



Apprenticeships policy

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This note outlines apprenticeships policy in England. Other House of Commons Library Standard Notes that may be of interest include:

- [Apprenticeships statistics](#)
- [Apprenticeships and small businesses](#)

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.

In the 2010/11 academic year, 457,200 people started apprenticeships, 177,510 more than in the 2009/10 academic year, a 63% increase.

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1 Overview of apprenticeship system

Skills and training are devolved policy areas. This Note 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.¹

There are over 200 different apprenticeships (known as 'apprenticeship frameworks') available in 13 broad sector subject areas.²

Each apprenticeship framework is made up of three elements; a National Vocational Qualification (which examines the apprentices' work-based skills), a Technical Certificate (which examines the apprentices' theoretical knowledge) and Key Skills (which examines the apprentices' transferable skills, for example, numeracy and literacy).³

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 qualifications, equivalent to BTEC professional diplomas and Higher National Certificates.⁴

1.1 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 NAS. 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 25.⁵

If employers choose to deliver additional qualifications as part of an apprenticeship on top of those identified by the relevant Sector Skills Council,⁶ then these qualifications will be paid

¹ NAS website, [Our responsibilities](#)

² NAS website, [Types of apprenticeships](#)

³ *ibid*

⁴ Direct Gov, [Qualifications: what the different levels mean](#)

⁵ NAS website, [Training and funding](#)

⁶ Sector Skills Councils are employer-led organisations that determine the skills required within their vocational area, e.g. design apprenticeship frameworks. They are intended to involve employers in skills policy and operate on a UK-wide basis. For more information see BIS website on [Sector Skills Councils](#)

for by the employer not the government. Employers are free to fund apprenticeships themselves without any support from government.

1.2 Minimum wage and employee rights for apprentices

Apprentices aged 16-18 are entitled to the 'apprentice minimum wage' of £2.60 an hour.⁷

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.⁸ National Minimum Wage rates are age dependent and rise from £4.98 an hour for under 21 year olds to £6.08 an hour for people aged 21 and over.⁹

As apprentices are employees they are entitled to the same employment rights as other employees. This includes holiday entitlement and maternity leave.¹⁰

2 Apprenticeship forecasts and budget

The Coalition Agreement stated that:¹¹

We will seek ways to support the creation of apprenticeships, internships, work pairings, and college and workplace training places as part of our wider programme to get Britain working.

2.1 Apprenticeship starts

Over the first financial year of the current Parliament (April 2010 – March 2011), the Government's target was for 50,000 more apprenticeship starts by people aged 19 and over, compared to in the previous financial year. This means that the Government aimed for a total of 203,000 adult apprenticeship starts in the 2010/11 financial year.¹²

There were 256,000 starts by people aged 19 and over during the 2010/11 financial year, 53,000 more than the Government's target.¹³

2.2 Forecast number of apprentices

The Government has published an illustrative forecast of the number of people who will be undertaking apprenticeships over the next three academic years. Note that the table below shows the total number of people doing apprenticeships, not the number of apprenticeship starts.

⁷ Low Pay Commission, [National Minimum Wage Report 2011](#)

⁸ *Ibid*; Written Ministerial Statement, "National Minimum Wage", 21 Jun 2010

⁹ Direct Gov, [National Minimum Wage rates](#), website

¹⁰ NAS website, [Apprentices Q&A](#)

¹¹ [Coalition Government Agreement](#), May 2010, page 31

¹² BIS, [Statistical First Release DS/SFR12](#), October 2011, pp 14.

¹³ *Ibid*

Number of apprentices by age

Academic years (1 Aug-31 July) - England

Age of apprentice	2009/10	2010/11	2011/12*	2012/13*	2013/14*
16-18	186,000	203,000	222,000	240,000	-
19+	305,000	463,000	645,000	650,000	655,000
All ages	491,000	666,000	867,000	890,000	-

Sources: Young People's Learning Agency, *Funding statement*, December 2011, pp 5
BIS, *Statistical First Release, DS/SFR13*, January 2012, pp 24
BIS, *Skills investment statement 2011-14*, December 2011, pp 6

Notes: * indicates illustrative forecasts
- these figures are not available
Rounded to nearest 1,000

The table shows the large increase in the number of adult apprenticeships that will occur over the course of this Parliament, from just over 300,000 in 2009/10 to over 650,000 in 2013/14, an 110% increase.

2.3 Budget for apprenticeships

The table below shows the current and minimum expected budget for apprenticeships.

Apprenticeships budget

£ millions - Financial years (1 Apr-31 Mar) - England

Age of apprentice	2009/10	2010/11	2011/12	2012/13*	2013/14*
16-18 (DfE)	688	780	779	833	-
19+ (BIS)	384	451	644	690	639
Total apprenticeships budget	1,072	1,231	1,423	1,523	-

Sources: SFA, *Annual report and accounts 2010/11*, July 2011, pp 68
Young People's Learning Agency, *Funding statement*, December 2011, pp 5
BIS, *Skills investment statement 2011-14*, December 2011, pp 3
BIS, *SFA funding letter from Rt. Hon. Vince Cable MP to Geoff Russell*, 22 May 2012

Notes: * Minimum expected budgets for apprenticeships
2012/13 figure includes £32 million for AGE 16-24
2013-14 figure includes £42 million available as FE loans and £13 million for AGE 16-24
Excludes money allocated to the Employer Ownership Pilot from the adult apprenticeship budget: £25 million in 2012/13 and £100 million in 2013/14
In nominal terms

The total adult skills budget will fall from £2.0 billion in 2012/13 to £1.7 billion in 2013/14. This includes the adult apprenticeship budget, which will fall from £690 million to £639 million over the same period.¹⁴

One of the reasons for the fall in the adult apprenticeships budget is that £25 million in 2012/13 and £100 million in 2013/14 has been allocated to the Employer Ownership Pilot. This is a fund totalling £250 million over two years awarded to businesses in England engaged in designing and delivering their own training solutions. It is expected that many of these solutions will involve apprenticeship-style training.¹⁵

¹⁴ BIS, *SFA funding letter from Rt. Hon. Vince Cable MP to Geoff Russell*, 22 May 2012

¹⁵ UKCES, *Employer Ownership of Skills – Pilot*, 2012

3 Apprenticeship policies announced since May 2010

A range of policies related to apprenticeships have been introduced since the government came to power. 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 below.

3.1 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 will be placed on the government to fund an apprenticeship for young people who have already secured an apprenticeship place. This new “apprenticeship offer” will come into effect by 2013 and applies to England only.¹⁶

The Act also creates a new duty on the government to “make reasonable efforts to ensure employers participate in Apprenticeship training.”¹⁷

3.2 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.¹⁸

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 will become mandatory from August 2012.¹⁹

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.²⁰

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.²¹

¹⁶ The *Education Act 2011*, Part 7, Section 37, [explanatory notes](#)

¹⁷ *Ibid*

¹⁸ NAS, *Statement on Apprenticeship Quality*, May 31 2012

¹⁹ BIS, *Press release: Tough standards released by Skills Minister to drive up quality*, 1 April 2012

²⁰ NAS, *Specification of Apprenticeship Standards for England*, January 2011, pp 9

²¹ SFA, *Funding rules for 2012/13*, May 2012, pp 28

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.²²

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.²³

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.²⁴

The NAS have 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.²⁵

The document setting out minimum academic requirements that must be met by all frameworks is the *Specification of Apprenticeship Standards for England* (SASE).²⁶ 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 for 2012/13*.²⁷

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 will examine 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.²⁸

3.3 Further Education loans for apprentices

This policy affects learners aged 24 and over studying for apprenticeships at Level 3 and above. Apprenticeship for under 24 year olds will continue to be free to the apprentice, as will Level 2 apprenticeships for people of all ages. This policy will be introduced for the 2013/14 academic year.

²² *Ibid*, pp 32

²³ *Ibid*, pp 25

²⁴ BIS, [Press release: Tough standards released by Skills Minister to drive up quality](#), 1 April 2012

²⁵ NAS, *Apprenticeship Quality Action Plan*, April 2012

²⁶ NAS, *Specification of Apprenticeship Standards for England*, January 2011

²⁷ SFA, *Funding rules for 2012/13*, May 2012

²⁸ BIS, [Press release: Entrepreneur and founder of School for Startups, Doug Richard, is to lead an independent review into the future of apprenticeships for the Government](#), 11 June 2012

The policy proposes that the employer will continue to contribute up to 50% of the training costs, but the apprentices aged 24 and over will be expected to contribute the remaining costs. A loan will be made available for these apprentices from the government. As the Government states:

This is the first time that learners aged 24 or above may be expected to contribute toward the costs of their Apprenticeship.²⁹

FE loans for apprentices will operate on a very similar system to the one currently in place for Higher Education (HE) students, as the table below indicates:³⁰

Loan Attribute	FE Loans	HE Loans
Learning type:	Level 3/4	First full degree
Loan amount:	Up to £4,000 (but dependant on funding rates)	Up to £9,000 per annum
Repayment Threshold	£21,000	£21,000
Threshold Growth	Yearly with earnings	Yearly with earnings
Repayment period:	30 years	30 years
Repayment Rate:	9% of earnings >threshold	9% of earnings >threshold
Date repayment starts:	April following learner finishing course	April following student finishing course (for full-time HE)
Interest rate for below threshold	RPI	RPI
Interest rate for threshold to £41k	Between RPI & RPI +3%%	Between RPI & RPI +3%%
Interest rate for £41k+	RPI + 3%*	RPI + 3%*

* this interest rate will also apply during the period of the course while the learner is in training

The Government intends to introduce this system in time for the 2013/14 academic year. The first loan funded apprentices will start their courses in August 2013, having been able to apply for loans from March 2013.³¹

3.4 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 2011³² and launched in February 2012.³³

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.³⁴

²⁹ BIS consultation: *New challenges, new chances: next steps in implementing the further education reform programme – Further Education Loans*, August 2011, page 14

³⁰ *Ibid*: page 11

³¹ *Ibid*: Page 29

³² BIS, *Press release: Apprenticeships: Cable guarantees quality, slashes red tape and delivers cash boost for firms*, 16 November 2011

³³ BIS, *Press release: PM: We'll make apprenticeships a gold standard option for ambitious young people*, 7 February 2012

³⁴ NAS, *AGE 16-24*, February 2012, website

The scheme will pay £1,500 to small businesses that take on a young apprentice between February 2012 and March 2013, if the firm has never hired an apprentice before.

The details of the updated scheme are as follows³⁵:

- The apprentice must be 16-24 years old when hired
- The firm must have 1,000 or fewer employees when they take on the apprentice
- For a business to be eligible for payment, the employer must not have taken on an apprentice in the last 12 months
- An employer can claim up to 10 grants

Payment

Employers will be paid £1,500 if they take on an apprentice and fulfil the above eligibility criteria.

The full amount will be paid after the 13 week stage of the apprentice's appointment, with the expectation that the apprentice will progress into sustainable employment.³⁶

The scheme is intended to encourage 20,000 new apprentices, and the scheme will be funded from money already allocated to apprenticeships.

Budget

£31.8 million has been allocated to NAS for AGE 16-24 in the 2012/13 financial year. £12.6 million has been allocated for 2013/14.³⁷

3.5 Higher Apprenticeship Fund

The Government's Skills Strategy committed to improve apprenticeship standards:³⁸

We will not only increase numbers, but we will also improve the programme. As an advanced economy needs advanced skills, we will reshape Apprenticeships so that technician level – Level 3 – becomes the level to which learners and employers aspire. To widen access, there will be clear progression routes from Level 3 Apprenticeships to higher level skills, including Level 4 Apprenticeships or higher education.

The delivery of this commitment involved the establishment of the Higher Apprenticeship Fund (HAF). The HAF aims to develop a range of higher level apprenticeships, and fund 10,000 apprentices on these newly created frameworks.³⁹

The HAF is intended to aid the development of the 'soft infrastructure' for skills, by encouraging businesses and training providers to design and pilot courses together.

In December 2011, the projects which had successfully applied for HAF money were announced. Successful bids include those from FE colleges, Sector Skills Councils, businesses, charities, universities and training consortia.⁴⁰

³⁵ NAS, *AGE 16-24 criteria changes – August 2012*, 21 August 2012

³⁶ *Ibid*

³⁷ BIS, *SFA funding letter from Rt. Hon. Vince Cable MP to Geoff Russell*, 22 May 2012

³⁸ BIS, *Skills for Sustainable Growth: Strategy Document*, Nov 2010, page 7

³⁹ NAS, *HLF prospectus*, June 2011

⁴⁰ BIS, *Press release: 19,000 new higher apprenticeships to deliver skills for growth*, 1 December 2011

The frameworks will be developed in the coming months by businesses and training providers and launched during the 2011/12 and 2012/13 academic years.

The figures published in December 2011 indicate that the HAF will fund over 11,000 apprenticeships at Level 4 or above. Additionally, over 6,000 more Level 4 or above apprenticeships will be funded from the apprenticeships budget, taking the total number of funded Higher Level apprenticeships to almost 19,000.⁴¹

A second round of HAF funding was announced in February 2012. This round adds £6 million to the £19 million that was awarded in the first round awarded in the first round of the HAF. The fund is worth £25 million overall.⁴²

The second round of the HAF seeks applications to develop higher apprenticeships in areas including accounting, aerospace, paralegal, early years schooling, retail and the space industry. The intention is that this round of the HAF will build “ladders of progression” from intermediate and advanced apprenticeships to the newly created higher apprenticeships.⁴³

3.6 Apprenticeship training agencies

Apprenticeship Training Agencies (ATAs) are organisations which directly employ apprentices. The business hosting the apprentice will operate as the apprentice’s day-to-day workplace and manager. The ATA will coordinate the training provided to the apprentice and will pay any training costs associated with the training. The host employer pays the ATA a fee based on the apprentice’s wage and any training costs.⁴⁴

ATAs act as an incentive for businesses to take on apprentices because they will deal with any additional administration associated with hiring or employing an apprentice. The apprentices will require no more administration than a normal employee, and ATAs will also take on responsibility for National Insurance and tax administration, and performance management in some cases, reducing the administrative burden further.

ATAs are also flexible in order to offer the most useful assistance to businesses. If a business wants just part of the administration associated with taking on an apprentice dealt with by an ATA (for example, recruitment), then ATAs can offer this.

ATAs were first introduced in 2009 and have been piloted in several regions over the years since then.⁴⁵ ATAs are listed by region on the [NAS website](#).

3.7 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.⁴⁶

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.

⁴¹ *Ibid*

⁴² BIS, [Press release: PM: We’ll make apprenticeships a gold standard option for ambitious young people](#), 7 February 2012

⁴³ NAS website, [Higher apprenticeships](#), February 2012

⁴⁴ National Apprenticeships Service (NAS), [Apprenticeship training agencies](#), September 2011

⁴⁵ NAS, [Testing Alternative Delivery Models](#), May 2009

⁴⁶ NAS, [Access to Apprenticeships](#), October 2011,

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.⁴⁷

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

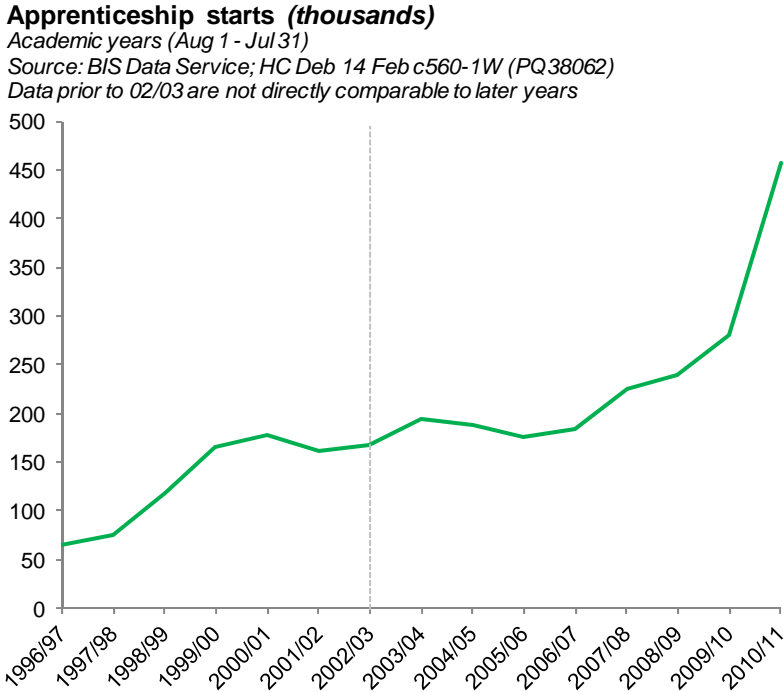
- 16-24 years old
- Assessed as able to participate in a full apprenticeship to at least Intermediate Level
- Either:
 - Have been not in education, employment or training (NEET) for the whole of the preceding 13 weeks, or
 - Be eligible for Additional Learning Support

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.

4 Statistics

Further information on statistics is available in the Library Standard Note [Apprenticeship Statistics](#).

Although the increase in starts in 2010/11 compared to in the previous academic year was large, this follows a pattern which has been evident for several years, as the chart below shows.



⁴⁷ NAS, [Access to Apprenticeships pathway: Q and A](#), October 2011

In the 2010/11 academic year:

- There were 457,200 apprenticeship starts, compared to 279,700 in 2009/10, an increase 54% or 177,510;
- Much of this increase is due to people aged over 25 starting apprenticeships;
- A much higher proportion of apprenticeship starters are now aged over 25 compared to in previous years;
- The majority of people starting apprenticeships choose frameworks in the service sectors, such as business administration and retail;
- The majority of apprenticeship starters were female in 2010/11 for the first time.⁴⁸

Apprenticeship starts in 2009/10 broken down by size of employer are shown below.⁴⁹

Apprenticeship starts by employer-site size

2009/10 academic year - estimates

Number of employees at site	Proportion of apprenticeship starts		
	Under 19	19 and over	Total
1 to 49	47%	36%	41%
50+	34%	50%	43%
Unknown	19%	14%	16%
Total	100%	100%	100%
Total number of starts	114,000	159,800	273,900

Source: BIS Individualised Learner record, via HC Deb 13 Dec 2010, c586W

Notes: Figures based on number of employees at local site level. A national employer that has multiple sites across the country may therefore be recorded as a site-level employer more than once.

Age based on age at start of programme.

Based on provisional figures, so totals may differ from other published figures for total number of apprenticeship starts.

Further information on apprenticeships and small businesses is available in the Library Standard Note [Apprenticeships and small businesses](#).

⁴⁸ BIS Data Service, [Supplementary Tables on apprenticeships](#)

⁴⁹ HC Deb 13 Dec 2010, c586W