

Public Document Pack

## **Scrutiny Panel B**

Thursday, 22nd August, 2013  
at 4.00 pm

**PLEASE NOTE TIME OF MEETING**

Council Chamber - Civic Centre

This meeting is open to the public

### **Members**

Councillor Dr Paffey (Chair)  
Councillor Baillie  
Councillor Furnell  
Councillor Hammond  
Councillor L Harris  
Councillor Turner  
Councillor Whitbread

### **Contacts**

Senior Democratic Support Officer  
Natalie Noke  
Tel: 023 8083 3950  
Email: [natalie.noke@southampton.gov.uk](mailto:natalie.noke@southampton.gov.uk)

Improvement Manager  
Karen Hilleard  
Tel: 023 8083 4065  
Email: [Karen.hilleard@southampton.gov.uk](mailto:Karen.hilleard@southampton.gov.uk)

## PUBLIC INFORMATION

### **Role of Scrutiny Panel A**

The Overview and Scrutiny Management Committee have instructed Scrutiny Panel B to undertake an inquiry into Apprenticeships.

#### **Purpose:**

To examine the Southampton Apprenticeship Action Plan and consider how the number of high quality Apprenticeships in Southampton can be increased.

#### **Objectives:**

1. To examine the work already delivered by the Council and its partners to generate Apprenticeship growth in the City
2. To examine the impact of Apprenticeships on the City economy
3. To examine ways to significantly increase the numbers of Apprenticeships in Southampton, particularly for 16-18 year olds, to figures above regional and national averages

### **Southampton City Council's Priorities**

- **Economic:** Promoting Southampton and attracting investment; raising ambitions and improving outcomes for children and young people.
- **Social:** Improving health and keeping people safe; helping individuals and communities to work together and help themselves.
- **Environmental:** Encouraging new house building and improving existing homes; making the city more attractive and sustainable.

- **One Council:** Developing an engaged, skilled and motivated workforce; implementing better ways of working to manage reduced budgets and increased demand.

### **Public Representations**

At the discretion of the Chair, members of the public may address the meeting about any report on the agenda for the meeting in which they have a relevant interest.

**Smoking policy** – the Council operates a no-smoking policy in all civic buildings.

**Mobile Telephones** – please turn off your mobile telephone whilst in the meeting.

**Fire Procedure** – in the event of a fire or other emergency a continuous alarm will sound and you will be advised by Council officers what action to take.

**Access** – access is available for the disabled. Please contact the Democratic Support Officer who will help to make any necessary arrangements.

### **Dates of Meetings:**

<b>2013</b>
25 April
23 May
27 June
25 July
22 August
26 September

## CONDUCT OF MEETING

### **TERMS OF REFERENCE**

The general role and terms of reference of the Overview and Scrutiny Management Committee, together with those for all Scrutiny Panels, are set out in Part 2 (Article 6) of the Council's Constitution, and their particular roles are set out in Part 4 (Overview and Scrutiny Procedure Rules – paragraph 5) of the Constitution.

### **BUSINESS TO BE DISCUSSED**

Only those items listed on the attached agenda may be considered at this meeting.

### **RULES OF PROCEDURE**

The meeting is governed by the Council Procedure Rules and the Overview and Scrutiny Procedure Rules as set out in Part 4 of the Constitution.

### **QUORUM**

The minimum number of appointed Members required to be in attendance to hold the meeting is 3.

### **DISCLOSURE OF INTEREST**

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "Disclosable Personal Interest" or "Other Interest" they may have in relation to matters for consideration on this Agenda.

#### **DISCLOSABLE PERSONAL INTERESTS**

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

- (i) Any employment, office, trade, profession or vocation carried on for profit or gain.
- (ii) Sponsorship:  
Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
- (iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.
- (iv) Any beneficial interest in land which is within the area of Southampton.
- (v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.
- (vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.
- (vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:
  - a) the total nominal value for the securities exceeds £25,000 or one hundredth of

- the total issued share capital of that body, or
- b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

## **Other Interests**

A Member must regard himself or herself as having a, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

## **Principles of Decision Making**

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

## AGENDA

Agendas and papers are now available via the City Council's website

### **1 APOLOGIES AND CHANGES IN PANEL MEMBERSHIP (IF ANY)**

To note any changes in membership of the Panel made in accordance with Council Procedure Rule 4.3.

### **2 DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS**

In accordance with the Localism Act 2011, and the Council's Code of Conduct, Members to disclose any personal or pecuniary interests in any matter included on the agenda for this meeting.

NOTE: Members are reminded that, where applicable, they must complete the appropriate form recording details of any such interests and hand it to the Democratic Support Officer.

### **3 DECLARATIONS OF SCRUTINY INTEREST**

Members are invited to declare any prior participation in any decision taken by a Committee, Sub-Committee, or Panel of the Council on the agenda and being scrutinised at this meeting.

### **4 DECLARATION OF PARTY POLITICAL WHIP**

Members are invited to declare the application of any party political whip on any matter on the agenda and being scrutinised at this meeting.

### **5 STATEMENT FROM THE CHAIR**

### **6 APPRENTICESHIPS INQUIRY MEETING 5: THE WAY FORWARD FOR APPRENTICESHIPS**

Report of the Head of Communities, Change and Partnerships examining apprenticeships in the City and changes to national and local policy including views of Unions, attached.

Wednesday, 14 August 2013

HEAD OF LEGAL, HR AND DEMOCRATIC  
SERVICES

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# Agenda Item 6

<b>DECISION-MAKER:</b>	SCRUTINY PANEL B		
<b>SUBJECT:</b>	APPRENTICESHIPS INQUIRY MEETING 5: THE WAY FORWARD FOR APPRENTICESHIPS		
<b>DATE OF DECISION:</b>	22 AUGUST 2013		
<b>REPORT OF:</b>	HEAD OF COMMUNITIES, CHANGE AND PARTNERSHIPS		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Karen Hilleard</b>	<b>Tel:</b> 023 8083 4065
	<b>E-mail:</b>	karen.hilleard@southampton.gov.uk	
<b>Director</b>	<b>Name:</b>	<b>John Tunney</b>	<b>Tel:</b> 023 8091 7713
	<b>E-mail:</b>	john.tunney@southampton.gov.uk	

## STATEMENT OF CONFIDENTIALITY

None

## BRIEF SUMMARY

This report provides details for the fifth meeting of the Inquiry examining apprenticeships in the City. This is the last evidence gathering meeting of the Apprenticeship Inquiry where Panel B will consider the key findings and emerging recommendations of the inquiry.

There will also be five presentations, followed by questions from the Panel. The presentations will highlight:

- Update on National Policy changes (Ian Smith, National Apprenticeship Service).
- Current and Future employment arrangements for Apprentices (Mike Watts, Southampton City Council)
- Update on Traineeships in Southampton (Andy Tickner, Southampton City Council)

Union views of Apprenticeships in Southampton (David Ross, Unite and Martin Merritt, Unison)

## RECOMMENDATIONS:

- (i) The Panel is recommended to consider the information provided by the presentations and use this, alongside the appendices, as evidence in the inquiry.

## REASONS FOR REPORT RECOMMENDATIONS

1. To enable the Panel to analyse the evidence in order to formulate findings and recommendations at the end of the inquiry process.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None

## **DETAIL (Including consultation carried out)**

3. The fifth meeting will hear about changes to national and local policy around apprenticeships, as well as the views of the Unions. The panel will also be able to discuss the key findings and emerging recommendations from the four previous meetings.
4. The presentation from the National Apprenticeship Service (NAS) will be given by Ian Smith, Employer Account Manager for the South Central region. He will give an update on National Policy developments. Appendix 1 contains a summary of the Richards Review; Appendix 2 will provide the panel with information on the National Apprenticeship Service Apprenticeship Policy and Appendix 3 contains information on a consultation on the funding reform for Apprenticeships in England.
5. Mike Watts, Head of Strategic HR, Southampton City Council will update the panel on current and future employment arrangements for Apprentices at the Council.
6. Andy Tickner, Skills Manager, Southampton City Council, will provide the panel an update on Traineeships across the city. Appendix 4 contains an updated version of Traineeships – a framework for delivery the panel have seen an original version of this report in meeting 3.
7. David Ross, Learning Representative, Unite Union and Martin Merritt, Learning Representative, Unison Union will inform the panel of their views of apprenticeships within the Council.
8. Appendix 5 contains a draft version of the key findings and emerging recommendations from the previous four meetings.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

9. None

### **Property/Other**

10. None

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

11. The duty to undertake overview and scrutiny is set out in Section 21 of the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007.

### **Other Legal Implications:**

12. None

## **POLICY FRAMEWORK IMPLICATIONS**

13. None

**KEY DECISION?** No

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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## SUPPORTING DOCUMENTATION

### Appendices

1.	Richard Review Summary
2.	NAS Apprenticeship Policy
3.	BIS Consultation on Funding Reform for Apprenticeships in England
4.	DFE and BIS Update on Traineeships – Framework for delivery
5.	Key findings and emerging recommendations

### Documents In Members' Rooms

1.	None
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### Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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### Other Background Documents

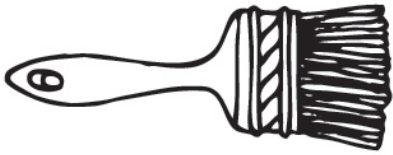
#### Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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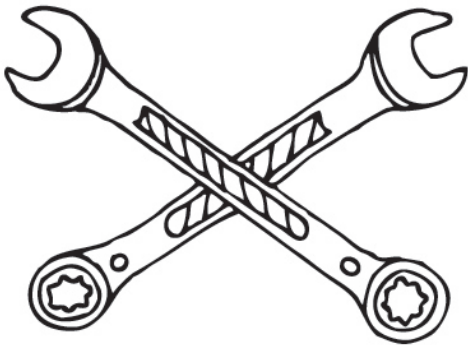


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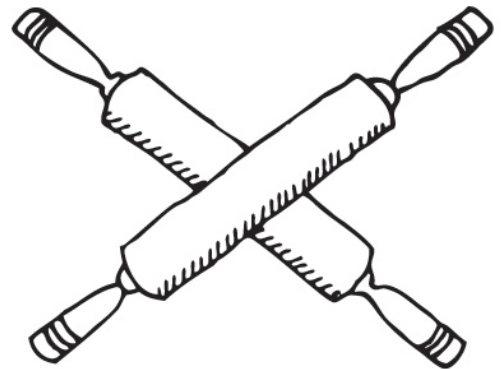


**R I C H A R D**

**R E V I E W**



*2012*



**A P P R E N T I C E S H I P S**



**DOUG RICHARD**

NOVEMBER 2012

## Overview

### Everyone likes apprenticeships

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.

My challenge, as set by the Government, has been to answer that question: What should an apprenticeship be in the future, and how can apprenticeships meet the needs of the changing economy?

This task has been called a "Review" because that is what we call such engagements. But in truth, given the question, it is not a review at all. It does not look back, it looks forward. This is not a critique of the successes and failures of the current system, nor an attempt to improve its efficacy; rather we are attempting to redefine the shape of the system itself, thus, this is a Strategy. It asks how an apprenticeship system must work in a future economy.

## Apprenticeships matter

They matter because many jobs are best prepared for whilst on the job. They matter because no single means of learning will ever suit everyone. They matter because many of the best run companies include apprentices, and they matter because the success of our society is, in part, measured on its capacity to shepherd our young people from childhood to meaningful employment.

At its heart an apprenticeship is a form of education. It requires a job, which requires an employer, but it is still a form of education, which implies that a key beneficiary is the apprentice and that as a society we have an obligation to support its delivery. But the employer also benefits and it is in their interest to have apprentices.

It is in the employers' interest because apprenticed employees provide benefits: they are more loyal and more effective. They understand their employers' business on a deeper level as they have grown up within it. They are more loyal to their employer because their own self-worth is tied to the quality of the employer whose training kite marks their accomplishment.

Society benefits as well. It is in society's interest because it provides a ladder into meaningful employment; it improves the quality of our workforce; and most importantly, it provides a critical tool for Government to fulfil its obligation to young people to prepare them for a lifetime of employment.

## The meaning of apprenticeship has changed

In the middle ages an apprenticeship was a contract between an employer, often a journeyman or master of their trade as certified by a Guild, and an apprentice, to work for a defined period of time in return for instruction,

leading to a test that proved their readiness to become a journeyman themselves.

Many elements of the historical apprenticeship remain true today: the apprentice still needs to be employed and trained to develop the skills to do the job. But the notion of the test - the moment when the apprentice can show that they have “graduated” to the next level - has gone. In its place we have a welter of qualifications that, like stepping stones, serve to support the apprentice’s progress often without ever declaring their final competency. That must change.

And, whereas historically, an apprenticeship was at its very heart a relationship between an employer and an apprentice, too often that is not the case today – apprenticeships instead becoming a government-led training programme, shaped by training professionals not employers. The relationship between an employer and an apprentice must once again rise to the fore.

The modern apprenticeship also has additional elements. We cannot be content with an apprentice’s training being limited by the scope of the job. In a dynamic and changing economy, people need to be ready and able to apply their skills in new jobs and sectors. So while we must ensure that apprenticeships are training people for real and specific skilled occupations, we must also ensure that an apprenticeship is broad enough to equip someone with genuinely transferable skills: skills which they will need and use in any job, and skills which enable them to be competent and confident beyond the confines of their current job, both in their sector as a whole, and beyond it.

## **Everything is not an apprenticeship**

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. Apprenticeships require a new job role, a role that is new to the individual and requires them to learn a substantial amount before they can do that job effectively. An apprenticeship without a job is a form of vocational training. An apprenticeship in an old job is on the job training. There must be a job and the job role must be new.

This assertion is not simply harking back to a traditional notion of what apprenticeship has always meant, nor what it means in most of the best international systems. I make this claim because we know that an apprenticeship model delivers the most value when it involves sustained and substantial training, fully and closely integrated within the experience of learning and practising a real job.

We are wrong to think apprenticeship is the only effective form of vocational training, which must be stretched to fill every task. Training to improve the skills of someone who has been in their job for some time, or is not yet ready to commence a job, are vital in their own terms and, in certain circumstances, these forms of training merit the support of Government. But they require different models; imposing an apprenticeship model on these functions risks delivering poorer value for money, the wrong approach to training, and risks distracting apprenticeships from their core purpose.

Many of our younger learners have more to learn than an apprenticeship can encompass; the path they need to travel will be longer. They must learn the skills to be employable in the first instance. They may well pass through a period of pre-apprenticeship training and effort; and it is my view that there is a lot to gain from ensuring these individuals can undertake high quality pre-apprenticeship training, informed by the lessons learned from the best of apprenticeship training, but potentially delivered, funded, and branded separately from the mainstream apprenticeship route. We need pre-apprenticeship opportunities which offer a genuine, recognised ladder into high skilled apprenticeships.

Thus we must ensure that apprenticeships are well regarded. Apprenticeships cannot be the collateral partner amongst our learning pathways. It is inappropriate for it to be viewed as a lower-status alternative to a purely academic path through university to adulthood. University is clearly of value to many, paving the way to a lifetime of professional opportunity. But, however well-intentioned the desire was to drive fifty *per cent* of our school leavers to university without regard for their suitability for university or university's suitability for them, the result is an unthinking collective belief that a university degree offers an indication of greater capability which it does not, in fact, confer. And worse, in its absence, the learner is somehow inherently less learned or capable.

But we cannot expect apprenticeships to be well regarded if we do not make it clear what they stand for. A university degree is valued in no small part because it is a degree. We infer from its award that the student met and exceeded a clear standard. The same is not true for apprenticeships. That must change.

## **We need clear, effective and trusted qualifications**

Today we have the opposite of an effective system for defining apprenticeship outcomes: in many sectors we have an extraordinary number of qualifications, which under the guise of flexibility can be stitched together in an infinite number of combinations leading to any possible outcome but no clear accomplishment. We have overly detailed specifications for each qualification, extraordinarily detailed occupational standards, and a structure to apprenticeships which is rigidly enshrined in law, which attempts to ensure accomplishment, but inadvertently constrains innovation and flexibility in teaching.

We must turn the system on its head and set a few clear standards: preferably one per occupation, which delineates at a high-level that is meaningful to



employers what it, means to be fully competent in that occupation, whilst unleashing our educators to reach that goal however they may. The standards should form the basis for new, overarching, qualifications. Unlike the standards and qualifications used in apprenticeships today, the new apprenticeship qualifications at the heart of my recommendations focus solely on setting out, in terms relevant and meaningful for employers, what an apprentice should be able to do and know at the end of their apprenticeship. Not the intricate detail of today's occupational standards, or the micro-level prescription of today's vocational qualifications, which drive a focus on continuous bureaucratic box-ticking and assessment and obscure the real task of an apprenticeship – to teach new knowledge and skills, and demonstrate to future employers that an apprentice can do their job.

These new apprenticeship qualifications should replace today's apprenticeship frameworks. They should be set by those who know best: employers. That is not the case today, or certainly not as directly and consistently as it needs to be, and many employers complain that the frameworks are not fit for purpose. The solution lies in shifting the power over designing and developing apprenticeship qualifications to employers in a far more direct and transparent way than at present, whilst giving Government a clearer role in defining what a good quality standard looks like.

I believe that a contest for the 'best' qualification will best achieve this outcome. We envision that the contestants will be employers or employer-led coalitions. They might include current professional or employer trade bodies, newly formed groups developed specifically for the contest, individual employers - where they have the capacity, industry buy-in and desire to lead – royal academies or current sector skills councils that evolve to support this process or other groups. The new apprenticeship qualifications should be clearly linked to any existing and well-recognised certification process within sectors and across professions.

The Government's role is to lead the contest, set the judging criteria, and ensure a process which minimises the risks of politicisation and maximises rigour, trust and transparency. Key to winning the contest will be the extent to which the qualification is widely accepted and recognised amongst a broad set of employers within the industry, especially smaller businesses. It is the contestants' challenge to demonstrate that affirmation. The qualification must also meet the Government's own criteria to ensure that it is sufficiently broad and thus creates a standard that is adequately transferable within the relevant sector, and of a sufficiently high level of skill to merit inclusion as an apprenticeship and attract Government funding. In return the Government will award that employer or industry group the power to define both the standard and the test by which that standard will be measured.

New qualifications, which are directly designed and developed by employers, will be a fundamental first step in transforming the credibility and quality of apprenticeships. But it is not enough. There needs to be a robust means of testing whether the apprentice has reached the desired level of competency.

## **Accomplishments must be robustly tested and validated**

We must keep in mind that the goal of an apprenticeship is to take the apprentice to a new level of competency in a given job, and ensure they can apply their skills in different contexts to their immediate job role. Continuous and time consuming assessment, driven by paper-based tests, accumulated 'evidence' and assessors with a vested interest in apprentices passing the test, demeans the apprentice's accomplishment.

Instead, there needs to be a test that 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 final test and validation must be holistic, in that it seeks to test the full breadth of the relevant competencies

not merely the incremental progression of the apprentice. That may take the form of a project or an assessment in front of an examiner. It should be performance and real world based, rather than just theoretical. It should be primarily at the end of an apprenticeship, not measuring progress during it. And the examiners should be neutral parties with no interest in the outcome, drawn from the ranks of employers as well as educators, since employers themselves are best able to assess what makes an apprentice employable. In this regard we can learn from our continental peers.

And it means the official awarding of a degree, a diploma, a certificate or a qualification, call it what you like, that signals to the world that this person has accomplished something real and meaningful.

## **Maths and English predicate success in modern society**

Apprenticeships should attract some of the best students, including those who have already excelled in maths and English at school. But, for those who have not yet reached a good level by the time they start, Apprenticeships must include maths and English. Achieving a good level of maths and English, a more stretching level than many apprentices currently attain, should be a pre-requisite for completion. There are certain skills that predicate success in modern society.

But what is also true is that these are not monolithic accomplishments. Though GCSE levels of maths and English – or the EBC's that will replace them - are desirable, we must make sure that we have qualifications that are sufficiently functional in approach to be suitable for an apprenticeship context as well as a school-based learning environment. They must allow the maths and English to be taught in a real world context – which I believe can greatly assist students' understanding and internalisation of the concepts. However, I do not support the notion of many alternatives to GCSE or EBC level

attainment, just a single high quality work-embedded alternative, if required. Finally, it is the Government's continued responsibility to fund this teaching as it falls clearly within its role in providing this essential education.

## Freeing up the system

Different people learn in different ways. People come to a job with different skills and different capacities. It is the hallmark of creative and effective teachers and trainers that they make the education learner-centric and active. No legislated curricula can ever hope to iterate at the pace our education systems can. We must let competing educators, public and private, innovate and explore to find the best ways to get our apprentices to the level of competency that the standard defines.

Equally, there is a revolution brewing in education, as the internet and broadband continue to challenge our traditional delivery of teaching. We are at the beginning of vast changes, and we may risk missing an opportunity if the system is hostile to change.

The same holds true for employers. Each employer's circumstances, experience and resources will be different. And many employers will have their own distinct approach to an apprenticeship. It is complicated and off-putting to an employer to have to undertake paperwork gymnastics to pigeon hole their system into a pre-defined set of curricular approaches. We should not focus on how our apprentices reach the standard, only that they do. How they get there matters, but it is not for government to define this – it is for the employer, the educator, and the learner.

## Building on what we know

We already know that a great apprenticeship has certain key elements and we would be wilfully blind to ignore them. There are distinct features of delivery that are likely to impact on the quality of the learning experience and outcomes for the apprentice. In particular, off-site learning can add real value:

it gives the apprentice safeguarded time off the job to ensure they can do substantial training; it provides a peer group of different apprentices and gives the apprentice a wider perspective. We also know that apprenticeships must endure. There is real value in an apprenticeship lasting for a year or more. Apprenticeships measured in weeks or months, even if it is enough time to teach the required material and gain the requisite experience, can still fall short. It is as though the apprenticeship experience itself requires time to bed in and for the individual to transform from an apprentice to a skilled worker. We should afford our apprentices that time.

## Who Can Train

Though I believe strongly that we must unleash the curricula, I feel equally strongly in the need to invest in building the capacity of our training institutions. This can best be done by insisting that, though we will not mandate how they train, we will determine who can train.

I believe that the Government should develop a simple and light touch way of approving the institutions, employers or people entitled to deliver apprenticeship training, and that these decisions should be driven by whether this organisation is delivering good quality training, relevant to the needs of employers in that sector.

I also believe particularly strongly in our Further Education Colleges. Though there is an overly wide spread of quality in the sector, our best colleges are world leaders and are innovating in the delivery of apprenticeships. In some instances they are partnering and hosting small and niche specialist private providers, creating partnerships that benefit both. In other cases they are creating Learning Companies, which are full-fledged businesses in their own right, wholly owned by the colleges; an innovation that I strongly endorse.

## Handing purchasing power to the employer

The entire system I am describing here depends upon the parties to the system having their incentives and interests aligned. This can be most elegantly ensured by making sure that the funding of the system focuses everyone in the correct direction. In that spirit, I also recommend a re-direction of funding.

I agree with the distribution of the cost being shared by all three parties to the system – as they are today. Employers pay apprentices wages and put in the effort to train them to become useful to the business. The apprentice accepts a lower wage during their apprenticeship. And Government pays for part of the apprentice's training.

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. The price should be free to respond to and reflect their demand for training. This way, training providers, public and private, will respond first and foremost to the employer's needs; something that is not always in evidence today. This will maximise the value for money from Government investment.

The Government's contribution should be linked, in part, to the achievement of the apprenticeship standard, so that Government can ensure it is investing in transferable skills that help make the apprentice more useful in the labour market as a whole, not merely in support of a specific employer. That does not stop the Government from acknowledging the extra challenges faced by small businesses or younger apprentices by paying more in those instances.

There are different ways in which funding can be delivered. I have a strong preference for using the National Insurance or tax system, as I believe it is the most elegant option, which drives the best outcomes with the greatest impact.

Finally it has the extra benefit of driving the awareness of apprenticeships amongst employers. If the funding system is attached to the tax system in a simple and effective way, then the awareness of apprenticeships will increase considerably - all employers, rightfully, are aware of their tax bill and anything that might reduce it. Driving awareness is the final element of the system that needs consideration.

## **Awareness and Demand**

For apprenticeships to be successful there must be adequate and balanced demand from employers and learners. Overall it is our core desire to increase the number of apprenticeships in England whilst simultaneously increasing their quality. That is no small task. The suggestions for reform listed above are focussed on improving quality and sharpening the brand.

The improvement of quality should impact both on employer and learner demand: employers will no longer be put off by what they might see as a low quality educational experience, and with employers in control of the standard setting, the testing and the funding flow, they will feel that apprenticeships focus on their needs and the needs of their companies. Similarly, learners will be more attracted if they consistently believe that they are receiving a worthwhile experience that leads to meaningful jobs and job opportunities.

But an increase in the quantity of apprenticeships will require us also to take direct steps to increase both employer demand and learner demand. Improving quality, value and relevance will not be enough on its own to significantly boost awareness and demand.

Learner demand is currently being artificially held back. When quality is consistently higher, we will need our schools, our teachers, and all those who inform and guide young people, to do a better job at providing them with the information they need to seriously consider apprenticeships. We need to get better at utilising the web and social media to inform employers and learners of all ages about apprenticeships, and we need to ensure that all relevant data is made freely available to help drive this change. And we need to find better, more creative ways to bring employers and potential apprentices together.

Government must continue to take responsibility for increasing awareness and demand for apprenticeships. But this does not mean marketing and innovating itself; Government is at its strongest when it creates the conditions for others to better communicate, market, innovate and inform.

## Valuing what works today

In undertaking this Review, I had the opportunity to see and hear about a great many excellent apprenticeships, and talk to employers and apprentices who were getting a great deal from the experience. We must not disregard the pockets of excellent practice which exist today, in our drive for a more consistently excellent future. In taking forward the recommendations made in this report, Government must be mindful to protect what works – this doesn't mean compromising on the scale or breadth of change, but it does mean ensuring that change is led by employers and takes full account of what they value today as well as what they want for the future.

## The System Holds Together

My proposals - the redefining of an apprenticeship, the role of the employer in setting the standard, the simplification of the system to one standard or qualification per occupation, the freeing up of the curricula and of teaching methods, the robust testing of the accomplishment, the funding of apprenticeship training and the generation of demand and supply - together



form a whole vision of the future. One element makes sense only in light of the other elements – and each element will be deliverable only if the others are delivered as well. This is not a list of recommendations that can be taken in parts. If we want the system to make sense, if we want it to work on the ground for apprentices and employers, these recommendations must be taken as elements of a single system that is adopted as a whole.

## Conclusion

Throughout this Review, many experts have told me that what we need is for our apprenticeships to look more like some of our European neighbours'; that my task was to prescribe a solution which involved us trying to become Germany or Switzerland.

Where they were right is that we have much to learn from these excellent systems; many of the core recommendations in this report owe much to their experiences. But I have not set out to turn English apprenticeships into German ones; while it may have been simpler, I cannot recommend we adopt a system built, over generations, upon a very different economy, labour market and social partnership.

So we are, in this report, taking a road less travelled – we describe innovations which, to some degree, do not yet exist in any other apprenticeship system. And we are doing so because we need an apprenticeship system which meets the needs, and maximises the potential opportunities of this country's economy, our learners, our approach to government and regulation, our future. This might be riskier than simply advising we 'become German' – but I believe it is the only sustainable way forward.

We do have one most important lesson to learn though. Elsewhere, in Europe and beyond, apprenticeships are held in very high regard. This is a very different world from England where all the prestige is tied to a university

education and all alternatives are considered second class. The future is not going to be forgiving of such prejudices and we should be very mindful of that as we consider this review.

The recommendations listed above are not made lightly. They are meant to be taken as a whole and intended to help shape a system that has the potential to be world class whilst being tuned to this country's specific economy.

This review sets out a combination of principles and proposals; there will be more work to do to bring this to a reality but it is doable as long as we have the will to engage. I strongly hope we do.

**Doug Richard**

## Recommendations

My recommendations for the future of apprenticeships in England are summarised below. It is important to stress that the different elements must be taken collectively: they are interlinked and the system will only make sense and be deliverable if all the elements are adopted as a whole.

- 1. Apprenticeships should be redefined.** They should be clearly targeted at those who are new to a job or role that requires sustained and substantial training. Training and accreditation of existing workers that are already fully competent in their jobs should be delivered separately; as should provision aimed primarily at supporting entry into employment. The Government should introduce a new separate work-based programme to support entry into employment. This should replace some Level 2 apprenticeships.
- 2. The focus of apprenticeships should be on the outcome.** There should be recognised industry standards at the heart of every apprenticeship. They should clearly set out what apprentices should know, and be able to do, *at the end* of their apprenticeship, at a high level which is meaningful and relevant for employers. These standards should form the basis of new apprenticeship qualifications, which replace apprenticeship frameworks, the current qualifications which comprise them and the current national occupational standards which underpin them. There should be just one apprenticeship qualification for each occupation associated with an apprenticeship. They should link to standards for professional registration in sectors where these exist and are well-recognised.
- 3. The Government should set up a contest for the best qualification.** Individual employers, employer partnerships or other organisations with the relevant expertise should be invited to design and develop apprenticeship qualifications for their sectors. The selection of the 'best' qualification for an occupation should be based on Government-set criteria for identifying what

good looks like. The criteria should ensure the qualification is ambitious and stretching, delivers transferrable skills and has significant buy-in amongst employers, including small ones.

4. **The testing and validation process should be independent and genuinely respected by industry.** The test should be holistic, at the end, and assess whether the individual is fully competent and employable, within their job and their sector. Employers should be directly involved in assessment. They must make sure that the assessment consistently tests apprentices to the standard specified in the qualification. Assessors should be entirely independent and have no incentive or disincentive related to the outcome of the assessment. The Government, a government body or regulator should approve and oversee the assessment process, or the organisations in charge of that process, in a light touch way.
5. **All apprentices should have achieved Level 2 in English and maths before they can complete their apprenticeship.** Maths and English taught within apprenticeships should be sufficiently functional in approach to be suitable for an apprenticeship context.
6. **The Government should encourage diversity and innovation in delivering apprenticeships.** There will be many paths and approaches that an apprentice can take to reach 'the standard' and we should strip out any unnecessary prescription and regulation of the process for getting there.
7. **The Government has a role in promoting good quality delivery.** To maximise value for learners and minimise risk of poor practice, Government should make some off-site learning and a minimum duration for apprenticeships mandatory. Government should ensure that an effective, light-touch approval process exists to confirm training organisations are providing good quality training, relevant for the sector.

- 8. Government funding must create the right incentives for apprenticeship training.** The purchasing power for investing in apprenticeship training should lie with the employer. Government should contribute to the cost, but this should be routed via the employer, in order to ensure relevance and drive up quality. The price should be free to respond to and reflect employer demand. Government should only contribute to the cost of training that supports the apprentice in reaching the industry-agreed standard. The payment should be linked, in part, to the apprentice passing the test. A preferred approach would be to fund apprenticeships using the National Insurance or tax system – for example through a tax credit, similar to the R&D tax credit. The funding system should be kept simple and accessible, including for small firms.
- 9. Learners and employers need access to good quality information.** Relevant government data should be made open and accessible in simple language and formats, so that companies can connect it together to generate products that present data in meaningful, innovative and accessible ways. The Government, through its own communication channels and careers advice services, should ensure that information about apprenticeships and their benefits is effectively and widely disseminated.
- 10. Government must actively boost awareness of the new apprenticeship model.** Boosting learner and employer demand is an active responsibility of Government. Government should take an education based approach to this – enabling a wider range of employers to learn how to take on apprentices and why it's worthwhile. New ways to bring employers and prospective learners together should be promoted, including through an 'apprenticeship milk round'. More effort should be made to ensure that schools and teachers, parents and all those who inform and guide young people have a better understanding of what a high quality apprenticeship can offer.

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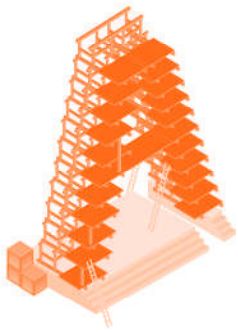
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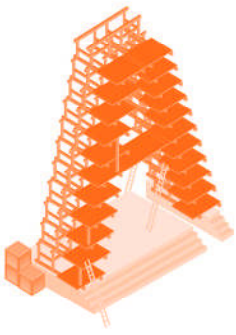
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URN 12/1323 - The Richard Review of Apprenticeships



## Apprenticeship Policy

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## **1. Apprenticeship Policy**

Apprenticeships are paid jobs that incorporate on and off the job training. A successful apprentice will receive a nationally recognised qualification on completion of their contract.

Apprenticeships policy is the responsibility of the Department for Education if the apprentice is aged under 19, and the responsibility of the Department for Business, Innovation and Skills if the apprentice is aged 19 or over.

The Government pays a proportion of the training costs for apprentices, depending on their age. The apprentice's employer will normally cover any remaining training costs.

The Government intends to increase the number of apprentices and the budget for Apprenticeships over this Parliament.

The Government has introduced a range of policies to encourage people to take up Apprenticeships and to encourage businesses to take on more apprentices.

## **2. Overview of Apprenticeship system**

Skills and training are devolved policy areas. This information deals with Apprenticeships in England.

The National Apprenticeship Service (NAS) was created in April 2009 and has end-to-end responsibility for Apprenticeships in England. The NAS is responsible for promoting Apprenticeships to employers and learners, supporting employers through the process of recruiting and training an apprentice, and maintaining the national online Apprenticeship vacancies system which allows employers to post vacancies and aspiring apprentices to search and apply for them.

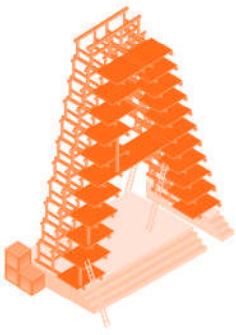
In April 2013 NAS became a division within the Skills Funding Agency (SFA).

There are over 250 different Apprenticeships (known as 'Apprenticeship frameworks') available in 13 broad sector subject areas.

Each Apprenticeship framework is made up of five elements; a competency element (which examines the apprentices' work-based skills), a knowledge element (which examines the apprentices' theoretical knowledge) Functional Skills or Maths and English GCSE (which examines the apprentices' transferable skills, for example, numeracy and literacy), Employee Rights and Responsibilities and Personal Learning and Thinking Skills.

Apprenticeship frameworks can be studied at different qualification levels:





- *Intermediate Apprenticeships* are Level 2 qualifications, equivalent to A\*-C GCSEs;
- *Advanced Apprenticeships* are Level 3 qualifications equivalent to A-Levels;
- *Higher Apprenticeships* are Level 4 and above qualifications, equivalent to BTEC professional diplomas, Higher National Certificates and above.

### **3. Training costs: what the government covers**

Apprenticeships for people aged under 19 are funded by the Department for Education (DfE). Apprenticeships for people aged 19 and over are funded by the Department for Business Innovation and Skills (BIS).

DfE and BIS cover a proportion of the cost of training apprentices dependent on the age of the apprentice, through the SFA. They contribute:

100% of the training costs if the apprentice is aged 16-18;

50% of the training costs if the apprentice is aged 19-24;

Up to 50% of the training costs if the apprentice is aged over 25.

NB: This section needs to be read in context with section 5c- Further Education loans for apprentices.

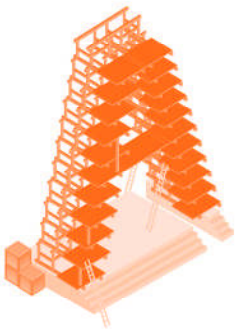
If employers choose to deliver additional qualifications as part of an Apprenticeship on top of those identified by the relevant Sector Skills Council, then these qualifications will be paid for by the employer not the government. Employers are able to fund Apprenticeships themselves without any support from government.

### **4. Minimum wage and employee rights for apprentices**

Apprentices aged 16-18 are entitled to the 'apprentice minimum wage' of £2.65 an hour. This rises to £2.68 an hour from October 2013.

Apprentices aged 19 and over in the first 12 months of their Apprenticeship are also entitled to the apprentice minimum wage. After the first 12 months of their Apprenticeship, people aged over 19 are entitled to the National Minimum Wage.

As apprentices are employees they are entitled to the same employment rights as other employees. This includes holiday entitlement and maternity leave.



## **5. Apprenticeship policies announced since May 2010**

A range of policies related to Apprenticeships have been introduced. Some of these intend to encourage more people to do Apprenticeships, some encourage more businesses to offer Apprenticeship and some intend to raise the standard of Apprenticeships. These policies are outlined as follows:

### **a. The Education Act 2011**

The *Apprenticeships, Skills, Children and Learning Act 2009 (ASCLA)* resulted in a wide range of changes covering Apprenticeships, skills and education provision. ASCLA introduced a duty to provide an Apprenticeship place to all qualified young people (aged 16-19) who did not have one and wanted one. This was due to commence in 2013.

The *Education Act 2011* removed this duty. Instead, a new duty was placed on the government to fund an Apprenticeship for young people who have already secured an Apprenticeship place. This new “Apprenticeship offer” came into effect in 2013 and applies to England only.

The Act also creates a new duty on the government to “make reasonable efforts to ensure employers participate in Apprenticeship training.”

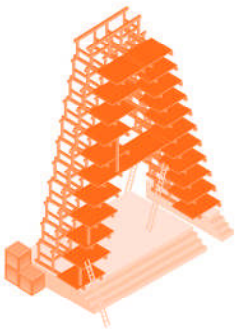
### **b. Minimum standards for Apprenticeships**

NAS published the *Statement on Apprenticeship Quality* in May 2012. This statement summarises the various aspects of Apprenticeships which are subject to minimum standards. These are outlined below.

In April 2012 it was announced that the minimum length for all Apprenticeships will be 12 months. Some apprentices over the age of 19 may be able to complete their Apprenticeship in a shorter period of time, but only if they can demonstrate prior attainment of certain relevant qualifications. In these cases, the Apprenticeship must last a minimum of six months. These rules became mandatory from August 2012.

All apprentices must spend at least 280 hours in ‘guided learning’, during the first 12 months of their Apprenticeship. 100 hours or 30% (whichever is greater) of all guided learning must be delivered off-the-job. Clear and verifiable evidence must be provided of all learning undertaken.

All apprentices must be employed for a minimum of 30 hours per week. This includes time spent away from the workplace engaged in training. If an apprentice’s personal circumstances or if the nature of employment in a given sector make it impossible to work these hours, then an absolute minimum of 16 hours a week must be worked. In these exceptional cases, the total duration of the apprenticeship will be extended accordingly.



All Apprenticeships must offer training to Level 2 (equivalent to GCSE grade A\* to C) in Functional Skills or English and Maths. This offer is only extended to apprentices who have not already achieved these or equivalent qualifications.

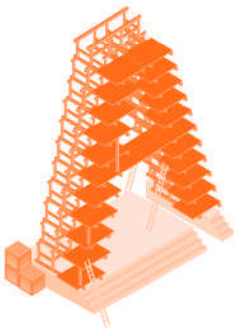
Before an Apprenticeship can begin, all apprentices must sign an Apprenticeship Agreement with their employer. This is a contract which stipulates the framework which the apprentice is following and the skill, trade or occupation in which the apprentice is working. This agreement is not a legally binding contract of employment, but without it, an Apprenticeship completion certificate cannot be issued.

The Government have also introduced a series of safeguards which are designed to strengthen the monitoring and reporting process for training providers and employers involved in delivering Apprenticeships. An 'enquiry panel' has been established in the NAS to manage any poor quality providers. This panel reports directly to the relevant Minister and has the power to impose sanctions on sub-standard training providers.

The NAS recently published the *Apprenticeship Quality Action Plan* which details how issues of quality in Apprenticeships have been and are intended to be addressed in the future. This document outlines how the NAS will escalate concerns over the quality of specific Apprenticeships and the way in which various relevant bodies will intervene to improve individual Apprenticeships.

The document setting out minimum academic requirements that must be met by all frameworks is the *Specification of Apprenticeship Standards for England* (SASE). This is a technical document written principally to guide organisations involved in designing frameworks. It stipulates the minimum qualifications levels required of successful apprentices under the vocational element, the technical element and the key skills element of the Apprenticeship. It also specifies the standards of attainment expected of successful apprentices under various headings, including 'team working' and 'effective presentation'.

Further detailed information on the minimum contractual and operational standards required of Apprenticeships can be found in the SFA Funding rules. It was announced in June 2012 that the future of apprenticeships will be reviewed for the government by Doug Richard, the founder of School for Startups. This review examined the extent to which Apprenticeships meet the needs of the economy, the extent to which Apprenticeships deliver quality training, and how the impact of government investment in Apprenticeships can be maximised.



### **c. Further Education loans for apprentices**

This policy commenced 1<sup>st</sup> August 2013 and affects learners aged 24 and over studying for Apprenticeships at Level 3 and above.

The expectation remains that the employer will continue to contribute up to 50% of the training costs, but the advanced or higher apprentices aged 24 and over will be expected to contribute the remaining costs. A loan is available for these apprentices from the government.

FE loans for apprentices operate on a very similar system to the one currently in place for Higher Education (HE) students, as the table below indicates:

## **6. Apprenticeship Grant for Employers of 16 to 24 year olds (AGE 16-24)**

The Apprenticeship Grant for Employers of 16 to 24 year olds (AGE 16-24) was announced in November 2011 and launched in February 2012.

AGE 16-24 is designed to encourage more small businesses to take on apprentices, to encourage more young apprentices and to raise the skill level of apprentices.

The scheme will pay £1,500 to small businesses (<1000 employees) that take on a young apprentice between February 2012 and December 2014, if the firm has not hired an apprentice in the last 12 months, and the employer can claim up to 10 grants.

The full amount will be paid after the 13 week stage of the apprentice's appointment.

## **7. Higher Apprenticeships**

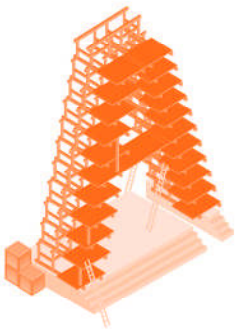
The expansion of opportunities for employers to recruit and train young people through Apprenticeships to degree levels, is transforming the way in which businesses are acquiring and developing the skills they need.

Working with Government, the National Apprenticeship Service (NAS) is committed to increasing the number, range and quality of Apprenticeships on offer.

The aim is to ensure that apprentices are able to progress into higher level learning and acquire the accreditation and recognition that professional skills can give. This approach is vital for businesses to attract new talent and for young people and adults to see Apprenticeships as a route to professional status and senior job roles.

Higher Apprenticeships are critical to the economy:

- they respond to employers' higher level skill needs
- support business growth



- meet individuals' career aspirations and
- enhance opportunities for social mobility

The vision is for a new family of Apprenticeships spanning craft, technical and professional levels.

Higher Apprenticeship qualifications at Levels 4 and above are designed on the basis of employer skills requirements and in accordance with the legislative requirements outlined in the Specification of Apprenticeship Standards for England (SASE) to enable individuals in employment develop the knowledge and occupational competencies needed to perform a particular technician, management or professional job role.

Employers will benefit from these developments because Higher Apprenticeships enable them to develop their workforce to a higher level of skill, help tackle issues of diversity, support emerging specialist roles and reduce skills gaps; employers of all sizes will now be able to access nationally accredited and nationally recognised vocational training delivered in the workplace. For individual learners, Higher Apprenticeships give unique access to employment opportunities and the chance to develop valuable high level professional skills.

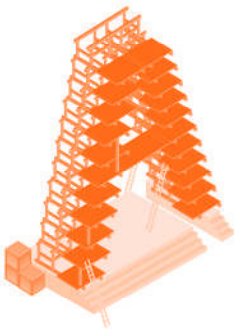
The National Apprenticeship Service has released a full guide to the Higher Apprenticeships expected to be available to A-Level school leavers and existing apprentices in 2013.

The full list shows that Higher Apprenticeships will soon be available in subjects including Engineering Environmental Technologies, Fashion and Textiles, Interactive Media, Legal Services and Space Engineering.

All Higher Apprenticeships will offer ambitious existing apprentices and employees as well as A-Level school leavers, a different route to traditional university study.

In total, there will be 41 Higher Apprenticeships to choose from in 2013 and will see Apprenticeships at bachelors and masters degree level become available for the first time.

Recent research into stimulating the supply and support of Higher Apprenticeships through the engagement with professional bodies identified that 70% of the professional bodies interviewed, believed that Higher Apprenticeships were a great way for professionals in their sector to become fully qualified.



## **8. Apprenticeship Training Agencies**

Apprenticeship Training Agencies (ATAs) offer a unique approach to the recruitment of apprentices. The ATA model is intended to support the delivery of a high quality Apprenticeship programme with a focus on small employers who wish to use the services of an ATA to source, arrange and host their Apprenticeships. This could be for a number of reasons including them not being able to commit to the full framework, short term restrictions on employee numbers, or uncertainty about the value of an Apprenticeship.

The distinctive feature of the ATA model is that it is the ATA which acts as the apprentice's employer and which places them with a host employer. The host employer pays the ATA a fee for the apprentice's services; this fee being based on the wage agreed with the host (at least the minimum apprentice rate) and the ATA management fee.

If circumstances change and the host employer is unable to retain the apprentice the ATA will find alternative and appropriate employment for the apprentice giving them the reassurance that they can continue their Apprenticeship.

The ATA is not a 'temporary work' business but rather a means to manage and give real flexibility to the delivery of a high quality Apprenticeship. This flexibility also applies where employers may not be able to offer all aspects of a framework but linking them with other host employers allows the full range to be covered.

For the apprentice the ATA gives another route into an Apprenticeship which can offer them the opportunity to experience a range of employers and increased security around the continuation of their Apprenticeship.

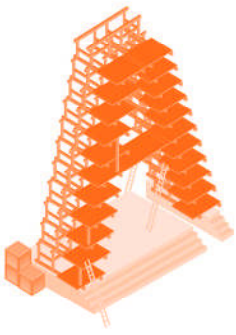
## **9. Access to Apprenticeships**

The Access to Apprenticeships 'pathway' was announced in May 2011 and aims to prepare young people for an Apprenticeship, if they require extra support.

People on the Access to Apprenticeship pathway do not count as apprentices because they are not employed. Rather, they work towards elements of an Apprenticeship framework, mainly focusing on workplace-based learning.

The pathway involves a specific kind of unpaid work experience which focuses on specific elements of an Apprenticeship framework, for a maximum of six months. The expectation is that people on this pathway will begin the full Apprenticeship before the end of six months.

To be eligible for the Access to Apprenticeships pathway, the individual must be:



- 16-24 years old
- Assessed as able to participate in a full apprenticeship to at least Intermediate Level

Either:

- Not in education, employment or training (NEET) for the whole of the preceding 13 weeks, or
- Be eligible for Additional Learning Support

From August 2011, there will be 10,000 Access to Apprenticeships places available each year. Any funding that is required will be from existing apprenticeship budgets.

**Please see final paragraph under traineeships regarding the future of this programme.**

## 10. Traineeships

The government has developed a new traineeships programme that will support young people to develop the skills they need to secure and succeed in employment, including Apprenticeships.

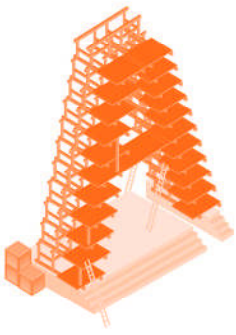
Traineeships were introduced in August 2013 for 16- to 24-year-olds (and young people with learning difficulty assessments up to academic age 25). Traineeships will fit within broader study programmes for 16- to 19-year-olds.

Employers state they are concerned that young people often lack the right skills and attitudes when they apply for an apprenticeship or other employment. Yet many young people are highly motivated by work, or the prospect of it.

Traineeships will offer these young people the opportunity to undertake a substantial work placement and work skills training, alongside support to improve their English and maths. Depending on the young person's needs, a range of other support and flexible training may be offered to help them develop their skills and progress quickly onto an apprenticeship or secure other employment.

A framework for delivery for traineeships which provides employers, education and training providers, and young people with practical information about how the new programme will work and how they can get involved was published recently.

The framework builds on the feedback we received from education and training providers, employers, other partners and young people in response to



the discussion paper: *Traineeships: supporting young people to develop the skills for apprenticeships and other sustained jobs*, published in January 2013.

In the discussion paper, it was made clear that traineeships should simplify the current policy landscape and make it easier for young people and employers to navigate. The responses overwhelmingly supported this objective and there was widespread feeling amongst employers in particular that having too many individual programmes for young people risks incoherence.

It is recognised it will take time to achieve this aim, but as a guiding principle, as traineeships develop similar existing training programmes will be subsumed or cease in order to simplify the system. The presumption is these programmes should become part of traineeships or come to an end unless there is a clear rationale for a separate programme.

**Traineeship --> Intermediate --> Advanced --> Higher**

**Apprenticeship**

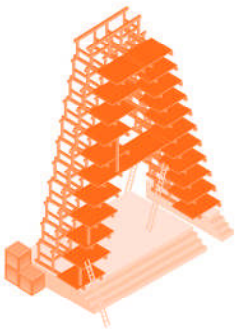
## **11. Apprenticeship funding consultation launched**

A “radical” overhaul of Apprenticeship funding has been outlined by the government in response to a review by former Dragons’ Den investor Doug Richard.

Three funding ‘models’ have been proposed by the Department for Business, Innovation and Skills in [A Consultation on Funding Reform for Apprenticeship in England](#), around nine months after the [Richard Review of Apprenticeships](#) came out.

Mr Richard was tasked with looking at how Apprenticeships in England could meet the needs of the economy.





	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
	<b>Direct Payment Model</b>	<b>PAYE Payment Model</b>	<b>Provider Payment Model</b>
<b>Registration</b>	Employers register Apprentices through a new online system	Employers register Apprentices through a new online system	Providers register Apprentices
<b>Training</b>	Employers make payments to providers and report their expenditure through the online system, with government funding paid into their bank account	Employers make payments to providers and then recover the government funding through their PAYE return (or an alternative process if PAYE payments are insufficient – see p15)	Employers make payments to providers covering their contribution to the price of training. Providers then draw down the remainder from government
<b>Assessment</b>	Employers report achievement through the online system and receive any 'completion payments' into their bank account	Employers report achievement through the online system and recover any 'completion payments' through their PAYE return	Providers report achievement and draw down any 'completion payments'

Key differences between the models (table from page 18 of the consultation document)

The first of the proposals is for a direct payment model where businesses register apprentices claim government funding online.

The second is for a PAYE payment model in which businesses register apprentices online and then recover government funding through their PAYE return.

The third option, although all could be amended as part of the consultation, is a provider payment model where government funding continues to be paid to training providers, but it can only be drawn down when the employer's financial contribution towards training has been received.

Common to each of the models is for "the employer and provider negotiating the content and price of eligible Apprenticeship training". It would replace a system of government-set national funding rates.

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Department  
for Business  
Innovation & Skills



Department  
for Education

## **A Consultation on Funding Reform for Apprenticeships in England**

**July 2013**

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# Ministerial Foreword



Apprenticeships are a success story. More businesses offer Apprenticeships than ever before – testimony to the value they create in enhanced productivity and long-term workforce development.

While the best Apprenticeships are outstanding, we need to ensure that all Apprenticeships are just as rigorous, and as responsive to the needs of employers and individuals. In March, we set out a radical vision for the Apprenticeship programme – building on the recommendations of Doug Richard. This will re-focus Apprenticeships on their original conception, in which their core is the relationship between the Apprentice and the employer.

One crucial aspect of this reform agenda was deliberately not addressed in March – funding. This Government has always been clear that we cannot create a responsive system by central planning, nor by placing more requirements on training providers. The only way to achieve it is to ensure that funding for Apprenticeships is directed through the end user – the employer.

Through the Employer Ownership Pilot, we have already seen the positive and innovative response of employers when directly funded to deliver the training that they want. For Apprenticeships we need a simple system that dispenses with the complexity of large numbers of government-set funding rates. Employers are the best judge of which training is worth investing in. Therefore we propose that Government will provide funding in proportion to the investment employers are willing to make themselves. This means that training providers will compete for business – both on quality and on price.

This consultation sets out three possible approaches designed to achieve this objective. The most radical fund employers directly – either utilising the PAYE system, or through a new online Apprenticeship system. The third reforms the existing funding structure.

While the approach underlying all three options is similar, we want to ensure we design a system which works for all the users of the system. We therefore strongly urge you to contribute your views to enable us to select and refine the most effective model.

A handwritten signature in blue ink, appearing to read 'Matthew Hancock'.

**Matthew Hancock**

**Minister for Skills**

# Section 1: Introduction

## Rigorous and responsive Apprenticeships

Over the past few years, Apprenticeships – a time honoured part of the skills system – have returned once again to play a crucial role in delivering the skills we need. The number of people starting an Apprenticeship has doubled since 2010. But as well as this increase in quantity, we must increase the quality of Apprenticeships. In November 2012, Doug Richard set out his vision for the future of Apprenticeships in England. In March, we accepted his reform principles and consulted on their implementation. This consultation seeks views on how we implement the funding reforms proposed in the Richard Review.

At the heart of Doug Richard's recommendations is that control of Apprenticeships should be placed more firmly in the hands of employers and that all Apprenticeships should be rigorous and responsive to their needs. Clearly, the way that Apprenticeships are funded underpins this vision. This document sets out options for how that can be done.

The Richard Review recommends that Apprenticeships should be redefined, to focus where they can add most value, to strengthen the brand and to raise our level of ambition. It recommends a sharp emphasis on quality and rigour, so that training is trusted and transferable. It reminds us that at their core Apprenticeships must be about the relationship between an employer and an Apprentice, and challenges us to put employers at the heart of the system's design and delivery. It also recommends that the government should focus on outcomes – what Apprentices can do at the end of their Apprenticeships – and free up the process by which they get there.

We have already endorsed these recommendations, and the previous consultation looked at the practical steps needed to turn this vision into reality. We are currently analysing your responses and will confirm our future approach and implementation plan in autumn 2013.

Underpinning this reformed system is the proposal for new industry standards, developed by employers themselves, which are widely recognised, trusted and easy to understand. These will describe what an employer wants an Apprentice to be able to do at the end of their training, to be deemed competent in that occupation. Employers will then be free to choose the training their Apprentice needs to meet that standard – purchasing the training which is most relevant to the Apprentice's and their business's needs, and which represents the best value. Apprentices will then be assessed by approved organisations to determine whether they have reached the standard, and thus achieved their Apprenticeship.

At the heart of any quality Apprenticeship is the relationship between the employer and Apprentice, and these reforms are about reaffirming this founding principle. Within this, the employer plays a vital role in supporting the training and development of their Apprentice and we fully recognise this. This funding consultation however focuses on the additional training that employers buy from training providers in support of the Apprentice completing their Apprenticeship journey.

## A reformed funding system

Funding reform is central to delivering our Apprenticeship vision. Without radically reforming the funding system, and giving employers control of the government contribution to funding, it is

impossible to achieve our long-term vision of an employer-focused programme which provides relevant, high-quality Apprenticeship training, most highly valued by employers and learners themselves.

At the heart of the reformed system is that employers agree with training providers the content and price of training which helps their Apprentice to reach the industry standard. The government will fund a proportion of this, but only after employers have paid their share. This will ensure that employers have strong incentives to demand high-quality training from providers, holding them to account for delivery, and that providers have strong incentives to respond to businesses' needs. These reforms are also crucial in giving employers the flexibility to choose the most relevant training for the Apprentice and for their business.

## An all age programme

The importance of funding reform in creating an Apprenticeship programme which is valuable to learners, employers and the economy, applies to Apprenticeships at all ages. However, we must recognise that younger Apprentices have less labour market experience, which means the costs of getting them to the industry standard are potentially higher. We are therefore exploring ways of funding 16-18 year-olds more generously than older Apprentices, whilst maintaining the incentives for employers to demand relevant, high-quality training from providers. This could be done by providing an additional, fixed one-off payment for these Apprentices.

## Three models for delivering funding reform

This document consults on the best way to position employers as the customer, giving them control of government funding. We are inviting responses on the relative merits of three ways of doing so:

1. **Direct Payment Model:** 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:** Businesses register Apprentices through a new online system. They then recover government funding through their PAYE return.
3. **Provider Payment Model:** Government funding continues to be paid to training providers, but they can only draw it down when they have received the employer's financial contribution towards training.

These models are similar in many ways. They each ensure employer co-investment and each give employers control of funding. The key difference is the way in which government funding is provided – directly to businesses (either into their bank accounts or through the PAYE system), or directly to training providers. We are inviting views on the relative advantages and disadvantages of each.

## Next Steps

The precise timing and detail of implementation will depend upon the model which is chosen to deliver the reforms. We recognise the importance of carefully managing the transition from the

current system to a new one, and this will be central to our plans in the lead-up to implementation.

For the purposes of this consultation, we have necessarily had to assume some aspects of the implementation of the wider Richard reforms. These will be confirmed in an implementation plan due to be published in the autumn, but the assumptions made in this document are a sensible starting point from which to think about the delivery of funding reform.

For the purpose of this consultation, the amount of government funding provided under all three options would be the same. Nevertheless, any figures relating to funding referred to in this document are for illustrative purposes only.

This consultation will take place alongside the review launched by the Deputy Prime Minister into the employment, education and training of 16-24 year olds, as part of the Government's commitment to developing a simpler system that provides a route into work and a coherent offer for businesses. The 16-24 year old review will report to the Prime Minister and Deputy Prime Minister in the autumn.

## **A consultation on options to deliver funding reform**

The rest of this consultation outlines our proposals in more detail, with each section setting out the key questions on which we are inviting your views:

- *Section 2* outlines the main features of a reformed funding system, and how this differs from the current system of Apprenticeship funding.
- *Section 3* outlines three possible models for delivering this reformed funding system – highlighting the key features which distinguish them.
- *Section 4* addresses the key questions which will determine the choice between the three models.



# Section 2: The Case for Funding Reform

## The current Apprenticeship programme

The number of Apprenticeships has grown rapidly in recent years. In the last academic year, more Apprentices and employers participated than ever before. Over 200,000 employer workplaces participated and over half a million new Apprenticeships started. The programme today is a good investment for the economy, employers and Apprentices themselves. A recent study estimates that those undertaking Higher Apprenticeships could earn around £150,000 more over their lifetime – comparable to the return for the average graduate<sup>1</sup>.

However, Apprenticeships are too important for us to be satisfied with what we have achieved. We want to go further:

- While over 200,000 workplaces employ Apprentices, this represents only 13% of all employers<sup>2</sup>. We want to raise employer engagement in high-quality Apprenticeships.
- Employers already make a significant contribution to the cost of Apprenticeships, including by paying Apprentices' wages and by providing management and support. But they rarely make a direct financial contribution to training providers towards Apprenticeship training. Only 11% of Apprenticeship employers make any payments in this way<sup>3</sup>. We want to raise employer investment in Apprenticeships which are relevant and responsive to their needs, and which they truly value.
- We have taken steps to raise standards and improve the quality of Apprenticeships: cracking down on poor quality provision; strengthening requirements on English and maths; and ensuring that every Apprenticeship lasts long enough to embed new knowledge and skills in workplace practice. But the quality and value of Apprenticeships could still be improved. We want all Apprenticeships to be rigorous, delivering high-quality training which is valuable for the economy, employers and Apprentices.

Under the current system of funding, it is impossible to move to a position where employers have the strongest incentives to demand high quality training from providers, holding them to account for delivery, and where providers have the strongest incentives to respond to businesses' needs. We endorse Doug Richard's recommendation that positioning employers firmly as the customer of Apprenticeship training – giving them control of government investment as well as their own – is crucial in raising employer engagement and investment in high-quality and valuable Apprenticeships. Under these reforms, training providers will form a more normal supplier relationship with Apprentices' employers.

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<sup>1</sup> AAT and CEBR (2013), 'University education: is this the best route into employment?'

<sup>2</sup> UK Employer Perspectives Survey (2012), UK Commission for Employment and Skills

<sup>3</sup> BIS Research Paper No. 77 (2012), 'Evaluation of Apprenticeships: Employers'

## Apprenticeships as a joint investment

Apprenticeships are a joint investment. It is right that the cost of Apprenticeship training should be shared between individuals, employers and the government, reflecting the benefits to each:

- The *individual* benefits from new transferable skills and increased lifetime earnings, and so should contribute to the cost of training – for example, by accepting a reduced wage during training.
- The *employer* benefits from a more productive workforce with lower staff turnover, and so should pay wages, provide on-the-job training and support, and directly contribute to the costs of training.
- *Society and the economy* as a whole benefit from Apprenticeships, so it is right that the government continues to contribute towards their cost.

Any funding system must recognise this joint investment. It must be simple, accessible and actively encourage the expansion of high-quality Apprenticeships. It must be affordable within the government's spending plans and deliver value for money. It should support training which leads to the development of transferable skills, helps the Apprentice achieve a recognised industry standard and meet employers' needs. In this way, government funding will generate additional employer investment in Apprenticeships, rather than replacing training which businesses would have funded themselves.

## Features of a reformed funding system

While the costs of Apprenticeship training are shared, it is employers who are best-placed to judge the quality and relevance of training, and to demand the highest possible standards from training providers. We therefore endorse the key principles put forward by Doug Richard to underpin our future approach to funding, which are that:

- *The employer is the customer:* Positioning the employer as the customer increases providers' incentives to respond to businesses' needs. Central to this is giving employers control of government funding for Apprenticeships – by placing the purchasing power in their hands.
- *The employer co-invests:* Employers already make a significant contribution to Apprenticeships – they provide management and support to Apprentices and pay their wages, including while the Apprentice is training outside of the workplace. But by making a direct financial contribution towards training purchased from providers, employers have stronger incentives to demand relevant, high-quality training of good value.
- *Government does not set the price of training:* Freeing the price of training from public control and having it determined between employers and providers will help prioritise learning that delivers most value. Government should fund a proportion of this price – up to a maximum per Apprentice, which is likely to vary by sector – to provide incentives for employers to 'shop around' for training which represents strong value for money.
- *Payment on results:* Government funding is linked to the achievement of the Apprenticeship, which will be assessed by an approved body. This provides strong incentives for employers to ensure that individuals succeed.

Therefore, under the reformed system, the employer and provider would negotiate the content and price of eligible Apprenticeship training. The government would fund a proportion of this, up to a maximum amount per learner. Depending on the characteristics of the employer and the Apprentice, the government may also provide additional payments, where it would be appropriate to make a higher contribution. Some government funding would be withheld until the learner completes their Apprenticeship and achieves the industry standard.

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 by a funding formula. The government makes a higher contribution for Apprentices aged 16-18, compared to those aged 19 and over. For Apprentices aged 19 and over, there is an expectation that the employer makes a financial contribution to the training provider towards the cost of training, but this rarely happens. This limits the incentives for employers to demand relevant, high-quality training from providers, and to hold them to account for delivery.

The remainder of this document outlines three models for delivering government funding for Apprenticeships, and seeks respondents' views on the relative merits of each. For all of these questions, we would welcome views on whether the answer is likely to be different depending on factors such as the size of the business.

**Question 1: Would businesses be prepared to pay more for Apprenticeship training in return for greater influence over its content and delivery?**

**Question 2: What would be the impact of greater co-investment on businesses' decisions to recruit and train Apprentices? And on how businesses deliver Apprenticeship training and deal with training providers?**

**Question 3: What are the advantages and disadvantages of placing government funding in the hands of employers, rather than paying it directly to training providers?**

**Question 4: Would businesses be willing to negotiate the price of training with providers, and what would help them to do this?**

**Question 5: Would the funding principles outlined here raise the quality of training, and its relevance and responsiveness to businesses' needs? Why? Why not?**

**Question 6: What would be the impact of these funding principles on the experience for Apprentices themselves?**

## Section 3: Three options to deliver a reformed funding system

This section considers three possible models to deliver the proposed reforms to the way Apprenticeships are funded. These are outlined in broad terms; we will continue to develop the details of the chosen model prior to implementation, drawing on the responses to this consultation. The three models being considered are:

- **Model 1: Direct Payment Model** – Businesses register Apprentices and report claims for government funding through a new online system. Government funding is then paid directly into their bank account.
- **Model 2: PAYE Payment Model** – Businesses register Apprentices through a new online system and then recover government funding through their PAYE return.
- **Model 3: Provider Payment Model** – Registered training providers will make claims for government funding, when they have received the employer's financial contribution.

This section firstly outlines the key features underpinning all of these models, before considering the factors which distinguish the three approaches.

## The Core Model

All of the proposed models to deliver Apprenticeship funding reform can be broken down into three main stages – registration, training and assessment.

### Registration

New Apprentices will be registered to determine whether they are eligible for government funding, and for how much. This would require basic information to be reported about the Apprentice (e.g. age) and the employer (e.g. industry sector, size of business). Whilst important, the extent to which government funding varies by these factors (if at all) is not the focus of this consultation and will be determined closer to implementation.

Having provided this information, the employer or training provider may be informed:

*This Apprentice is eligible for government funding.*

*The government will fund 70% of the price of eligible Apprenticeship training, purchased from registered providers, up to a maximum of £3,000 for this Apprentice. The government will also make a one-off payment of £1,000 for this Apprentice.*

*20% of the total government funding will be withheld until the Apprentice has completed their Apprenticeship and achieves the standard.*

All numbers are for illustrative purposes only.

### Training

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

We recognise that good, accessible information on the nature and quality of training and outcomes from different providers is needed to help employers make these important choices, alongside Ofsted inspection records.

As Apprenticeship training takes place, the business will make payments to providers in a normal supplier relationship. When these payments have been made, then government funding can be claimed.

### Assessment

All Apprenticeships should involve sustained and substantial training. But we recognise that different Apprentices will require varying amounts of training before they reach the standard, depending on aptitude and experience, as well as the content of the standard. After a minimum duration, the employer – together with the learner and training providers – will decide when the Apprentice is ready for any final assessment to demonstrate full mastery of the occupation.

When that happens, the Apprentice will be assessed to determine whether they have reached the standard. Currently, this takes the form of continuous assessment, but we propose to move towards a more synoptic model of end-point assessment in Apprenticeships. It is vital that assessment is trusted by employers, so all assessment bodies should be independent from those delivering the training and from those employing the Apprentice. But in some cases, particularly where this would minimise burdens for smaller businesses, a provider might offer to make arrangements for assessment with an approved body on the employer's behalf.

The business will agree a price for assessment with their chosen body, in the same way as they did 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.

If the Apprentice does not successfully achieve the standard, then the employer – together with the Apprentice and training providers – will decide if they want to continue with the Apprenticeship and if so, what further training the Apprentice needs. The employer will then purchase any additional training in the same way as before. Together with the provider, they will decide when the Apprentice is ready to be assessed again.

## Compliance

We recognise the importance of designing a system which is simple and accessible for employers, and is sensitive to the needs of small businesses. Strong measures to protect against fraud are also critical to ensure that government funds are used properly.

Under all models, government funding would only be available for eligible Apprenticeship training delivered by registered providers and assessment undertaken by approved bodies.

All providers, including employers who are also training providers, would be subject to audit procedures similar to those under the current system. These will assess the contributions they have received from employers for Apprenticeship training.

The remainder of this section considers how the details of this core process vary under the different models.

## Model 1: Direct Payment Model

### Registration

Employers will register their Apprentice through a new secure online system for Apprenticeships. They will also need to provide their bank account details so that government funding can be paid to them.

### Training

Employers will then make payments to registered providers for training, as per their agreed payment schedule. As they do this, they will report the amount they spend on each Apprentice's training through the online system. For example, the employer may report:

*Apprentice's Name: Mr. John Smith*

*Training payments: £1,000*

**Yellow** indicates information inputted by the employer

The online system will then process the business's claim and make a payment into their bank account:

*Based on the training expenditure you have reported, a payment of £560 will be paid into your bank account shortly.*

*A further £140 will be paid if this Apprentice completes their Apprenticeship and achieves the industry standard.*

All numbers are for illustrative purposes only.

### Assessment

The employer will pay their chosen assessment body, and claim back government funding through the online system in the same way as for other Apprenticeship training expenditure.

When the Apprentice is assessed to have reached the industry standard, the business will report this through the online system. They will also provide the registration number of the assessment body.

The assessment body would then confirm – through the online system – that the Apprentice has indeed reached the industry standard. When this has happened, any outstanding government funding – which has been withheld until successful completion – will be paid into the business's bank account.

## Compliance

In addition to the audit procedures for training providers, compliance processes will be developed for employers, who will be audited on a risk-based approach. Together, these will ensure that employers are claiming the right amount of government funding for eligible Apprenticeship training delivered by registered providers. To support these compliance activities, employers may be required to report providers' details through the online system.

**Question 7: What are the advantages and disadvantages of providing government support for Apprenticeships in this way?**

**Question 8: How should this system be designed to ensure it is easy to engage with – for employers and training providers?**



## Model 2: PAYE Payment Model

### Registration

As with model 1, employers will register their Apprentice through a new secure online system for Apprenticeships. They will also need to provide their PAYE reference number. This will be passed to HM Revenue and Customs (HMRC) who will then allow the business to recover Apprenticeship funding through the PAYE system.

### Training

Employers will then make payments to registered providers for training, as per their agreed payment schedule. Before they submit their PAYE return, they will calculate the amount they are entitled to claim back from government for each Apprentice, based on the payments they have made to providers in that period. They could use a calculator within the online system to do this, which would automatically generate the amount to be deducted from the employer's PAYE return, or any other means which is convenient for them.

If using the online calculator, they may report costs like this:

*Apprentices' Name: Mr. John Smith*

*Training payments: £1,000 for the month of March*

- *You can recover £560 through your next PAYE payment.*
- *You can recover a further £140 if this Apprentice completes their Apprenticeship and achieves the industry standard.*

**Yellow** indicates information inputted by the employer.

All numbers are for illustrative purposes only.

The online calculator would also work out the total amount to be deducted from the PAYE return, where the business employs more than one Apprentice. The business would then recover the appropriate government funding from their PAYE return.

For some businesses, their total PAYE liability may not be sufficient to enable all of their Apprenticeship funding to be recovered. One possible way of overcoming this would be for employers to make an online application to HMRC for the additional funding, which would then be paid into their bank account. It is also possible to develop alternative ways of providing Apprenticeship funding to these businesses, outside the PAYE process.

This model would therefore use the PAYE system to provide government funding for Apprenticeships and would not affect businesses' tax or PAYE liabilities.

### Assessment

The employer will pay their chosen assessment body, and recover government funding through their PAYE return in the same way as for other Apprenticeship training expenditure.

When the Apprentice is assessed to have reached the industry standard, the business will report this through the online system. They will also provide the registration number of the assessment body.

The assessment body would then confirm – through the online system – that the Apprentice has indeed reached the industry standard. When this has happened, the employer can recover any outstanding government funding for that Apprentice – which has been withheld until successful completion – through their next PAYE return.

## Compliance

In addition to the audit procedures for training providers, compliance processes will be developed for employers, who will be audited on a risk-based approach. Together, these will ensure that employers recover the right amount of government money for eligible Apprenticeship training delivered by registered providers. To support these compliance activities, employers may be required to report providers' details through the online Apprenticeship system.

**Question 9: What are the advantages and disadvantages of providing government support for Apprenticeships in this way?**

**Question 10: How should this system be designed to ensure it is easy to engage with – for employers and training providers?**

## Model 3: Provider Payment Model

### Registration

Unlike for the other two models, employers would need to select a single registered provider to deliver the training for an Apprentice. However, the employer and provider may agree to subcontract some parts of the training to other providers if they can deliver better value.

Once the employer has chosen the provider, this provider will register the Apprentice in a similar way as under the current system.

### Training

As Apprenticeship training takes place, the employer will make payments to the provider, as per their agreed payment schedule. When this has happened, the provider will be able to draw down the government's contribution. For example:

*The provider has received £300 from an employer towards eligible Apprenticeship training. The provider is therefore eligible to claim £700 for that Apprentice.*

*They can claim £560 when the employer contribution has been received, and the remaining £140 if this Apprentice completes their Apprenticeship and achieves the industry standard.*

All numbers are for illustrative purposes only.

### Assessment

The employer will pay their chosen assessment body, who will then be able to draw down government funding in the same way as training providers.

When the Apprentice is assessed to have reached the industry standard, the provider will report this. When verified by the assessment body, the provider can claim any outstanding government funding, which has been withheld until successful completion.

### Compliance

Providers will be subject to audit procedures, which will assess whether they have collected employer contributions towards eligible Apprenticeship training, before drawing down the correct amount of government funding.

**Question 11: What are the advantages and disadvantages of providing government support for Apprenticeships in this way?**

**Question 12: How should this model be designed to ensure it is easy to engage with – for employers and training providers?**

To recap, all three models will follow the same core process:

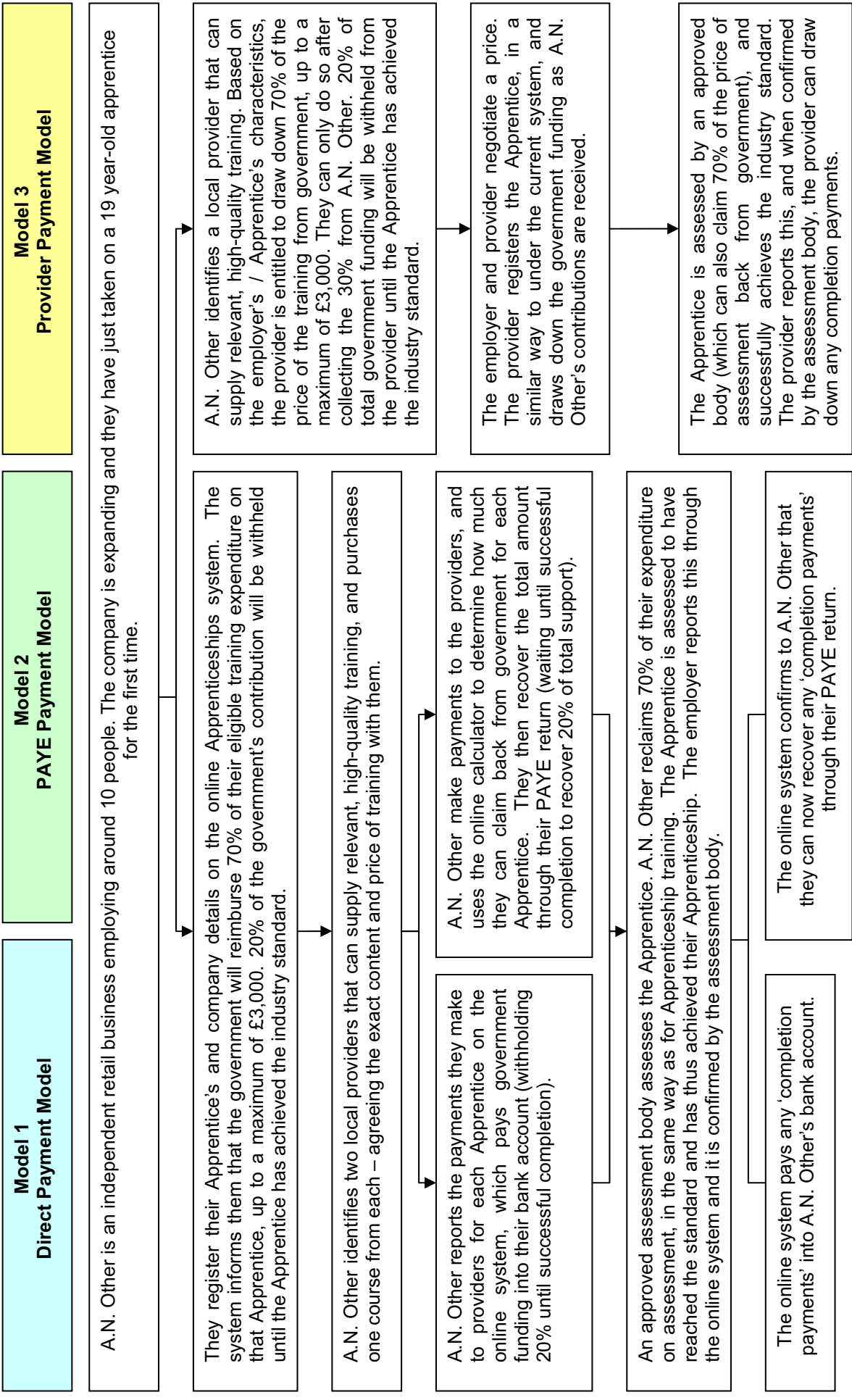
- **Registration:** This will determine whether the Apprentice is eligible for government funding, and for how much.
- **Training:** Employers – together with training providers and the Apprentice – will then decide the training their Apprentice needs to reach the industry standard. The employer will agree the content and price of training with appropriate providers, and make payments in a normal supplier relationship.
- **Assessment:** An approved assessment body will assess whether the Apprentice has achieved the standard before any outstanding government funding (i.e. which has been withheld until successful achievement) is paid.

The key differences between the models are shown below.

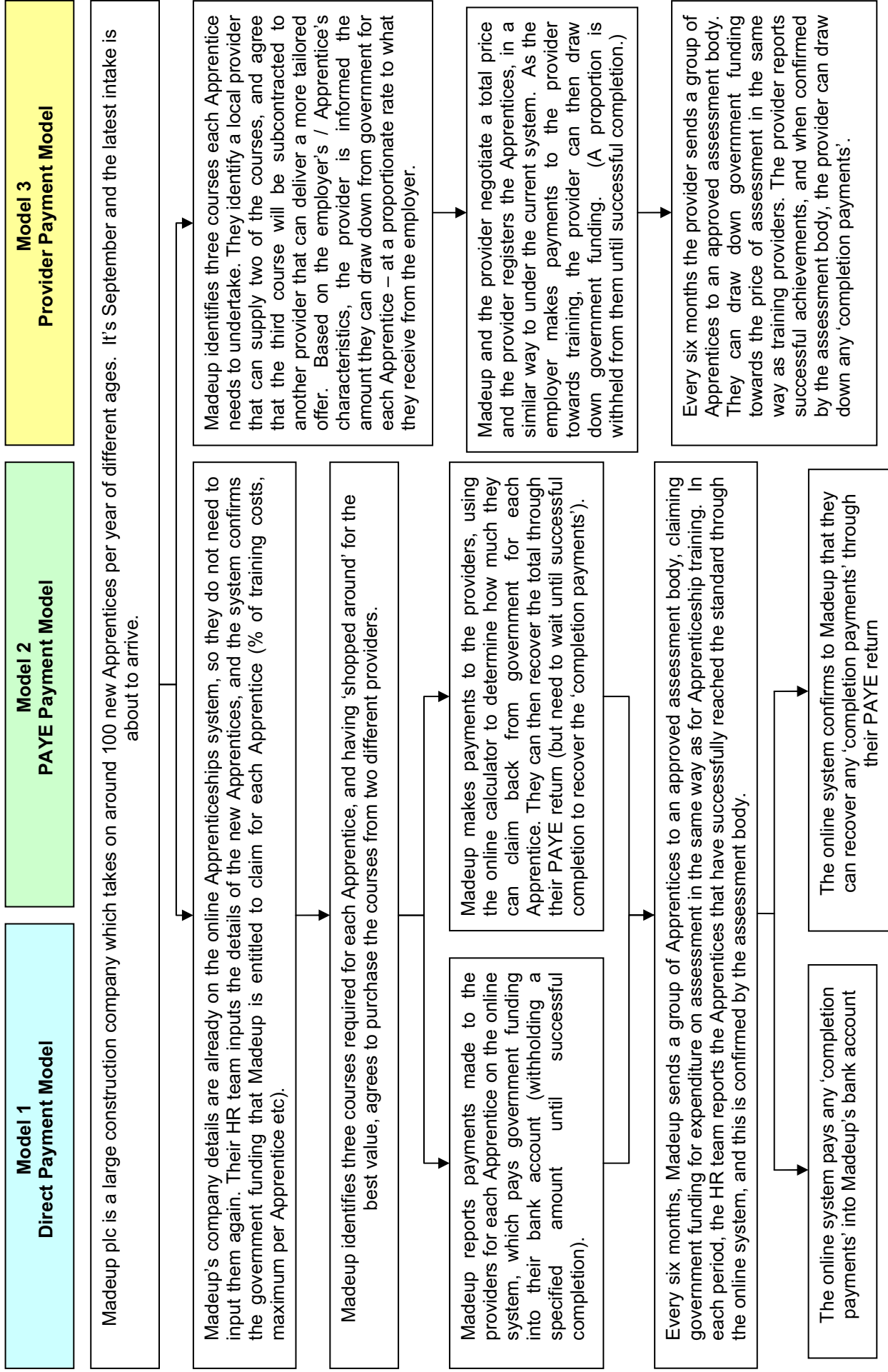
	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
	<b>Direct Payment Model</b>	<b>PAYE Payment Model</b>	<b>Provider Payment Model</b>
<b>Registration</b>	Employers register Apprentices through a new online system	Employers register Apprentices through a new online system	Providers register Apprentices
<b>Training</b>	Employers make payments to providers and report their expenditure through the online system, with government funding paid into their bank account	Employers make payments to providers and then recover the government funding through their PAYE return (or an alternative process if PAYE payments are insufficient – see p15)	Employers make payments to providers covering their contribution to the price of training. Providers then draw down the remainder from government
<b>Assessment</b>	Employers report achievement through the online system and receive any 'completion payments' into their bank account	Employers report achievement through the online system and recover any 'completion payments' through their PAYE return	Providers report achievement and draw down any 'completion payments'

Next, we provide two illustrative case studies, to demonstrate how the different models might work for different businesses.

**Example 1: A Small Retail Business**



## Example 2: A Large Construction Company



## Section 4: Which model works best for employers, learners, providers and Government?

To recap, the previous section set out three options for delivering a reformed Apprenticeship funding system:

- **Model 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.
- **Model 2: PAYE Payment Model**, where businesses register Apprentices through a new online system and then recover government funding through their PAYE return.
- **Model 3: Provider Payment Model**, where government funding continues to be paid to training providers, but they can only draw it down when they have received the employer's financial contribution towards training.

Each of these models is seeking to achieve the same objective – to position employers as the customers of Apprenticeship training, empowering them to decide what training their Apprentice needs and what represents the best value for money.

Each option gives employers the flexibility to choose and purchase training to support their Apprentices in reaching the industry standard – in line with our broader Apprenticeship reforms. This flexibility is underpinned by making government funding proportionate to the investment put forward by the employer – giving employers an incentive to shop around for a good deal, and to hold training providers to account for delivery.

The three options are each capable of delivering the funding reforms, but through different channels. The option chosen will *not* determine the level of public spending available; the level of government funding and the amount employers would be expected to contribute would be the same under all of the options. The key differences are in terms of the route through which government funding is provided.

The direct and PAYE payment models are similar in that employers claim back a proportion of the money they spend on eligible Apprenticeship training from government. Under the provider payment model, training providers draw down government funding, at a proportionate rate to the contributions they have received from employers. This section now assesses the key questions which will determine the choice between the respective models.

### Employer-routed funding (model 1 and 2) or provider-routed funding (model 3)?

Under models 1 and 2, government funding is paid to employers. This increases the transparency of government funding to the employer and ensures the training provider's single line of accountability is to the business. Employers will make an upfront payment to training providers, and then claim a proportion of this back from government. Under the direct payment

model, government payments could be made within several working days of employers reporting claims; under the PAYE payment model, they would receive this as a reduction in their next PAYE payment (unless PAYE payments are less than the required funding). Under both models, some of the total support will be withheld from the employer until the Apprentice achieves the standard.

Under the provider payment model (model 3), government funding is paid to training providers. But they can only claim this when they have received the employer's contribution. As with the other two models, providers will have strong incentives to respond to employers' needs in order to secure their investment, but the government's contribution will be less visible to the employer. Employers would pay only their specified proportion upfront, before the provider then claims the remainder from government. Again, some government funding would be withheld from the provider until the Apprentice achieves the standard.

## **A new online system (model 1) or the PAYE system (model 2)?**

Under both models, Apprentices would need to be registered through a new online system for Apprenticeships. The difference is that for model 1, employers would then need to make claims for each Apprentice through this online system, with the government making a direct payment into their bank account. Under model 2, businesses would need to calculate the total they were able to claim for each Apprentice and recover the appropriate amount through their PAYE return. If their total PAYE payment was not sufficient to cover their claim for Apprenticeship funding, then an alternative process would be needed.

## **Next Steps**

This document outlines, at a high level, three options to deliver a reformed system of Apprenticeship funding. But we recognise that the 'devil is in the detail' and so welcome the input of businesses and training providers, through this consultation, to develop the models further.

The timetable for implementation will depend upon the model which is selected to deliver the reforms. Constructing a new online system will take time and it is currently anticipated that the direct payment model and the PAYE payment model could be operational by 2016 at the earliest. However, this will be determined following this consultation. We recognise the importance of managing the transition from the current system to the new one, and this will be at the heart of our plans in the lead-up to implementation.

**Question 13: All things considered, which is your preferred model and why?**

**Question 14: What should the government take into account when making the transition from the current system to your preferred model – or any other models?**

**Question 15: What impact would adopting your preferred model – and the other models – have on businesses' engagement with and approach to Apprenticeship training?**



# Section 5: Questions

## The case for funding reform

Question 1: Would businesses be prepared to pay more for Apprenticeship training in return for greater influence over its content and delivery?

Question 2: What would be the impact of greater co-investment on businesses' decisions to recruit and train Apprentices? And on how businesses deliver Apprenticeship training and deal with training providers?

Question 3: What are the advantages and disadvantages of placing government funding in the hands of employers, rather than paying it directly to training providers?

Question 4: Would businesses be willing to negotiate the price of training with providers, and what would help them to do this?

Question 5: Would the funding principles outlined here raise the quality of training, and its relevance and responsiveness to businesses' needs? Why? Why not?

Question 6: What would be the impact of these funding principles on the experience and future prospects of Apprentices?

## Model 1: Direct Payment Model

Question 7: What are the advantages and disadvantages of providing government support for Apprenticeships in this way?

Question 8: How should this system be designed to ensure it is easy to engage with – for employers and training providers?

## Model 2: PAYE Payment Model

Question 9: What are the advantages and disadvantages of providing government support for Apprenticeships in this way?

Question 10: How should this system be designed to ensure it is easy to engage with – for employers and training providers?

## Model 3: Provider Payment Model

Question 11: What are the advantages and disadvantages of providing government support for Apprenticeships in this way?

Question 12: How should this model be designed to ensure it is easy to engage with – for employers and training providers?

## **Which model works best for employers, learners, providers and Government?**

Question 13: All things considered, which is your preferred model and why?

Question 14: What should the government take into account when making the transition from the current system to your preferred model – or any other models?

Question 15: What impact would adopting your preferred model – and the other models – have on businesses' engagement with and approach to Apprenticeship training?

# How to respond

When responding, please state whether you are doing so as an individual or representing the views of an organisation. If you are responding on behalf of an organisation, please make it clear who the organisation represents by selecting the appropriate interest group from the consultation form.

The consultation response form is available at Annex A and electronically on the consultation page: <https://www.gov.uk/government/consultations/apprenticeship-funding-reform-in-england> (until the consultation closes). The form can be submitted by email or by letter to:

Apprenticeship Funding Consultation  
BIS/DfE Joint Apprenticeships Unit  
Department for Business Innovation and Skills  
Orchard 1, 2<sup>nd</sup> Floor  
1 Victoria Street  
London  
SW1H 0ET  
Email: [apprenticeships.consultation@bis.gsi.gov.uk](mailto:apprenticeships.consultation@bis.gsi.gov.uk)

**The closing date for responses is Tuesday 1<sup>st</sup> October 2013.**

# Help with queries

Questions about the policy issues raised in the document can be addressed to:

Apprenticeship Funding Consultation  
BIS/DfE Joint Apprenticeships Unit  
Department for Business Innovation and Skills  
Orchard 1, 2<sup>nd</sup> Floor  
1 Victoria Street  
London  
SW1H 0ET  
Email: [apprenticeships.consultation@bis.gsi.gov.uk](mailto:apprenticeships.consultation@bis.gsi.gov.uk)

The consultation principles are in Annex A.

# Annex A: Consultation principles

The principles that Government departments and other public bodies should adopt for engaging stakeholders when developing policy and legislation are set out in the consultation principles.

<http://www.cabinetoffice.gov.uk/sites/default/files/resources/Consultation-Principles.pdf>

## Comments or complaints on the conduct of this consultation

If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to:

John Conway,  
BIS Consultation Co-ordinator,  
1 Victoria Street,  
London  
SW1H 0ET

Telephone John on 020 7215 6402  
or e-mail to: [john.conway@bis.gsi.gov.uk](mailto:john.conway@bis.gsi.gov.uk)

**However if you wish to comment on the specific policy proposals you should contact the policy lead.**

# Annex B: Consultation on Funding Reform for Apprenticeships in England - Response Form

You can email or post this completed response form to:

Postal Address:

Apprenticeship Funding Consultation  
BIS/DfE Joint Apprenticeships Unit  
Department for Business Innovation and Skills  
Orchard 1, 2<sup>nd</sup> Floor  
1 Victoria Street  
London  
SW1H 0ET  
Email: [apprenticeships.consultation@bis.gsi.gov.uk](mailto:apprenticeships.consultation@bis.gsi.gov.uk)

The Department may, in accordance with the Code of Practice on Access to Government Information, make available, on public request, individual responses.

The closing date for this consultation is: **1<sup>st</sup> October 2013**

## Confidentiality & Data Protection

Please read this question carefully before you start responding to this consultation. The information you provide in response to this consultation, including personal information, may be subject to publication or release to other parties. If you do not want your response published or released then make sure you tick the appropriate box.

- Yes, I would like you to publish or release my response
- No, I don't want you to publish or release my response

### Your details

Name:

Organisation (if applicable):

Address:

Telephone:

Email:

Please tick the boxes below that best describe you as a respondent to this consultation

- Business representative organisation
- Independent Training Provider
- College
- Awarding Organisation
- School
- Charity or social enterprise
- Individual
- Legal representative
- Local government
- Large business (over 250 staff)
- Medium business (50 to 250 staff)

- Small business (10 to 49 staff)
- Micro business (up to 9 staff)
- Professional body
- Trade union or staff association
- Other (please describe)

**The case for funding reform**

**Question 1: Would businesses be prepared to pay more for Apprenticeship training in return for greater influence over its content and delivery?**

Yes                       No                       Don't know

**Please explain your response:**

**Question 2: What would be the impact of greater co-investment on businesses' decisions to recruit and train Apprentices? And on how businesses deliver Apprenticeship training and deal with training providers?**

**Question 3: What are the advantages and disadvantages of placing government funding in the hands of employers, rather than paying it directly to training providers?**

**Question 4: Would businesses be willing to negotiate the price of training with providers, and what would help them to do this?**

Yes                       No                       Don't know

**Please explain your response:**



**Question 5: Would the funding principles outlined here raise the quality of training, and its relevance and responsiveness to businesses' needs? Why? Why not?**

**Question 6: What would be the impact of these funding principles on the experience and future prospects of Apprentices?**

**Model 1: Direct Payment Model**

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**Which model works best for employers, learners, providers and government?**

**Question 13: All things considered, which is your preferred model and why?**

**Model 1: Direct Payment Model**

**Model 2: PAYE Payment Model**

**Model 3: Provider Payment Model**

**Please explain your choice:**

**Question 14: What should the government take into account when making the transition from the current system to your preferred model – or any other models?**

**Question 15: What impact would adopting your preferred model – and the other models – have on businesses' engagement with and approach to Apprenticeship training?**

**Thank you for taking the time to let us have your views on this consultation. We do not acknowledge receipt of individual responses unless you tick the box below.**

**Please acknowledge this reply**

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This publication is also available on our website at [www.gov.uk/bis](http://www.gov.uk/bis)

Any enquiries regarding this publication should be sent to:

Department for Business, Innovation and Skills  
1 Victoria Street  
London SW1H 0ET  
Tel: 020 7215 5000

If you require this publication in an alternative format, email [enquiries@bis.gsi.gov.uk](mailto:enquiries@bis.gsi.gov.uk), or call 020 7215 5000.

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Department  
for Education



Department  
for Business  
Innovation & Skills

# Traineeships

Supporting young people to develop the skills for apprenticeships and sustainable employment

**Framework for Delivery**

**Updated July 2013**



**Traineeships**

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Foreword by Matthew Hancock MP, Minister for Skills

I am very pleased to publish this updated version of our traineeships Framework for Delivery. This document confirms that the programme will be available to young people in England aged from 16 up to 24.



This document follows an initial version of the Framework, published in May 2013, which outlined the programme for 16-19 year olds. Traineeships will now be available to the full age range envisaged in our January discussion paper and this document provides additional clarification as to how traineeships will operate.

The January discussion paper outlined proposals for a new traineeships programme that will support young people who are focused on work to gain the skills and experience that employers are looking for.

The discussion period was an opportunity for the employers, providers and partners who will be critical to traineeships' success to influence the way the programme develops. Employers will be at the very centre of traineeships, running the programme or, in partnership with a trusted skills provider, offering high quality work placements where trainees can apply their newly-learned skills.

I was delighted by the positive and constructive response we received. More than 450 individuals and organisations provided written feedback and we met many of you directly to discuss your views. Those conversations convinced me that this is absolutely the right way to go. Whilst we received a wide range of solutions and suggestions, everyone I spoke to was clear that there was a need for a programme like traineeships to help young people equip themselves with the skills and experience to secure an apprenticeship or sustainable work.

I welcome both your positivity and your willingness to share views on how traineeships should be developed. This Framework for Delivery draws on the feedback we received to set out how traineeships will work in practice. With your ongoing support and involvement, I know that traineeships will make a huge difference to the skills and aspirations of young people in this country.

A handwritten signature in blue ink, appearing to read 'Matthew Hancock'. The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

**Matthew Hancock MP**  
Minister for Skills

## Executive summary

1. This Framework for Delivery provides employers, education and training providers and young people with information about traineeships. The executive summary brings together the key points marked in **bold** in the main document to provide an overview of the programme. The Education Funding Agency has included information on funding traineeships in its 2013/14 funding guidance and the Skills Funding Agency has amended their funding rules to include traineeships.

### Who are traineeships for?

2. Traineeships will be available for young people aged 16-24<sup>1</sup> and for young people with Learning Difficulty Assessments<sup>2</sup> up to academic age 25 from August 2013.

3. The core target group for traineeships will be young people who:

- are not currently in a job and have little work experience, but who are focused on work or the prospect of it;
- are 16-19<sup>3</sup> and qualified below Level 3 or 19-24 and have not yet achieved a full Level 2<sup>4</sup>; and
- providers and employers believe have a reasonable chance of being ready for employment or an apprenticeship within six months of engaging in a traineeship.

4. Traineeships are not intended for:

- the most disengaged young people, who require very intensive support;
- those who already have the skills and experience needed to start an apprenticeship or find work; or
- those already in a job.

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<sup>1</sup> For the detailed definition of the 16-19 age range please refer to the EFA funding guidance or the Skills Funding Agency Funding Rules for the 19-24 age group.

<sup>2</sup> These will be replaced by Education, Health and Care Plans, subject to the passage of the Children and Families Bill.

<sup>3</sup> Throughout this document the term 16-19 year old also refers to those young people age 19 to academic age 25 who are subject to a Learning Difficulty assessment (LDA) or an Education, Health and Care Plans (EHCP) issued by their home local authority.

<sup>4</sup> For 19-24 year olds, the programme will be available only for those who have not yet achieved their first full Level 2 qualification. For 16-19 year olds, providers will have flexibility to work with young people who have Level 2 qualifications but not Level 3, reflecting the need for young people aged 16-19 to undertake high quality work experience in preparation for employment.



## What will traineeships provide?

5. Traineeships are part of the same family as apprenticeships. Over time, employers will want to consider in the round the number of apprenticeships and traineeships they will offer as they plan their workforce development. For 16-19 year olds, traineeships will be part of study programmes. This will ensure simplicity and enable young people to move between options. For 19-24 year olds, traineeships will be part of the existing flexibilities within the Adult Skills Budget.

6. The core content of traineeships will be work preparation training, English and maths and a high quality work placement. Providers and employers will have the freedom to bring these elements together in the best way to engage and support individual trainees.

7. The content of the work preparation training will be up to providers and employers to agree. All young people undertaking a traineeship will be required to study English and maths, unless they have achieved a GCSE A\*-C in those subjects or, for those aged 19 and above, a GCSE A\*-C or a functional skills qualification at Level 2. In the majority of cases, we expect that functional skills will be the most appropriate qualification for trainees to study in the first instance. As part of traineeships, young people can study these at Entry Level, Level 1 or Level 2 depending on their prior attainment and identified skills needs. We would expect young people to continue and complete these qualifications, together with any vocational qualifications they have begun, after the formal traineeship is complete. This could be part of their study programme or apprenticeship for 16-19 year olds or through their entitlement up to Level 2 for those aged 19 up to 24.

8. We expect the duration of the work placement within a traineeship to be at least six weeks and no more than five months. The involvement of employers and real workplace settings for the work placement are crucial to the success of traineeships. We expect the lead employer for the work placement to be identified before young people are enrolled on a traineeship. We expect all traineeships to offer a guaranteed interview with the work placement host at the end of the placement<sup>5</sup>.

9. We have set out a list of potential flexible content (paragraph 63), which is not designed to be prescriptive or exhaustive, but may be useful to providers and employers as they design traineeship programmes.

10. The duration of traineeships will be a maximum of six months. The aim of traineeships is to secure young people's progression to an apprenticeship or sustainable job as quickly as possible. Where young people successfully progress earlier than

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<sup>5</sup> This will either be a formal interview where a job vacancy has arisen or an exit interview with feedback with the employer who provided the placement where there is not a formal vacancy. See paragraph 61.

anticipated, we will ensure that this is counted as completing the traineeship.

11. As traineeships develop, we will look to subsume or cease similar existing training programmes in order to simplify the system. The primary measure of success for traineeships will be securing positive outcomes for participants and we intend to hold providers to account against this. For at least the first year of national rollout, we will apply quality criteria for the providers that are able to offer traineeships.

12. A young person's traineeship will be complete at the earliest of:

- the young person moving into employment, an apprenticeship or further education and training;
- all elements of the young person's agreed traineeship programme being complete; or
- the young person reaching six months on the programme.

13. A formal reference from the employer where the young person undertook their work placement, together with confirmation of any qualifications completed with their provider, is the right form of recognition for completing a traineeship. Providers and employers will be free to award locally-recognised certificates for traineeships.

## **How will traineeships be delivered and funded?**

14. Providers and employers will be able to deliver traineeships from August 2013. Traineeships should be a partnership between employers and education and training providers. Providers and employers will have a key role in engaging young people and enrolling them on the programme. Local authority services for young people, schools, colleges, Jobcentre Plus advisers, DfE Youth Contract providers, National Careers Service advisers and National Citizen Service providers will also have an important role in referring interested young people onto traineeships.

15. We want to provide opportunities for employers to lead the delivery of traineeships to young people. Employers will be able to do this through:

- The Employer Ownership of Skills pilot.
- Where large employers already offer apprenticeships or adult skills budget provision for young people, varying their Skills Funding Agency contracts to cover traineeships.
- Working in partnership with an existing education or training provider.
- Working towards becoming an approved provider in their own right in future years.

16. Taking into account feedback from 2013/14, we will review employer access to funding to deliver traineeships and look to develop further opportunities where appropriate.

17. Subject to the quality criteria below,

- education and training providers that currently deliver provision for 16-19 year olds and hold a contract with the Education Funding Agency will be able to deliver traineeships
- education and training providers that currently deliver provision through the Adult Skills Budget run by the Skills Funding Agency will be able to deliver traineeships for 19-24 year olds.

18. In 2013/14, the delivery of traineeships will be limited to those providers who have achieved an Ofsted inspection grade of Outstanding or Good and are not under Notice<sup>6</sup> from either the EFA or Skills Funding Agency for any reason. Where this means that there is no eligible provider in a location, we will support efforts to ensure that Outstanding and Good provision becomes available in that area.

- For 16-19 year olds the Education Funding Agency funding per student methodology will apply.
- For 19-24 year olds, education and training providers will be able to utilise existing Adult Skills Budget flexibilities. Traineeships will be funded on the basis of the published matrix rate for any accredited units and qualifications delivered as part of the traineeship, in addition to funding for the organisation of the work placement. We will develop and add a new component to the ASB so that providers can be funded to deliver the work placement element within traineeships. We expect the overall level of funding available for traineeships for 19-24 year olds to be similar to that for 16-19 year olds.

19. As with other programmes, providers will record young people taking part in and completing traineeships through the Individualised Learner Record (ILR).

20. Employers are not required to pay young people for the work placement under the traineeship. Traineeships fall under an exemption to the National Minimum Wage. Young people taking part in traineeships will be undertaking education and training and, where they qualify, will be able to access our existing programmes of financial support, including the £180 million 16-19 Bursary Fund and Discretionary Learner Support arrangements for 19-24 year olds.

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<sup>6</sup> This includes Notices to Improve issued by the Education Funding Agency, or Notices of Concern or Breach issued by the Skills Funding Agency.

21. We have deliberately designed the programme to have the flexibility to enable providers to design traineeships to meet the requirements of young people who are claiming benefits. This would enable young people to continue to receive Jobseeker's Allowance or the new Universal Credit while taking part in a traineeship.

22. The conclusion of this document (paragraphs 99-101) tells you more about why and how you should get involved in traineeships.

## A. Introduction

23. On 10 January, the Departments for Education and Business, Innovation and Skills published a discussion paper entitled *Traineeships: Supporting young people to develop the skills for apprenticeships and other sustained jobs*<sup>7</sup>. This set out our initial proposals for the development of a new programme of traineeships to help young people to prepare for and secure apprenticeships and other sustainable employment.

24. We invited contributions to the discussion from employers, education and training providers, young people and those who work with them. We received over 450 written responses. We also held a series of roundtable discussions with representative organisations in order to gather wider views about the approach.:

### Key messages from discussion paper

- There is a real need for a programme to help young people who are focused on getting an apprenticeship or sustainable job but who do not yet have the skills or experience to compete successfully for vacancies.
- Further clarity is needed on the target group of young people for traineeships, but there should be a degree of local discretion to allow providers and employers to target those who would benefit most.
- It is right that traineeships should have a small and well defined core, with maximum flexibility for providers and employers to add content to meet the needs of employers and the local labour market.
- A high quality placement in a real workplace will be the most important element of a successful traineeship.
- Traineeships should be delivered as a partnership between employers and education and training providers.
- The programme should be easy for employers and young people to understand and access.

25. The full range of feedback we received as part of the discussion has informed the development of the traineeships programme set out in this Framework. This document applies to England only, but the Government will work with the Devolved Administrations on any areas of shared interest.

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<sup>7</sup><http://www.education.gov.uk/childrenandyoungpeople/youngpeople/qandlearning/traineeships/a00219695/traineeships->

## B. Who are traineeships for?

26. In our discussion paper we deliberately left open the question of exactly which groups of young people traineeships should focus on, both in terms of age range and eligibility for the programme. We wanted to get the views of employers and providers on this important issue.

27. Whilst there was a range of views on how we should describe the target group, many respondents felt that it was important for us to set a clear expectation of which young people traineeships are aimed at. They cautioned that making the target group too wide would dilute the concept of traineeships and make the new programme difficult to describe to young people and employers. At the same time, many organisations were clear that the young people we want to support through this programme will have a range of characteristics and circumstances. Being too rigid with eligibility criteria would get in the way of local discretion in deciding which young people would benefit most from traineeships.

28. We have aimed to find a compromise by setting out the age range and our expectations of the target group, whilst leaving significant flexibility to enable providers and employers to recruit the young people for whom traineeships would be the most effective intervention.

### Age Range

29. The discussion paper proposed an age range of 16 up to 24 for traineeships. The overwhelming majority of responses supported this and welcomed the opportunity for traineeships to join up work with 16-19 year olds and 19-24 year olds experiencing challenges in finding sustainable employment or apprenticeships.

30. Several respondents pointed out that young people with statutory Learning Difficulty Assessments will be able to access a range of education, training and support up to the end of the academic year in which they turn 25. They rightly felt that it would avoid creating an additional age boundary if the age range for traineeships were extended to academic age 25 for young people in this group.

31. Others raised the possibility of extending the age range down to young people aged 14-16. We recognise the importance of young people at that age having access to high quality vocational education as well as an academic core. That is why we are reforming vocational education, focusing performance tables on the most effective qualifications and supporting colleges to enrol 14-16 year old students in 2013/14. This offer will consist of general education with vocational options and work experience, which we feel is best suited to the needs of that age group. We therefore do not intend to extend the age range of traineeships to this younger group.

**32. Traineeships will be available for young people aged 16-24 and for young people with Learning Difficulty Assessments up to academic age 25 from August 2013.**

## Target group

33. We want traineeships to improve the quality of options for young people who are already engaged and also draw in young people who would not otherwise be in education, employment or training.

34. In the discussion paper, we made clear that traineeships would focus primarily on young people who are motivated by work or the prospect of it, but who do not yet have the skills or experience to secure a sustainable job or apprenticeship. Many of the responses we received sought greater clarity about the target group for traineeships, while advocating a significant degree of local flexibility.

35. There is a range of different programmes in place to support young people and we want to ensure that traineeships are targeted at those who will benefit most from the programme. **The core target group for traineeships will be young people who:**

- **are not currently in a job and have little work experience, but who are focused on work or the prospect of it;**
- **are 16-19 and are qualified below Level 3 or 19-24 and have not yet achieved a full Level 2; and**
- **providers and employers believe have a reasonable chance of being ready for employment or an apprenticeship within six months of engaging in a traineeship.**

36. For young people who are further from the labour market and would need more intensive support before they could engage, we are already providing additional help through the Youth Contract, wider training provision and study programmes and the Work Programme. Those who are very close to employment or already have high levels of attainment are likely to be successful in finding opportunities themselves. Traineeships aim to help the intermediate group, providing the skills and experience they need to move into sustainable employment. **Traineeships are not intended for:**

- **the most disengaged young people, who require very intensive support;**
- **those who already have the skills and experience needed to start an apprenticeship or find work; or**
- **those already in a job.**

37. Responding to the feedback we received, we will give providers and employers the freedom to work with the individuals within the target group who they feel would benefit most from traineeships. This will enable them to respond to individual and local circumstances. We want traineeships to help young people who meet the criteria of the programme regardless of their background and we expect employers and providers to support this aim. Once the programme has begun, we will review learner information on disability, gender, ethnicity and other relevant characteristics to monitor progress.

## Scale

38. Traineeships are a new programme for young people, though it will build on many aspects of effective provision that are already being delivered around the country. We think that it is important that traineeships are able to respond to the needs of young people and employers and so we will not set numerical targets for the programme. Traineeships will begin to be delivered in 2013/14 and our expectation is that the programme will grow quickly and has the potential to provide opportunities for a significant proportion of young people aged 16-24 who are focused on work and apprenticeships.



## C. What will traineeships provide?

39. The discussion paper set out our initial proposals for the content of traineeships and asked employers and providers a number of fundamental questions about what they saw as the most important and effective elements of the model.

40. The responses we received overwhelmingly welcomed the core content of a traineeship – work preparation training, English and maths and a high quality work placement. Respondents highlighted the particular importance of the work placement in making traineeships attractive and effective. There were a large number of suggestions for what might constitute wider flexible content in traineeships and we have brought these together to help organisations to consider options as they develop their programmes (paragraph 63).

41. There was also a feeling, from employers in particular, that traineeships provide an opportunity to simplify the system and bring together or cease other similar programmes. They felt that focusing on a smaller number of high quality routes for young people would make it easier to understand the opportunities available

### Fit with apprenticeships and 16-19 study programmes

42. One area where many respondents asked for clarity was the way in which traineeships fit with apprenticeships and 16-19 study programmes.

43. **Traineeships are part of the same family as apprenticeships**, which remain our high quality, offer for those who are ready and able to secure work with recognised training. Following the Richard Review, we will take further action to increase the quality of apprenticeships and give employers a greater role in designing and delivering them. Traineeships will be a separate but linked programme that prepares young people to compete for apprenticeships and other sustainable employment. Apprenticeships will be one of the key outcomes from a traineeship, although participation in a traineeship cannot guarantee progression to an apprenticeship.

44. **Over time, employers will want to consider in the round the number of apprenticeships and traineeships they will offer as they plan their workforce development.** We will extend the role of the National Apprenticeship Service to include supporting employer involvement in traineeships.

45. For 16-19 year olds, we are introducing new study programmes from September 2013, which will focus on substantial qualifications, English and maths and work experience. **For 16-19 year olds, traineeships will be part of study programmes. This will ensure simplicity and enable young people to move between options.** As

with other study programmes and apprenticeships, traineeships will be a valid option for young people as we raise the age of compulsory participation in education or training to 17 this year and to 18 in 2015<sup>8</sup>. **For 19-24 year olds, traineeships will be part of the existing flexibilities within the Adult Skills Budget.** Providers will want to read this Framework alongside the study programme principles<sup>9</sup> and the Skills Funding Agency Funding Rules for 2013/14, which will shortly be updated to take account of traineeships. Supported Internships are also available within study programmes for 16-24 year olds with a statutory Learning Difficulty Assessment. This option may be more suitable for young people with complex needs to learn in the workplace and move directly into paid employment. Guidance on Supported Internships will be published shortly and further information is already available<sup>10</sup>.

## Core content

46. The discussion paper proposed three core elements for a traineeship programme:

- **A focused period of work preparation training**, covering areas like CV writing, interview preparation, job search and inter-personal skills.
- **English and maths**, as these are seen as crucial employability skills.
- **A high quality work placement** to give the young person meaningful work experience and develop workplace skills.

47. There was overwhelming support for these core elements of content in the responses we received. **Providers and employers will have the freedom to bring these elements together in the best way to engage and support individual trainees**, and to fit with benefit rules where appropriate (paragraphs 95-98). Some young people may need to focus primarily on English, maths and work preparation at the beginning of their traineeship before moving into the work placement. Others may benefit from starting their work placement with a supportive employer early in the traineeship, with work preparation and English and maths built in alongside. We expect providers to work with young people at the start of the programme to assess their needs and determine the right combination, timing and length of programme to meet them.

48. A number of responses proposed additional areas of core content, the most popular being mentoring, wraparound support and careers guidance. We agree that these will be crucial for many young people, but would not want to be prescriptive about how they are delivered. We see these as being integral to high quality work placements

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<sup>8</sup><http://www.education.gov.uk/childrenandyoungpeople/youngpeople/participation/rpa/g00222993/stat-guide-young-people-edu-employ-train>

<sup>9</sup><http://www.education.gov.uk/schools/teachingandlearning/curriculum/a00210755/16-19-study-programmes>

<sup>10</sup><http://www.preparingforadulthood.org.uk/resources/pfa-resources/factsheet-supported-internships>

(paragraphs 57-60) and work preparation training (paragraphs 51-52), rather than being elements of the core content in their own right.

49. Similarly, many respondents proposed that vocational education should form part of the core content. Again, we recognise the value of good vocational education and in many cases it will be appropriate for high quality vocational qualifications to be started as part of traineeships. However, we are keen to ensure that we allow the maximum flexibility for traineeships to meet individual needs and so will include vocational content as part of flexible provision (paragraphs 62-64) rather than in the core.

50. **The core content of traineeships will be work preparation training, English and maths and a high quality work placement.**

## Work preparation training

51. **The content of the work preparation training will be up to providers and employers to agree.** We expect this to include any personal and social skills that the young person needs to develop in order to get the most out of their work placement and prepare them for future employment. For 19-24 year olds, this will need to focus on work preparation units and qualifications listed on the Qualifications and Credit Framework (QCF).

52. It is important that work preparation training covers both the skills that young people will need to find and secure a job (for example, job search techniques, CV writing and interview skills) and the skills and attributes that they need to sustain that job (such as planning, time-keeping, team working, self-confidence, resilience and strength of character). Initial training should also include preparation for the specific work placement the young person will be undertaking.

## English and maths

53. Employers are clear that literacy and numeracy are crucial employability skills and so English and maths will form a key part of traineeships. **All young people undertaking a traineeship will be required to study English and maths, unless they have achieved a GCSE A\*-C in those subjects or, for those aged 19 and above, a GCSE A\*-C or a functional skills qualification at Level 2. In the majority of cases, we expect that functional skills will be the most appropriate qualifications for trainees to study in the first instance. As part of traineeships, young people can study these at Entry Level, Level 1 or Level 2 depending on their prior attainment and identified skills needs.**

54. To fit with wider study programme principles, 16-19 trainees will need to work towards GCSE A\*-C in English and maths, including through the study of functional skills. Where 16-19 year olds have already achieved a functional skills qualification at Level 2,

they will be required to work towards the achievement of a GCSE grade A\* to C. Those who have achieved this level will not be required to continue to study English and maths, but we would encourage providers to consider offering higher level provision, particularly Level 3 maths qualifications, to these young people.

55. 19-24 year olds will not be required to undertake English and maths if they have achieved a GCSE A\*-C in these subjects or a functional skills qualification at Level 2, though we would encourage providers to consider offering higher level provision to these young people, subject to the eligibility criteria for traineeships in paragraph 35.

56. Providers should aim to support young people to complete their qualifications within their traineeship where possible. In some cases it may take longer for a young person to achieve these crucial elements. **We would expect young people to continue and complete these qualifications, together with any vocational qualifications they have begun, after the formal traineeship is complete. This could be part of their study programme or apprenticeship for 16-19 year olds or through their entitlement up to Level 2 for those aged 19 up to 24.**

## Work placements

57. There was a high degree of consensus in the responses we received about what should constitute a high quality and effective work placement. Drawing on this evidence, the table below sets out principles for good quality work placements as part of traineeships. It will be for providers and employers in partnership to agree how these principles are implemented in traineeships.

### Principles for good quality work placements

- **Choice and relevance** – Placement matched to the trainee’s areas of interest and aspiration, with young people undertaking high quality work experience rather than observation or mundane tasks.
- **Organisational readiness** – Commitment from senior managers or owner/manager and a low ratio of trainees to experienced staff.
- **Good preparation** – Thorough pre-placement preparation by the provider, employer and prospective trainee and an understanding of young people’s circumstances that may affect their workplace behaviour.
- **Written agreement** – Made between the trainee, employer and provider setting out mutual expectations and commitments, including the training plan and arrangements for reviews.
- **A planned placement** – A structured induction, clear objectives and integrated off-the-job training, with an identified mentor or buddy.
- **Feedback and review** – Regular constructive feedback from managers and formal reviews at key stages with the manager, provider and trainee.

58. We think that it is important to allow a significant degree of flexibility in the duration of the work placement to accommodate the varying needs of young people taking part in the programme. However, it is essential to set some boundaries on duration. **We expect the duration of the work placement within a traineeship to be at least six weeks and no more than five months<sup>11</sup>**. This does not have to be taken consecutively. In some cases, such as where young people are undertaking their work placement in small or medium enterprises, it may be appropriate for them to undertake a number of separate work placements in different organisations totalling at least six weeks. This would need careful planning to ensure it adds up to the high quality work experience we expect for all trainees.

59. Providers and employers will be free to agree how the work placement fits best with the other components<sup>12</sup>. In some cases, it may be better for young people to undertake the work placement at the end of their traineeship, in others to begin this from early in the programme with the other components sitting alongside it. We expect providers to offer ongoing support to employers and young people as needed throughout the work placement. This will enable continuous learning and reflection for trainees, with the work experience element both reinforcing acquired skills and giving individuals experience that will help equip them for future employment.

60. **The involvement of employers and real workplace settings for the work placement are crucial to the success of traineeships**. Simulated work placements, such as in workshops within training providers may well form a helpful part of work preparation training but will not count as work placements for the purposes of traineeships. **We expect the lead employer for the work placement to be identified before young people are enrolled on a traineeship**.

61. There was a range of views on whether to include a guaranteed interview in traineeships, with many responses suggesting that an interview provides vital experience to young people going on to seek work, but others highlighting the risk that a guaranteed interview could significantly reduce the range of employers willing or able to take part in the programme. **We expect all traineeships to offer a guaranteed interview with the work placement host at the end of the placement**. Where possible, the young person should receive a real job interview where a post or apprenticeship has become available. However, we recognise that this will not always be feasible and in these cases a formal exit interview with the employer who provided their work placement will help the young person to practice and prepare for future opportunities. In either case, young people should receive meaningful feedback to help them improve their performance and a reference from the employer reflecting the time spent on their work placement (paragraph 75).

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<sup>11</sup> In exceptional circumstances, we are willing to consider a case from individual employers for a shorter period of work experience.

<sup>12</sup> Where the trainee is claiming benefits, providers and employers should also work with Jobcentre Plus (see paragraphs 95-98)

## Flexible content

62. In the discussion paper we proposed that traineeships should have a clearly defined core with a high degree of flexibility around additional content. This would enable providers and employers to add elements depending on the needs of young people and the labour market. Responses overwhelmingly welcomed the proposal that the traineeships model will give providers and employers this flexibility.

63. The responses we received provided a helpful range of suggestions about areas of additional content that providers may wish to include within traineeships. **We have set out a list of potential flexible content, which is not designed to be prescriptive or exhaustive, but may be useful to providers and employers as they design traineeship programmes.**

To meet labour market needs	To meet personal needs
<ul style="list-style-type: none"> <li>▪ High quality and relevant vocational qualifications.</li> <li>▪ Skills required by the local labour market or particular sectors/employers.</li> <li>▪ Business, commercial and enterprise skills.</li> <li>▪ ICT skills.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Personal and social skills development, for instance independent working.</li> <li>▪ Team working activities.</li> <li>▪ Tasters in one or more sectors.</li> <li>▪ Impartial careers guidance, particularly focused on the local labour market.</li> <li>▪ Participation in National Citizen Service, for those aged 16-17.</li> <li>▪ Support for specific needs, for instance</li> </ul>

64. For 16-19 year olds, our approach to the vocational qualifications available and recorded in performance tables will match that for study programmes. For 19-24 year olds, providers will have access to the existing flexible offer within the Adult Skills Budget.

## Duration

65. Our discussion paper proposed that traineeships would last around six months and the responses we received generally supported this proposal. Responses argued that there would need to be some flexibility depending on the existing levels of skills and experience of participants.

66. **The duration of traineeships will be a maximum of six months.** This reflects the target group for the programme and our definition of the minimum and maximum

length of the work placement (paragraph 58). Providers may wish to work with young people who are not yet ready for a traineeship, either as part of their wider 16-19 study programme or through their Adult Skills Budget offer, to help them prepare for and move into a traineeship.

67. This does not mean that we expect all traineeships to last for a full six months. **The aim of traineeships is to secure young people's progression to an apprenticeship or sustainable job as quickly as possible. Where young people successfully progress earlier than anticipated, we will ensure that this is counted as completing the traineeship** (paragraph 73).

## Fit with other programmes

68. In our discussion paper, we made clear that we wanted traineeships to simplify the current policy landscape and make it easier for young people and employers to navigate. The responses we received overwhelmingly supported this objective and there was widespread feeling amongst employers in particular that having too many individual programmes for young people risks incoherence.

69. We recognise that it will take time to achieve this aim, but as a guiding principle, **as traineeships develop we will look to subsume or cease similar existing training programmes in order to simplify the system.** We will work on the presumption that these programmes should become part of traineeships or come to an end unless there is a clear rationale for a separate programme.

## Ensuring quality

70. **The primary measure of success for traineeships will be securing positive outcomes for participants and we intend to hold providers to account against this.** We expect traineeships to focus first and foremost on supporting young people into apprenticeships and other sustainable employment. Those aged 16-17 will need to undertake part-time training if they move into full-time employment as we raise the participation age. We also recognise that some trainees will want to undertake further study in order to achieve their employment aspirations and so further education and training will also be a recognised outcome from traineeships. We will develop success and destination measures for traineeships which we aim to publish and use for accountability purposes from 2015/16.

71. **For at least the first year of national rollout, we will apply quality criteria for the providers that are able to offer traineeships** (paragraph 86). We intend to review these regularly and relax them in future years as the programme develops. Over time, destination and success measures will become our main measure of quality and accountability.

72. As with other forms of education and training provision, the Common Inspection Framework will apply to traineeships in colleges and training providers. Ofsted will inspect the quality of provision amongst all providers and employers who offer these as part of their overall inspection programme. We will work with Ofsted to ensure that traineeships receive sufficient focus within wider inspections and to consider the possibility of a future thematic review in this area.

## Completing a traineeship

73. **A young person's traineeship will be complete at the earliest of:**

- **the young person moving into employment, an apprenticeship or further education and training;**
- **all elements of the young person's agreed traineeship programme being complete; or**
- **the young person reaching six months on the programme.**

74. Whilst we want the vast majority of young people to progress from a traineeship into work, an apprenticeship or further learning by the end of six months, we recognise that this will not always be the case. For these young people, traineeships will have significantly increased their skills and given them work experience and a reference to include in their CV, putting them in a much stronger position to find work. In these instances, we expect the provider leading the traineeship to ensure that young people are in contact with organisations that can help them find work or training opportunities and are supported to complete any qualifications begun on their traineeship.

75. Responses to the discussion paper put forward a range of views about the certification of traineeships and some respondents felt that trainees should receive some form of separate recognition for completion of a traineeship. Our view is that a central system of certification would risk increasing bureaucracy for providers and employers and may not be meaningful for young people or prospective employers. **A formal reference from the employer where the young person undertook their work placement, together with confirmation of any qualifications completed with their provider, is the right form of recognition for completing a traineeship** and will have greater currency in the labour market than a separate certification process. **Providers and employers will be free to award locally-recognised certificates for traineeships** if they wish, and we will make branded artwork available for this purpose.



## D. How will traineeships be delivered and funded?

76. In the discussion paper, we set out proposals for two models – a provider-managed model through the existing 16-19 and adult funding systems and an employer-led model through the Employer Ownership of Skills pilot.

77. The responses we received broadly supported the need for both of these funding routes, revealing a keen appetite from some employers to lead their own programmes (paragraph 82). Feedback emphasised that traineeships should be designed and delivered by employers and training providers together. Whilst recognising that there are differences between the funding systems for individuals aged 16-19 and 19+ respondents also wanted traineeships to be simple for employers and young people to engage with.

### Timetable for delivery

78. **Providers and employers will be able to deliver traineeships from August 2013**, subject to the quality criteria set out below (paragraph 86). The 2013/14 academic year will be the start of a national rollout of traineeships and we will learn the lessons from the first year and develop the programme further for future years.

79. We agree with the feedback received from the discussion process that **traineeships should be a partnership between employers and education and training providers**. We want to ensure that there are opportunities to route funding for traineeships directly to both providers and employers. We have set out below how each of these routes will work.

### Referrals to traineeships

80. We expect that traineeships will quickly become part of the core offer for young people aspiring to apprenticeships or work. Many young people will proactively seek out traineeship opportunities where they have not yet been successful in finding work. **Employers and providers will have a key role in engaging young people and enrolling them on the programme**. They will want to market traineeships to young people as preparation for apprenticeships and sustainable employment rather than as a destination in their own right.

81. There will also be an important role for organisations working with young people to refer them to traineeships programmes where appropriate. In particular, **local authority services for young people, schools, colleges, Jobcentre Plus advisers** (paragraphs 95-98), **DfE Youth Contract providers, National Careers Service advisers and National Citizen Service providers will also have an important role in referring interested young people onto traineeships**.

## Funding – employer routes

82. Recognising employers' enthusiasm, **we want to provide opportunities for employers to lead the delivery of traineeships to young people. Employers will be able to do this through:**

- **The Employer Ownership of Skills pilot.** We signalled our interest in bids containing traineeships in the Discussion Document and in the Employer Ownership of Skills (Round 2) Prospectus. Successful employers or groups will be funded to directly deliver a programme of traineeships for young people.
- **Where they already deliver Apprenticeships or Adult Skills Budget provision for young people, varying their Agency contracts to cover traineeships,** subject to the quality criteria in paragraph 86.
- **Working in partnership with an existing funded education or training provider** that meets the quality criteria in paragraph 86.
- **Working towards becoming an approved provider in their own right for future years.**

83. **Taking into account feedback from 2013/14, we will review employer access to funding to deliver traineeships and look to develop further opportunities where appropriate,** with the intention of implementing any changes from 2014/15.

## Funding – provider routes

84. To ensure simplicity and allow traineeships to be delivered from 2013/14, we want to keep a close fit with the wider funding system for 16-24 year olds and for young people with Learning Difficulty Assessments up to academic age 25 from August 2013. This means that, **subject to the quality criteria below** (paragraph 86)

- **education and training providers that currently deliver provision for 16-19 year olds and hold a contract with the Education Funding Agency will be able to deliver traineeships** within the new study programme arrangements on the basis of funding per student<sup>13</sup>.
- apprenticeship providers that currently deliver provision for 16-19 year olds who do not hold an EFA contract will be eligible to deliver under their Skills Funding Agency contract.

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<sup>13</sup> Further information is available at:

<http://www.education.gov.uk/aboutdfe/executiveagencies/efa/a00210682/funding-formula-review>

- **education and training providers that currently deliver provision through the Adult Skills Budget run by the Skills Funding Agency will be able to deliver traineeships for 19-24 year olds** using the existing freedoms and flexibilities within this budget.

85. The Education Funding Agency's 2013/14 funding guidance includes information on funding traineeships and the Skills Funding Agency's funding rules will be updated shortly to include information on traineeships. For 2014/15 onwards, we will look at the early lessons from delivery in 2013/14 and consider ways in which we can further harmonise the funding arrangements for traineeships for 16-24 year olds.

86. An issue that was frequently raised as part of the discussion process was the need to ensure that traineeships are a high quality option from the outset in order to build and maintain their credibility with young people and employers. As set out above, our medium-term aim is to use success measures based on progression to employment, apprenticeships and further learning as the key driver of quality for traineeships. To ensure a high quality start, we will implement a gateway for those providers that wish to offer and be funded for providing traineeships. **In 2013/14, the delivery of traineeships will be limited to those providers who have achieved an Ofsted inspection grade of Outstanding or Good and are *not* under Notice from either the EFA or Skills Funding Agency for any reason.**

87. **Where this means that there is no eligible provider in a location, we will support efforts to ensure that Outstanding and Good provision becomes available in that area.** We will work with providers during 2013/14 to develop our approach further for 2014/15.

88. The funding methodology and rates for traineeships will also build upon the existing systems for 16-19 year olds and young adults.

- **For 16-19 year olds the Education Funding Agency funding per student methodology will apply.** This will mean that trainees are funded as part-time students (reflecting the fact that they will be full-time for part of the year) according to the number of hours the provider includes in their learning plan. Retention will account for around 50% of funding, but early movement into a positive outcome of employment, an apprenticeship or further training will not affect funding.
- For 16-19 year olds, existing apprenticeship contracts will be amended to allow for delivery of traineeships. Providers will access funding from the Skills Funding Agency via existing apprenticeship contracts using the EFA funding per student methodology.
- **For 19-24 year olds, education and training providers will be able to utilise existing Adult Skills Budget flexibilities,** via their existing contracts and allocations with the Skills Funding Agency. **Traineeships will be funded**

**on the basis of the published matrix rate for any accredited units and qualifications delivered as part of the traineeship in addition to funding for the organisation of the work placement. We will develop and add a new component to the ASB so that providers can be funded to deliver the work placement element within traineeships. We expect the overall level of funding available for traineeships for 19-24 year olds to be comparable to that for 16-19 year olds.**

89. **As with other programmes, providers will record young people taking part in and completing traineeships through the Individualised Learner Record (ILR).** We have added a new learning delivery monitoring code to the ILR for 2013/14 to identify and record all learning aims that are delivered as part of a traineeship. The Information Authority will publish guidance to help providers record traineeships on the ILR.

## **Employment status and financial support for trainees**

90. Young people taking part in traineeships are by definition not yet ready for employment, but will benefit from developing core skills needed in the workplace and from gaining work experience in a real environment where they can apply these skills. Traineeships are an education and training programme that will provide opportunities for trainees to develop the skills that they need to apply successfully for an apprenticeship or other job.

91. **Employers are not required to pay young people for the work placement under the traineeship. Traineeships fall under an exemption to the National Minimum Wage.** We would encourage, but do not require, employers to consider providing trainees with support to meet their travel or meal costs.

92. If a young person taking part in a work experience placement shows the potential to become a productive member of staff, then we encourage employers and providers to support them to apply for an apprenticeship or other suitable vacancy.

93. **Young people taking part in traineeships will be undertaking education and training and, where they qualify, will be able to access our existing programmes of financial support, including the £180 million 16-19 Bursary Fund and Discretionary Learning Support funding for 19-24 year olds.**

## **Incentives for work placement hosts**

94. We want employers to take part in traineeships and offer work placements because they see the value of the programme to their organisation and sector. Responding to employers' feedback, we have designed traineeships to be as simple as possible and to provide a range of routes for employers who want to engage more directly in delivery. We will not offer central financial incentives to organisations hosting

work placements as part of traineeships, but there is nothing to stop providers using the funding they receive to offer support and incentives locally if they decide that is what is needed to generate high quality placements.

## Fit with the benefit system

95. Many young people who want to take part in a traineeship and are aged 18 or over will be claiming unemployment benefits. Traineeships can provide a high quality route to help them gain the skills they need to find work .

96. **We have deliberately designed the programme to have the flexibility to enable providers to meet the requirements of young people who are claiming benefits.** For young people who are not claiming benefits, the full range of flexibility set out in the model will be available, including longer work placements as part of traineeships lasting up to six months.

97. This flexibility means that there is scope for providers to design a programme for young claimants that meets the core aims and elements of traineeships, but also fits with benefit rules. **This would enable young people to continue to receive Jobseeker's Allowance or the new Universal Credit whilst taking part in a traineeship.** It would also allow Jobcentre Plus advisers to agree that young people can take part in a traineeship whilst retaining the financial support they receive.

98. When providers and employers design traineeships locally and intend to offer places to benefits claimants, we encourage them to consult Jobcentre Plus to ensure a suitable fit with the benefits system and local labour market. That is essential to ensuring that traineeships will be able to meet both the needs of young people claiming benefits and local employers.

## E. Conclusion

99. We have designed and developed traineeships through an open discussion process, but its success will depend on the engagement and involvement of employers, providers and young people. We want to be clear about why and how you can get involved in traineeships:

	Why get involved?	How to get involved?
<b>Employers</b>	<ul style="list-style-type: none"> <li>▪ You have told us that young people who apply for your vacancies often do not have the skills or experience you are looking for.</li> <li>▪ Traineeships offer you the opportunity to shape their training and experience, creating a larger pool of high quality applicants for your sector to draw on.</li> <li>▪ Traineeships also allow you to work with a young person over a significant period, helping to develop young people who will be best placed to be part of the future workforce in your sector.</li> <li>▪ Traineeships are designed to be as simple as possible and we have created a range of routes so that you can decide how to get involved – from working with a provider to offer work placements to getting involved in designing and leading traineeships yourself.</li> </ul>	<ul style="list-style-type: none"> <li>▪ You can find out more by speaking to your contact in the National Apprenticeship Service (NAS) or getting in touch with NAS at <a href="http://www.apprenticeships.org.uk/Employers.aspx">www.apprenticeships.org.uk / Employers.aspx</a> or on 08000 150 600.</li> <li>▪ You can contact local education and training providers that meet the quality criteria (paragraph 86) directly to work in partnership with them to offer traineeship work placements. The NAS helpline above can put you in touch with local providers.</li> </ul>

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Education and training providers</p>	<ul style="list-style-type: none"> <li>▪ You have told us that many of the young people you work with are motivated by work and want the opportunity to build the skills and experiences that employers are seeking.</li> <li>▪ Traineeships offer you the opportunity to develop just such a programme, with flexibility to allow you to fit this to the needs of the local labour market and your learners.</li> <li>▪ You can build on the best of your existing employer engagement and we will fund you to deliver traineeships as part of 16-19 study programmes and/or the Adult Skills Budget.</li> </ul>	<ul style="list-style-type: none"> <li>▪ If you meet the quality criteria in paragraph 86, you can begin delivering traineeships as set out from the start of the 2013/14 Academic Year as part of study programmes and/or your Adult Skills Budget.</li> <li>▪ The Education Funding Agency 2013/14 funding guidance includes information on traineeships. The Skills Funding Agency will update its funding rules shortly. If you have questions about delivery, contact details are included in paragraph 100.</li> </ul>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Young people</p>	<ul style="list-style-type: none"> <li>▪ We know that many of you are keen to find an apprenticeship or a good job and that you want the opportunity to develop the skills and experience to enhance your CV and give you the best shot at finding work at a difficult economic time.</li> <li>▪ Traineeships are a route to help you get ready for an apprenticeship or job. You'll have the opportunity to polish up your literacy and numeracy skills as these as something that employers really value. But you'll also have the chance to undertake an exciting work placement in a real employer, giving you great experience and a reference to enhance your CV.</li> <li>▪</li> </ul>	<ul style="list-style-type: none"> <li>▪ You can contact your local training provider to see if they plan to offer traineeships.</li> <li>▪ We will establish a website for traineeships shortly where you'll be able to find out more about the programme and where traineeships are available.</li> </ul>

100. Traineeships can be delivered from August 2013 and we will continue to work closely with providers, employers and representative organisations to ensure that they are a success. We would welcome ongoing views about progress, issues and success stories and you can send these to us at [Traineeships.Discussion@education.gsi.gov.uk](mailto:Traineeships.Discussion@education.gsi.gov.uk). If you have questions about the delivery of traineeships, you can contact the Skills Funding Agency at: [traineeships@skillsfundingagency.bis.gov.uk](mailto:traineeships@skillsfundingagency.bis.gov.uk); or your Education Funding Agency territorial team at:

- Southern: [YPSouthern.EFA@education.gsi.gov.uk](mailto:YPSouthern.EFA@education.gsi.gov.uk)
- Central: [YPCentralSW.EFA@education.gsi.gov.uk](mailto:YPCentralSW.EFA@education.gsi.gov.uk)
- Northern: [YPNorthern.EFA@education.gsi.gov.uk](mailto:YPNorthern.EFA@education.gsi.gov.uk)

101. We recognise that traineeships, as a new programme, will need to continue to develop and improve over the coming years. To help with that process, we intend to commission an external evaluation of the traineeships programme in its first years of operation.





Department  
for Education



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## Scrutiny Panel B Apprenticeship Inquiry: Key Findings and Emerging Recommendations

Meeting Overview	Key Evidence	Emerging Recommendations
<p><b>Meeting 1</b></p> <p>25<sup>th</sup> April 2013</p> <p>Theme: Setting the Scene</p> <p>Topics:</p> <ul style="list-style-type: none"> <li>• National Policy and the current apprenticeship system</li> <li>• Introduction to Council Strategies and plans and other national drivers</li> <li>• Southampton current performance, trends and best practice</li> <li>• Southampton City Council People Plan</li> </ul> <p>Speakers</p> <ul style="list-style-type: none"> <li>• Cllr Bogle- Council's Vision</li> <li>• Ian Smith – Employer Account Manager – National Apprenticeship Service</li> <li>• Denise Edghill: Head of Service Skills and Economy SCC</li> <li>• Andy Tickner ,Skills Manager, SCC</li> <li>• Claire Wilkinson, HR Business Partner, SCC</li> </ul>	<p><b>Information, advice and guidance</b> is not consistent. Good IAG is needed to inspire and raise aspirations, the right IAG is crucial to promote apprenticeship uptake, National Apprenticeship week event, low uptake from Southampton Secondary Schools.</p> <p>By 2015 students will have to stay at school until they are 19. Process in Southampton has already seen best practice in reducing NEETs.</p> <p>Parents are a key element of the take up of apprenticeships, both through awareness and perception. NAS undertake a parent's presentation could this be expanded</p> <p>Need to look for best practice, FSB 1 in 1000 campaign, Liverpool and Sheffield</p> <p>Need to harness Council's own powers of procurement e.g. commissioning, S106, City Deal, need to influence wider region e.g. LEP – currently have a wide range of initiatives, Section 106 provide targets for job creation, up skilling the local workforce and working with schools.</p> <p><b>Support to SME's</b> Number of apprenticeships is below average; however, numbers are increasing by 13.9%. Incentives exist for SME's - £1500 grants to SME. The Isle of Wight provide face to face support for SME's and provide incentives</p> <p><b>Richard Review</b> should develop industry expertise and lead to new design in apprenticeships. The incentive will be that the power is with the employer</p> <p><b>SCC People Plan</b> Plan to introduce a council apprenticeship scheme which would include 30 apprentices, this was stopped due to budget pressures.</p>	<p>Need to discuss with schools, survey students</p> <p>What schools are successful at matching pupils with apprenticeships – learn lessons.</p> <p>Research best practice</p> <p>Increase support to SME's, increase take up of apprenticeships by SME's</p> <p>SCC to develop an apprenticeship policy and processes to increase the numbers of apprentices it employs.</p>

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	Local Management Information (LMI) is crucial to understand the changing and developing market, need to have long-term predictions	Long-term LMI data
<p><b>Meeting 2</b></p> <p>23<sup>rd</sup> Mar 2013</p> <p>Theme: Employers' Perspective</p> <p>Topic:</p> <ul style="list-style-type: none"> <li>• Local Support Arrangements for large and SME's</li> <li>• Working with SCC Employment and Skills plans</li> <li>• Apprenticeship Recruitment issues as a large employer</li> <li>• Apprenticeship Recruitment issues as a SME employer</li> <li>• Apprenticeship Recruitment with SCC Housing</li> </ul> <p>Speakers</p> <ul style="list-style-type: none"> <li>• Ian Smith – Employer Account Manager – National Apprenticeship Service</li> <li>• Anthony Dimmick, Barratt Homes</li> <li>• Anita Esser, University Hospital Southampton NHS Trust</li> <li>• Russel Chissnel – Training Manager – Care Organisation</li> <li>• Mark Burnett and Debbie van Collier SCC Housing Services</li> </ul>	<p>Ian Smith (NAS) supports large employers 250 employees plus. Activeley pursues large employers, only provide reactive support for SME's which is telephone based. From 1<sup>st</sup> Feb 2012 – Age /grant was introduced which is worth £1,500 for an apprentice aged 16-24.</p> <p>Wigan is the authority with the highest number of payments 260 from Feb 2012 to Jan 2013, Southampton only made 60. Wigan ran a 100 in 100/ Age Grant launch event in partnership with the Council and JCP. In the lead up to the event they e-mailed Wigan employers with details (AGE Grant etc) of the event and on the day we had a good turn out where we were able to provide a more detailed overview. The council and JCP did put together a flyer that advertised all the various grants available to employers in the Wigan area and JCP carried this out to employers during their visits to companies. The turnout to the Southampton National Apprenticeship Week event at St Mary's was very low.</p> <p>NAS have a vacancy website which is free for employers, vacancies can be e-mailed or sent by text</p> <p>Barratt Homes are rolling out the model introduced with Southampton Council's Skills Plan across their whole company. Currently over achieving on the Employment and Skills Plans, this may not happen in the future as the same contractors are now working on many sites, so can't afford to take on apprentices at each one.</p> <p><b>IAG</b> Pupils do not receive proper or adequate work experience. Housing Services work with local schools, it is felt that schools send out the wrong message, only consider an apprenticeship if grades are low.</p> <p>NHS recruit apprentices into vacant posts so they receive a lower banding salary rather than apprenticeship wage. In Housing services the apprentices are not guaranteed a job at the end of their apprenticeships</p>	<p>Marketing/awareness for SME's for future events</p> <p>Educate pupils on what an employer expects Ensure that schools promote apprenticeships</p> <p>Research this model for SCC</p>

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	<p>Profile of apprenticeships            SCC Housing Services could do more to highlight the work being done with their apprenticeships.</p>	<p>Communicate that there is more than one route after school</p> <p>Arrange an Apprenticeship Day (like a graduation) to celebrate and publicise the success of apprentices.</p>
<p><b>Meeting 3</b></p> <p>27<sup>th</sup> June 2013</p> <p>Theme: Providers Perspective</p> <p>Topic:</p> <ul style="list-style-type: none"> <li>• Local Apprenticeship training arrangements.</li> <li>• Update from the Apprenticeship provider Network</li> <li>• Details of local Apprenticeship training provision</li> <li>• Careers guidance in schools</li> <li>• Issues facing apprenticeship progression by young and adults</li> </ul> <p>Speakers</p> <ul style="list-style-type: none"> <li>• Ian Smith – Employer Account Manager – National Apprenticeship Service</li> <li>• Claire Sutton – Marketing Manager – Southampton Engineering Training Association</li> <li>• Claire Boot – Careers Advisor – Brockenhurst College</li> </ul>	<p>Training providers are not limited to Southampton. Newcastle College is one of the largest colleges in the country. There is a different programme for 25+ as many of these people may be employed. Majority of providers for 16-19 year olds are from the city.</p> <p>Providers are a business; they have to provide what is in demand.</p> <p>ALPHI represents 36 fee paying members; they provide support to each other. A marketing sub group hosts a lot of events.</p> <p>determining factors on uptake of Apprenticeships; in order of priority:</p> <p><b>Employer demand:</b> The vast majority of employers recruit an Apprentice because they need the member of staff, they are looking to fill a job. Therefore, the employer needs to be able to justify that decision and to be confident they can afford it.</p> <p><b>Finding the right recruit:</b> the volume of applications to an Apprenticeship can vary enormously in different sectors;. In engineering an average 40+ applicants to every vacancy but I know colleagues recruiting for other roles can sometimes struggle.</p> <p>Employers don't understand the range of qualifications available in schools now; they don't know and perhaps don't care why someone has done a BTEC Science instead of a GCSE; most employers took O levels!</p> <p>Year 11 figures produced:            2007 – 77.8%      2012 – 89.3% Yrs 11s went on to college or sixth form</p>	<p>Raise profile of apprenticeships</p> <p>Local labour market information – what is it telling us about demand.</p> <p>Send information on labour market to careers advisors so they can inform pupils of what is currently needed in the city</p> <p>Work with unengaged employers –</p>

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<ul style="list-style-type: none"> <li>• Kelly Simmonds – Employer Engagement Performance and Improvement Manager – City College Southampton</li> <li>• Helen Mason – Project Director – Studio School Southampton</li> <li>• Ruth Evans – Head Teacher – Cantell Maths and Computing College</li> <li>• Ian Henser – Business Broker – Solent Education Business Partnership</li> </ul>	<p>2007 – 8.8%      2012 – 2.6% went in to employment with training, including Apprenticeships</p> <p><b>Finding the right Apprenticeship Framework or provider:</b> NAS are now doing a good job in passing employer leads out to providers to action NAS also keep figures on where there isn't a qualification or framework to suit and I would suggest there are not many cases where an employer wants to recruit and we can't find qualifications that come close.</p> <p><b>IAG</b> All schools are now responsible for organising their own careers guidance; this is usually what they can afford rather than what is best for the pupils. All schools are offering different products. Head teachers don't necessarily understand everything that is on offer and automatically ask pupils if they have completed their college applications.</p> <p>Work experience is a good way for employers to see what they will be getting in terms of apprentices, will be able to see if a candidate is suitable.</p> <p>NAS has worked with job centre to inform them what an apprenticeship is, they have offered to run a group or attend a secondary school forum. Other offers for schools from SETA and ALPHI. Also from businesses at the last meeting.</p> <p>There is an increase in the number of students who have gone to university who are now rethinking due to fees, risk of debt.</p> <p>Apprentices will become more valuable to an employer as the apprenticeship goes on. SME's need to talk to each other, 70% of employers are SME's or micro SME's they don't have time to come to events</p> <p>City College is one of the largest providers in the city, the numbers of apprenticeships have fallen this is a strategic decision, they had a lot starting but they weren't completing, only get funding if apprentices completes and are successful.</p>	<p>multiple working</p> <p>Improve information sent out to sources</p> <p>Pupils need to be prepared on what employers want/expect. Quality of Cv's, interview techniques</p> <p>Research ways to encourage SME attendance at events – attract them to events by discussing new ventures and developments.</p>

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	High correlation of numbers of apprentices who do not complete who come straight from school.	
<p><b>Meeting 4</b></p> <p>25<sup>th</sup> July 2013</p> <p>Theme: Learners Perspective</p> <p>Topic:</p> <ul style="list-style-type: none"> <li>• National and local resource for Information, Advice and Guidance</li> <li>• Information, Advice and Guidance for Adults</li> <li>• Feedback from current Apprentices</li> </ul> <p>Speakers</p> <ul style="list-style-type: none"> <li>• Ian Smith – Employer Account Manager – National Apprenticeship Service</li> <li>• Steve Grove – Lead Advisor – National Careers Service</li> <li>• Louisa Oliver – Apprentice – Kaplan</li> <li>• Ravitej Rajput – Apprentice – Exxon Mobile</li> <li>• Daniel Gallagher – Apprentice – Housing Services SCC</li> <li>• Kirsten Harcus – Apprentice –</li> <li>• Kim Marsh – Life Chances – Rainbow Project</li> <li>• Craig Chambers - Life Chances</li> </ul>	<p>There are a lot of activities and events for learners, these include speed dating for learners/providers.</p> <p>NAS has developed a strong website presence but this relies on young people finding it.</p> <p>In future want more ‘drop in’ sessions, events / presence where young people are: Eg bring the apprentice bus to city centre (set up with lap tops and advisers). But NAS need a good location for free to achieve this.</p> <p>Webinars planned to highlight benefits and answer questions about apprenticeships – next 22 August - but need to promote both to learners, potential employers and members</p> <p>NCS - 3 ways to access services</p> <ul style="list-style-type: none"> <li>• Online – free for all</li> <li>• Freephone for support and guidance age 13+</li> <li>• Face to Face – collocated in JCP, libraries and some colleges (but adult only ie 19+</li> </ul> <p>No direct involvement with schools, although presence at City and Eastleigh colleges.</p> <p>Apprentices have lacked the prestige of the academic route in the past</p> <p>NCS is not addressing this issue. Whose responsibility is it – collective accountability?</p> <p>Apprenticeships are a very competitive employers’ market. Some students will always need additional support to reach the pathways to apprenticeship – esp those furthest from employment and without the skills and</p>	<p>NAS bus road show use this to promote Traineeships, use this in a joint event for bus pass</p> <p>Skills team undertaking a mapping exercise to plot IAG and apprenticeship uptake</p> <p>They are now recognised – need to promote the value and potential of apprentices</p> <p>The academic vs vocational divide is still entrenched in the system – we need to change this culture. Curriculum needs to be addressed to</p>

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<p>– Rainbow Project</p> <ul style="list-style-type: none"> <li>• Bobby Cross – Pre-apprentice</li> </ul>	<p>qualifications that employers can demand</p> <p><b>Apprentices</b> Only one received advice regarding apprenticeships through school.</p> <p>All the apprentices wanted to continue their education through following apprenticeship route</p> <p><b>School careers advice</b> Let students drive what they want Give advice that was relevant to the individual – personalise Provide different options to achieve goals and advantages of following different routes Schools still pushing for college and Uni But many students want to get into the job market sooner</p> <p>SCC Apprenticeship Policy Good practice NHS who recruit apprentices to vacant posts</p> <p>Focus has been on larger employers with the big money - More work needs to be done with smaller businesses. NAS working on this.</p> <p><b>Rainbow Project</b> Aim to reduce homelessness through offering people practical support Supporting those furthest from the labour market</p> <p>Employ people and pay them the minimum wage whilst they develop their skills and confidence through pre-employment training, basic skills development and mentoring</p> <p>Always working towards securing a permanent job</p>	<p>a vocational / academic balance</p> <p>Apprenticeship should be given as an option to all students, including high achievers</p> <p>Students need to talk to someone who has been through it – relate more to this. Need to be inspired</p> <p>Schools don't invite apprentice providers to careers fairs – Need to build the relationship at a school level</p> <p>All teachers or career advisors to receive an annual update on different routes for young people</p> <p>Further investigation work to be completed through mapping process</p> <p>Grades 4-8 could be apprenticeships by default</p>



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	<p>Kim and Craig explained how it has changed their lives</p> <p>Pre-apprenticeship            Bobby – building his confidence – hopes to move on to an apprenticeship.            Mentoring is a key element to success – Rainbow project offer a mentoring service. Succession plans for young people to become mentors in future</p> <p>The relationship between training provider, employer and young person is very important. Most students have had issues – work needs to be put into keeping students in place and focussed</p> <p>All students would recommend an apprenticeship to their friends!</p> <p>One thing that students felt would make a difference?</p> <ul style="list-style-type: none"> <li>• Information on all options available to students</li> <li>• Promote apprenticeship as a way to develop skills</li> <li>• Ensure apprenticeships are accessible</li> <li>• Support from employers to do the work element of apprenticeships</li> <li>• Get into schools earlier before students decide their options – to inspire and get make the right choices</li> <li>• Enable young people to talk to students about their real and different experiences</li> </ul>	<p>Establish apprenticeship ambassadors to go back to their old schools or attend events to promote apprenticeships to the next generation of school leavers</p>

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