

Template for costing the policies of opposition parties

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Description of policy
<ul style="list-style-type: none">• Tristram Hunt: “We need to drive up the quality of apprenticeships by making them all level 3 and last a minimum of two years” (Labour press release).• Labour National Policy Forum: ‘Labour will ensure more apprenticeships...last for a minimum of two years and at least three years in technical sectors such as construction, engineering and manufacturing’ (link).
Additional policy assumptions
<p>Relevant assumptions as specified by HMT Special Advisers are:</p> <ol style="list-style-type: none">1. The costing should only cover 19+ apprentices, because this is the group that aren't included in the school leavers target costing commissioned separately.2. Assume that the growth rate of 19+ apprentices stays constant at 2014/15 levels.3. Assume employers offer sufficient apprenticeships to meet this demand.4. Assume the same composition of different types of apprenticeships as is currently the case.5. Assume non-technical apprenticeships are at a minimum level 3 and last at least two years.6. Assume technical apprenticeships are at a minimum level 3 and last at least three years.7. Assume a technical apprenticeship is defined as a STEM apprenticeship plus construction, engineering and manufacturing apprenticeships where these are not STEM apprenticeships.8. Calculate costs of these policies based on the unit costs to government using the current system of funding apprenticeships.9. Please make a reasonable assumption about inflationary increases to unit costs applying across the period.
Additional technical modelling assumptions or judgements required
<p>In respect to Assumption 2, we assumed that 19+ apprenticeships starts stay constant at 2013/14 levels.</p>

In respect of assumption 5, we prorated the full course cost of non-technical apprenticeships that currently last less than two years to two years.

In respect to assumption 6, we prorated the full course cost of technical apprenticeships that currently last less than three years to three years.

In respect of assumption 8, we have derived approximate unit costs of apprenticeships using the full course costs Apprenticeship leavers in 2013/14 academic year by Sector Subject Area. This is the most suitable data source to identify the cost of Apprenticeships under the current system and the cost of youth technical and non-technical Apprenticeships needed to model the Opposition Policies.

In respect of assumption 9, the inflation increase applied to unit costs was 2% per annum.

If needed, information required on distributional effects of the policy

N/a

Cost/Revenue to the Exchequer over five years

	DEL					AME				
	2015-16	2016-17	2017-18	2018-19	2019-20	2015-16	2016-17	2017-18	2018-19	2019-20
Current (£m)	660	680	700	750	810	N/a	N/a	N/a	N/a	N/a
Capital	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Total	£680	£700	£750	£810	£890					

Total costs over the next parliament are estimated to be £3,830m.

Distributional effects (if none requested, any significant):

Comparison with current system (if applicable):

N/a – the current government has not made any commitments regarding increasing the length and level of all apprenticeships in this period.

Other comments (including other Departments consulted):

BIS carried out the costing based on the specified assumptions above and the results were examined by HMT officials before submission to the Permanent Secretary's office.

To be completed by Permanent Secretary's Office
Date costing signed off:

19/12/2014

[If applicable]

Date revised costing signed off: