

A NEW PROFILE FOR APPRENTICESHIPS

The sixth in the WIG-WMG series on Productivity was held on Wednesday 15th June 2016. The breakfast event for seventy participants was hosted by Barclays in Canary Wharf. The speaker was Carl Creswell, Acting Director of Apprenticeships, Department of Business, Innovation and Skills and Department for Education.

Carl made an informative presentation on “English Apprenticeships: Our 2020 Vision”. The new Apprenticeship Levy (collected through PAYE) becomes effective from April 2017. It is set at 0.5% of the pay bill for companies with a pay bill in excess of £3M. It applies only to England, but dialogue with the devolved administrations on national comparability is constructive and ongoing. The new higher profile for apprenticeships, at all levels, which has been gradually evolving in recent years is widely welcomed. With skills being an important component of the foundations for productivity, upskilling via apprenticeships is urgent to help improve the nation’s poor productivity performance. Carl stressed the Government’s commitment to reform –

- Boosting the nation’s productivity.
- Raising skills levels through apprenticeships (from Level 4 to higher-degree) – reaching three million starts in 2020.
- Putting employers in the driving seat.
- Making sure apprenticeships are open to all, with a 20% increase in BME (Black and Minority Ethnic) starts by 2020.

The benefits of apprenticeships are now widely acknowledged with ample evidence that they improved qualifications, career prospects and wages for the apprentices and offer excellent returns for employers and tax payers. (It has been estimated that an apprenticeship returns £26-28 for every £1 of taxpayer investment.) Over 70% of employers say that apprenticeships improve productivity.

The new Apprenticeship Standards (replacing the current frameworks) are very important, and the approach is that these should be employer-designed to ensure they meet the needs of particular sectors and have wide acceptance and implementation. A list of Standards currently being developed can be found here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/526740/Apps_standards_list_31.05.pdf Employers who are interested in participating in the process of designing new Standards can find further information here: <https://www.gov.uk/government/publications/future-of-apprenticeships-in-england-guidance-for-trailblazers>.

A number of employer-facing initiatives are available to help employers –

- A “Find an Apprenticeship” App.
- The “National Apprenticeship Service” provides account management for large firms and a telephone help line for small businesses.

- The new “Digital Apprenticeship Service” will provide a simple online portal for employers (from October 2016 this will identify courses and training providers, and from April 2017 it will manage a firm’s apprenticeships).

To ensure a long-term business-led sustainable apprenticeship system, a new “Institute for Apprenticeships” will be set up by April 2017 to regulate the quality of apprenticeships and approve standards. It will have an independent Chair and a small Board of employer representatives. Area-based reviews will take place to rationalise and improve the landscape for post-16 education and training.

Employers who pay the levy and are committed to apprenticeships can benefit from a 10% Government top-up. The current minimum wage for apprentices is £3.30 and it is due to increase in October 2016 to £3.40.

A lively and informative discussion session revealed widespread support for apprenticeships, but indicated that there are still a range of issues on which clearer advice is needed for employers and training providers. Carl Creswell indicated where current advice can be accessed, but acknowledged that discussions are ongoing on some details (particularly on details of the funding rates for April 2017 onwards) which he expected to be resolved in the near future.

We wish to thank Carl Creswell for a fascinating and informative presentation, participants for an excellent discussion session and Barclays for hosting.