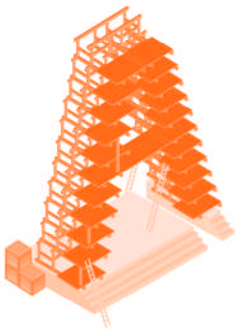


Apprenticeship Policy

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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

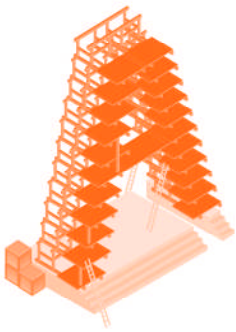
Skills and training are devolved policy areas. This information deals with Apprenticeships in England.

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.

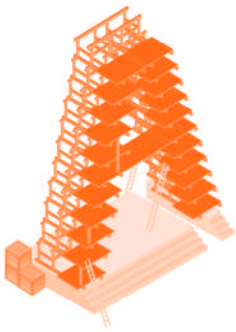
If employers choose to deliver additional qualifications as part of an Apprenticeship on top of those identified by the relevant Sector Skills Council, then these qualifications will be paid for by the employer not the government. Employers are able to fund Apprenticeships themselves without any support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

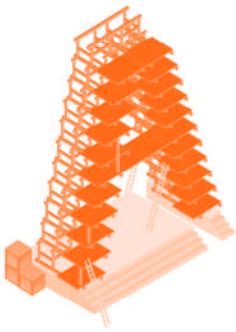
b. Minimum standards for Apprenticeships

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.

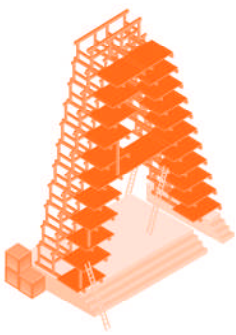
Before an Apprenticeship can begin, all apprentices must sign an Apprenticeship Agreement with their employer. This is a contract which stipulates the framework which the apprentice is following and the skill, trade or occupation in which the apprentice is working. This agreement is not a legally binding 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 1st 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

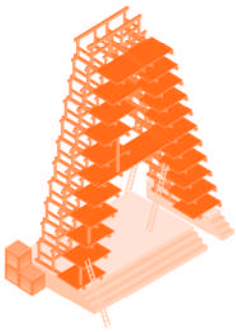
The expansion of opportunities for employers to recruit and train young people through Apprenticeships to degree levels, is transforming the way in which businesses are acquiring and developing the skills they need.

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.

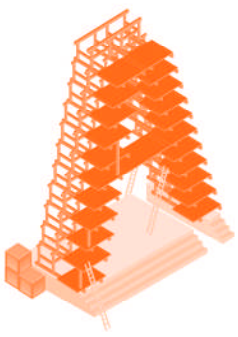
The National Apprenticeship Service has released a full guide to the Higher Apprenticeships expected to be available to A-Level school leavers and existing apprentices in 2013.

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.

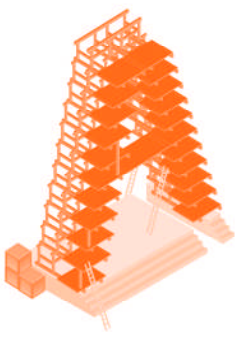
For the apprentice the ATA gives another route into an Apprenticeship which can offer them the opportunity to experience a range of employers and increased security around the continuation of their Apprenticeship.

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.

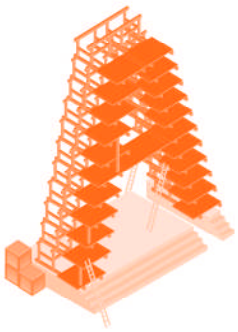
Traineeships were introduced in August 2013 for 16- to 24-year-olds (and young people with learning difficulty assessments up to academic age 25). Traineeships will fit within broader study programmes for 16- to 19-year-olds.

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

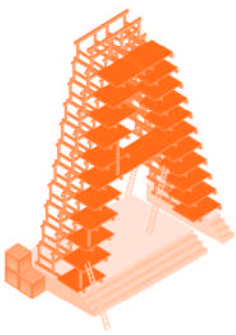
Apprenticeship

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.



	Model 1	Model 2	Model 3
	Direct Payment Model	PAYE Payment Model	Provider Payment Model
Registration	Employers register Apprentices through a new online system	Employers register Apprentices through a new online system	Providers register Apprentices
Training	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
Assessment	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.