



Department
for Education

Progress report on the Apprenticeships Reform Programme

May 2018

DEPARTMENT FOR EDUCATION

Progress report on the Apprenticeships Reform Programme

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



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Foreword

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

The latest data on apprenticeships and traineeships in England is published quarterly through the [Further education and skills release](#)¹ and information is submitted to Parliament through answers to Parliamentary Questions, inquiries and other regular parliamentary business. This report covers the period from May 2015 to July 2017. However, it may also refer to information outside these reporting periods where the Secretary of State considers that this would be helpful and where this supports reporting against the benefits strategy.

¹<https://www.gov.uk/government/statistics/further-education-and-skills-march-2018>

Introduction

We are implementing apprenticeship reforms to continue to improve the quality of apprenticeships for all. We want to provide the skills that employers need. We want 3 million high quality new apprenticeships. Apprenticeships are a key part of creating an economy where people of all ages and backgrounds can fulfil their potential.

Our apprenticeship reforms, the largest government has ever made, have put quality at the heart of the programme.

- Our apprenticeship reforms have resulted in all apprenticeships being real paid jobs; having a minimum duration of 12 months and involving sustained training and clear skills gain with at least 20% off-the-job training.

Our apprenticeship reforms have increased the number of learning hours per learner. Apprentices starting this year are expected to receive an average of 670 hours throughout their apprenticeship, compared with 540 hours for those starting last year. There has been an increase in the proportion of apprenticeships that are Level 3 and above. Level 3 starts have increased by 3.6% from over the last two completed academic years, with higher levels also showing an increase of 34.6% during this period.

- Our reforms have resulted in an increase of apprenticeships on standards rather than frameworks, with 37% of apprenticeships starts on new standards, compared with 3% last year.
- Our reforms introduced the apprenticeship levy requiring all employers with an annual paybill of £3m or more to pay 0.5% of their paybill to invest in apprenticeship training. The levy ensures a sustainable funding base for a step change in quality.
- We introduced the apprenticeship service as an online service, enabling levy-paying employers to get and manage funds to spend on apprenticeship training and assessment. Employers get a 10% top-up to the funds entering their account every month. Employers have been receiving funds into their accounts since May 2017 and the Education

and Skills Funding Agency has been making payments to training providers using funds in accounts since June 2017. There are now more than 13,000 accounts registered.

- Our reforms established the Institute for Apprenticeships, a crown non-departmental public body, putting employers at the heart of decision-making, making sure there are quality apprenticeship standards in England. The Institute's core function is to make sure apprenticeships are of quality and provide advice to government on future funding provision for apprenticeship training.
- Public Sector target: A target came into force in April 2017, requiring public bodies with 250 or more staff in England to have a target of employing an average of 2.3% of their headcount as new apprenticeship starts between April 2017 and March 2021.

Apprenticeships starts

The government wants to create 3 million high quality apprenticeships starts in England between 2015 and 2020. This report updates Parliament on progress towards that target.

There were 1,119,600 apprenticeship starts reported from May 2015 to the end of July 2017. This is 37% of the 3 million target.

Although starts can fluctuate from quarter to quarter, in the reporting period of 1 May 2015 to 31 July 2016, there were a total of 624,700 apprenticeship starts. This was made up of 115,300 starts in Quarter 4 of the 2014/15 academic year (May 2015 to July 2015) and 509,400 starts in the 2015/16 academic year (August 2015 to July 2016).

In the reporting period of 1 August 2016 to 31 July 2017, there were a total of 494,900 starts. This covered the 2016/17 academic year (August 2016 to July 2017).

Our reform programme provides long-term opportunities. Prior to the reforms, apprenticeships were based on frameworks – long lists of qualifications that we recognised but which employers said were not giving them the skills they needed to grow their business. Some raised concerns about poor quality or

non-existent training, with little investment from employers to help their apprentice progress in their long-term career.

We are replacing frameworks with standards, which are new and more rigorous. Standards are designed by employers themselves, and do not focus on specific qualifications but set out the skills, knowledge and behaviours needed to be fully competent in the relevant occupation. Our reforms mean that all apprenticeships have a minimum duration of 12 months and involve sustained training and clear skills gain with at least 20% off-the-job training. All standards contain an end-point assessment; a holistic test of those skills at the end of the apprenticeship, to make sure each apprentice is ready to do the job.

There have been 101,000 starts on standards since their introduction in September 2014.

In the 2016/17 academic year, there were 24,600 starts on apprenticeship standards, over five times higher than the figure reported for the 2015/16 academic year (4,300). There were 71,600 apprenticeship starts on the new apprenticeship standards for the first two quarters of the 2017/18 academic year, representing 37% of all starts, compared to 2.9% in the previous year.

Widening Participation

Apprenticeships provide an opportunity for of all ages and backgrounds to fulfil their potential.

That is why the government wants to widen participation in apprenticeships and increase the proportion of starts from defined groups.

The Benefits Realisation Strategy set a measure to increase the proportion of apprenticeships started by people of Black, Asian and Minority Ethnic (BAME) backgrounds by 20% by 2020 (from a baseline average of 10% in the 2010-15 Parliament).

Final figures from the academic year 2016/17 were published in the [November 2017 Statistical First Release \(SFR\)](#)². This showed that 11.2% of starts were from those with a BAME background compared with 10.5% in the academic year of 2015/16. This is the highest proportion reported over the past 7 years.

²https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/660580/SFR62_Nov_2017.pdf

The government wants to raise the proportion of starts from apprentices with learning difficulties and/or disabilities (LDD). We want to deliver a 20% increase by 2020, which would result in 11.9% of starts being by apprentices with LDD backgrounds.

In the academic year 2016/17, 10.3% of starts were from candidates who declared a learning difficulty and/or disability, an increase from 9.9% in the academic year 2015/16.

Public Sector apprenticeships

The government wants to increase the number of public sector apprentices in delivering world-class public services. A target came into force in April 2017, which required public bodies with 250 or more staff in England to employ an average of 2.3% of their headcount as new apprenticeship starts between April 2017 and March 2021. Public bodies in scope include the NHS, local authorities, schools, police forces, fire and rescue services, the armed forces and the Civil Service.

Public bodies in scope are required to publish their progress by 30 September of each year. Their first reports will cover the period between April 2017 and March 2018. Public bodies are also required to report to the Department for Education by the same date and we will publish overall progress for this period later this year.

Work is underway across Whitehall to engage with the public sector so that it has the opportunity to meet the target, for example through the development of apprenticeship standards and providing tailored communications and assistance to the sector. The Chief Executive of the Civil Service meets regularly with departments responsible for the largest contributors to the target to discuss their progress. The Civil Service is also driving up starts in its own workforce, and wants to achieve 30,000 apprenticeship starts by 2020, reflecting 2.3% of its workforce in England.

Additional Benefits and Measures

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

Skills Index 2016/17

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

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

The Index covers funded skills training for FE learners over the age of 19 and apprenticeships of all ages, and takes into account the type, level and subject of the qualification. The total value-added for apprenticeships in the academic year 2016/17 has increased by 3% on 2015/16, due to an increase in the volume of apprenticeship achievers at Level 3 and above.

The Index does not estimate the added-value of the switch from frameworks to standards, which is expected to be strongly positive. As full outcome data for apprentices achieving apprentice standards is not yet available, the 3% is likely to be a conservative estimate.

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

Employer Satisfaction

As part of the annual [Employers Survey 2017](#)³, we asked employers whether offering apprenticeships and training apprentices had “helped to develop skills

³https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/659710/Apprenticeships_valuation_2017_employers.pdf

that are relevant to the needs of their organisation”. This helped us measure how our efforts to increase the quality and relevance of apprenticeships were working for employers. Our last survey results showed 84% of employers were satisfied with their apprenticeship programme, compared with 87% in the 2015 survey. The 2017 survey identified that satisfaction rates were lower among employers that were new to offering apprenticeships (less than one year) and this difference was more pronounced in 2017 than in 2015.

Retention rates of apprentices following completion

Also contained in the Employers Survey was information regarding retention rates. Retention is defined as remaining with the employer 13-21 months after the completion of the apprenticeship.

Employers value increased loyalty by apprentices and view this as a key business benefit as well as a motivating factor in their decision to offer apprenticeships. The 2017 Survey results showed retention rates were 60% (from Level 2 and 3 completers), compared with 64% in the 2015 survey.

Earnings outcomes for apprentices

A core benefit to the Apprenticeships Reform Programme is to raise average earnings for apprentices, measured over a period of four years. This helps us understand the impact of higher quality apprenticeships, as more relevant skills will be better valued by employers and therefore rewarded with an increased rate of pay⁴.

There has been a rise in income for those who achieved in the academic year 2014/15 compared to those who achieved in 2010/11:

- For Higher (level 4) achievers, average earnings for apprentices who completed in the academic year 2014/15 were £20,000, compared to £17,600 in 2010/11.
- For Advanced (level 3) achievers, average earnings for apprentices who completed in the academic year 2014/15 were £17,200, compared to £16,600 in 2010/11.
- For Intermediate (level 2) achievers, average earnings for apprentices who completed in the academic year 2014/15 were £15,100, compared to £13,500 in 2010/11.

⁴For information on the variety of Apprenticeship levels, visit: <https://www.gov.uk/apprenticeships-guide>

This information was previously released in November 2017 and can be found in the [Further Education: Average earnings post training](#)⁵ statistical release for England, academic year 2010/11-2014/15.

Earnings and destination rates are currently available for learners who completed an apprenticeship in academic years up to 2014/15. The nature of the reported measures and the requirement to add no burden on FE institutions or employers to supply the data means there will always be a time lag in reporting these measures. For more information on these figures, and the processes underpinning their production, please see the [technical annex](#)⁶, which is published alongside the annual statistical publication.

Sustained destinations

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

- **Sustained Employment:** Learners must be in paid employment as recorded in PAYE records in five out of six months between October and March in the following academic year, or have returned a self-assessment form stating that they have received income from self-employment during that financial year.
- **Sustained Learning:** Learners must be learning in all six months between October and March in the following academic year.

In the academic year 2014-15, 85% of learners that completed apprenticeships progressed to a sustained destination after completion; this was a decrease of 2% from 2013/14. This was made up of 67% in employment only, 15% in employment and learning, and 3% in learning only. The proportions ranged from 90% in higher apprenticeships to 84% in intermediate level apprenticeships.

This information was previously released in October 2017 and can be found in our [Outcome Based Success Measures](#)⁷ publication. Please refer to the technical annex above for information on the time lag.

⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/663210/Earnings_annex_SFR52__2017.pdf

⁶https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/654374/SFR52_2017_Technical_note.pdf

⁷https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/654370/SFR52_2017.pdf

Career Prospects

The Annual [Apprenticeship Learners Survey](#)⁸ provides a helpful overview as to whether apprentices feel their career prospects have improved as a result of their apprenticeship. In the 2017 survey, 85% of apprentices interviewed felt that their career prospects had improved. This was an increase of 2% from the 2015 survey.

Increasing proportion of achievements by priority groups

We monitor the achievement rates of apprenticeships across England. In order to meet the skills needs of employers and create progression for apprentices we want to make sure that as many people as possible achieve their apprenticeships.

In the academic year 2016/2017 there was an increase overall in apprenticeship achievements, to 277,800 from 271,700 in 2015/16 as reported in the November 2017 SFR.

The programme also monitors achievement rates for BAME and LDD apprentices. In the academic year 2016/17, of 42,900 apprentices from a BAME background, the average achievement rate was 65.3%, a decrease of 0.3% from the previous academic year.

In the academic year 2016/17, from 38,680 apprentices who declared a learning difficulty and/or a disability, the achievement rate was 65.1%, an increase of 0.7% from the previous academic year.

The total apprenticeship achievement rate across the whole programme was 67.7%.

⁸https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/659709/Apprenticeships_evaluation_2017-learners.pdf

Glossary

Term	Definition
Apprenticeship	An apprenticeship is a paid job with an accompanying skills development programme. This includes the training for an employee as part of a job, which must have a minimum duration of 12 months and include at least 20% off-the-job training.
Apprenticeship Training Provider	An organisation that is approved to deliver off-the-job training to apprentices. Apprenticeship Training providers must be approved by the Education and Skills Funding Agency (ESFA) and placed on the Register of Apprenticeship Training Providers before provision commences.
BAME	Black, Asian and Minority Ethnic.
DfE	Department for Education – the government department responsible for education policy in England.
LDD	Learning Difficulty and/or Disability.
SFR	Statistical First Release – a quarterly document issued by the Department for Education containing a range of statistics regarding apprenticeship participation/achievement.

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