Introduction

The purpose of this document is to describe the changes to apprenticeships in England and how these changes relate to colleges as key providers of apprenticeship delivery and assessment. It is an introductory document aimed at all levels within further education colleges from governors to operational staff. The apprenticeship changes will have a profound impact across all areas of the college's activity and the apprenticeship reforms need to be considered in the light of devolution and area based reviews, and consideration needs to be given to the impact on the full college offer from entry level to higher education.

As this is a period of many changes, consultations and Government publications, this document is written as a ‘living document’ current at time of writing. This document will be updated as new information emerges. Additional information will be sent in April, and updates in June and October 2016 in line with Skills Funding Agency (SFA) plans in the development of operational detail supporting the reforms to apprenticeships and their funding.

Background

Apprenticeships are an increasingly important part of the long term plan for improved workforce development and enhanced productivity in England. The Government's apprenticeship reform programme is aimed at ensuring apprenticeships in England become more rigorous and more responsive to the needs of employers, its origins lie in Doug Richard's November 2012 review.

The Government accepted the review's key recommendations that:

- An apprenticeship is a job in a skilled occupation.
- An apprenticeship requires substantial and sustained training, lasting a minimum of 12 months for all and involving at least 20% off-the-job-training.
• An apprenticeship leads to full competency in a role, as stated in a short and easy to read ‘standard’ designed by employer groups.

• An apprenticeship develops transferable skills, including English and maths, to progress careers.

• It trains the apprentice to the level required to apply for professional recognition where this exists.

The Government has committed to achieving three million, high quality apprenticeship starts in England by 2020. This intent and some of the planning to achieve this level is contained in the English Apprenticeships: Our 2020 vision documents.

**Rationale for the changes**

The Government wants to make all apprenticeships world class. A programme that is rigorous, responsive and meets the changing needs of employers. They want the new norm to be two equally prestigious routes to a great career: university or an apprenticeship. To this end the reforms support the development of apprenticeships from Level 2 (GCSE equivalent) right through to Level 7 (Masters degree level) to directly match the academic level progression. The degrees within ‘degree apprenticeships’ (those apprenticeships at Levels 6 and 7) will be validated by the same universities and bodies who currently validate existing degree level programmes, the intent being that they will be the same in terms of their academic rigour and status. This should mean that a student can take an academic or a work based route in their education and training and get to the same place in terms of academic achievement. Arguably the work based student will be in a stronger position for progression than their academic counterpart as they will already be in employment and will fully understand the world of work.

Through the apprenticeship reforms, the government intends to:

• Put employers in the driving seat – groups of employers working together to design apprenticeships so they meet the needs of the industry.

• Simplify apprenticeships – replacing complex frameworks with short, simple standards, written by employers in a language they understand.
• Increase quality – introduction of more rigorous testing at the end of the apprenticeship to ensure the apprentice is fully competent and grading to provide the opportunity for the apprentice to stretch their capability.

Legislation and current changes that support the reforms

1. Enterprise Bill

The Department for Business, Innovation and Skills (BIS) are introducing legislation in the Enterprise Bill which will:

• Protect the term apprenticeship in law, putting apprenticeships on an equal legal footing with degrees and preventing misuse of the term.

• Give Government the power to set a target for public bodies including ministerial departments (with 250 or more workers in England).

• Place new duties on public bodies to report annually on progress to BIS.

2. Apprenticeship Levy

• There will be a levy to help fund the increase in apprenticeship delivery and assessment.

• The levy is being introduced to fund a step change in apprenticeship numbers and quality.

• The levy will put apprenticeship funding on a sustainable footing and is intended to improve the technical and professional skills of the workforce.

• The levy comes into effect in April 2017.
• It will apply to all larger public and private sector employers in the UK (22,000 employers are estimated as liable to pay the levy). Businesses with a pay bill in excess of £3 million will be levy payers.

• It is anticipated that the levy will raise between £2.5 billion and £3 billion each year.

• As skills policy is a devolved matter, Devolved Administrations will continue to have complete flexibility over how they support their business through training and apprenticeships. In England the levy will support post 16 apprenticeships.

• 0.5% of employers’ pay bill will be collected monthly via PAYE. All employers will have a levy tax allowance of £15,000 which means that the levy is applicable on pay bills over £3 million.

3.1 Apprenticeship reforms

• Standards vary from the existing frameworks in a number of ways:

  • They are designed by employers.

  • They are clear and concise – only a few pages long and define a job in a skilled occupation.

  • They are a minimum of 12 months long.

  • They include a minimum of 20% off the job training and English and maths.

  • They cover knowledge, skills and behaviours and must contain transferable skills.

  • Apprentices will be subject to a final end point assessment which will be graded.

  • Professional registration (where available) must be included within the apprenticeship.

• Each standard has three elements:

  • Core standard – the knowledge, skills and behaviours required for that job role.
• Options – elements of the job role which may be optional depending on the requirements of the business, skillset and interests of the apprentice, or future career path.

• End Point Assessment – the method of assessing whether the individual has achieved the required standard.

There are currently around 71 standards ready for delivery and more than 150 in development. Every month more standards are moving through the development process with the intent that the majority of available apprenticeships will be standards by September 2017 and that all frameworks will have no new starts from September 2020.

3.2 Apprenticeship reforms and the implications for colleges

Current take up of standards is understandably low, there is a lot of policy that is yet fully developed, let alone the operational detail, and even standards that are deemed ‘ready for delivery’ do not yet all have assessment organisations in place to undertake the end point assessment, or have detailed assessment documents for training providers to view. This does not however prevent colleges from making some strategic decisions concerning their position regarding apprenticeships. It might be that a college decides to cease delivering apprenticeships, but there will still be a need to consider how the remaining classroom based offering leads students to employment and apprenticeship in a way that is far more explicit than in the current offer. This will also need to be a consideration for colleges who decide to remain engaged in apprenticeship delivery.

There will a number of transitional issues in shifting from frameworks to standards. Whilst competency in a particular occupation does not change because of the reforms, standards are not generally direct replacements for frameworks and there will inevitably be a need to be running some students on frameworks whilst others start on standards. The transition period will run from now until 2020, but those who wait until the end of the transition period will find it increasingly difficult to access/remain in the apprenticeship ‘market’ which is set to become both more competitive and commercial.

Standards split the delivery and assessment elements of the apprenticeship, whereas existing college staff provide both functions within frameworks. Colleges will need to consider how they effect the change in staff roles required by standards. There are now two Registers run by the SFA. One is the Register of Training Organisations (ROTO) and the other is the Register of Assessment Organisations (RAO). ROTO is not new and all colleges that are in receipt of government funding from the
SFA are already on ROTO. ROTO is to be changed shortly though to become more robust, and colleges need to be prepared to meet this additional requirement. RAO is new and any organisation can seek to join the register. Thus far it is populated mostly by awarding organisations but some individual colleges and college consortia have successfully applied to join. Only providers on the ROTO and RAO can receive government funding for apprenticeship delivery and/or assessment either in the transition period, or via the levy when this is in operation.

The content of standards is job specific rather than the more sector generic frameworks. In transition then dual running will be problematic. Because of the specific nature of the standards, colleges will also have to work harder to ensure cost effective cohort size in order to remain competitive. This might mean some off the job delivery groupings that cut across a number of different standards being delivered, or perhaps better use of technology to support more diverse delivery. The reforms allow for new and greater levels of diversity in delivery provided that the minimum of 20% off the job requirement and SFA funding rules are met, and apprentices gain sufficient skills and knowledge, and display appropriate behaviours, to be deemed competent in the independent end point assessment.

40% of the standards that have been developed are at the higher levels. In line with the government wishing to see more learning occurring within employment and employers demands for technical skills. We can see apprenticeship standards being viewed by many employers as the route to address these skills shortages. These apprenticeship standards are unlikely to yield the volumes required for the three million target, but they are certainly a strong potential vehicle to plug those technical skills gaps and thus increase productivity. Arguably, this is a strong area for colleges who are well placed to compete for this market with both existing and new market entrants, particularly in STEM subject areas given the tradition of HNC/D and Foundation degree delivery.