

Appendix A – Background on Apprenticeships

Section 1: What is an Apprenticeship?

- 1.1 An apprenticeship combines hands-on work with the opportunity to train and obtain qualifications: ‘Earning whilst you learn’:** Apprenticeships are paid positions of employment that must last a minimum of 12 months and can be up to 5 years.
- 1.2 At least 20% of an apprentice’s paid working time must be set aside for ‘off the job’ training:** This is learning that can take a variety of forms such as classroom based or online learning or work-based projects relevant to the apprenticeship.
- 1.3 700 Apprenticeship Standards are available:** These are across all industries and sectors with the level of learning ranging from Level 2 (GCSE) to Level 7 (Master’s Degree).
- 1.4 Definition of ‘Apprentice’ has changed:** The introduction of the Apprenticeship Levy in 2017 not only marked a shift in the way apprenticeships are funded, but it also changed the definition of who is an apprentice, creating two types of apprentice:

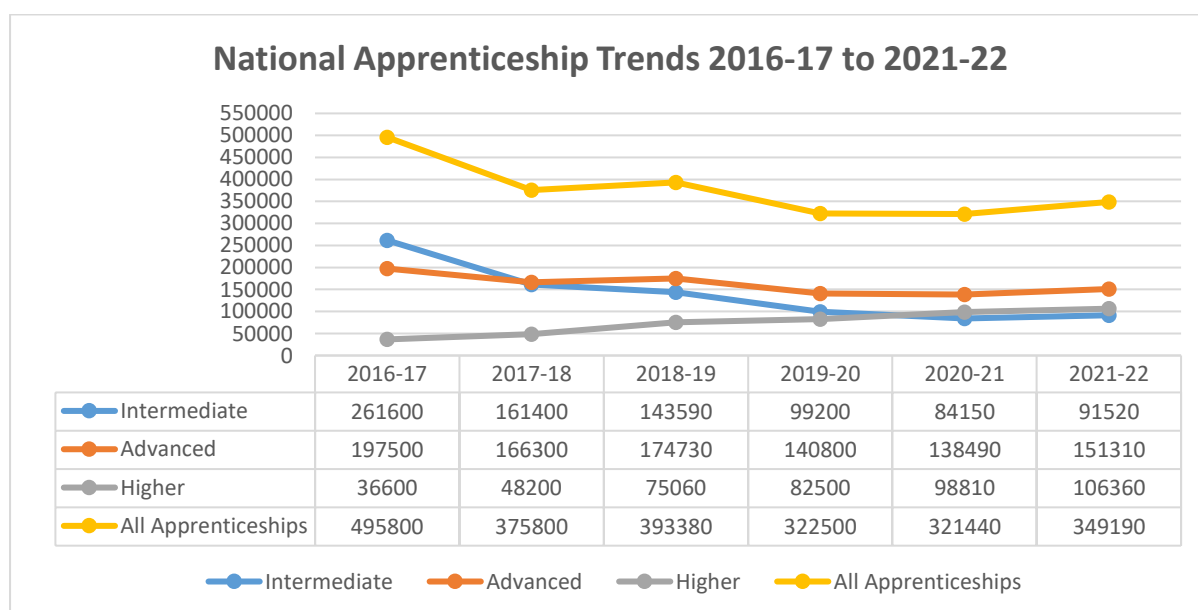
Traditional Apprentices: This is a continuation of the historic understanding of what an apprenticeship is - entry-level positions on apprenticeship contracts.

Employed Apprentices: These are current employees that are utilising the funding available through the Apprenticeship Levy to upskill by undertaking an apprenticeship.

Section 2: Current Apprenticeship Landscape

- 2.1 Overall Apprenticeship starts for England have fallen 30% since 2016/17:** The fall has been sharpest for Intermediate Level Apprenticeships (LV2) which are down 65%. Advanced Level Apprenticeships (LV3) are down as well by 23%.
- 2.2 Higher Level Apprenticeship have increased by 191% since 2016/17:** However, this is from a relatively low starting point - 36,200 Higher Level Apprenticeships were delivered in 2016/17 compared to 261,600 Intermediate Level and 197,500 Advanced Level Apprenticeships. Higher Level Apprenticeships are now more common than Intermediate Level Apprenticeships with 106,360 Higher Level starts in 2021/22 compared with 91,520 Intermediate Level starts.

Table 1- Shows apprenticeship trends for England since 2016/17:



Section 3: Regulatory Reforms and the Apprenticeship Levy

3.1 Apprenticeship Regulatory Reforms: Since 2016/17 there have been a series of regulatory reforms impacting Apprenticeship delivery. These include:

- **Minimum 20% off the Job Training:** Prior to the academic year 2014/15 there was no minimum threshold set for time that an Apprentice needed to spend doing ‘off the job’ training. According to the Resolution Foundation the courses that have seen the largest decline since the regulatory reforms have been those who have ‘offered the fewest hours of training and the ones in which at least 30 per cent of apprentices were unaware that they were – in fact – an apprentice.’¹
- **Change from Apprenticeship Standards to Frameworks:** The Apprenticeship Standards were first introduced in academic year 2014/15 with a plan for them to be phased in and to replace Apprenticeship Frameworks by academic year 2020/21. The phasing in of Apprenticeship Standards is now complete. Compared with Apprenticeship Frameworks, Apprenticeship Standards are intended to be significantly more occupation-focused (rather than qualification-focused), directly developed by employers (instead of sector bodies), with an external end-point assessment (instead of having no final assessment).
- **Increased Course Costs:** Courses delivered under the Apprenticeship Standards are generally longer and with increased training demands. Whilst for Non-Levy Paying employers (SME’s) an Apprentice’s training is 95% funded by the Government the total cost of the training must fall within the set funding limits. There are also caps on the number of courses that can be funded by sector and cost. According to a Learning and Work Institute report in October 2019 these factors led to a potential loss of 75,000 Apprenticeships with Apprenticeship Training Providers often having to turn away SMEs.²

3.2 Apprenticeship Levy: The Apprenticeship Levy was introduced in April 2017 for all employers paying a wage bill of more than £3 million per year (approx. 3% of UK businesses). Employers that meet this criterion are now required to pay 0.5% of their payroll each month as a levy tax. This levy can then be reinvested back into their workforce in the form of Apprenticeship training or transferred to non-levy paying employers.

The Levy has changed Apprentice Delivery in the following ways:

- **Increased numbers of apprentices with Large Employers:** Prior to the introduction of the Apprenticeship Levy and the corresponding regulatory reforms Large Employers employed just over 45% of England’s apprentices. By the end of academic year 2019/20 they employed 62% of England’s apprentices. The shift is shown on **Tables 4 and 5:**

¹ **Resolution Foundation:** ‘Trading Up of Trading Off’, Kathleen Henehan, August 2019

² Learning and Work Institute (2019), Bridging the Gap: Next Steps for the Apprenticeship Levy, October 2019

Table 2: National (England) Apprenticeship Starts by Business Size

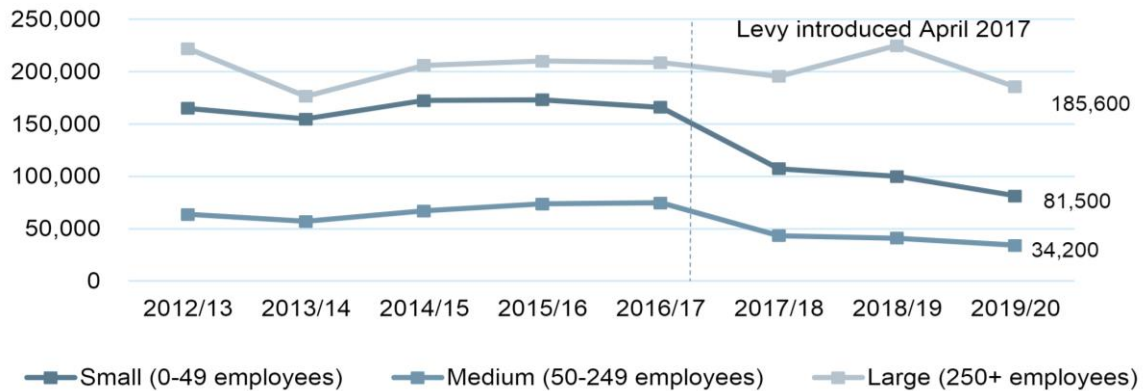
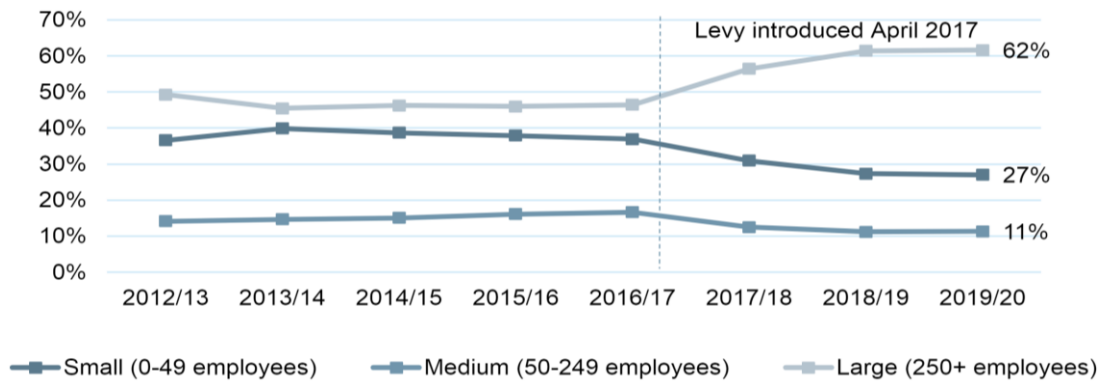


Table 3: National (England) Percentage Change in Apprenticeship Starts by Business Size



- Increased Higher Level Apprenticeships (upgrading):** Since the introduction of the Apprenticeship Levy and the corresponding regulatory reforms, Higher Level Apprenticeships have increased by 191% Nationally and 204% in Coventry. Some of this is due to ‘upgrading’, especially for those aged 25+ who account for both the largest falls in lower-level programmes and at the same time the great majority (59 per cent) of the increase in starts at Level 4 and above.³ There is also some evidence of re-badging of existing training. According to CSJ/YouGov polling one in six levy-paying employers used levy funds to rebadge existing training (17 per cent), or to accredit skills that existing employees already had (18 per cent), in the year prior to being surveyed.⁴

³ Learning and Work Institute (2019), Bridging the Gap: Next Steps for the Apprenticeship Levy, October 2019

⁴ Centre for Social Justice, Trade Secrets: ‘How to reboot apprenticeships and kick-start the recovery’, August 2020