



Department
for Education

Progress report on the Apprenticeships Reform Programme

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DEPARTMENT FOR EDUCATION

Progress report on the Apprenticeships Reform Programme 2021

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

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Contents

Foreword	5
Introduction	5
Apprenticeship starts	8
Quality	9
Social mobility, diversity and inclusion	9
Further Education Skills Index	10
Public sector apprenticeships	11
Future steps	12
Glossary	12

Foreword

In line with the requirements of the Apprenticeships, Skills, Children and Learning Act 2009, this report provides Parliament with the final update on progress towards the apprenticeships target in England. It also supplies other information about apprenticeships that the Secretary of State considers appropriate.

We published a benefits strategy for the Apprenticeships Reform Programme in March 2017 and undertook to provide an annual report against those benefits and this is the final report meeting that commitment.

The latest data on apprenticeships and traineeships in England is currently published quarterly through the Further Education and Skills release.¹ This information is supplemented by monthly updates.² Information is submitted to Parliament through answers to Parliamentary Questions, inquiries, and other regular parliamentary business. We have included statistics and information covering the full 2019/20 academic year from 1 August 2019 to 31 July 2020, this includes the legislative requirement to report from 1 August 2019 to 31 March 2020. Where the Secretary of State considers that it would be helpful and where this supports reporting against the benefits strategy, we may refer to information outside of these reporting periods.

Introduction

The Apprenticeships Reform Programme was established in May 2015, with quality at its heart, and scheduled to be delivered by the end of the financial year 2020/21. We committed to several fundamental reforms, prompted by the Richard Review 2012.³ These reforms would overhaul England's apprenticeships system in line with the best international practice, put employers in the driving seat, and sought to build the skilled workforce this country needs for its future. We completed these structural reforms in March 2021. In addition, the Apprenticeships, Skills, Children and Learning Act 2009, as amended, required the Secretary of State to report on progress towards the apprenticeships target. This is that 3 million apprenticeships are entered into in England between 2015 and 2020. This report also updates Parliament on progress towards that target.

¹ Further education and skills: November 2020

<https://www.gov.uk/government/statistics/further-education-and-skills-november-2020>

² Apprenticeships and traineeships: May 2021

<https://www.gov.uk/government/statistics/apprenticeships-and-traineeships-may-2021>

³ <https://www.gov.uk/government/publications/the-richard-review-of-apprenticeships>

This report forms the final review of these transformation measures and outlines plans for 2021 and beyond.

Since 2015, we have transformed the apprenticeships landscape, with notable highlights including the introduction of degree apprenticeships in 2015, the Apprenticeship Levy in 2017, independent End-Point Assessments (EPAs) and development of new employer-designed standards to fully replace the old frameworks system.

In February 2017, we launched our award-winning apprenticeship service for levy-paying employers and in April 2017 we saw the establishment of the Institute for Apprenticeships, which supports employer groups in the development of apprenticeship standards; maintains the occupational maps which underpin all technical education and develops, approves, reviews and revises apprenticeships and technical qualifications with employers.

As part of the transformation process, we have introduced new employer-led standards to replace frameworks. Over 3,000 employers across the country have been involved in shaping these new standards to ensure they reflect the skills and competencies that employers require now and for the future. There are currently 618 standards available to apprentices, with a further 69 standards proposed or in development.⁴

In April 2019, we reduced the rate of co-investment from 10% to 5% so that smaller employers have even more affordable financial support to access apprenticeships. We also increased the proportion of funds a levy-paying employer can transfer from 10% to 25% to provide even greater flexibility for businesses to spend their funds and support smaller employers in their supply chain to provide high-quality apprenticeship training.

In January 2020, we entered the first transition phase of opening the apprenticeship service to employers which do not pay the levy. In March 2021, the transition was completed with training provider contracts ending for new apprenticeship starts and with all new apprentice starts funded via the apprenticeship service. As of 31 May 2021, over 84,000 apprenticeship service accounts have been successfully registered.

Thanks to our reforms, apprenticeships are now higher-quality, of longer duration, with more off-the-job training and have a rigorous assessment at the end. This ensures that all apprentices are fully occupationally competent, meeting the needs of business and being responsive to their skills requirements and economic priorities. They give individuals of all ages and backgrounds the chance to gain skills and experience with opportunities and support that aid progression into sustainable employment.

⁴ Figures correct as of 29 June 2021

<https://www.instituteforapprenticeships.org/apprenticeship-standards/>

In March 2020, the Apprenticeships Programme faced its biggest challenge with the commencement of the Covid-19 pandemic. Apprenticeship numbers dropped both in terms of starts and completions due to the impact of national lockdowns, with staff on furlough, increases in breaks in learning, falls in vacancies and some employer failure. In response to some of these challenges we introduced flexibilities intended to enable apprenticeships to continue and all learners to start and complete their desired apprenticeship.

As we had completed many of the major structural programme reforms, the programme was in a more developed delivery phase. This maturity meant that the programme could move quickly in response to Covid-19 to support apprentices, employers, training providers and End-Point Assessment Organisations, without compromising the core purpose of the programme.

Our pandemic response included short-term flexibilities and adaptations that would enable employers to support existing apprentices to complete their apprenticeships. This included changes to the way some End-Point Assessments are carried out, allowing apprentices to continue their off-the-job training while on furlough, and a new redundancy support service to help match redundant apprentices to continue their development with new employers ready and willing to take them on.

Support to businesses across England included providing new apprenticeship opportunities by offering £1,500 for every apprentice they hire as a new employee from 1 August 2020 until 31 March 2021 – rising to £2,000 if they hire a new apprentice under the age of 25. This was further increased by the Chancellor in the 2021 budget to £3,000 per apprentice, of any age up until September 2021. So far, there have been over 71,000 claims for incentive payments for apprentices who started their apprenticeship by 31 March 2021.

As part of our pandemic response, we also enabled employers and providers to initiate temporary breaks in learning where training could not continue, and we temporarily removed the requirement for level 2 apprentices to work towards level 2 English and maths, to allow apprentices to concentrate on achieving a level 1 in these subjects and the occupational requirements of the apprenticeship.

Training providers were likewise supported through the Provider Relief Scheme(s) which ran from April to June 2020 and July to October 2020. We extended non-levy procured contracts and transition of non-levy paying employers onto the apprenticeship service by 5 months until the end of March 2021 and also temporarily paused ESFA audits and Ofsted inspections.

Additionally, from 1 April 2021, employers that do not pay the Apprenticeship Levy are now able to reserve funding for up to 10 apprenticeship starts in the 2021-22 financial year. These reservations give non-levy employers certainty that the government will pay

for apprenticeship training while also managing the availability and affordability of apprenticeship funding for all employers.

Our future programme will have four key benefits which are: to support employers of all sizes to benefit from high-quality apprenticeships that are relevant and responsive to their skills needs and economic priorities: drive up the quality of apprenticeships, ensuring that apprentices always have the best opportunity and support to successfully learn, work and achieve their apprenticeship; support progression into sustainable employment, through apprenticeships and other technical education and skills offers and finally, ensure apprenticeships are accessible to individuals at all stages of their career, enable social mobility and increase diversity and inclusion.

Apprenticeship starts

The government set the target of 3 million apprenticeship starts in England between 2015 and 2020.

Since the apprenticeship reforms began in May 2015, by January 2021 there have been 2,373,100 apprenticeship starts, representing 79.10% of target.

Whilst the 3m target was not met, over the same period apprenticeships have become of longer duration and are now co-designed with employers. Our transformational reforms mean that the starts now made on the Apprenticeship Programme are into higher-quality training.

In the reporting period of 1 August 2019 to 31 July 2020 there was a total of 322,500 apprenticeship starts.⁵ This is a decrease of 18.0% compared with 393,400 starts in the 2018/19 reporting period. This period included the first Covid-related national lockdown, 23 March to 31 July 2020, where there were 60,860 starts – a 45.5% drop compared to the same period in 2018/19.⁶

In 2019/20, 240,700, (74.6%) of new starts were on standards,⁷ this rose to 98.3% in the first two quarters of 2020/21⁸. From 1 August 2020 all starts for new learners are on standards.

⁵ Apprenticeships and traineeships: November 2020
<https://www.gov.uk/government/statistics/apprenticeship-and-traineeships-november-2020>

⁶ Apprenticeships and traineeships: November 2020
<https://www.gov.uk/government/statistics/apprenticeship-and-traineeships-november-2020>

⁷ Apprenticeships and traineeships: December 2020
<https://www.gov.uk/government/statistics/apprenticeships-and-traineeships-december-2020>

⁸ Apprenticeships and traineeships: May 2021
<https://www.gov.uk/government/statistics/apprenticeships-and-traineeships-may-2021>

Quality

We have made significant reforms to the quality of apprenticeships to ensure they meet the needs of employers and apprentices. Our achievement rate for apprenticeship standards has gone up 11.8 percentage points from 46.9% in 2018/19 to 58.7% in 2019/20. However, we know there is more to do.

To ensure that apprentices have developed full occupational competence by the end of their apprenticeship we introduced a minimum duration of one year. The expected duration for apprentices at all levels has increased year on year to an average of 621 days in 2019/20, compared to 406 days in 2011/12, an increase of 53.0%.⁹

We want to ensure that every apprentice has a quality experience, from their first engagement, when they investigate their options right through to their experience of End-Point Assessment and beyond. Underpinning our approach to high quality apprenticeships will be further work to achieve clarity on what quality looks like, with every party – provider, employer, and apprentice – committed and clear on their role at the outset.

Action is being taken in a range of ways, including new employer and provider guidance and self-assessment tools, and a new national online Apprenticeship Workforce Development programme for training providers. We are implementing a new accountability approach to ensure higher-quality assurance for all providers registered to deliver apprenticeship training.

Social mobility, diversity, and inclusion

Many employers want to use apprenticeships not just to improve their productivity but also to help people get into work and boost their careers, including those who may have missed out on qualifications at school or college and who experience barriers to employment or career progression.

We will continue to encourage people from different backgrounds to apply for apprenticeship jobs and support employers and training providers to use apprenticeships for people from all backgrounds.

The Benefits Realisation Strategy set a target to increase the proportion of apprenticeships started by people of Black, Asian and Minority Ethnic (BAME) backgrounds. We aimed to increase BAME starts by 20% by 2020, which would result in

⁹ Apprenticeships and traineeships: May 2021. This figure does not include re-starters.
<https://www.gov.uk/government/statistics/apprenticeships-and-traineeships-may-2021>

12.1% of starts being by apprentices of BAME backgrounds¹⁰. We exceeded this, reaching 13.3% starts from people with BAME backgrounds by 2019/20, which is higher than the BAME employment rate of 11.7%.

The Benefits Realisation Strategy also set a target to increase the proportion of apprenticeships started by those declaring a learning difficulty or disability (LDD). We aimed to increase LDD starts by 20%, uplifting starts to 12.5%. This was achieved in 2019/20, with 12.5% starts declaring an LDD.

We are committed to improving not only apprenticeships participation of people from BAME backgrounds and those declaring a LDD, but we will also ensure that they have greater chance to complete and achieve their apprenticeship.

Looking forward, we remain committed to supporting apprenticeship opportunities for everyone who wants to do one, and for all apprentices to have the support they need to achieve. In *Skills for Jobs: Lifelong Learning for Opportunity and Growth*¹¹ (January 2021) we highlighted that smaller employers are important because they help increase opportunities, particularly for young people and those from disadvantaged backgrounds and areas across the country. As we encourage apprenticeships growth from employers that do not pay the Apprenticeship Levy, we will track participation and achievement by young people and those from the most disadvantaged areas of the country.

We also continue to provide additional funding for employers and training providers to support young apprentices, those who have previously been in care and those with Local Authority Education, Health and Care plans.

Finally, we will continue to work closely with employers, providers and apprentices through networks and roundtable meetings to ensure that we capture and share what works to improve social mobility, diversity, and inclusion.

Further Education Skills Index

The principal measure we use for monitoring productivity impact is the Further Education (FE) Skills Index¹². The Index estimates the aggregate value of the skills supplied by the

¹⁰ When first calculated, this 20% increase resulted in a desired target of 11.9% of total starts. As a result of changes in the methodology for calculating this percentage, it is now 12.1%. See the technical information section of the July release:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/815291/Apprenticeships_and_Traineeships_release_July19_main_text.pdf

¹¹ [Skills for jobs: lifelong learning for opportunity and growth - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/815291/Apprenticeships_and_Traineeships_release_July19_main_text.pdf)

¹² [Further education skills index - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/815291/Apprenticeships_and_Traineeships_release_July19_main_text.pdf)

FE system each year by aggregating earnings returns for all adult learners and apprentices who successfully complete their courses. It is the product of:

- The number of funded FE learners achieving qualifications.
- The expected employment rate for those learners.
- The expected additional earnings these learners will receive as a result of achieving their qualification (this compares earnings for achievers with learners who start but do not achieve a qualification, taking into account other background characteristics.)

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

The latest Skills Index outputs show that, while the aggregate productivity impact of the programme has fallen, individual apprenticeships are making a bigger positive impact on the country's productivity than ever before.

The Skills Index for apprenticeships increased every year from 2012/13 to 2017/18 but fell by 26% in 2018/19 and a further 17% in 2019/20. This recent decline in the overall impact of the Apprenticeships Programme has been driven by a fall in participation, resulting in lower achievement volumes. 2019/20 activity was impacted by Covid-19 restrictions, which led to an increase in breaks in learning and fewer achievements than expected. Despite this drop, the Skills Index remains higher for apprenticeships than classroom-based learning.

The average value-added of individual apprenticeships has increased each year since 2012/13, with each learner who completed an apprenticeship in 2019/20 generating 27% more value than in 2012/13. This has been driven by a shift from Intermediate towards Advanced and Higher apprenticeships, and towards sector subject areas associated with higher returns (engineering, construction, and ICT.)

Public sector apprenticeships

To help ensure the public sector leads the way in apprenticeship delivery, large public sector organisations have been required to report against the public sector apprenticeship target since April 2017. Public sector bodies in England with 250 or more staff must aim to employ an average of at least 2.3% of staff in England as new apprentices over the period in 2017-2021. Alongside this, we have introduced new employer-designed apprenticeship standards in most major public sector professions, including firefighting, nursing, teaching, policing and social care.

The public sector target has not yet been met, with public sector employment of apprentices at an average of 1.7% between 2017-18 and 2019-20 compared to the 2.3% target. However, performance against the target has improved year on year, with 1.8% of staff employed as new apprentices in 2019-20, rising from 1.7% from 2018-19 and 1.4%

in 2017-18. We will publish figures for the year 2020-21 and the four-year average by the end of 2021.

The target has served to embed apprenticeships within public sector workforce development: in 2019-20, apprenticeship starts (by new and existing employees) accounted for 12.9% of new appointments, up from 10.2% in 2017-18. A combined total of over 150,000 apprenticeship starts in the public sector has been reported since April 2017, meaning that the percentage of employees who are currently apprentices has risen from 2.5% to 3.1% in 2019-20.

In order to build on this success and continue to encourage public sector bodies to invest in apprenticeships, we have extended the public sector apprenticeships target for a further year from 1 April 2021 to 31 March 2022.

Future steps

The Apprenticeships Reform Programme is now complete, and this is the final report on those reforms. Our focus is now on raising quality and extending accessibility of apprenticeships to employers in all sectors. We will also concentrate on optimising existing products and services, embedding the reforms we have made and providing the market with sufficient stability to adjust to the new models of apprenticeships funding, delivery, and quality assurance.

Improvements agreed in the 2020 Spending Review and the direction set through *Skills for Jobs: Lifelong Learning for Opportunity and Growth* (January 2021) establishes apprenticeships in the context of the wider government-funded skills offer, so that learners have clear pathways across the further education landscape. It also ensures that we have sufficient focus on recovering from the economic and social impacts of the Covid-19 crisis. And the future of the programme will remain responsive to the needs of employers and apprentices through the new objectives.

Glossary

Term	Definition
Achievement	The point at which an apprentice on standards has completed all of their formal learning and assessment successfully. This is only possible if they have passed the end-point assessment.
Apprenticeship	An apprenticeship is a paid job with an accompanying skills development programme. This includes the training for an employee as part of a job, which must have a minimum

	duration of 12 months and include at least 20% off-the-job training.
Apprenticeship Service	The online service introduced as part of the levy reforms to allow employers to choose and pay for apprenticeship training more easily.
Apprenticeship Training Provider	An organisation that is approved to deliver off-the-job training to apprentices. Apprenticeship Training providers must be approved by the Education and Skills Funding Agency (ESFA) and placed on the Register of Apprenticeship Training Providers (RoATP) before provision commences.
BAME	Black, Asian and Minority Ethnic.
Completion	The point at which an apprentice has completed all of their formal learning. For standards this means taking (although not necessarily passing) the End-Point Assessment.
DfE	Department for Education – the government department responsible for education policy in England.
End-Point Assessment (EPA)	An assessment of the knowledge, skills and behaviours that an apprentice has learned throughout an apprenticeship, which confirms they are occupationally competent.
LDD	Learning Difficulty and/or Disability.
Levy	The UK wide Apprenticeship Levy came into force on 6 April 2017 requiring all UK public and private sector employers with an annual pay bill of £3 million or more to invest in apprenticeship training.
Non-levy	Smaller employers with a pay bill of under £3 million which do not pay the Apprenticeship Levy.



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