years to 2020 and beyond.

Recommendation 10:

Funds from the Apprenticeship levy should sit in a separate, hypothecated fund under the remit of the IFATE and the IFATE should consider whether it can be distributed on a sectoral basis.

As outlined in the previous chapter, the levy will start being collected in April 2017 and will then be accessible to the levy-paying employers through the new ‘digital voucher’ system. It is not the intention of this report to continue the necessary but complicated debates over the magnitude and coverage of the Apprenticeship levy. Instead, our focus is on how any funds generated by the new levy will be utilised to support high-quality technical education.

It does not make sense in operational or logistical terms for HM Treasury to control the levy funds. The arrangements and accompanying IT system that need to be put in place to manage the flow of funds on a national scale between employers, training providers, HMRC, HM Treasury and the SFA are staggeringly complex. This is yet another reason to pursue an alternative approach. All levy receipts should therefore be put into a separate hypothecated fund, as advocated by Professor Wolf in her paper proposing an Apprenticeship levy. This should be controlled by the IFATE but it should have regard to guidance from government as to the eligibility and use of the funds.

Furthermore, we believe that the Government should ask the IFATE to investigate the merits of distributing the levy funds on a sectoral basis. Seeing as the new proposed TECs would be designated to match the main areas of occupational

135 HM GOVERNMENT (2016). Report of the Independent Panel on Technical Education. pp70-71.

training in the UK economy, they are an apt vehicle to distribute the funds to employers. With each sector in charge of distributing its own funds (even if the levy funds reside centrally in practice), no national IT systems for employers will be required to operate it and existing best practice from the construction and creative industries can help ensure that bureaucracy is kept to a minimum.

Recommendation 11:

State funding for technical education should be widened to incorporate approved higher level classroom based qualifications, funded by loans and with a lifetime allocation.

Despite their focus on education and training for 16 to 19-year-olds, the Sainsbury Review was conscious of the need to build a coherent system above this age range. They recommended that the Government:

“...should undertake further work to examine how to ensure clear progression routes develop from levels 4 and 5 to degree Apprenticeships and other higher education at levels 6 and 7 [and] this work should be carried out in the context of existing and proposed structures and funding rules for higher education provision in England.”¹³⁶

In the Post-16 Skills Plan that the Government published alongside the Sainsbury Review, they appeared to take this on board:

“For each of the 15 routes, the Institute for Apprenticeships will maintain a register of technical qualifications at levels 4 and 5 which are eligible for public subsidy through government-backed student loans. To begin with, this register will be drawn from those existing technical qualifications which are considered to do the best job of meeting national standards. The standards used will be set by the panels of professionals based on the relevant technical knowledge, skills and behaviours at the higher levels, and will align with the standards for Apprenticeship programmes in the same route.”¹³⁷

This means that there should only be a handful of approved higher-level qualifications against each occupation, which would have the simultaneous effect of simplifying the system while ensuring that all qualifications meet employer needs through the new occupational standards.

Just because some forms of higher-level training should not be classified as Apprenticeships, it does not mean that they should not be valued. Not all occupations need systematic and long-term training both on and off-the-job in order to progress to higher levels of competence, yet the opportunity to progress in terms of pay and responsibilities through an industry-recognised standard is essential. If employers believe that higher-level training is required to advance in an occupation, then these progression routes will allow them to construct a pathway that offers access to public funding through the student loans system (an employer can, of course, also pay for their employee to receive training).

At present, the market for higher-level technical qualifications is distorted by legislation that specifically names ‘Higher National Certificates’ (HNC) and ‘Higher National Diplomas’ (HND) as the only ones that attract government funding. This means that employer groups, universities with high-quality technical degree

136 HM GOVERNMENT (2016). Report of the Independent Panel on Technical Education. p45.

137 DEPARTMENT FOR EDUCATION AND DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (2016). Post-16 Skills Plan. p26.

courses and other parties are barred from accessing state funds for this kind of training, unless it can be somehow described as an Apprenticeship. With the IFATE now in charge of determining which qualifications create a genuine ladder for each occupation through the TECs, the Government should look to rebalance the market for technical qualifications at levels 4 and 5.

To illustrate the point, a student going to a university is entitled to a reasonably generous loan system both for tuition and maintenance. On the other hand, a student going to FE is entitled to partial government support for a Level 4 qualification if aged 19–23, and a poorly understood loan for Level 4 if aged 24+. For students in FE taking Level 5 courses, unless deemed Higher Education (such as HNDs), there is no funding available at all. Increasingly, this makes no sense either in equity, delivery or administrative terms. As previously proposed by Policy Exchange, the legislation which specifically refers to HNC/HND should be amended so that courses which are equivalent to those on the list in legislation (i.e. HNCs/HNDs) become eligible for funding if they are approved by the TEC for their occupation.

Alongside this, as proposed by Policy Exchange and more recently by the Learning and Work Institute¹³⁸ the Government should commit to move towards

“The Government should commit to move towards one single student loan system that encompasses all post-19 training (other than specialist provision) whether undertaken in FE or HE”

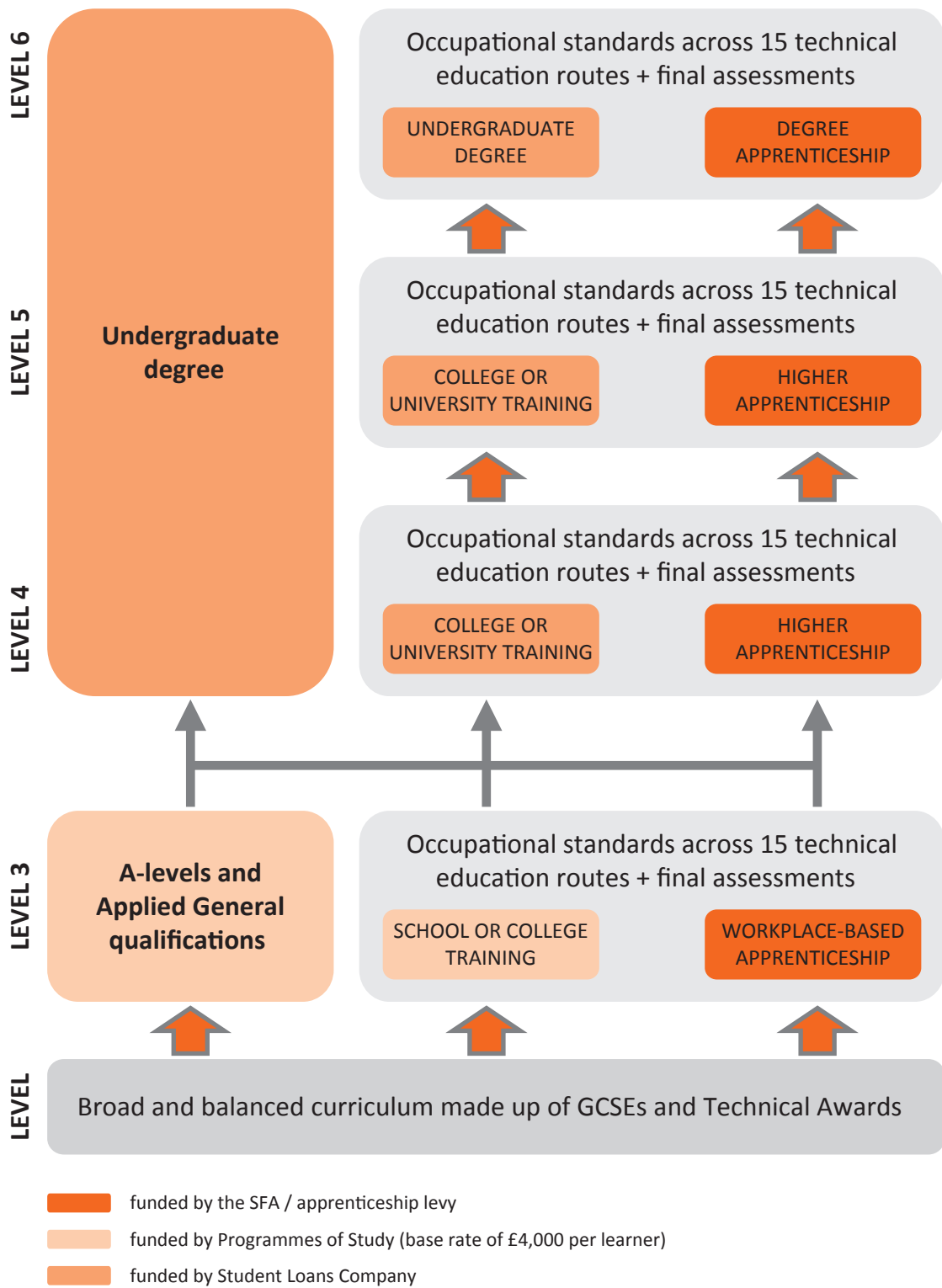
one single student loan system that encompasses all post-19 training (other than specialist provision) whether undertaken in FE or HE. From a student's perspective, he or she would be able to consider all the options and prices knowing that the same system of loans would be available regardless of what institution he or she studies at.

Furthermore, this new system should operate as a 'draw-down account' with a lifetime cap on loan allocation. And alongside a reworked student loan system, the Government should extend maintenance support for some FE learners through loans. It is important that in a unified post-secondary system, both HE and FE learners are given the capacity to move away from home and study intensively at a renowned institution.

The end result would be a system which allows for high level technical education at all levels – whether via an academic route, via an Apprenticeship, or via college based study. The diagram below sets out how this may look from a system perspective

¹³⁸ LEARNING AND WORK INSTITUTE (2016), *Power to the People*. London.

Figure 6:



Conclusion

“The Government was right to redistribute funding away from Train to Gain and towards more Apprenticeship starts”

Apprenticeships have enormous potential. In terms of brand awareness amongst employers and would be apprentices, they offer the best route for delivering high quality technical education. The Government was right to redistribute funding away from Train to Gain and towards more Apprenticeship starts, and it was also right to commission the Richard Review to ensure that the growth in quantity did not come at the expense of quality.

The Richard Review set out a clear pathway for improving Apprenticeships so that they could compete on a global stage. It set out how they should be designed, accredited, and assessed, so that they met the needs of employers, learners, and the Exchequer. Some of the new Apprenticeship standards do just that. But as this report shows, not all of them do. In total, we estimate that without change, five hundred million pounds a year could be spent on Apprenticeships that are not in line with a traditional definition of an Apprenticeship.

In many respects, the reforms set off in the right direction. Promoting employer engagement, committing to proper quality assurance for assessments and setting occupational competence as the goal for each apprenticeship were encouraging signs. However the need to get things done quickly – accentuated by the target for 3 million apprenticeship starts, has made it harder to respond to the nuanced challenges facing the new systems and reforms in the real world.

This report concludes that it is time to put these reforms on a new path that gives the programme stronger foundations and a better educational and economic rationale as part of a more coherent vision for what our Apprenticeship system could and should deliver for apprentices, employers and taxpayers across the country.

Annex: Write Up of Three Regional Roundtables Held During The Research

During the research phase of this report, KPMG hosted Policy Exchange at three roundtables – in Birmingham, Newcastle and Liverpool – to discuss the issues of Apprenticeships. The aim of the roundtables was to hear from a range of participants – businesses, charities, FE colleges and other training providers, and Apprentices themselves – and in particular, to get a perspective from regional hubs rather than just a London centric picture.

All roundtables followed the same format which was an introduction from Policy Exchange, an opening set of remarks from KPMG, and then free flowing discussion. The discussions were held under Chatham House rules but have been summarised here. Many of the facts, statistics, arguments and case studies used have also been included in the main report text. The authors are very grateful to KPMG for facilitating these sessions and to all participants for taking part.

Birmingham

Attendees at this roundtable, other than KPMG and Policy Exchange staff, included senior representatives from local universities, colleges, major employers, and apprentices themselves.

Major themes of the discussion were as follows:

Strong support for the concept of Apprenticeships, particularly addressing local skills needs of the region, and the ‘seismic change’ of the Apprenticeship levy

- Particular benefits included a broader concept of who apprentices were – the levy might lead to a broader concept of apprentices which moved beyond entry roles to include greater diversity. Also would give greater flexibility to workforce and improve productivity
- In certain sectors in the West Midlands which have a strong tradition of employing apprentices, the brand name is very strong. Young people are switching away from A Levels to participate in Apprenticeships and other technical pathways
- In other areas, it was noted that despite success rates rising, 16-18 entries were dropping across a range of sectors which have traditionally employed many young apprentices. In some areas, this was driven by health and safety- there are limited activities a 16 year old can do on a construction site for example
- The apprentices at the roundtable noted that this provided a viable offer for those at schools and colleges who didn't want to go down an academic

pathway. However, they had faced parental scepticism and needed stronger guidance as to pathways available. There was a strong consensus that feedback from current apprentices to their old schools and colleges was key to raising awareness and suitability

- The levy will produce a 'seismic change' – there is a lot of immature behaviour at present amongst employers. One attendee compared it to the 'Wild West'
- General consensus that the spirit of the levy was well intended. There are a lot of grey areas that remain to be ironed out – the April deadline is potentially too quick

The role of universities and colleges

- Local universities were considering the use of apprentices very seriously – including traditionally higher tariff institutions.
- In particular, universities who are keen on Apprenticeships can see the benefit of improving the diversity of their intake. They are considering what they could do with regard Degree Apprenticeships. HEFCE have allocated some funding for this but the internal quality assurance process for signing these off would be tricky, and if the qualification needs to change frequently with labour market need, a university may struggle to keep it up to date – colleges or independent training providers may be more agile in this regard
- One university noted that they would likely only be niche providers of Apprenticeships – either as levy payers themselves employing their own apprentices, or providing Degree Apprenticeship courses
- There was discussion over whether a central UCAS style route for Apprenticeships could benefit the system. Different views were expressed
- From the colleges' perspective in the West Midlands, one attendee said that Apprenticeships "are making us having to rethink everything we deliver" (in a positive sense)
- Colleges were "really excited" about the potential of a unified technical pathway from 16 right up to postgraduate level
- Colleges have a lot of discretion to pick the frameworks and the new standards which are most needed for their local economy – colleges will be designing a very localised offer. Infrastructure is a key priority in the West Midlands. However, when it comes to the curriculum for the Apprenticeship standard, colleges have very limited flexibility – it tends to be a fixed content with a pre-arranged qualification built into it. It is not uncommon for colleges to add further bits themselves which they think learners need, but these are not funded and not accredited so there is a limit to this

The confusion of the current and proposed new funding system and the role of qualifications

- Employers have enthusiastically created new standards but the funding is causing confusion. The funding band allocated to the standard that one employer knew well was thought to be significantly too low – the attendee estimated a 30%-40% price shortfall. The employer did not believe that they could find a provider who would be able to deliver the standard for the price offered by the SFA and employers would be required to make up the shortfall. This could in turn raise prices on procurement contracts where employers were required to employ apprentices as a condition of the contract

- The fact that funding levels were still not confirmed, for a system starting in April 2017, was universally felt to be an issue. It was causing employers to pause planning and leading to uncertainty among providers who needed to make decisions on employment contracts
- All attendees, including apprentices, thought that Apprenticeships should be required to have a qualification in them. One attendee thought that without it, they were ‘doomed to failure’. Colleges and universities agreed but noted difficulty with engaging some SMEs on this basis who occasionally just wanted bite sized professional type training. Making the requirements for an Apprenticeship too hard – including the demands associated with the volume of study required for a qualification – might lead to a temptation to substitute foreign labour.

The role of higher level Apprenticeship training

- There was disagreement over the scope and scale for higher level training. One attendee noted that wage premia only start at Level 3 – Level 2 can only ever be an introduction. But L4 and L5 Apprenticeships are still much more uncommon – a more common pathway may be a Level 3 Apprenticeship then a vocational degree
- It was noted that for some undergraduates- particularly those who want to study maths, science or actuarial sciences – there weren’t degree apprenticeships that met their needs
- Apprenticeships at a higher level can need more diversity. In one sector named, women made up approximately 20%-30% of all undergraduates in that sector studying degrees. In the equivalent Apprenticeship programme, they made up 1%-2%.

The pace and scale of change

- Most attendees were sceptical of the 3m target, as well as concerned about the public sector Apprenticeship duty. One described it as ‘a target without a plan’. Attendees expressed concerns both about funding it when the SFA bands were too low, a capacity crunch on the supply side to meet 3m starts, and concerns about lack of organisations to assess and sign off the apprentices

Newcastle

Attendees at this roundtable, other than KPMG and Policy Exchange staff, included senior representatives from business membership organisations, independent training providers, businesses, and apprentices

Major themes of the discussion were as follows:

The complexity of the change from frameworks to standards, and the quality of Apprenticeships

- The quality of the new standards is “variable to say the least”, according to several attendees
- One gave the example of the smart metering standard, which was commonly cited as in the vanguard. The attendee said that they had real concerns over who was providing the end point assessment, how the end point assessment

would work, and how it would be regulated – and as such, how rigorous the standard would be in providing trained staff

- Another attendee however pointed out that there had been “huge investment” in the rigour of qualifications and assessment
- Another attendee expressed “huge concerns over validity, reliability, consistency, comparability” of the new standards which they were familiar with
- The shift from frameworks to standards was recognised as beneficial but there were concerns over timing. The changes to GCSEs were cited as a parallel which had a longer roll out period. One attendee noted that employers would only shift across when the new standard was better than their old framework, and the lack of enthusiasm in certain sectors had already led to a delay in planned approaches for a large proportion of apprenticeships to be on the new standards over the next year or two.
- One attendee noted the role of the CNAA in awarding qualifications on behalf of polytechnics and wondered if Apprenticeships could have something similar. They felt that more work was needed on moderation and the quality threshold for some standards being developed

The role of the Apprenticeship levy and funding model generally

- There is still low awareness of Apprenticeships amongst SMEs in the North East
- There is strong resistance to any form of co-payment; one attendee said they were frequently told “ok, we just won't take any apprentices then”
- The proposed payment system, with lagged payment to providers, would be significantly challenging to smaller providers and independent training organisations in terms of managing cashflow, though it would be fine for larger providers and FE colleges

The ‘brand strength’ of Apprenticeships

- Most attendees agreed that the Apprenticeships brand is strengthening in recent years. One attendee (not from KPMG!) cited the role of blue chip employers like KPMG in participating in the programme and recruiting staff via it, would be hugely positive
- One attendee was very positive about the Trailblazer they had been involved in. They felt that the group had worked well to design a standard that met needs. Others commented that the Trailblazers were allowing some element of duplication within the standards. One pointed out that a possible 1600 standards by 2020 was unlikely to be seen as simplification
- Apprentices at the roundtable were positive about the choices they had made. “There's no two ways about it – at school you're basically forced to apply to university” and an alternative route with no debt was attractive. It was “not a dirty word” to be an apprentice.

Apprenticeships role in upskilling and career changing

- One attendee noted that increasingly, organisations are considering coming together and pooling their levy funding to collectively train across their sector. This was felt to be attractive for businesses but also providers. Another attendee

noted that at present, the levy cannot be transferred to the levy payer's supply chain but that 10% of it could be by 2018 and this was a positive development

- Apprenticeships offered huge potential for upskilling and career changing especially in the North East. The point of qualifications was vital here – AAT, ILM, CMA all had qualifications in their standards and colleges were also requiring these because “that’s what the people taking these want and need”.
- There was a long discussion on the significance and benefits or harms of older workers taking up Apprenticeships. One attendee noted that just over 50% of starts currently are in workers aged over 25. There would be a strong temptation amongst levy payers to use it to upskill existing staff and that was a bad thing. Others however argued strongly that this could be beneficial – in an ageing workforce and one in which large number of workers would retrain, especially in post industrial areas of the North East, this was to be welcomed and would boost social mobility.
- One other attendee said that no longer fully funding 16-18 Apprenticeships was “a huge mistake” and would lead to further inequality with the academic route for this cohort

Role of providers in the North East

- There are a lot of small independent providers and SMEs in this region – that could tell against the rapid take up of large numbers of Apprenticeships
- The fact that Newcastle has rejected the specifics of the devolution deal offered to them by the government (although Teeside has accepted theirs) was also felt to hamper the ability of the region to clearly define and articulate their skills needs and develop a plan to train people to meet them
- Small providers in particular need a strategy for when they offer standards and when they offer frameworks. There was a concern that disreputable providers would seek to move to standards quickly and offer low prices and undercut longer established providers.
- Smaller providers would also have to cope with a complex back office structure – in the next year they will need to manage funds and reporting requirements from 4 different areas: levy funding; non levy funding via the digital voucher; funding for old frameworks; and funding for new standards

Liverpool

Attendees at this roundtable, other than KPMG and Policy Exchange staff, included senior representatives from business membership organisations, the chambers of commerce, providers, apprentices, and universities

Major themes of the discussion were as follows:

The changes to the Apprenticeship system and impact on providers

- The funding changes are happening ‘scarily quickly’. Yet at the same time, the lack of certainty is having a serious impact on both providers and potential clients. Providers are unable to offer certainty over which Apprenticeships they will offer and are unable to sign employment contracts with staff during this period of time

- From a business side, at the moment it is difficult to look more than 6 months ahead with certainty
- The lack of clarity in the way assessment will work is also hampering providers. Although the content of the new standards is published, without knowing what the requirements are on assessment, a provider cannot cost properly how much it will cost them to deliver a new standard, so cannot engage in full business planning. The time that it will take to change business models properly is at odds with the speed of rollout demanded by government and expected by businesses
- The impact of reduced funding for some Apprenticeships will also mean a shift in the model of how Apprenticeships are assessed – high quality end point assessment is expensive, so providers and employers are commonly incentivised to see if there is a cheaper and compliant way of assessing whether an apprentice has passed the standard

Role of universities in delivering Apprenticeships

- The universities in Liverpool and the North West more broadly have a long tradition of widening participation – so for many of their students, HE isn't known as a pathway particularly any more than Apprenticeships
- There is a risk of polarising HE vs Apprenticeships when both need to be brought together. In practice it can be very hard to separate the pathways, particularly at the higher levels. There is increasing 'porousness' between routes, particularly as lifelong learning becomes more prevalent. HE can offer specialist pathways at an older age, but one attendee also argued that Apprenticeships are more suitable for retraining in many instances.
- One attendee noted that there had been a significant increase in students going on to HE with a mixed Level 3 portfolio including vocational qualifications like BTECs

The skills needs in the North West

- The North West has large numbers of SMEs both as businesses but also with providers. In the borough of Liverpool alone, there are 82 different independent training providers. From the perspective of one provider, 98% of their business was with SMEs. Although there is some segmentation of the market by different type of learner, there will almost certainly be a significant rationalisation of provision (either voluntary or forced) in future years
- The LEP has done a lot of work identifying the skills needs in the region and is focussed on four areas: low carbon, making Liverpool a 'super port'; tourism and leisure; and a 'knowledge quarter' including growth of pharma, material science, advanced manufacturing, and healthcare
- There is still a significant gap in basic skills between the North West region and nationally which also needs to be addressed
- One attendee thought employer demand to take up Apprenticeships in these areas is weak – either because they don't know how Apprenticeships can help in these areas or because of unwillingness to pay
- The biggest gap is the 'missing SMEs' – around 40,000 fewer SMEs than would be expected in a city region of this size. Part of the skills challenge is scale up

sole traders into SMEs and increase their labour force and productivity. Attendees pointed out that taking on a first member of staff for such people was a huge challenge and many were risk averse. Apprentices could be an answer but it had to be a simple system for individuals because the decision to take on an apprentice would involve significant time commitment from the employer too

The strengths and weaknesses of the Apprenticeships programme more broadly

- One of the major benefits to businesses of taking an apprentice is not just growth in productivity but personal growth of employees as well
- The apprentices present at the roundtable concurred with this. One pointed out that they had experienced a huge growth in self-confidence and ability to regulate their conduct and take on independent tasks
- One attendee estimated that when comparing apprentice starting salaries to wider graduate starting salaries in the North West, an individual who had completed a Level 3 Apprenticeship would likely be out earning their graduate peers – potentially by as much as £7,000 a year in a case they knew (largely as a result of accelerated progress through a company when comparing two people of equivalent age, one of whom had come out of university and one of whom had been in that company undergoing an apprenticeship)
- Apprenticeships had a strong brand in the North West because of a legacy of high quality manufacturing and ‘blue collar’ work linked to the docks. Schools were still very keen to push their students towards university but recognised the power of Level 3 Apprenticeships, but Level 2 ones were not considered a viable option
- Apprenticeships were however ‘complex as a pathway for young people to understand’ – the HE role was felt to be much clearer and much better understood. HE also offers a clearer offer to people who want to advance their career in a specialist area – ironically, one attendee suggested, degrees are being advertised as a vocational offer in the true sense



A flourishing Apprenticeship system offers immense possibilities for the UK – a chance to offer a world class alternative to the traditional academic pathway, to address labour market needs, and to boost social mobility. Politicians of all parties are right to value Apprenticeships. However, a system in which all apprentices are able to benefit from the programme requires consistently high quality.

This report shows Apprenticeships—at their best—are world class. However, despite the move away from the old system of frameworks to the new Apprenticeship standards, the concern is that many of these new Apprenticeship programmes fall short of this ideal. This report analyses Apprenticeship changes from 2012 to present and shows the changes which need to be made to ensure a high quality Apprenticeship system for all can become a reality.

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