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A Handy Guide to Apprenticeship Reform

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Introduction

This mini guide is designed to give a quick 2016 progress overview of Apprenticeship reform in England, which originally commenced in 2013. It is written to help you understand the different changes that are currently being implemented or that are due to be introduced throughout 2016, 2017 and beyond.

Overview of the apprenticeship reform

The current reform is a result of the Richard Review (2012) which made a number of recommendations on simplification and on placing employers in the driving seat. In October 2013 the first employer groups were formed as 'Trailblazers' to design new English apprenticeship standards and assessment approaches. All new apprenticeship standards will be designed by employers, around singular occupations, and will include:

- End point assessment
- A holistic element to end-point assessment
- Grading where possible
- Assessment that covers theoretical and practical elements
- No formal requirement for qualifications
- 'Mastery mechanism' – with a single approach to assessment against the standard
- English and Maths – ambition for GCSEs although Functional Skills is still 'appropriate'
- Minimum 12 months' duration
- Minimum 20% off-the-job training
- Use of technology in design, delivery and assessment.

The reform forms part of broader changes to the apprenticeships system including:

- Changes to the funding rules, methodology and introduction of Levy
- Government 3 million target in this parliament
- Legislation to protect the term apprenticeship in the Enterprise Bill.

The overall direction of travel remains unchanged, with employers leading on setting standards and specifying the assessment approach; however, there have been substantial announcements on policy and implementation.



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Progress

The original scope of the reform would have seen the change from the current Apprenticeship frameworks to new Apprenticeship standards (those designed by employers around singular occupations with specific end-point assessment) by 2017. This has now softened, however, so that the ambition for change is now for this to occur nearer to 2020. BIS's decision early on to allow the reform to operate under an 'open policy' has had both a positive and negative impact. It has allowed the reform and its processes to be flexible and change following feedback from both employers and other stakeholders. Conversely, it has led to numerous changes in the processes. Following changes in machinery of Government, The Department for Education now leads on the reform and this policy area.

Recent updates and formulation of a stronger policy direction have done much to address the issues around governance, sustainability and quality although much of the detail on this is still lacking. The formation of the Institute for Apprenticeships from 2017 should meet the first two issues. The introduction of the Register of Apprenticeships Assessment Organisations, on which Pearson has been successful across a number of occupations, should also provide a firm base for quality processes.

Headlines

3 million target

A 3m target for Apprenticeship starts is envisaged in the lifetime of the parliament. This will be achieved through:

- Greater Apprenticeship starts in the Public Sector - 2.3% target for certain Public Bodies to meet
- Government contracts of a certain size will also require a commitment from tendering organisations on Apprenticeships
- General increase of starts across all sectors
- A policy ambition that students' progress either to Higher Education or onto an Apprenticeship.

Government's 2020 vision for Apprenticeships

On 7 December 2015, the UK Government published its plans for Apprenticeships in England up to 2020 as a joint publication from the (then) Secretaries of States for both BIS and DfE. The vision:

- Outlines the progress the Government has made to Apprenticeship reform thus far and a timeline for further reform and improvements to the system
- Restates the government's commitment to Apprenticeships as a central pillar to developing the nation's skills, addressing skills shortages and increasing productivity, whilst also setting out reform and improvements to make this a reality.

The vision outlines Government's belief that Apprenticeships will help address a number of requirements for future skills including:

- A critical need for high numbers of new technical and professional skilled workers



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- The provision of 5 million new and replacement higher skills job openings
- Growing skills shortages in the STEM and digital sectors
- Increased productivity combined with low levels of both youth and general employment.

The report states government's current and future direction of travel across the following key areas and the actions which government intends to take over the next five years:

- Quality
- Employers in the driving seat
- Routes into Apprenticeships and work
- Building the long term apprenticeship system
- Funding for Apprenticeships.

Detailed in the 2020 Vision is a plan to establish a new independent body – the Institute for Apprenticeships – led by employers, to regulate the quality of apprenticeships. The Institute will be fully operational by April 2017.

Funding - The Apprenticeship Levy and model for small businesses

The way in which Apprenticeships are funded in England is changing. Overall the direction of travel continues to be for less reliance on central funding for Apprenticeships for large employers and more shared ownership and greater control by employers.

Central to this move is the introduction of an Apprenticeships Levy from April 2017 of 0.5% of pay-bill applicable to large employers. An 'allowance' of £15,000 means that the Levy will only be paid by employers who have annual paybills of more than £3 million (representing less than 2% of UK employers). This levy will be paid through PAYE. Levy payers will pay 100% of the funding through their digital account with Government topping this up by a further 10%.

In short:

- Employers who are too small to pay the apprenticeship levy will have 90% of the cost of apprenticeship training paid by government.
- Government will pay an additional £2,000 for 16-18-year-olds, young care leavers and young people with an education, health and care (EHC) plan. £1,000 will go to employers and £1,000 will go to training providers.
- Employers with fewer than 50 employees will not have to pay anything towards the cost of training a 16-18-year-old, young care leaver or young person with an EHC plan.
- Government will pay training providers £471 to deliver English and maths qualifications as they do now when an individual is working towards an apprenticeship standard. This will come direct from the government and will not be deducted from an employer's digital account.
- There will be 15 funding bands, with the upper limit of these bands ranging from £1,500 to £27,000. All existing and new apprenticeship frameworks and standards will be placed within one of these funding bands.
- Employers will be able to use the funds in their digital account (Levy payers), and be co-funded at 90% by government (non-Levy payers), to pay for training apprentices whose main place of work



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is in England whether they live in England or other parts of the UK.

- Employers will be able to use levy funds to retrain workers in new skills, even if they have prior qualifications, as long as the apprenticeship is significantly different from their previous qualifications.
- From 2018 levy-paying employers will be able to transfer up to 10% of the annual value of funds entering their digital accounts to other employers in their supply chain.
- Levy paying employers who use up their levy will then revert to using the funding methodology provided to non-Levy payers.
- More organisations will be able to offer apprenticeships with the opening of the new Register of Apprenticeship Training Providers.

We have known that a number of changes will be made to apprenticeship funding in light of the wholesale reform of apprenticeships and the introduction of the levy. They include changes to how much employers have to contribute if they aren't paying the levy, the rates employers and providers will be paid to deliver apprenticeships, and the new way all providers will be approved to deliver apprenticeships. The key documents are summarised, by Pearson, in the following documents:

- *Apprenticeship funding from May 2017.*
- *Allocation of frameworks and standards to new funding bands from May 2017.*
- *Comparing existing apprenticeship funding with new apprenticeship funding from May 2017.*
- *The Apprenticeship levy from April 2017.*

There is a lot of information in documents released by the DfE. Further information can be found on our Funding News webpages

The publication of further guidance is now back on track, and we expect the following information to be available, as originally planned, in December 2016:

- December 2016: final detailed funding and eligibility rules, and further employer guidance from HM Revenue and Customs (HMRC) on how to calculate and pay the apprenticeship levy.

Digital apprenticeship service

Government will create a Digital Apprenticeship Service (DAS) through which everything from certification to funding (including levy funding) will be channelled. This has the potential to replace a number of systems and processes currently within the apprenticeship system.

Each employer will have an account and apprenticeship funds will be paid into an account via the Digital Apprenticeship Service (DAS) which employers will then use to pay providers (or themselves in some cases) for their apprenticeship training. This 'control' will not be limited to those paying the levy; every employer in England will use the same system to pay for the apprenticeship training they want (Levy Employers from May 2017, all other employers from 2018-2020).



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In addition, providers and colleges wishing to continue to deliver Apprenticeship need to register on the **Register of Apprenticeship Training Providers (RoATP)**. A link to the register and further information can be found in the references below).

Institute for Apprenticeships (quality)

A new independent body, the Institute for Apprenticeships (IfA), will be established which will be led by employers and will regulate the quality of apprenticeships. An independent Chair will lead a small Board made up primarily of employers and business leaders to ensure employers continue to drive up apprenticeship quality. Building on the current Trailblazer processes, the IfA will implement mechanisms for the approval of apprenticeship standards and assessment plans, and maintain quality criteria so that only standards valued by employers are approved. It is the intention that the IfA will be fully operational by April 2017. Following the publication of the Sainsbury report and subsequent government response via the post-16 Skills Plan, the Institute will take on a broader remit from April 2017 to cover both Technical and Professional Education. Further information on the Sainsbury review is detailed in an additional **Pearson Handy Guide**.

Progress

The reforms of Apprenticeships in England are ongoing, and models for continuous and end point assessment are still emerging. What is becoming clear however, is that all aspects of the work-based sector will need to adapt to a model changing from frameworks to standards.

References

Apprenticeships (in England): vision for 2020 (DfE/BIS, December 2015) -

<https://www.gov.uk/government/publications/apprenticeships-in-england-vision-for-2020>

Future of apprenticeships in England: guidance for trailblazers (DfE/BIS, December 2015) -

<https://www.gov.uk/government/publications/future-of-apprenticeships-in-england-guidance-for-trailblazers>

Richard Review of Apprenticeships (BIS, November 2012) -

<https://www.gov.uk/government/publications/the-richard-review-of-apprenticeships>

Future of apprenticeships in England: Richard Review next steps (DfE/BIS, March 2013) -

<https://www.gov.uk/government/consultations/future-of-apprenticeships-in-england-richard-review-next-steps>

Apprenticeship Levy: how it will work

<https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work>

Apprenticeship funding and performance management rules 2017 to 2018

<https://www.gov.uk/government/publications/apprenticeship-funding-and-performance-management-rules-2017-to-2018>



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Apprenticeship funding from May 2017

<https://www.gov.uk/government/publications/apprenticeship-funding-from-may-2017>

Apprenticeships funding: how it will work

<https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work>

Register of apprenticeship training providers

<https://www.gov.uk/government/collections/register-of-apprenticeship-training-providers>

Further information on how Pearson is developing products and services to support new apprenticeship standards as part of the reforms can be found at:

<http://qualifications.pearson.com/en/qualifications/new-apprenticeships.html>