

GETTING APPRENTICESHIPS RIGHT:

NEXT STEPS

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The need for high-quality apprenticeships in every sector of the economy is clear. They offer a valuable combination of academic and vocational learning, with clear links to profession and employment.

To its credit, the Government had undertaken significant and systemic reform of England's skills system over the last several years with this objective in mind. All with the aim of addressing the country's skills needs and improving productivity. A key part of this reform is the Apprenticeship Levy, introduced in April 2017, that marked a shift to an employer-led skills system. Meanwhile, the new T-Level qualifications (the first of which will be delivered from 2020) present the opportunity for a technical equivalent to A-levels – a vital, missing link in our education system that employers have been calling for. As indeed are the proposed 'higher T-levels'.

The Institute for Apprenticeships (the Institute) was set-up to give businesses more of a voice in skills provision and design, as well as regulating the apprenticeships system. However, it has had a challenging first two years since its creation in early 2017. The pace at which apprenticeship standards have been approved and the recent funding band review have highlighted the tension between the Institute's role as an arms-length Government body, as well as being independent and employer-led. The fall of around 40% in apprenticeship starts since the introduction of the Levy also cannot be ignored by the Institute, or the Department for Education.

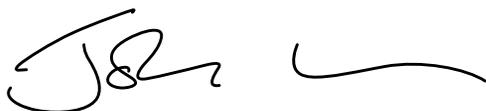
After months of working with the CBI and others, the Government has accepted the need to enter a second phase of apprenticeship reform, including a fundamental review of the Levy. In the recent Budget, the Chancellor accepted all four CBI recommendations for change, including an additional £5 million funding for the Institute. Businesses welcomed these announcements as a positive step on the road to reform. This report will form the first of a series of Levy reports over the coming year.

This report is designed to shape how the additional funding given to the Institute in the Budget should be used ensure the Institute is a credible, independent body with the teeth to effect changes. This is essential to building a successful skills system.

This report sets out how to make this vision a reality, focusing on four priorities for the Institute:

- Improving quality provision as an independent market regulator;
- Making the standards development process more efficient;
- Ensuring greater transparency in funding decisions; and
- Assuming responsibility for T-levels.

The recommendations from this report should help inform policymakers and shape the Institute's role in building a world-class skills system.



John Cope

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The Institute should focus on improving quality provision as an independent market regulator

Recommendations

The Institute should:

1. Raise its profile with employers and ensure that it is properly accessible, by improving information, such as the availability of standards, signposting to other bodies in the skills system if queries do not relate to its specific functions.
2. Work closely with the Department for Education (DfE) to deliver a supply-side strategy for the apprenticeship market based on strong commercial and market understanding.
3. Conduct a review of the existing standards, to ensure that there is no duplication or narrow programmes.
4. Mandate trailblazer groups to benchmark their standards against internationally recognised quality apprenticeship programmes.
5. Include clear progression routes and profession mapping within all apprenticeship standards and higher T-levels at Level 4 and 5. This should include clarity on how many apprenticeship standards the Institute predicts will be needed to match the mapped professions.
6. Develop more detailed guidance for the external quality assurance of all end-point assessments by a range of providers.

The Government should:

1. Allow the Institute to set its own success criteria for the technical education system - including progression, wage data and the closing of skills gaps – with a legal reporting responsibility for its findings to ministers.
2. Set out how in future traineeships will interact and link to both apprenticeship standards and T-levels.
3. Give the Institute an advisory role on any future changes to the Levy rate.
4. Reconsider the apprenticeship regulatory landscape, including the range of different bodies currently overseeing apprenticeships and technical education, including the Education & Skills Funding Agency (ESFA), DfE, Ofsted, Ofqual, and Office for Students (OfS). The Government should therefore set out publicly its long term vision, ensuring clarity on the Institute as the primary body for technical education in England.

The Institute is the primary body for technical education in England

Since the announcement of the Apprenticeship Levy policy, the CBI has consistently called for the creation of an employer body with the expertise, credibility and independence to oversee and advise on the system.¹ The CBI welcomed the creation of the Institute and have engaged with and supported it since its launch; businesses want to ensure it is taken seriously by ministers and employers as an important body at the heart of the new system.

As the key body at national level for vocational skills in England, the Institute should be given the space to become an independent market regulator, setting a firm base for investment in skills as part of the Industrial Strategy. Part of this role should be ensuring that we have an effective national skills strategy – with the Institute able to challenge the Government to ensure that their actions are aligned across all stages of skill development and focussed on quality and outcomes, not just the numbers of apprenticeship starts. The Institute's expertise will be vital to helping ministers and officials to understand and evaluate the objectives, shape and performance of the technical education system.

Increasing employer and learner understanding of and access to the Institute must be a priority...

Many businesses remain unclear about the role of the Institute and its interaction with other bodies within the skills system, as well as exactly how they should engage with it. The title, and employer-led nature, of the Institute means that businesses have high expectations and want to treat it as a 'one-stop-shop' for apprenticeships.

A key priority for the Institute must be to raise its profile with employers and ensure that it is properly accessible. This is particularly important for employers engaging with apprenticeships and apprenticeships policy for the first time. Improving information, for example on the availability of standards by location and sector, will help employers to engage more closely with the apprenticeship system. The Institute also needs to handle its customers – that is businesses and apprentices – well and provide signposting to other bodies in the skills system if queries do not relate to its specific functions.

...which means the Department must clarify the regulatory landscape for skills

The regulatory landscape for skills is highly fragmented with a variety of different bodies, including the Education & Skills Funding Agency (ESFA), Department for Education (DfE), Ofsted, Ofqual, and Office for Students (OfS). This has created a confusing and complex landscape for apprentices, parents, and business alike, with overlapping remits and incentives. With T-levels soon to fall under the remit of the Institute, and the Government rightly looking to expand provision of Level 4 and 5 qualifications (those qualifications which fall between A-levels and degree-level provision), there is an urgent need for Government to clarify this landscape.

The Institute should be given a broader remit over the technical education system...

For the Institute to be at the heart of a truly business-led system that lasts for the long-term, it must also be given a broader remit. Businesses welcome the decision to let the Institute set its own robust success criteria for the Levy, rather than using arbitrary targets such as the Government's own for 3 million starts. The Department should now directly reflect the importance of these success criteria by giving the Institute a legal reporting responsibility for its findings to ministers through an annual report to Parliament.

The Institute's success criteria should include – but not be limited to – progression and employment destinations, wage data and the closing of skills gaps, making recommendations, and doing so in the public domain where necessary. The Government should also give the Institute an advisory role on any future changes to the Levy rate.

...and develop a provision strategy that works for learners and employers

Businesses are concerned about the supply and quality of training that is available to them, with some still struggling to find training, given the lack of pre-existing provision, slow progress on establishing effective new standards, and the sheer variety and complexity of their skills needs.

The Institute and DfE should work closely together to deliver an effective supply-side strategy for the apprenticeship market, to give firms and potential apprentices better access to high quality training programmes. This is especially the case for smaller and medium size businesses who have the least capacity to seek provision.

The Institute must conduct a review of all standards to ensure they are high-quality and support progression...

The Institute should undertake long-term planning for the number of standards that the system needs. While Germany has around 330 apprenticeship programmes and Switzerland 250, there could be as many as 600 standards by 2020 according to the Institute's own predictions. The Institute must conduct its promised review of the existing apprenticeship standards it inherited. Technological advances are rapidly changing skills needs in many sectors, so the Institute must ensure that there are no duplicated, narrow or low-skill standards which are not relevant to industry. The Institute should also use the review process to mandate trailblazer groups to benchmark their standards against internationally recognised quality programmes.

The Institute should also mandate the inclusion of clear progression routes within all apprenticeship standards, including how they map across to T-levels and higher T-levels. The Institute currently creates occupational maps that "group skilled occupations with similar knowledge, skills and behaviours."² These paths should be linked to a system of progression maps.

...and develop clear guidance for quality assurance

An apprentice's achievement of an apprenticeship standard is assessed at the end of their training through an end-point assessment (EPA). Organisations conducting these assessments must join an ESFA-managed register; these assessments are quality assured by an external organisation (an EQAO), which can be an employer or professional body, the Institute or Ofqual. The Institute oversees this system and, while it was originally intended as a backstop option, directly quality assures the assessment of nearly half of all standards.³ Many businesses have expressed concern that this complex and fragmented approach is causing a lack of consistency and could lead to a two- or three- speed system of regulation. The Institute should develop more detailed guidance for the external quality assurance of all end-point assessments by a range of providers.



The Institute should make the standards process more efficient

Recommendations

The Institute should:

1. Ensure it has enough frontline capacity - for example, by increasing the number of relationship managers responsible for supporting trailblazers through the standards process.
2. Challenge all business-facing staff to be customer-oriented towards those developing and delivering skills training, to help improve the process and support employers.
3. Ensure Institute staff adopt a consistent approach to the standards approval and assessment plan processes.

The Government should:

1. Introduce an appeals system for extending the sunset period for those employers with standards which are still in development.

Businesses support employer-led apprenticeship standards...

The past six years in England has seen a positive shift in national skills policy towards greater employer engagement. The first apprenticeship standards were introduced in 2014 following the recommendations of the Richard Review, which called for greater employer ownership over training programmes.⁴ Businesses have welcomed this shift away from the more prescriptive frameworks to standards (**Exhibit 1.1**). Firms who have been involved in trailblazer groups have been able to shape provision alongside providers, developing a more targeted skills strategy that is truly effective.

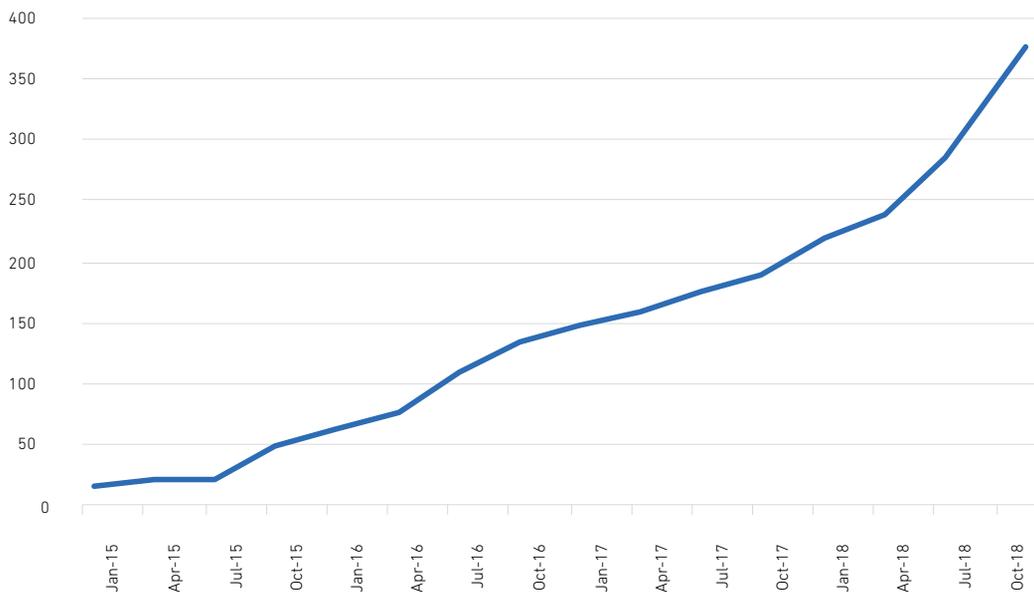
Exhibit 1.1 Apprenticeship frameworks and standards

There are currently two options for apprenticeship programmes: frameworks and standards. Apprenticeship programmes are gradually moving to 'standards' up to 2020, with the Government planning to phase out frameworks by August 2020.

Apprenticeship standards are proposed and designed by employers, in groups called 'trailblazers'. They are designed to equip apprentices with the knowledge, skills and behaviours they need to succeed in their occupation. These should be short and concise, containing a clear occupational profile setting out the responsibilities of the occupation and linked to the knowledge, skills and behaviours which will be applied in the workplace.

Since taking on responsibility for standards, the Institute has taken some welcome steps to speed up the approvals process with the introduction of the *Faster & Better* programme in January 2018.⁵ This has clearly had a positive impact (**Exhibit 1.2**). For example, in the second half of 2017, 37 standards were approved for delivery, compared to 90 in the first six months of 2018, and a further 90 since June.⁶ The programme has had some success in simplifying the bureaucracy involved in the approvals process, improving trailblazer guidance and shortening the time a standard spends waiting for delivery.

Exhibit 1.2 Cumulative standards approval January 2015 - November 2018



...but the Institute must do even more to speed up the development process

Despite the *Faster & Better* programme, businesses are still finding that too few standards are available, which is preventing them from using their Levy funds to recruit apprentices and provide high-quality training. In the 2018 CBI/Pearson Education & Skills Survey 11% of respondents cited the slow pace of standards approval as their biggest challenge in the Levy's first year.⁷ Amongst those firms who do have standards in process or have had them agreed, approvals often take far longer than 12 months.

It is important to remember that the Institute has only been overseeing the standards creation process for 18 months. However, taking further steps to speed up this process is vital to delivering a system that is responsive to needs on the ground, particularly with the Government's aim to complete the transition from all frameworks to standards by August 2020.

The Institute has set itself an ambitious target of having 80% of standards approved within eight months of an *Expression of Interest* being submitted.⁸ Indeed, 40% of apprenticeship standards developed, are published for delivery within 8 months (240 days) of an agreed proposal. However, the introduction of the Levy in April 2017 led to an increased number of employers looking to develop standards. This put a huge amount of pressure on the approvals process. A further spike in demand for approvals can be expected in 2019, as the first Levy funds (those collected from April 2017 onwards) are 'sunsetting' this year, and Human Resources teams will feel they need to 'spend or lose' their pot. There are several steps the Institute should take to make the standards process even more efficient.

Firstly, the Institute must ensure it has enough frontline capacity - for example, by increasing the number of relationship managers responsible for supporting trailblazers through the standards process. Where additional relationship managers are needed, the Institute should provide these, giving priority to the sectors which do not have any standards approved to close gaps.

Secondly, the Institute should support business-facing staff to be customer-oriented towards those developing and delivering skills training, to help improve the process and support employers. Employer experience of the quality of service from relationship managers is largely positive but can occasionally reflect a lack of commercial understanding among officials of business operations and behaviour. There are a range of reasons why gaps in provision currently exist in different sectors. A priority focus for relationship managers should be building relationships in those businesses and sectors, to foster understanding of apprenticeships and the standard process, so that the gaps close more quickly.

Third, Institute staff should adopt a consistent approach to the standards approval and assessment plan processes. In some cases, relationship managers have interpreted the quality criteria very differently to the route panels signing off assessment plans. Having a coherent approach to standards approval and assessment plans is vital to give employers and providers ability to deliver quality training.

Fourth, the Government should introduce an appeals system for extending the sunset period for those employers with standards which are still in development. This would operate through an appeals process, where employers would have a right to appeal to the Institute that the sunset period should be extended on a case-by-case basis, as long as the business commits the funds in their Levy accounts.



The Institute should ensure greater transparency over funding decisions

Recommendations

The Institute should:

1. Broaden the scope of future funding reviews, allow a wider range of stakeholders to be engaged, as well as the use of wider-ranging data to support conclusions.
2. Provide full transparency over funding decisions, including the financial models used. The reasons and process by which a decision is taken must be published on the Institute's website, including the view of the ESFA.
3. Improve information-sharing with providers and employers in the review process, giving these employers a clear line of sight about when funding decisions will be made, and changes come into effect.

The Government should:

1. Extend the transition period before new funding bands take effect – increasing this from two to at least six months.
2. Work closely with the Institute to conduct a review into the length and scope of the review process, including whether the £27,000 top band is the right level, especially in more specialised and or high-level apprenticeship training.
3. Ensure apprenticeship funding is stable, allowing employers to take medium- and long-term decisions on their apprenticeship programmes.

The Institute is the right body to oversee apprenticeship funding...

At a national level, the framework of funding and incentives must foster a long-term and collaborative approach on skills, and the Institute is the right body to oversee this. In its yearly strategic direction document, DfE instructed the Institute to ensure its funding band recommendations 'maximise the value for money of apprenticeships'.⁹ It is vital that value for money does not become a byword for 'cheaper'. Quality provision can be expensive to deliver, and funding must reflect this.

...but the initial funding review process has not been clear to employers

The Institute has recently altered the apprenticeship funding band structure, replacing the previous 15 bands with 30, although it did not raise the funding maximum.¹⁰ It has also reviewed the bands in which some apprenticeship standards are placed, recommending that funding for some programmes should be cut and increased for others.¹¹ Feedback on the review process from employers has been mixed. While some firms have found it effective, others have found the both the review process and subsequent appeal period too short for all required information and data to be gathered and appropriately assessed, or for meaningful engagement with employers and providers (beyond those involved in trailblazers) to take place.

To mitigate against any potentially negative impacts of these funding changes, there must be an extension of the transition period before new funding bands take effect – increasing this from two to at least six months. This will give employers and providers the confidence to press ahead with programmes they are already committed to and provide the time needed to adapt to the new funding bands.

Future funding decisions must be made through a more evidence-led and transparent process

It is vital that the funding bands should reflect the true cost of delivering training. When conducting future funding reviews, the Institute must take several steps to improve the process, which will improve employer confidence in a truly independent and employer-led process.

Firstly, the Institute should extend the length and scope of the review process, working closely with DfE. This will allow a wider range of stakeholders to be engaged, including providers and employers not on trailblazer, as well as the use of wider-ranging and more robust data to support conclusions. The review should include a review of the top band for apprenticeships, which is currently set at £27,000.

Secondly, the Institute should provide more transparency over decision-making processes, including the financial models used. The reasons and process by which a decision is taken must be published on the Institute's website.

Finally, the Institute should improve information-sharing with providers and employers in the review process, giving a clear line of sight about when decisions will be made, and changes come into effect.

The Institute should be at the heart of a successful T-levels system

Recommendations

The Institute should:

1. Clarify the full implementation timetable with DfE for the transfer of responsibility for T-levels.
2. Raise T-levels panels' profile with and signpost clearer 'entry points' to employers wanting to apply to be on them, to ensure that they are properly accessible to – and are represented by – a cross-section of businesses.
3. Set up a clear system for employers that are not on the panels to engage and feed-in their views.
4. Fully implement T-level panels' recommendations for qualification content and broader programme requirements where they are consistent with its quality framework.

The Government should:

1. Set out a long-term vision for T-levels' role in the education and skills systems, including how T-levels, higher T-levels, and apprenticeships will interact. Specifically, how at Level 3 apprenticeships and T-levels will compete with or complement each other.

Businesses support the Institute's unifying role in the skills system...

The Sainsbury Panel's recommendations to improve technical education in England have been the catalyst for major redesign of post-16 technical education – an area of training that is economically significant but has often been neglected or mismanaged through reforms. The aim – to create a vocational route that is of equivalent strength and value as the academic A-level – is a long-held business priority.

The Institute will take on greater responsibility for the skills system, as responsibility for quality assuring T-levels are transferred from DfE. Businesses welcome the unifying role that the Institute will have, with dual responsibility for T-levels and apprenticeships. This will help to better align the new technical education qualifications with the knowledge, skills and behaviour components of apprenticeships standards.

The Institute should clarify the role of T-levels in the skills system...

Many employers are asking questions about how T-levels will fit into the education and skills system. For example, how will T-levels and apprenticeships complement each other? Will adults be able to take them? Will it be possible for someone to take a mixture of T-levels and A-levels? Working with the DfE, the Institute should set out a long-term vision for T-levels.

...and clarify the timetable for taking on its new responsibilities for T-levels

The Institute's new responsibilities for T-levels are a major undertaking, including the approval and management of content across the current technical routes, on top of its current responsibility for apprenticeships. The Institute has now 'started the process of taking responsibility for technical education – starting with the design and publication of a set of occupational maps which will be the foundation for the development of both the new T-level qualifications'.¹²

It is vital that the Institute clarifies the full implementation timetable this year with DfE for the transfer of responsibility for T-levels. This will ensure that employers understand the Institute's role in the system. The Apprenticeship Levy's introduction showed that if vital information and milestones are repeatedly promised but consistently delayed, this will impact negatively on providers' ability to offer quality programmes within the intended timescales.

Increasing employer awareness of and access to T-level panels should be a priority

Making a success of T-levels requires genuine employer engagement and co-design, so it is worrying that over four in ten employers (42%) are unaware of T-levels.¹³ Establishing clear routes for employer engagement through the Institute will be vital in making these reforms work for all and ensuring training is aligned to the needs of the economy.

While some employers are represented on T-level panels, most do not know anything about them or the role they will play in shaping and steering programme content. This undermines the positive shifts towards more employer engagement in the skills system. It also feeds into the perception that some employers have of the Institute as a remote institution one step removed from employers. A key priority for the Institute must be to raise the T-levels panels' profile with and signpost clearer 'entry points' to employers wishing to apply to be on the panels, to ensure that they are properly accessible to – and are represented by – a cross-section of businesses. The Institute should also set up a clear system for employers that are not on the panels to engage and feed-in their views.

The Institute must ensure T-levels develop relevant and transferable skills

Qualifications must be relevant to the labour market, and reflect the knowledge, skills and behaviours that employers need. This has not always been the case and is one driver of the current mismatch between supply and demand in England. T-level qualifications need to be well-matched with the skills employers need, otherwise there is likely to be little pay-off for learners – or companies – in the longer-term.

Businesses support the approach where employer-led T-level panels will develop programme content based on a broad framework, including the technical qualification and work placement. However, a singular approach to curriculum development will not address the breadth of skill need across different sectors; individual programmes will need the right level of flexibility to avoid mismatches. For example, the level of English and Maths requirements and need for additional qualifications will vary across routes, and this must be reflected in the course content. The Institute is committed to 'support T-levels panels in the timely development and submission of high-quality content proposals'.¹⁴ This should not be prescriptive. The Institute should fully implement T-level panels' recommendations for qualification content and broader programme requirements where they are consistent with its quality framework. This will give firms confidence that the system is genuinely responsive to employers' needs.

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