



House of Commons  
Education Committee

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# **The apprenticeships ladder of opportunity: quality not quantity**

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**Sixth Report of Session 2017–19**





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**Sixth Report of Session 2017–19**

*Report, together with formal minutes  
relating to the report*

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## The Education Committee

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### Contacts

All correspondence should be addressed to the Clerk of the Education Committee, House of Commons, London, SW1A 0AA. The telephone number for general enquiries is 020 7219 1376; the Committee's email address is [educom@parliament.uk](mailto:educom@parliament.uk).

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## Summary

Up and down the country, apprentices are gaining skills that will raise our productivity and help them climb the ladder of opportunity. Throughout this inquiry, no matter who we spoke with, we found enthusiasm for the opportunities apprenticeships can offer and commitment to seizing them. There can be no doubt that apprenticeships work. However, we think they could work even better and on a greater scale. Successive governments have made major changes to the administration, content and funding of apprenticeships, and we commend their efforts, but problems remain. Too many apprentices are simply not getting the high-quality training they deserve and too many people, particularly the young and disadvantaged, are not being given the support they need to pursue an apprenticeship and get on in life. In our report, we set out how to fix this.

### Quality

We need stronger, clearer oversight of apprenticeship training and assessment. New providers should get a monitoring visit from Ofsted in their first year: before this visit the amount of training they can deliver should be capped; if they fail, they should be out. Ofqual should be given responsibility for the external quality assurance of all end-point assessments. The opaque world of subcontracting needs far greater scrutiny. We propose greater controls on lead providers and a cap on the management fees they can charge. Subcontractors should receive the same level of attention and be held to the same quality standard as lead providers. Ofsted should be judging the quality of this training for itself rather than relying on quality assurance undertaken by middle men. The Government needs to make sure it has the funding to do this.

Apprentices need a much stronger voice in the system: the Institute's apprentice panel should be given greater formal powers to make recommendations to its board and an improved complaints procedure for apprentices set up. To help apprentices climb the ladder of opportunity we need clearer paths to progression both within standards and in new progression maps created by the Institute. We also need much stronger focus on progression through levels of apprenticeships, including the route to degree apprenticeships. The Institute and Government should make the growth of degree apprenticeships a strategic priority.

To ensure the system is working with and not against employers, we need reforms to both apprenticeship standards and funding. We propose increasing the top funding band, doubling the time employers have to spend their funds and allowing more levy transfers. The Government should explore introducing greater flexibility to the 20 percent off-the-job training requirement in response to concerns we have heard from employers during both this inquiry and our ongoing work on nursing apprenticeships.

### Social justice

The funding system should do more to help the young and disadvantaged climb the ladder of opportunity. This means more bursaries, increased incentives for small and medium-sized businesses and social enterprises, and a new social justice fund to support

organisations that help the hardest to reach. The apprentice minimum wage should be raised, as a step on the road towards abolition. Stronger enforcement should lead to employers who evade the apprentice minimum wage being sanctioned more severely. It is encouraging that most apprentices are paid significantly more, but that should not lead us to ignore the needs of those struggling to get by. It is vital that the Government also introduces a kitemark system for good apprentice employers to encourage best practice and help apprentices choose the best employer for them.

We need a benefits system that helps rather than hinders apprentices and a renewed focus on the needs of those with learning difficulties and/or disabilities. Young people need clearer routes into apprenticeships: the Government should get tough on schools that evade the Baker clause. It must also deliver on its manifesto promises to reduce apprentice travel costs and introduce a proper UCAS-style portal for technical education, skills, FE and apprenticeships.

## Conclusions and recommendations

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### Quality

1. *We recommend that the Government continues to carefully monitor whether bodies responsible for apprenticeship quality have enough resources to fulfil their roles and acts quickly to remedy any emerging capacity issues. (Paragraph 7)*
2. *We recommend that new providers judged by Ofsted to be making insufficient progress should be removed from the register of apprenticeship training providers. (Paragraph 11)*
3. *We recommend that the Government places a cap on the amount of training new providers can offer. This cap should remain in place until they have been found to be making sufficient progress by Ofsted. (Paragraph 14)*
4. *We recommend that all new apprenticeship training providers should receive at least a monitoring visit from Ofsted within a year of being approved to deliver training by the ESFA. (Paragraph 16)*
5. *We recommend that Ofqual should be given responsibility for the external quality assurance of all end-point assessments. (Paragraph 19)*
6. *We recommend that the Institute makes the growth of degree apprenticeships a strategic priority. (Paragraph 23)*
7. *We recommend that the role of the Institute's apprentice panel be formalised: its recommendations to the Institute's board and the board's responses should be published. (Paragraph 27)*
8. *We recommend that the Government establishes and promotes an improved complaints procedure for apprentices. (Paragraph 29)*
9. *While we recognise there should be a minimum amount of off-the-job training, we recommend that the Government conducts pilots with apprentices and businesses to explore the effect of introducing greater flexibility in the amount required by each apprenticeship standard. If results are positive it should introduce greater flexibility across the system. (Paragraph 33)*
10. *The transition from apprenticeship frameworks to standards has been mismanaged by successive Governments. Employers have been let down. (Paragraph 36)*
11. *We recommend that the Institute mandates the inclusion of clear paths to progression within apprenticeship standards. These paths should be linked to a system of progression maps created and promoted by the Institute. (Paragraph 39)*
12. *We recommend that the Government increases the top funding band to better match the full cost of delivery for some apprenticeships. It should also double the time employers have to spend their funds to 48 months and allow them to transfer more of these funds to firms in their supply chain. (Paragraph 45)*

13. *We recommend that Ofsted conducts a review of subcontracted provision across the country and produces a survey report setting out its findings, drastically increases the number of monitoring visits of subcontracted provision it undertakes, and inspects the largest subcontractors separately so that they receive a rating based on all the training they offer, regardless of lead provider. (Paragraph 49)*
14. *We recommend that the Government caps the management fee a lead provider can charge a subcontractor. It should consult on the level at which the cap should be set. Lead providers should have to justify to the ESFA the management fees they charge. (Paragraph 53)*
15. *We recommend that the Government tightens the requirements on providers who subcontract their provision. Lead providers should have to deliver a significant amount of their apprentices' training. (Paragraph 54)*

### Social justice

16. *We recommend that the Government increases incentive funding for small and medium-sized businesses and social enterprises who recruit young and disadvantaged apprentices, and explores other potential incentives to encourage recruitment of young and disadvantaged people. (Paragraph 59)*
17. *We recommend that the Government extends the existing co-investment waiver for smaller employers to cover all 16–18 year-olds, and more disadvantaged 19–24-year-olds, employed by non-levy-paying employers. (Paragraph 61)*
18. *We recommend that the Government introduces bursaries for other disadvantaged groups modelled on the care leavers' bursary. (Paragraph 63)*
19. *We recommend that the Government creates a social justice fund, using money from the apprentice levy, to support organisations that help disadvantaged people become apprentices. (Paragraph 65)*
20. *We recommend that the Government continues to raise the apprentice minimum wage at a rate significantly above inflation. In the long term, it should move towards its abolition. (Paragraph 69)*
21. *We recommend that the Government redoubles efforts to identify and sanction employers who evade the apprentice minimum wage. This means more and effective enforcement, larger fines and many more prosecutions. (Paragraph 73)*
22. *We recommend that the Government should strongly support existing measures to establish a kitemark for good apprentice employers. This should form part of a drive to ensure all such apprentice employers are aware of their responsibilities. (Paragraph 76)*
23. *We recommend that the Social Mobility Commission conducts an immediate study into how the benefits system helps or hinders apprentices. The Government should act on its findings. No apprentice should suffer any financial disadvantage as a result of taking up an apprenticeship. (Paragraph 79)*

24. *The Government must stop dragging its feet over apprentice transport costs. It must set out how it plans to reduce apprentice travel costs, in a way which works for all regions and areas, in its response to our report, if not sooner. (Paragraph 82)*
25. *We recommend that the Equality and Human Rights Commission conducts a monitoring review of apprenticeship participation by gender, ethnicity and by people with learning difficulties and/or disabilities every three years. Each review should recommend changes to improve Government policy and employer practice. (Paragraph 86)*
26. *We recommend that the Government introduces a proper UCAS-style portal for technical education to simplify the application process and encourage progression to further training at higher levels. (Paragraph 89)*
27. *Too many students are still not receiving independent and impartial careers advice and guidance about the routes open to them, including apprenticeships. We recommend that the Government, with Ofsted's support, properly enforces the Baker clause. In its response to this report it should set out how it plans to do this, and what penalties will be imposed on schools that flout their obligations. (Paragraph 91)*

# 1 Introduction

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## Background

1. Successive governments have sought to improve the quality of apprenticeships by making sweeping changes to their administration, content and funding.<sup>1</sup> April 2017 marked a significant milestone in this process with the establishment of the Institute for Apprenticeships (the Institute) and the introduction of the apprenticeship levy.<sup>2</sup> Half of the new apprenticeship standards are ready for delivery and the number of starts on these standards is beginning to rise substantially, despite a sharp fall in starts overall.<sup>3</sup> More broadly, the Government appears to be signalling a change in its approach. It had set a target of three million starts by 2020, despite warnings that this could reduce quality.<sup>4</sup> However, in May 2018, the Minister for Apprenticeships and Skills, the Rt Hon Anne Milton MP, said that “we won’t sacrifice [ ... ] quality just to meet the target that was set”.<sup>5</sup>

2. Government-commissioned surveys generally find high levels of satisfaction with apprenticeship training from employers and apprentices.<sup>6</sup> Yet roughly one in five apprenticeship providers that have been inspected are rated less than good by Ofsted.<sup>7</sup> It uses a risk-based approach to inspection so good or outstanding providers are inspected infrequently, which could lead to the level of poor provision being underestimated.<sup>8</sup> Paul Joyce, Ofsted’s Deputy Director for Further Education and Skills, told us that “about half” of the provision it had inspected this year required improvement or was inadequate.<sup>9</sup> He later expressed concern that some providers were struggling to implement new standards-based provision with very little off-the-job training taking place.<sup>10</sup>

## Our inquiry

3. Our predecessor Committee conducted a joint inquiry with the previous Business, Energy and Industrial Strategy Committee on apprenticeships last year. In their report, the Committees questioned whether the Government would achieve its aims of improving quality and widening participation.<sup>11</sup> In March 2017, the Public Accounts Committee examined the failure of Learndirect Ltd. It criticised poor oversight of training providers by the Government and regulators.<sup>12</sup> It reiterated these concerns in a subsequent report.<sup>13</sup>

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1 Apprenticeships policy in England, Standard Note [SN03052](#), House of Commons Library, June 2017

2 Enterprise Act 2016, [section 22](#); Finance Act 2016, [section 98–121](#)

3 [Q347](#); DfE, [Apprenticeships and Traineeships Release](#), July 2018

4 Cabinet Office, [Queen’s Speech 2015: background briefing notes](#), May 2015; Reform, [The great training robbery](#), April 2018, pp 15–16

5 [“Apprenticeships have had a bad press but we are turning things around”](#), The Times, May 2018

6 DfE, [Apprenticeships evaluation 2017: learners](#), November 2017; DfE, [Apprenticeships evaluation 2017: employers](#), November 2017

7 Ofsted ([QUA 88](#)) para 17

8 As above para 8; [Q5](#); NAO, [Ofsted’s inspection of schools](#), HC 1004, May 2018, para 1.24

9 [Q315](#) [15 May 2018]

10 [“Ofsted: Apprenticeships are beginning to look like Train to Gain”](#), FE Week, May 2018

11 BEIS and Education Committees, Second Joint Report of Session 2016–17, [Apprenticeships](#), HC 206

12 Public Accounts Committee, Twenty Second Report of Session 2017–19, [The monitoring, inspection and funding of Learndirect Ltd](#), HC 875

13 Public Accounts Committee, Forty Seventh Report of Session 2017–19, [Delivering STEM skills for the economy](#), HC 875, C & R 8

In June 2018, the House of Lords Economic Affairs Committee called for the abolition of the Institute and the three million starts target in its report into the economics of post-school education.<sup>14</sup>

4. We launched our inquiry on 16 November 2017.<sup>15</sup> We received 96 written submissions and held six oral evidence sessions hearing from eight panels of witnesses, including the Minister.<sup>16</sup> We visited the UK Skills Show in Birmingham, Warwick Manufacturing Group in Coventry and the Dyson Institute of Engineering and Technology in Malmesbury. The Chair visited KPMG and the charity Catch 22 in London, and the Universities of Bedfordshire, Essex, Middlesex and Nottingham Trent. We are grateful to all those who contributed to our inquiry.

5. Our report is split into two chapters: quality and social justice. These chapters address the themes of productivity and social justice which will be at the heart of our work over the current Parliament.<sup>17</sup>

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14 House of Lords, *Treating Students Fairly: The Economics of Post-School Education*, Second Report of the Economic Affairs Committee, Session 2017–19, HL Paper 139, paras 240 & 243

15 Education Committee, *Quality of apprenticeships and skills training inquiry launched*, November 2017

16 See Witnesses and Published written evidence for further details.

17 Education Committee, *New Education Committee to prioritise social justice and productivity*, September 2017

## 2 Quality

### Administration

#### Capacity

6. We heard that several bodies responsible for apprenticeship quality may not have sufficient capacity to fulfil their responsibilities.<sup>18</sup> Funding for Ofsted and the Education and Skills Funding Agency (ESFA) has been cut significantly in recent years, despite rising numbers of apprentices and training providers.<sup>19</sup> The Institute was not able to devote resources to improving its processes until months after its launch.<sup>20</sup> The Government has begun to remedy some of these issues: in May 2018 it promised Ofsted significant additional resources following months of discussion.<sup>21</sup> We welcome this step, but given the Government’s doubling of apprenticeship funding, it seems strange that such concerns have been allowed to grow and endure: our predecessors expressed similar worries last year.<sup>22</sup>

**7. We recommend that the Government continues to carefully monitor whether bodies responsible for apprenticeship quality have enough resources to fulfil their roles and acts quickly to remedy any emerging capacity issues.**

#### Accountability

8. Responsibility for apprenticeship quality is shared between more than half a dozen bodies, with the Department for Education (the Department) holding overall responsibility and the Institute taking a leadership role.<sup>23</sup> Several witnesses criticised the complexity of this system: the Chartered Management Institute described dealing with it as “immensely time consuming”.<sup>24</sup> Andrée Deane-Barron, from the charity Central YMCA, warned that “there is some room there for quality to fall down some cracks or to not be consistent or transparent across sectors and across the country”.<sup>25</sup>

9. We found the apparent overlap in roles between the ESFA and Ofsted particularly worrying. To offer levy-funded training, providers must join an ESFA-managed register, which assesses “due diligence, capability, quality and financial health”.<sup>26</sup> Since the register opened, the number of approved providers has tripled: many of them have no record of

18 [Q168](#); Chartered Institution for Further Education ([QUA 50](#)) para 3.4; The 5% Club ([QUA 71](#)) paras 12 & 14; ESFA, *Annual report and accounts*, HC 1277, July 2018, pp 11–12

19 AoC ([QUA 48](#)) para 11; Ofsted ([QUA 88](#)) para 7. This refers specifically to funding related to FE and skills provision. Apprenticeship Statistics: England, Standard Note [SN06113](#), House of Commons Library, July 2018; [Q115](#); ESFA, ‘*Apprenticeship training providers*’, accessed August 2018

20 [Q313](#). Responsibility for T Levels was to move from DfE to the Institute earlier this year, but this was delayed. A timetable for the transfer is now expected to be agreed by March 2019.

21 “*Ofsted to win apprenticeship money and power*”, FE Week, May 2018; Oral evidence taken on 31 October 2017, HC 341, [Q144](#)

22 [Q318](#); BEIS and Education Committees, Second Joint Report of Session 2016–17, *Apprenticeships*, HC 206, paras 64–65

23 DfE ([QUA 89](#)) para 27; Industry Qualifications ([QUA 74](#)) paras 2.1–2.3; [Q311](#); [Q411](#); DfE ([QUA 89](#)) para 58; Institute ([QUA 87](#)) para 18

24 [Q111](#); AoC ([QUA 48](#)) para 10; NOCN ([QUA 31](#)) para 2.5; CMI ([QUA 82](#)) para 2.2

25 [Q183](#)

26 DfE, ‘*Register of apprenticeship training providers*’, accessed August 2018; ([QUA 89](#)) para 66. Providers whose apprenticeship provision has been judged inadequate by Ofsted are ineligible.

delivering apprenticeship training.<sup>27</sup> Ofsted has begun a limited programme of short monitoring visits for these new providers: it says initial results have been “concerning”.<sup>28</sup> The ESFA’s initial approach was to ignore Ofsted’s findings and make its own judgement whether a provider Ofsted had found “not fit for purpose” was worthy of receiving public money and training apprentices.<sup>29</sup>

10. The Minister agreed with us that the relationship between the ESFA and Ofsted needed to be defined more clearly.<sup>30</sup> Following the session, it was reported that new providers judged by Ofsted to be making insufficient progress could be removed from the register in future.<sup>31</sup> In August 2018, the ESFA issued new guidance.<sup>32</sup> This stated that new providers making insufficient progress would not be able to “start any new apprentices” and such providers must inform the employers of existing apprentices of the judgement. However, such providers will remain on the register and the ESFA can ignore Ofsted in exceptional circumstances. While we welcome this greater clarity, we do not think it goes far enough. A provider whose only mark of distinction is a failing grade from Ofsted has no business providing government-funded training.

**11. *We recommend that new providers judged by Ofsted to be making insufficient progress should be removed from the register of apprenticeship training providers.***

12. Levy-paying employers, and non-levy-paying employers from April 2020, purchase their apprentices’ training directly through a digital service.<sup>33</sup> This is intended to drive up quality.<sup>34</sup> They are asked to choose between a pool of providers that has grown significantly, yet many have received little if any attention from Ofsted, the body with real expertise in judging the quality of training. The existence of a register which currently offers little guarantee of quality only serves to confuse and alienate some businesses.<sup>35</sup>

13. The ESFA is conducting a review of the register, working on integrating “more frequent learner and employer feedback” into the digital service and it has reportedly expanded its internal audit team.<sup>36</sup> We welcome these steps, but they cannot take the place of proper inspection. Nick Linford, editor of the trade newspaper FE Week, called for a cap to be placed on the amount of training a new provider can offer before they have proved their competence.<sup>37</sup> We agree. This cap should be in place until a new provider has received at least a monitoring visit from Ofsted and been found to be making sufficient progress. The Government should consult with stakeholders on the level at which the cap should be set.

27 [Q115](#); “[Total of 468 new apprenticeship training providers approved](#)”, TES, February 2018

28 “[Ofsted’s new provider monitoring and subcontracting visits explained](#)”, FE Week, April 2018; “[Ofsted: New apprenticeship provider monitoring visits a ‘concern’](#)”, FE Week, June 2018

29 [Qq295–297](#)

30 [Q411](#)

31 “[Ofsted to win apprenticeship money and power](#)”, FE Week, May 2018

32 ESFA, ‘[Removal from register of apprenticeship training providers and eligibility to receive public funding to deliver apprenticeship training](#)’, accessed August 2018

33 DfE, ‘[Apprenticeship funding: how it works](#)’, accessed August 2018; ESFA, ‘[Apprenticeship service transition, acting on user feedback](#)’, accessed August 2018

34 DfE ([QUA 89](#)) para 67; Oral evidence taken before the BEIS and Education Committee on 19 October 2016, HC (2016–17) 206, [Q219](#) [Peter Lauener]

35 AELP ([QUA 39](#)) para 23; British Chambers of Commerce ([QUA 78](#)) para 7; The 5% Club ([QUA 71](#)) para 3; [Qq70–71](#) [Paul Devoy]

36 “[ESFA to consult on ‘new’ register of apprenticeship training providers](#)”, FE Week, June 2018; DfE ([QUA 89](#)) para 68; “[Rapid increase in providers forces expansion of ESFA audit team](#)”, FE Week, May 2018

37 [Q127](#)

14. *We recommend that the Government places a cap on the amount of training new providers can offer. This cap should remain in place until they have been found to be making sufficient progress by Ofsted.*

15. More broadly, we think the ESFA's review of the register is an opportunity to limit the number of approved providers. It is absurd to create a system so bloated that it cannot be properly regulated.<sup>38</sup> While Ofsted's increased funding should provide additional capacity, it cannot possibly inspect two and a half thousand providers, even if, as the Association of Employment and Learning Providers (AELP) suggests, a third of those on the register have not offered any training at all since being added.<sup>39</sup> We think employers are entitled to expect a minimum level of quality assurance for the training they purchase, and this is best provided by Ofsted. All new providers should receive at least a monitoring visit from Ofsted in their first year. This would limit the number of providers, and the choice available to employers, as Ofsted will only be able to undertake a limited number of visits each year, but we do not think that is necessarily a bad thing. One high-quality option is better than several questionable ones.

16. *We recommend that all new apprenticeship training providers should receive at least a monitoring visit from Ofsted within a year of being approved to deliver training by the ESFA.*

17. Achievement of an apprenticeship standard is assessed by terminal assessment at the end of an apprentice's training (an end-point assessment or EPA).<sup>40</sup> Organisations performing such assessments must join a 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.<sup>41</sup> The Institute oversees this system and, while originally intended as a backstop option, directly quality assures the assessment of nearly half of all standards.<sup>42</sup>

18. Our predecessors described this system as unnecessarily complex and fragmented.<sup>43</sup> Some witnesses to our inquiry expressed similar views, one describing it as a "car crash".<sup>44</sup> The awarding organisation NOCN told us that EQAOs are "taking very different approaches" and warned that this would result in a "lack of consistency".<sup>45</sup> In July 2018, Ofqual issued guidance setting out how it will audit EPAs.<sup>46</sup> Some awarding organisations warned that the regulator's more stringent approach, and greater enforcement powers, could create a two-tier system.<sup>47</sup> Notwithstanding the argument that giving full responsibility for EQAs

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38 The new "market-style environment" the previous Government was keen to foster required more providers to ensure competition. This experiment seems to have failed: HMG, *English Apprenticeships: Our 2020 Vision*, December 2015, para 5.12; ["95% of apprenticeships agreed at full cap price, despite negotiation 'experiment'"](#), FE Week, March 2018

39 ["A third of apprenticeship providers 'dormant'"](#), TES, August 2018

40 ESFA, ["Register of end-point assessment organisations"](#), accessed August 2018

41 Institute, ["External quality assurance"](#), accessed August 2018

42 Institute (QUA 87) para 17; ["Last resort" IfA quality assures almost half of all apprenticeship standards"](#), FE Week, April 2018. The Institute has subcontracted its EQA activities to the awarding organisation, Open Awards.

43 BEIS and Education Committees, Second Joint Report of Session 2016–17, [Apprenticeships](#), HC 206, para 98

44 [Q186](#); British Institute of Facilities Management ([QUA 68](#)) para 28

45 NOCN ([QUA 31](#)) para 2.5

46 Ofqual, [EPA Qualification Level Guidance](#), July 2018

47 ["New quality assurance rules will create a tiered apprenticeship system"](#), FE Week, July 2018

to Ofqual would place greater regulatory burdens on assessment organisations, we are minded to agree with our predecessors that the body regulating qualifications should be the qualifications regulator.<sup>48</sup> We therefore reiterate its recommendation.<sup>49</sup>

19. *We recommend that Ofqual should be given responsibility for the external quality assurance of all end-point assessments.*

### Representation

20. Universities told us that the Institute does not understand their sector and that this is hurting the development and growth of degree apprenticeships.<sup>50</sup> The Chartered Association of Business Schools said that this ignorance was “readily admitted by the [Institute], but to date there has been no action to rectify it”.<sup>51</sup> Similar criticisms were made of the ESFA.<sup>52</sup> The University of Essex outlined several problems with funding and assessment stating that

in order to enable us to upscale our current provision it is vital that the complex operating frameworks surrounding apprenticeships are made more accessible to the university sector and take due account of our expertise.<sup>53</sup>

The Dyson Institute of Engineering and Technology contrasted the relative ease of developing an engineering degree to meet business needs with the difficulty of getting an apprenticeship standard approved to complement it.<sup>54</sup> In oral evidence, Sir Gerry Berragan, the Institute’s Chief Executive, seemed remarkably unconcerned, blaming the Department, which was previously responsible for approving standards, for raising the expectations of Trailblazer groups.<sup>55</sup>

21. We agree with Middlesex University that degree apprenticeships should be the “flagships of the apprenticeship system”.<sup>56</sup> Mark Dawe, Chief Executive of the AELP, explained that

they are free. You are in work and earning [ ... ] It is giving them HE locally and in work. At the end of it they are guaranteed a job, whereas over 50% of graduates who come out from university do not get a graduate-level job. There is enormous potential.<sup>57</sup>

48 *“Smelting apprenticeship gold: the alchemy of EQA”*, FE Week, May 2017; Ofqual, *Guidance to the General Conditions of Recognition*, July 2016. Technically, standards whose assessments are not regulated by Ofqual are not qualifications: Oral evidence taken before the BEIS and Education Committee on 19 October 2016, HC(2016–17) 206, [Q216](#)

49 BEIS and Education Committees, Second Joint Report of Session 2016–17, *Apprenticeships*, HC 206, para 100; BEIS and Education Committees, First Joint Special Report of Session 2017–19, *Apprenticeships: Government Response to the Second Joint Report of Session 2016–17*, HC 450, paras 26–27

50 Sheffield Hallam University ([QUA 42](#)) para 3; Middlesex University ([QUA 55](#)) para 7; MillionPlus ([QUA 37](#)) para 12; University of Essex ([VAL 82](#)) para 3

51 Chartered Association of Business Schools ([QUA 96](#)) para 6.2

52 UVAC ([QUA 36](#)) para 6; University of Essex ([VAL 82](#)) para 3; Sheffield Hallam University ([QUA 42](#)) paras 18–21

53 University of Essex ([VAL 82](#)) para 9

54 Dyson Institute of Engineering and Technology (QUA 102) para 11

55 [Q305](#)

56 Middlesex University ([QUA0055](#)) para 17

57 [Q206](#)

HEFCE, the former HE funding body, told us that degree apprentices come from a wider range of backgrounds than traditional undergraduates and emphasised the potential of degree apprenticeships to improve social mobility.<sup>58</sup>

22. Greatly expanding the number of degree apprenticeships available is crucial if we are to create a high-quality system in which apprentices can expect to progress to higher levels to create a cascade of prestige for apprenticeships and address our skills deficit. As with any innovation, the programme needs nurturing. The Institute cannot afford to be “agnostic”, as Sir Gerry Berragan described its attitude to us.<sup>59</sup> The Department should make clear in its guidance to the Institute that the growth of degree apprenticeships is a strategic priority and the Institute should act on this guidance.<sup>60</sup>

23. *We recommend that the Institute makes the growth of degree apprenticeships a strategic priority.*

24. Last year the Institute convened an apprenticeship panel to “challenge and make recommendations” to its board.<sup>61</sup> This followed a commitment made by the Department during the committee stage of the Technical and Further Education Act 2017.<sup>62</sup> While the Department rejected the case for placing the panel on a statutory footing as unnecessarily restrictive, it promised to periodically review the panel’s progress and assured the public bill committee that the views of apprentices would be fed directly into the Institute’s governance.<sup>63</sup> The creation of the panel was welcomed by the National Society of Apprentices, part of the National Union of Students (NUS).<sup>64</sup>

25. However, we are deeply concerned what influence, if any, the panel is being allowed to have. The Institute states that the panel “commented” on its Quality Statement and “shared their views” on Commitment Statements, but it is not clear whether it was consulted on the Institute’s five-year strategic plan.<sup>65</sup> It has met five times, but its July 2018 meeting was its first for nearly nine months.<sup>66</sup> We are not convinced that the panel, and the apprentices it represents, are being taken seriously by the Institute’s board. To rectify this, it should be given a more formal role with both its minutes and its recommendations to the Institute’s board published. The board should be required to respond to these recommendations publicly.

26. It is not only the Institute that does not appear to be paying enough attention to the apprentice panel. In May the Minister said that she had not met the panel at all, a full year after it was formed.<sup>67</sup> This is not good enough. While the Minister doubtless meets many apprentices as part of her duties, the panel exists to represent the views of hundreds of thousands of apprentices up and down the country. It can speak from wide experience

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58 Dyson Institute of Engineering and Technology ([QUA 102](#)) para 11

59 [Q305](#)

60 Enterprise Act 2016, [Schedule 4](#)

61 HC Deb, 29 November 2016, [col 145](#)

62 HC Deb, 9 January 2017, [col 86](#)

63 HC Deb, 9 January 2017, [col 85](#)

64 NUS ([QUA 51](#)) para 36

65 Institute, [Apprentice panel recruitment information pack](#), March 2018, p 5; Institute, [Strategic plan 2018–2023](#), July 2018

66 [“IfA apprentices panel hasn’t met for 10 months”](#), FE Week, June 2018; Institute. In advance of its July 2018 meeting 21 new panel members were appointed: Institute, [‘The Institute for Apprenticeships has appointed 21 new members to the apprentice panel’](#), accessed August 2018

67 HC Deb, 1 May 2018, [col 136052W](#)

and, crucially, with authority. In a system with many powerful lobbies, each with their own agendas, it is vital that there is a strong voice speaking for apprentices and that this voice is listened to and respected. The Minister should meet the panel regularly.

**27. We recommend that the role of the Institute’s apprentice panel be formalised: its recommendations to the Institute’s board and the board’s responses should be published.**

28. We think the treatment of the Institute’s apprentice panel is symptomatic of what the National Society of Apprentices characterised as an “unequal distribution of power” in the system.<sup>68</sup> It told us that apprentices have few ways to challenge substandard provision and called for a new complaints system to be instituted.<sup>69</sup> We are inclined to agree. Apprentices must have a clear path of redress when they do not receive the high-quality training they have been promised.

**29. We recommend that the Government establishes and promotes an improved complaints procedure for apprentices.**

## Standards

30. We heard that new apprenticeship standards are broadly an improvement on previous frameworks.<sup>70</sup> Considering the time and energy expended on the switch, we are nevertheless concerned by the think tank Reform’s assertion that many still “fail to reach the international or historical definition of an apprenticeship”, an issue also raised by several of our witnesses.<sup>71</sup> Given how few standards-based apprenticeships have been completed, we think it is too early to make a judgement.<sup>72</sup>

31. Some witnesses called for the requirement that all standards include 20 percent off-the-job training to be relaxed, characterising the rule as ambiguous and inflexible.<sup>73</sup> KPMG UK, the professional services company, told us that it was a “deal breaker for many low margin organisations who cannot afford to lose staff for this amount of time or are working to irregular schedules”.<sup>74</sup> As part of our inquiry into nursing apprenticeships, we also heard how the assumption that off-the-job training would make up 20 percent of an apprenticeship when setting funding bands can make it difficult for employers to affordably deliver apprenticeships in fields like nursing which have stricter statutory requirements.<sup>75</sup>

32. Jane Gratton, Head of Business Environment and Skills Policy at the British Chambers of Commerce, called for the percentage to be set on a “standard by standard basis” rather than a “one-size-fits-all” rate.<sup>76</sup> We have some sympathy for the argument. An apprentice

68 NUS ([QUA 51](#)) para 26; TUC ([QUA 30](#)) para 4.4

69 NUS ([QUA 51](#)) para 27. Apprentices can complain to the ESFA, but only after exhausting their employer or provider’s informal and formal complaints procedure. No phone number is listed: ESFA, ‘[Complain about a further education college or apprenticeship](#)’, accessed August 2018.

70 National Hairdressers Federation ([QUA 61](#)) paras 8–9; Lifetime Training ([QUA 21](#)) paras 13–14

71 Reform, *The great training robbery*, April 2018, p 5; CIPD ([QUA 59](#)) paras 8–9; Learning and Work Institute ([QUA 85](#)) paras 10–11

72 DfE, *Apprenticeships and Traineeships Release*, July 2018

73 Our predecessors criticised the lack of a clear definition for off-the-training; 18 months on this does not seem to have been resolved. Institute, ‘[What is a quality apprenticeship](#)’, accessed August 2018; AELP ([QUA 39](#)) paras 6 & 13; Greater Manchester Learning Provider Network ([QUA 23](#)) para 1.3

74 KPMG UK ([QUA 35](#)) para 13

75 NHS Employers ([NWF 2](#)) paras 2–5

76 [Qq84–85](#)

should be learning both on and off the job, and the right balance between these will be different for each standard. If the system was working perfectly having such a rule would seem absurd. But, our concern, shared by the NUS, is that in our current imperfect system removing the protection of the 20 percent minimum, however crude it may be, could hurt apprentices.<sup>77</sup> We think the Department should examine the case for greater flexibility, but it should proceed with caution. It should conduct pilots in limited sectors and regions, judge the effect of introducing such flexibility and act accordingly.

**33. *While we recognise there should be a minimum amount of off-the-job training, we recommend that the Government conducts pilots with apprentices and businesses to explore the effect of introducing greater flexibility in the amount required by each apprenticeship standard. If results are positive it should introduce greater flexibility across the system.***

34. Our chief concern, shared by many of our witnesses, is that too few standards are available, which is preventing employers recruiting apprentices and providing high-quality training.<sup>78</sup> The replacement process was originally due to finish in time for the 2017/18 academic year, but this has been repeatedly delayed.<sup>79</sup> Sir Gerry Berragan told us that roughly half are now ready.<sup>80</sup> The Institute has made efforts to speed up the process, and we welcome this, but even the Minister agreed it is still not fast enough.<sup>81</sup> It is unclear whether it has begun a promised review of the standards it inherited, despite wide concern about their quality.<sup>82</sup>

35. Our predecessors were supportive of the creation of the Institute; we have heard more mixed views, with some employers being privately very critical of its approach.<sup>83</sup> It has a difficult job: a supposedly employer-led body required to take direction from the Secretary of State, but at times it has appeared more successful at uniting stakeholders in opposition than anything else. We could do with fewer unseemly spats and vainglorious announcements, and more action.<sup>84</sup> But it is important to remember that the Institute has overseen the standards creation process for just 18 months. It has been playing catch-up for the mistakes the Department made before it was created. There are not enough standards available now because the move from frameworks to standards has been mismanaged by successive Governments, resulting in delay after delay and frustrating employers who invested much effort and enthusiasm trying to make apprenticeships better. The Institute was always going to need time to get things back on track. It remains to be seen whether it will.

**36. *The transition from apprenticeship frameworks to standards has been mismanaged by successive Governments. Employers have been let down.***

77 NUS (QUA 51) para 8; Qq329–330

78 University College of Estate Management (QUA 46) paras 12–15; British Constructional Steelwork Association (QUA 6) paras 1.1–1.2; Galvanizers Association (QUA 47) para 3; The 5% Club (QUA 71) para 8

79 BIS, *The Future of Apprenticeships in England: Guidance for Developers of Apprenticeship Standards and related Assessment Plans*, October 2014, para 3; *The Future of Apprenticeships in England: Guidance for Trailblazers*, December 2015, para 175

80 Q348

81 Institute, *Faster and better*, accessed August 2018; Q313; “*Skills minister: IfA is better but still not fast enough*”, FE Week, June 2018

82 “*IfA yet to review duplicate and low-skill standards*”, FE Week, July 2018

83 BEIS and Education Committees, Second Joint Report of Session 2016–17, *Apprenticeships*, HC 206, chapter 3

84 “*Institute for Apprenticeships boss blasts AELP for ‘inflammatory’ end point assessment concerns*”, FE Week, April 2018

37. The community interest company Investors in People told us that “transparent progression routes” should be considered a crucial part of any apprenticeship scheme.<sup>85</sup> Several witnesses emphasised the importance of building clearer progression paths to higher-level qualifications within the wider system.<sup>86</sup> The Sutton Trust found that only one in four young people who start an apprenticeship progress from level 2 to level 3.<sup>87</sup> It said that

connections between the levels must be strengthened so that level 2 and 3 apprentices do not hit arbitrary glass ceilings and have similar chances as their A-level or graduate peers to access the next level, including higher and degree apprenticeships.<sup>88</sup>

Its Chief Executive, Dr Lee Elliot Major, told us that

on the academic route [ ... ] everything is signposted, you know the options, you get supported at transition points. [In apprenticeships] there are lots of dead ends [ ... ] there are pitfalls. Sometimes it is a very confusing route. I think we just need to almost map out steps.<sup>89</sup>

This lack of progression is particularly concerning given that advanced apprenticeships tend to offer significantly higher wage returns and employers complain of severe skills shortages, particularly at levels 4 and 5.<sup>90</sup>

38. Things are beginning to move in the right direction—more higher-level apprenticeship standards are being created and higher-level starts are increasing—but far too many people are still being left stranded: their attempts to climb up the ladder of opportunity frustrated.<sup>91</sup> London South Bank University suggested that standards “should include reference to the anticipated career trajectory of learners”.<sup>92</sup> We think this idea has merit although we would place greater emphasis on the future training an apprentice could be able to undertake. When someone starts an apprenticeship it should be clear where it can take them. We also think there is a convincing case for bringing more general coherence to the system. The Institute currently creates occupational maps that “group skilled occupations with similar knowledge, skills and behaviours”.<sup>93</sup> We think it should also build maps that lay out progression routes for apprentices and make these maps widely available.

**39. We recommend that the Institute mandates the inclusion of clear paths to progression within apprenticeship standards. These paths should be linked to a system of progression maps created and promoted by the Institute.**

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85 Investors in People ([QUA 91](#)) para 25

86 [Q8](#) [Joe Dromey]; [Q56](#) [Tim Thomas]; [Q129](#) [Graham Hasting-Evans]; [Q152](#) [Alison Birkenshaw]; Centre for Vocational Education Research ([QUA 58](#)) para 1.3

87 Sutton Trust ([QUA 38](#)) para 8

88 Sutton Trust, *Better apprenticeships*, November 2017, p 35

89 [Q53](#)

90 [Q57](#); Federation of Master Builders ([QUA 97](#)) para 2; UKCES, *Employer Skills Survey 2015:UK Results*, June 2016; CBI, *Helping the UK Thrive*, July 2017, p 21; Centre for Vocational Education Research ([QUA 58](#)) para 3.1; QAA ([QUA 62](#)) para 18; HEPI, *Filling in the biggest skills gap*, August 2018. For an explanation of qualification levels see: HMG, ‘What qualification levels mean’, accessed August 2018

91 Institute, ‘*Search the apprenticeship standards*’, accessed August 2018; DfE, *Apprenticeships and Traineeships Release*, July 2018. Advanced level starts are falling but slower than the general trend.

92 London South Bank University ([QUA 8](#)) para 5.3

93 Institute ([QUA 87](#)) para 5

## Funding

40. The Government introduced the apprenticeship levy, and a new funding system, roughly 18 months ago.<sup>94</sup> Research conducted on behalf of the Open University found that less than half of the business leaders it surveyed supported the levy in its current form.<sup>95</sup> In June 2018, the Department said that employers had so far used just a tenth of their levy funds.<sup>96</sup> While we share the concern of stakeholders about the fall in starts, we are limiting our comments in this section to areas where we consider a change in Government policy could improve quality, rather than just uptake.<sup>97</sup>

41. We heard that the levy may be incentivising employers to purchase provision that accredits their employees' existing skills rather than training them for new roles and responsibilities.<sup>98</sup> While we support the use of levy funds to reskill existing staff—apprenticeships are an important way for firms to fill internal skills gaps and raise productivity—they are only worthwhile if the employee is truly learning and progressing.

42. Some witnesses told us that the way providers are paid—in monthly increments with 20 percent retained until the apprenticeship is completed—made it difficult for providers to provide training that required high initial investment.<sup>99</sup> Others said that the 24-month period during which levy funds can be spent was too short, especially for organisations that train sporadically in the engineering and manufacturing sectors.<sup>100</sup>

43. In an April 2018 report, EEF, the manufacturing and engineering trade body, called for levy-paying employers to be allowed to transfer more of their levy funds to employers in their supply chain: they can currently transfer only 10 percent.<sup>101</sup> It also called for the maximum funding band—£27,000 per standard—to be reviewed, stating that

the delivery of quality higher and degree level apprenticeships in engineering and wider STEM disciplines is likely to exceed this amount. [ ... ] it acts as a deterrent to providers from offering such courses on the assumption that Levy paying employers are unlikely to pay the additional excess. It leaves employers without access to provision they need.<sup>102</sup>

Some witnesses said that funding bands were generally being set too low and warned against them being reduced further.<sup>103</sup> University Alliance said that there “may be signs of a ‘race to the bottom’” with the Institute justifying lower funding bands based on the worst available provision.<sup>104</sup>

94 DfE, '[Apprenticeship funding: how it works](#)', accessed August 2018

95 Open University, [The apprenticeship levy: one year on](#), April 2018, p 6

96 HL Deb, 6 June 2018, col 8152WA

97 "[Calls for shake-up of training levy as apprenticeship numbers fall](#)", Telegraph, March 2018

98 [Q6](#) [Lee Elliot Major]; Centre for Vocational Education Research ([QUA 58](#)) para 1.2

99 University College of Estate Management ([QUA0046](#)) p 8

100 DfE, [Apprenticeship funding in England From August 2018](#), May 2018, para 22; Galvanizers Association ([QUA 47](#)) para 3.b; EEF ([QUA 17](#)) para 7.2; AoC ([QUA 48](#)) para 6; NHS Employers ([QUA 63](#)) paras 3.1 & 3.4

101 EEF, [A Levy Price to Pay? The Apprenticeship Levy One Year On](#), April 2018, p 12; DfE, '[Greater flexibility for apprenticeship levy as transfers extended](#)', accessed August 2018

102 EEF ([QUA 17](#)) para 7.1

103 Chartered Society of Physiotherapy ([QUA 69](#)) para 3.1; Council of Deans of Health ([QUA 10](#)) para 7 & ([NFW 1](#)) para 9

104 University Alliance ([QUA0098](#)) para 4

44. The Institute has recently altered its funding band structure, replacing the previous 15 bands with 30, although it did not raise the funding maximum.<sup>105</sup> It has also reviewed the bands in which some of the most popular standards are placed, with many reportedly to be cut.<sup>106</sup> In its yearly strategic direction document, the Department instructed the Institute to ensure its funding band recommendations “maximise the value for money of apprenticeships”.<sup>107</sup> Our concern is that value for money is becoming a synonym for cheaper. High quality provision can be expensive, but it is worth it. Setting funding bands so low as to reduce the quality of training or dissuade employers from recruiting apprentices is a false economy.

45. *We recommend that the Government increases the top funding band to better match the full cost of delivery for some apprenticeships. It should also double the time employers have to spend their funds to 48 months and allow them to transfer more of these funds to firms in their supply chain.*

## Subcontracting

46. Subcontracting is a major part of the apprenticeship system.<sup>108</sup> Nick Linford told us that it “is a bit of a hidden market that no one really wants to talk about”.<sup>109</sup> Some colleges and universities were positive about the increased flexibility and convenience it can provide.<sup>110</sup> Other witnesses were more circumspect: acknowledging its value in limited circumstances but questioning its widespread use, and strongly criticising the behaviour of some lead providers and the poor quality of training provided by some subcontractors.<sup>111</sup>

47. Ofsted characterised the subcontracting market as “very volatile” and emphasised the importance of strong quality assurance by lead providers.<sup>112</sup> It has begun a limited programme of “risk-based monitoring visits to directly funded providers” focused on subcontracted provision and increased the emphasis it places on how lead providers manage their subcontractors when conducting full and short inspections.<sup>113</sup> We welcome Ofsted’s renewed focus on subcontracting, but we think more can be done. It is vital that subcontracted provision receives the same level of scrutiny and is held to the same quality standard as that delivered by lead providers. Ofsted should be judging the quality of subcontracted training for itself rather than relying on quality assurance undertaken by lead providers.

105 DfE, *Apprenticeship funding in England From August 2018*, May 2018, paras 12–14; [“How the IfA assigns apprenticeship funding bands”](#), FE Week, June 2018

106 [“Most popular apprenticeships face rate cuts in IfA ‘funding band review’”](#), FE Week, May 2018; [“Popular apprenticeship standard to be hit with £2k funding rate cut, claims employer group”](#), FE Week, August 2018

107 DfE, *Strategic guidance to the Institute for Apprenticeships*, May 2018

108 ESFA, *Using subcontractors in the delivery of apprenticeships*, April 2018; DfE (QUA 89) paras 89–90; Ofsted (QUA 88) para 30; Q122. In 2016/17, 26% of provision was delivered by subcontractors, down from 29% the year before. General FE colleges subcontracted 36% of their provision; independent training providers 21%: [“Private providers deliver 3 in 4 apprenticeships”](#), TES, June 2018

109 Q121

110 AoC (QUA 48) para 15; Warwickshire College (WGC) (QUA 60) para 11; Gateshead College (QUA 13) para 6; UVAC (QUA 36) paras 15–18

111 MiddletonMurray (QUA 67) paras 28–32; Chartered Institution for Further Education (QUA 50) para 4; Q11; Q120 [Graham Hasting-Evans]

112 Ofsted (QUA 88) paras 31–37

113 [“Ofsted to start carrying out monitoring visits on subcontractors”](#), TES, February 2018; [“Ofsted’s new provider monitoring and subcontracting visits explained”](#), FE Week, April 2018; Ofsted, [Inspecting subcontracted provision in further education and skills](#), March 2018

48. We suggest several changes. Firstly, we need a better understanding of the standard of subcontracted provision across the country. To find this out Ofsted should produce a survey report, like its November 2015 work on apprenticeships.<sup>114</sup> Secondly, it should drastically increase the number of monitoring visits it conducts focused on a lead providers' subcontracted provision. A lead provider could replace all its subcontractors more than once between inspections, dramatically altering the quality of training it provides. Thirdly, it should inspect the largest subcontractors separately, rather than simply as adjuncts to lead providers. They should then receive a rating based on all the training they offer, regardless of lead provider. Only then will we get a clearer picture of whether the widespread use of subcontracting helps or hinders the provision of quality apprenticeships.

**49. We recommend that Ofsted conducts a review of subcontracted provision across the country and produces a survey report setting out its findings, drastically increases the number of monitoring visits of subcontracted provision it undertakes, and inspects the largest subcontractors separately so that they receive a rating based on all the training they offer, regardless of lead provider.**

50. In recent years the ESFA has tightened its subcontracting procedures.<sup>115</sup> It now requires lead providers to deliver more than a “token amount” of their apprentices' training, formally agree the arrangement with subcontractor and employer, and publish the management fees they charge.<sup>116</sup> However, the definition of a “token amount” remains somewhat vague and publication of fee details was repeatedly delayed.<sup>117</sup> These details, eventually published in June 2018, were disturbing.<sup>118</sup> Analysis by FE Week found that lead providers charged an average management fee of 19 percent; 12 charged over 30 percent.<sup>119</sup> John Ruskin College in south London, the lead provider which charged the highest average management fees at 39 percent, was heavily criticised by Ofsted in October 2017 for failing to properly monitor the progress of its apprentices, particularly those whose training was provided by subcontractors.<sup>120</sup>

51. Earlier this year, the Public Accounts Committee was highly critical of the ESFA's failure to set clear guidelines about the fees lead providers may charge their subcontractors and the support subcontractors should expect in return.<sup>121</sup> This followed the collapse of the training provider Learndirect Ltd which had been charging its subcontractors management fees of up to 40 percent.<sup>122</sup> The Committee's criticism, which the ESFA accepted and agreed to remedy, was echoed by several of our witnesses.<sup>123</sup> In August 2018, the ESFA delayed the publication of promised new guidance until the end of this year.<sup>124</sup>

114 Ofsted, [Apprenticeships: developing skills for future prosperity](#), November 2015

115 DfE (QUA 89) paras 92 & 94–96

116 ESFA, [Using subcontractors in the delivery of apprenticeships](#), April 2018; Qq339–340

117 The ESFA's guidance states: “We do not define or quantify ‘substance’ in absolute terms. We also do not define a point in time at which the level of substance should be measured. This is because an employer's apprenticeship programme may well evolve over time, with a varying nature and scale as apprentices start and finish their programmes”. Q123; “[Providers told to declare subcontracting fees by late April](#)”, FE Week, April 2018

118 ESFA, [Subcontracting fees and charges for the academic year 2016 to 2017](#), June 2018.

119 “[Massive subcontracting top-slices finally revealed](#)”, FE Week, July 2018

120 Ofsted, [Further education and skills inspection report: John Ruskin College](#), October 2017

121 Public Accounts Committee, Twenty Second Report of Session 2017–19, [The monitoring, inspection and funding of Learndirect Ltd](#), HC 646, C & R 3

122 As above, para 3

123 HM Treasury, Government response to the Committee of Public Accounts on the Twentieth to the Thirtieth reports from Session 2017–19, [Cm 9618](#), May 2018, p 16–17; Q11; Q120 [Stephen Evans]; Q191 [Mark Dawe]; University of Kent (QUA 83) para 12

124 ESFA, [Subcontracting: using funding to offer education and training](#), accessed August 2018

52. Some large provider bodies have agreed a voluntary cap of 20 percent on management fees.<sup>125</sup> The Minister told us that she did not rule out introducing a formal cap in future.<sup>126</sup> We think such a cap is a good idea. It would ensure money is spent on what matters: apprentices. However, we are not convinced 20 percent is necessarily the right level. While this may be appropriate when lead providers offer their subcontractors a suite of services, it would be too high when this is not the case. The ESFA should consult on the correct level to set, consider setting multiple levels for different relationships and require lead providers to justify the fees they charge in writing. We also think the training requirements placed on lead providers are too woolly. It is not enough that they contribute “something of substance”.<sup>127</sup> They are the lead provider. They should be making a significant contribution to an apprentice’s training.

**53. *We recommend that the Government caps the management fee a lead provider can charge a subcontractor. It should consult on the level at which the cap should be set. Lead providers should have to justify to the ESFA the management fees they charge.***

**54. *We recommend that the Government tightens the requirements on providers who subcontract their provision. Lead providers should have to deliver a significant amount of their apprentices’ training.***

55. More broadly, while we welcome the ESFA’s attempts to take a tougher approach to subcontracting, we are concerned that its recent actions have not matched its rhetoric. Following the much-criticised tender for funding allocations to provide training to non-levy-paying employers, in which many good and outstanding incumbent providers were denied allocations, the ESFA’s advice to these 200 unsuccessful entrants was to become subcontractors.<sup>128</sup> We accept that running such a tender may have been unavoidable, yet the way it was conducted, with smaller providers “squeezed out” in the Minister’s words, seems almost designed to encourage subcontracting.<sup>129</sup> Given the failure of Learndirect Ltd we cannot agree with the Minister that large providers are less risky, although dealing with them rather than a number of smaller providers may lighten the ESFA’s workload.<sup>130</sup> Therefore we share the Minister’s hope that this will be the last such tender and that non-levy-paying employers will be able to purchase their training directly from providers as soon as possible.<sup>131</sup> It is crucial that such a system is responsive to the needs of smaller providers.<sup>132</sup>

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125 AELP, Collab Group & Holey, [Best Practice Guidance for a Relationship between a Prime Provider and a Subcontractor](#), March 2018

126 [Q407](#)

127 ESFA, [Using subcontractors in the delivery of apprenticeships](#), April 2018

128 [Q195](#); [Q399](#); AELP ([QUA 39](#)) para 24

129 [Qq393–402](#)

130 Public Accounts Committee, Twenty Second Report of Session 2017–19, [The monitoring, inspection and funding of Learndirect Ltd](#), HC 875; [Q397](#)

131 [Qq396–397](#). In August 2018, the DfE announced that non-levy employers will not be able to purchase their apprentices’ training directly until at least April 2020: ESFA, [‘Apprenticeship service transition, acting on user feedback’](#), accessed August 2018

132 [Q326](#)

### 3 Social justice

56. The Government is “committed to ensuring that high-quality apprenticeships are a prestigious option, accessible to all people from all backgrounds”.<sup>133</sup> We welcome this. Over 90 percent of apprentices go into work or further training, and the best employers offer unrivalled opportunities for progression without the steep financial cost of following the academic path.<sup>134</sup> However we found that reaching the apprenticeships ladder of opportunity can be harder for those who would most benefit from the climb. Significant barriers remain, particularly for the young and socially disadvantaged, and, as the Social Mobility Commission found in its most recent State of the Nation report, the best opportunities can be hard to access for those geographically isolated or lacking in social capital.<sup>135</sup> This is a missed opportunity. Increasing the quality and accessibility of apprenticeships is crucial to fighting social injustice in this country.

#### Funding

57. We were told that the new funding system is not incentivising employers to take on young and disadvantaged apprentices.<sup>136</sup> Some witnesses criticised the abolition of ring-fenced budgets and lower employer contributions for younger apprentices.<sup>137</sup> Others said that flaws in the system’s design could lead employers to focus on existing workers at the expense of new starters.<sup>138</sup> Mark Dawe said that the changes were part of a “general shift” towards higher levels that was reducing opportunities for disadvantaged learners.<sup>139</sup> Since the introduction of the new system, level 2 starts have fallen sharply.<sup>140</sup> Apprenticeship participation among 16–18 year-olds declined by over five percent in 2017.<sup>141</sup>

58. The funding system includes incentive payments to both employers and providers to recruit young and disadvantaged apprentices.<sup>142</sup> These are intended to mitigate the added costs such recruitment can involve. Provider bodies told us that these were insufficient.<sup>143</sup> Some witnesses called for eligibility to be widened; others for payments to be increased.<sup>144</sup> The Learning and Work Institute argued for a simplified system, “rolling a number of existing funding streams into an apprentice premium”.<sup>145</sup> Given the evidence we heard and received, an expansion of incentive funding does seem worthwhile. However, it is important that it stays firmly focused on helping the disadvantaged rather than becoming just another funding stream for providers.<sup>146</sup>

133 DfE (QUA 89) para 110

134 DfE, ‘Key facts about apprenticeships’, accessed August 2018

135 Social Mobility Commission, *State of the Nation 2017*, November 2017, p 67

136 DfE, ‘Apprenticeship funding: how it works’, accessed August 2018; Q24 [Joe Dromey]

137 Qq130–131; CIPD (QUA 59) para 13; Impetus-PEF (QUA 56) paras 19–22

138 Q38 [Joe Dromey]; Sutton Trust (QUA 38) paras 12–13; Policy Connect (QUA 64) para 28

139 Q207 [Mark Dawe]

140 DfE, *Apprenticeships and Traineeships Release*, July 2018, p 6

141 DfE, *Participation in Education, Training and Employment by 16–18 year olds in England: End 2017*, June 2018, p 4

142 DfE, *Apprenticeship funding in England From August 2018*, May 2018, paras 28, 31 & 35; HMRC, ‘Paying employer National Insurance contributions for apprentices under 25’, accessed August 2018. £1,000 is granted to employers and providers who employ and train apprentices aged 16–18, or those aged 19–24 and are either a care leaver or have a Local Authority Education, Health and Care plan. A further uplift is paid to providers as a transitional arrangement to young and disadvantaged apprentices training under frameworks rather than standards.

143 AoC (QUA 48) para 18; AELP (QUA 39) para 39

144 Q23 [Carole Easton]; Q24 [Joe Dromey]

145 Learning and Work Institute (QUA 85) paras 30–32;

146 Barnardo’s (QUA 86) para 10

59. *We recommend that the Government increases incentive funding for small and medium-sized businesses and social enterprises who recruit young and disadvantaged apprentices, and explores other potential incentives to encourage recruitment of young and disadvantaged people.*

60. Under the new funding system, non-levy-paying employers are required to co-invest in their apprentices' training.<sup>147</sup> The Government argues that this ensures employers "take ownership".<sup>148</sup> Some of our witnesses agreed.<sup>149</sup> Lifetime Training, a fitness and beauty provider, said that requiring co-investment "underestimates the true cost an employer must absorb when employing an apprentice", particularly those young and disadvantaged who may be less work-ready.<sup>150</sup> Other witnesses said the charge was acting as a disincentive to small employers, particularly for more expensive standards.<sup>151</sup> The AELP called for co-investment to be waived for all 16–24 year-olds employed by non-levy-paying employers at levels 2 and 3.<sup>152</sup> We are generally supportive of co-investment, but we do think there is scope to extend the existing waiver for smaller employers.<sup>153</sup>

61. *We recommend that the Government extends the existing co-investment waiver for smaller employers to cover all 16–18 year-olds, and more disadvantaged 19–24-year-olds, employed by non-levy-paying employers.*

62. Young and disadvantaged people can find pursuing an apprenticeship difficult financially.<sup>154</sup> Some witnesses called for them to receive bursaries to help cover expenses such as travel, subsistence, clothing and equipment.<sup>155</sup> Similar support is available to 16-to-19 year-olds who remain in education.<sup>156</sup> The Minister told us that providers are free to use their own funds to provide bursaries to apprentices if they wish.<sup>157</sup> From August 2018, care leavers aged between 16–24 years-old will receive a bursary of £1,000 if they become an apprentice.<sup>158</sup> We warmly welcome this additional support and believe it will make a big difference to the lives of some of the most vulnerable in our society. But we think the Government should go further. Care leavers are not the only people who could benefit from help to climb the apprenticeships ladder of opportunity.

63. *We recommend that the Government introduces bursaries for other disadvantaged groups modelled on the care leavers' bursary.*

64. Some young and disadvantaged people require extra support and training before they are ready to pursue an apprenticeship.<sup>159</sup> Several routes exist for these learners, such

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147 DfE, 'Apprenticeship funding: how it works', accessed August 2018; DfE, [Apprenticeship funding in England From August 2018](#), May 2018, paras 23–24. Non-levy-paying employers must contribute 10% of the cost of their apprentices' training and assessment.

148 HL Deb, 6 June 2018, [col 8146WA](#)

149 UVAC (QUA 36) para 14

150 Lifetime Training (QUA 21) para 6

151 Central YMCA (QUA 9) para 28; Semta (QUA 26) para 32

152 AELP, *The Importance of Level 2 Skills Provision*, June 2018, p 2

153 DfE, [Apprenticeship funding in England From August 2018](#), May 2018, paras 25–26. Employers with fewer than 50 employees make no contribution to the training costs of 16–18 year-olds and apprentices aged 19–24 year-olds who have previously been in care or who have a Local Authority Education, Health and Care plan.

154 Movement to Work (QUA 41) para 18; [Qq224–225](#) [Gavin Garner]

155 [Qq24–25](#) [Carole Easton]; [Q173](#) [Alison Birkenshaw]; The Children's Society (QUA 22) para 1

156 DfE (QUA 89) paras 103–106

157 [Correspondence from the Minister for Apprenticeships and Skills regarding apprenticeships](#), June 2018, p 5

158 ["New support for young care leavers starting an apprenticeship"](#), DfE, May 2018

159 Central YMCA (QUA 9) paras 9, 22 & 33–36; Movement to Work (QUA 41) para 16; AELP (QUA 39) para 44

as 16–19 study programmes, traineeships and supported internships.<sup>160</sup> Our witnesses were generally supportive of them, despite concerns about low and falling traineeship take-up.<sup>161</sup> Some witnesses suggested allowing employers to spend levy funds on traineeships.<sup>162</sup> Others suggested using a portion of the money raised by the levy to create an apprenticeship access fund.<sup>163</sup> Central YMCA told us that this could be used to fund organisations like The Prince’s Trust, Catch 22 and itself, which provide training, support and guidance to help the hardest to reach gain the confidence and employability skills to begin an apprenticeship. We think this idea has merit, although we would call it the social justice fund.

**65. We recommend that the Government creates a social justice fund, using money from the apprentice levy, to support organisations that help disadvantaged people become apprentices.**

## Wages

66. Gavin Garner, a young apprentice caretaker, told of the difficulties he had faced early in life and the new sense of purpose he felt as an apprentice.<sup>164</sup> But he also told us of the sacrifices this required. According to Movement to Work, a youth employment charity, there is a “tangible financial opportunity cost to participating in an apprenticeship, compared to [ ... ] other entry-level roles”.<sup>165</sup> Research conducted on behalf of Young Women’s Trust, a charity which supports disadvantaged young women, found that

2 in 5 apprentices receive less in wages than it costs them to do their apprenticeship with many being forced to drop-out or put off choosing an apprenticeship in the first place.<sup>166</sup>

Simon Hawthorn from the National Society for Apprentices told us about one of the Society’s members who had to work a full day just to afford her bus fare for the week.<sup>167</sup>

67. Several witnesses told us the apprenticeship minimum wage was set too low; others went further, suggesting that it should be abolished altogether.<sup>168</sup> While we understand the arguments in favour of a reduced rate, and that most apprentices are paid significantly more, we do not think the current rate strikes the right balance.<sup>169</sup> This year’s 20p increase may well have been “a record high in nominal and real terms”, but £3.70 an hour is not a

160 DfE, *16 to 19 study programmes*, March 2018; HMG, ‘*Traineeships*’, accessed August 2018

161 Q209 [Mark Dawe]; Q145 [Stephen Evans]; The Children’s Society (QUA 22) para 5.2; DfE, *Apprenticeships and Traineeships Release*, July 2018

162 EEF (QUA 17) para 39; Impetus-PEF (QUA 56) para 21

163 The Learning and Work Institute told us that “around £750m per year” is allocated for widening participation in HE, far more than spending for FE and apprenticeships: (QUA 85) para 27.; CIPD (QUA 59) para 15; Central YMCA (QUA 9) paras 34–36; Q173 [Simon Hawthorn]

164 Qq224–225

165 Movement to Work (QUA 41) para 17

166 Young Women’s Trust, *Young women & apprenticeships*, November 2017, p 3

167 Q173

168 City of London Corporation (QUA 45) paras 11–12; Barnardo’s (QUA 86) para 12; Q52; Q63; NUS (QUA 51) para 16

169 Q57; Q425; Q435; National Hairdressers Federation (QUA 61) paras 24–25; BEIS, *Apprenticeship pay survey: Great Britain 2016*, July 2017, para 7.

living wage by any definition.<sup>170</sup> The knowledge that the average apprentice earns £6.70 an hour is unlikely to provide much solace to those whose laudable desire to better themselves leaves them practically destitute.<sup>171</sup>

68. The Low Pay Commission noted in its advice on 2018/19 rates that a previous large increase in 2015 had had “no impact on the volumes or composition of apprenticeships”.<sup>172</sup> In its consultation on 2019/20 rates, it asked whether it should advise the Government to continue narrowing the gap between the apprentice and other minimum wages.<sup>173</sup> We think it should, and it should continue doing so unless such increases are found to have a significant negative effect on apprentice recruitment and retention.

**69. We recommend that the Government continues to raise the apprentice minimum wage at a rate significantly above inflation. In the long term, it should move towards its abolition.**

70. But simply increasing the apprentice minimum wage is not enough. The most recent apprentice pay survey found that nearly a fifth of apprentices at level two and three were being paid less than they were legally entitled to.<sup>174</sup> In some sectors, particularly hairdressing, underpayment is endemic.<sup>175</sup> HMRC is the body responsible for enforcing the apprentice minimum wage. The TUC told us that between January 2016 and June 2017 it prosecuted fewer than five employers.<sup>176</sup>

71. The Government has begun to act: funding for minimum wage enforcement has doubled since 2015 and record numbers of fines were imposed on employers in July 2018.<sup>177</sup> The Low Pay Commission has suggested that the introduction of the apprenticeship levy, also managed by HMRC, could make it easier for underpaying employers to be identified.<sup>178</sup> However, in May 2018, Sir David Metcalf, the Director of Labour Market Enforcement, described current civil penalties as “too weak a deterrent” and recommended the upper limit for fines—200 percent of arrears—be increased.<sup>179</sup> He also called for far more criminal prosecutions—these are rare but there is no upper limit on the fine that can be imposed.<sup>180</sup>

72. We agree with Sir David Metcalf. Exploiting apprentices, many of whom are making significant financial sacrifices to better themselves, should be treated as a serious crime. Fines should be significantly higher for civil offences and far more criminal prosecutions launched. Employers must know that not paying the minimum wage will result in punishment and that this punishment will have a real effect on their business.

**73. We recommend that the Government redoubles efforts to identify and sanction employers who evade the apprentice minimum wage. This means more and effective enforcement, larger fines and many more prosecutions.**

170 DfE (QUA 89) para 111; DfE, ‘Become an apprentice’, accessed August 2018

171 Q425: £6.70 is the median basic average pay for level 2 to 3 apprentices.

172 Low Pay Commission, National minimum wage, Cm 9536, November 2017, para 6.21

173 Low Pay Commission, Consultation letter, March 2018

174 BEIS, Apprenticeship pay survey: Great Britain 2016, July 2017, para 14

175 As above, para 17; Q27; TUC (QUA 30) para 2.3

176 TUC (QUA 30) para 2.3

177 HC Deb, 7 February 2018, col 1500; “Record 22,400 minimum wage workers to receive millions in backpay”, HMG, July 2018

178 Low Pay Commission, Non-compliance and enforcement of the Minimum Wage, September 2017, p 13

179 HMG, United Kingdom Labour Market Enforcement Strategy 2018/19, May 2018, p 55

180 As above, pp 61–66

74. Not all employers who do not pay the apprentice minimum wage are acting with malicious intent. Research by the Learning and Work Institute suggests widespread ignorance amongst employers concerning their legal obligations may be partially to blame.<sup>181</sup> This is particularly concerning at a time when the Government is encouraging large numbers of new and inexperienced employers to begin offering apprenticeships. We think the Government has a responsibility to ensure these employers are aware of their responsibilities.

75. But this is about more than just pay. Paul Devoy, Investors in People's Chief Executive, told us of the work his organisation was doing to understand, define and promote best practice for apprentice employers.<sup>182</sup> He said that there were currently too few ways for apprentices to identify companies that take apprenticeships seriously and for firms to demonstrate their commitment. He said that his organisation was in discussions with the Department about producing a voluntary code of practice for employers along with a kitemark.<sup>183</sup> A new kitemark should be awarded to employers that pay their apprentices properly, recruit the young and disadvantaged, and offer clear progression paths to higher levels of training.

**76. *We recommend that the Government should strongly support existing measures to establish a kitemark for good apprentice employers. This should form part of a drive to ensure all such apprentice employers are aware of their responsibilities.***

## The benefits system

77. An apprenticeship is a job, unlike other forms of education and training.<sup>184</sup> This means some forms of state support are unavailable to apprentices and their families, such as child benefit and Care to Learn.<sup>185</sup> Several witnesses told us that these restrictions were acting as a disincentive, particularly to those from disadvantaged backgrounds.<sup>186</sup> Others spoke of the difficulties securing housing benefit, particularly for young people with experience of care.<sup>187</sup> The Minister acknowledged these concerns and spoke of her commitment to removing barriers wherever possible, although she was unable to make any firm commitments.<sup>188</sup>

78. We are aware that this is a complex policy area, cutting across the responsibilities of several ministers in different departments.<sup>189</sup> Changes would also cost money. The Association of Colleges estimates widening child benefit entitlement would cost £100 million.<sup>190</sup> But that does not mean the issue should be ignored. Apprenticeship needs to be a viable option for all, regardless of their background.

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181 Learning and Work Institute, [Apprentice Pay: sticking to the rules](#), November 2017

182 [Q56](#) & [Qq96–97](#)

183 [Qq96–97](#); Skills Commission, [Spotlight on Apprenticeships and Social Mobility](#), January 2018, p 31.

184 Institute, 'What is a quality apprenticeship', accessed August 2018

185 HMG, 'Child Benefit when your child turns 16', accessed August 2018; HMG, 'Care to learn: eligibility', accessed August 2018. Care to Learn gives financial support to parents under the age of 20 who are their child's primary carer.

186 [Q25](#) [Carole Easton]; [Q29](#); [Q147](#) [Nick Linford]; TUC ([QUA 30](#)) para 2.5; AoC ([QUA 48](#)) para 23

187 [Q173](#) [Angela Middleton]; [Q225](#)

188 [Qq419–420](#); [Qq425–434](#)

189 Cabinet Office, [List of ministerial responsibilities](#), June 2018

190 AoC ([QUA 48](#)) para 24

79. *We recommend that the Social Mobility Commission conducts an immediate study into how the benefits system helps or hinders apprentices. The Government should act on its findings. No apprentice should suffer any financial disadvantage as a result of taking up an apprenticeship.*

## Travel costs

80. We heard that travel costs, especially in rural areas, can make pursuing an apprenticeship difficult, reducing the opportunities available to the young and disadvantaged.<sup>191</sup> Car ownership is beyond the means of many. Public transport can be inconvenient and unreliable when it is available at all. Investing in a season ticket may not be possible when an apprentice's employer and training provider are far apart. Jisc, a membership body which provides digital support to FE providers, said that greater investment in distance learning could help.<sup>192</sup> Several charities suggested allowing employers to use levy funds to help disadvantaged apprentices with such costs.<sup>193</sup> Local authorities can mandate discretionary fares for apprentices, but only some currently do.<sup>194</sup>

81. Our predecessors recommended that the Government explore ways to make travel more affordable for apprentices.<sup>195</sup> The Government accepted this recommendation and promised to act.<sup>196</sup> Since then we have asked ministers on five separate occasions when the policy will be implemented.<sup>197</sup> We have been told time and again that discussions are ongoing. This is simply not good enough. The Government's continued inaction is preventing the young and disadvantaged from taking the opportunities that would otherwise be open to them.

82. *The Government must stop dragging its feet over apprentice transport costs. It must set out how it plans to reduce apprentice travel costs, in a way which works for all regions and areas, in its response to our report, if not sooner.*

## Learning difficulties and/or disabilities

83. People with learning difficulties and/or disabilities (LDD) are less likely to become apprentices than their peers—in 2016/17 they accounted for 10.3 percent of starts.<sup>198</sup> Those that do begin an apprenticeship drop out at a higher rate.<sup>199</sup> We heard that things were improving, albeit slowly, following the Government's decision in July 2016 to accept

191 [Q136](#); [Q173](#); [Simon Hawthorn]; [Q212](#); Chartered Institution for Further Education ([QUA 50](#)) para 5.3.2; Policy Connect ([QUA 64](#)) paras 13–14

192 Jisc ([QUA 79](#)) para 18

193 Barnardo's ([QUA 86](#)) para 6; The Children's Society ([QUA 22](#)) para 4.2

194 HC Deb, 17 May 2018, [col 142328W](#); [Q138](#) [Stephen Evans]; Skills Commission, *Spotlight on Apprenticeships and Social Mobility*, January 2018, pp 16–17

195 BEIS and Education Committees, Second Joint Report of Session 2016–17, *Apprenticeships*, HC 206, para 43

196 BEIS and Education Committees, First Joint Special Report of Session 2017–19, *Apprenticeships: Government Response to the Second Joint Report of Session 2016–17*, HC 450, para 10; Conservative Party, *Forward, together*, May 2017, p 53

197 Oral evidence taken on 25 October 2017, HC 341, [Q59](#); Oral evidence taken on 21 March 2018, HC 341, [Q775](#); Oral evidence taken on 27 June 2018, HC 341, [Qq1202–1203](#); Oral evidence taken on 17 July 2018, HC 341, [Qq1241–1249](#); [Qq360–364](#)

198 Leonard Cheshire Disability ([QUA 20](#)) para 6; DfE, *Progress report on apprenticeship reform programme*, May 2018, p 6: "In the academic year 2016/17, 10.3% of starts were from candidates who declared a learning difficulty and/or disability, an increase from 9.9% in the academic year 2015/16."

199 DfE, '[National achievement rates tables 2016 to 2017](#)', accessed August 2018

the recommendations of a taskforce chaired by Paul Maynard MP.<sup>200</sup> The taskforce had been asked to identify barriers to participation and suggest how they could be removed. However, some witnesses called for its recommendations to be implemented more liberally, particularly the relaxation of English and maths requirements.<sup>201</sup>

84. Extra support is available to providers who employ apprentices with LDD, but the Minister admitted that this is poorly understood.<sup>202</sup> Leonard Cheshire, a charity that helps people into work, said that many employers are still wary of recruiting apprentices with LDD.<sup>203</sup> It said Access to Work, a Government scheme which helps employers make reasonable adjustments, remained slow and poorly publicised despite the Maynard Taskforce's calls for improvement.<sup>204</sup>

85. We strongly support the recommendations of the Taskforce but are concerned that the Government is not implementing them as quickly and extensively as it should. Two years on there is also scope not only to review progress but to consider what further steps could be taken to ensure those with LLD have the same opportunities to climb the apprenticeships ladder of opportunity as their peers. We believe such a role should be given to the Equality and Human Rights Commission.<sup>205</sup> To ensure progress is sustained it should conduct further reviews every three years.

***86. We recommend that the Equality and Human Rights Commission conducts a monitoring review of apprenticeship participation by gender, ethnicity and by people with learning difficulties and/or disabilities every three years. Each review should recommend changes to improve Government policy and employer practice.***

## Careers advice

87. Our predecessors found that “patchy and often inadequate” careers advice in schools was not informing young people of all the options available to them.<sup>206</sup> This view was shared by some witnesses to our inquiry.<sup>207</sup> Dr Lee Elliot Major told us that

it is incredibly poor in terms of quality apprenticeships. We find that 30% of the young people said that teachers had not advised them to consider apprenticeships.<sup>208</sup>

Provision is often worse for those who need it most: young people with learning difficulties, disabilities or from disadvantaged backgrounds.<sup>209</sup>

200 [Q132](#); AELP ([QUA 39](#)) para 48; National Deaf Children's Society ([QUA 4](#)) para 4.2; HMG, [Paul Maynard taskforce – BIS and DWP response to recommendations](#), July 2016

201 HIT Training Ltd ([QUA 1](#)) para 4.1; National Deaf Children's Society ([QUA 4](#)) para 2.1.4

202 DfE, [Apprenticeship funding and performance-management rules for training providers](#), June 2018, paras 73–79; [Correspondence from the Minister for Apprenticeships and Skills regarding apprenticeships](#), June 2018, p 5

203 Leonard Cheshire Disability ([QUA 20](#)) para 43

204 HMG, [‘Get help at work if you’re disabled or have a health condition \(Access to Work\)’](#), accessed August 2018; Leonard Cheshire Disability ([QUA 20](#)) paras 7–9 & 46–47; AELP ([QUA 39](#)) para 49; HMG, [Paul Maynard taskforce recommendations](#), July 2016, paras 4, 8 & 13

205 Equality and Human Rights Commission, [‘What we do’](#), accessed August 2018

206 BEIS and Education Committees, First Joint Report of Session 2016–17, [Careers education, information, advice and guidance](#), HC 205, Summary & para 11

207 [Q32](#) [Joe Dromey]; [Q173](#) [Angela Middleton]; Chartered Institution for Further Education ([QUA 50](#)) para 5.3.1; The 5% Club ([QUA 71](#)) para 24; Barnardo's ([QUA 86](#)) paras 14–16; Central YMCA ([QUA 9](#)) para 40

208 [Q19](#)

209 National Deaf Children's Society ([QUA 4](#)) para 2.1.1; Leonard Cheshire Disability ([QUA 20](#)) para 7.a; Professor Louise Archer and Dr Julie Moote ([CAD 13](#)) paras 2 & 15

88. The Government has set out an improvement strategy, which we welcome.<sup>210</sup> Ofsted has found that it is already beginning to make a positive difference.<sup>211</sup> But we are concerned that routes into apprenticeships could remain confused and poorly-understood despite such efforts. While the Minister assured us that plans for a “UCAS-style portal for technical education” have not been dropped, she could not give us a timetable for its implementation.<sup>212</sup> We were also unimpressed by the testimony from the Careers and Enterprise Company, a body which will play a key role in implementing the Government’s careers strategy.<sup>213</sup>

**89. *We recommend that the Government introduces a proper UCAS-style portal for technical education to simplify the application process and encourage progression to further training at higher levels.***

90. Since last year schools have been required to allow colleges and training providers to talk to their pupils about apprenticeships and technical education (the Baker clause).<sup>214</sup> Yet some schools are flouting their obligations—in January 2018, FE Week found only two of the ten large multi-academy trusts it investigated were fully compliant with the new rules.<sup>215</sup> The Minister has emphasised the Clause’s importance on several occasions, and we welcome this, but we are still unclear exactly how the Government plans to enforce it.<sup>216</sup>

**91. *Too many students are still not receiving independent and impartial careers advice and guidance about the routes open to them, including apprenticeships. We recommend that the Government, with Ofsted’s support, properly enforces the Baker clause. In its response to this report it should set out how it plans to do this, and what penalties will be imposed on schools that flout their obligations.***

92. More broadly, the system still focuses on the wrong things. The Fourth Industrial Revolution promises great opportunities for those with the skills employers want, but ever fewer for those without them.<sup>217</sup> Yet success is too often judged by which institution you get into, rather than what you get out of it. As we found during our recent inquiry into higher education, what really matters is high-quality teaching, genuine experience of the world of work, and a commitment on behalf of Government and institutions to ensuring learners receive value for money.<sup>218</sup>

93. We agree with the Open University that we “need to develop a national Information, Advice and Guidance (IAG) service for education and training that meets the needs of individuals of all ages and all skills levels”.<sup>219</sup> One that doesn’t privilege one form of

210 DfE, *Careers strategy: making the most of everyone’s skills and talents*, December 2017

211 Ofsted, ‘[Building confidence, encouraging aspiration](#)’, accessed August 2018. In a June 2018 report, the Public Accounts Committee said that the “DfE should work with Ofsted to consider rating the quality of advice provided in schools”: Public Accounts Committee, Forty Seventh Report of Session 2017–19, [Delivering STEM skills for the economy](#), HC 875, C & R 6

212 Conservative Party, *Forward, together*, May 2017, p 53; [Qq365–367](#)

213 Oral evidence taken on 16 May 2018, HC 341, [Qq801–957](#)

214 Technical and Further Education Act 2017, [Section 2](#). In June 2018, the Government announced an AELP-led review the effectiveness of the Baker clause, although its findings have not been published.

215 [Q208](#) [Andrée Deane-Barron]; “[Multi-academy trusts fail to implement Baker clause](#)”, FE Week, January 2018

216 “[For Careers Week, all pupils should learn about vocational routes](#)”, FE Week, March 2018; “[Ensuring young people have the ‘best possible’ careers advice](#)”, FE Week, August 2018;

217 Made Smarter Review, *Report*, October 2017, pp 8 & 22

218 Education Committee, ‘[Value for money in higher education inquiry](#)’, accessed August 2018

219 Open University [\(FIR 56\)](#) para 3

education and training over another, but instead helps people make informed choices about which path to take. We will investigate how such a system could work as part of our inquiry into the Fourth Industrial Revolution.<sup>220</sup>

## Formal minutes

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The following declarations of interest relating to the inquiry were made in addition to those declared in the Register of Members' Financial Interests:

### 12 September 2017

Emma Hardy declared the following interest:

Partner is employed by Hull City Council Adult Education Training and Skills

### 25 April 2018

Trudy Harrison declared the following interests:

Co-Chair of the Apprenticeship Delivery Board

Apprenticeship Ambassador

### 22 May 2018

The Chair declared the following interest:

Board member of The 5% Club.

### Tuesday 11 September 2018

Members present:

Robert Halfon, in the Chair

|                |               |
|----------------|---------------|
| Lucy Allan     | Ian Mearns    |
| James Frith    | Thelma Walker |
| Emma Hardy     | William Wragg |
| Trudy Harrison |               |

Draft Report (*The apprenticeships ladder of opportunity: quality not quantity*) proposed by the Chair, brought up and read.

*Ordered*, That the Chair's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 93 read and agreed to.

Summary agreed to.

*Resolved*, That the Report be the Sixth Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available (Standing Order No. 134).

[Adjourned till 10 October 2018 at 9.30 am

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Tuesday 16 January 2018

**Joe Dromey**, Senior Research Fellow, IPPR, **Dr Carole Easton**, Chief Executive, Young Women's Trust, and **Dr Lee Elliot Major**, Chief Executive, Sutton Trust

[Q1–54](#)

### Tuesday 27 February 2018

**Paul Devoy**, Chief Executive, Investors in People, **Jane Gratton**, Head of Business Environment and Skills Policy, British Chambers of Commerce, **Kevin Rowan**, Head of Organisation, Services and Skills, TUC, and **Tim Thomas**, Director of Employment and Skills Policy, EEF – The Manufacturers' Organisation

[Q55–99](#)

### Tuesday 13 March 2018

**Stephen Evans**, Chief Executive, Learning and Work Institute, **Graham Hasting-Evans**, Managing Director, NOCN, **Neil Heslop OBE**, Chief Executive, Leonard Cheshire Disability, and **Nick Linford**, Editor, FE Week

[Q100–150](#)

**Dr Alison Birkinshaw OBE**, President, Association of Colleges, **Angela Middleton**, Chief Executive, MiddletonMurray, and **Simon Hawthorn**, Leadership Team, National Society of Apprentices

[Q151–180](#)

### Tuesday 17 April 2018

**Mark Dawe**, Chief Executive, Association of Employment and Learning Providers, **Andrée Deane-Barron**, Group Education and Central Skills Director, Central YMCA, and **Petra Wilton**, Director of Strategy and External Affairs, Chartered Management Institute

[Q181–220](#)

### Wednesday 9 May 2018

**Hannah Cuthbert**, Business Administration Apprentice, University of Hull, **Gavin Garner**, Caretaker Apprentice, Hull City Council, **Cheryl Sedgwick**, Employer Liaison and Partnership Development Lead, Hull Training and Adult Education, and **Lisa Shepherdson**, Deputy Manager, Hull Training and Adult Education

[Q221–287](#)

### Tuesday 15 May 2018

**Sir Gerry Berragan**, Chief Executive, Institute for Apprenticeships, **Paul Joyce**, Deputy Director for Further Education & Skills, Ofsted, and **Keith Smith**, Director of Apprenticeships, Education and Skills Funding Agency

[Q288–353](#)

**Rt Hon Anne Milton MP**, Minister for Apprenticeships and Skills, and **Rory Kennedy**, Director of Apprenticeships, Department for Education

[Q354–450](#)

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

QUA numbers are generated by the evidence processing system and so may not be complete.

- 1 Adventure Activities Licensing Service ([QUA0057](#))
- 2 Association of Colleges ([QUA0048](#))
- 3 Association of Employment and Learning Providers ([QUA0039](#))
- 4 Association of Licensed Multiple Retailers ([QUA0052](#))
- 5 Association of the British Pharmaceutical Industry ([QUA0080](#))
- 6 Barnardo's ([QUA0086](#))
- 7 Birkbeck, University of London ([QUA0081](#))
- 8 British Chambers of Commerce ([QUA0078](#))
- 9 British Constructional Steelwork Association ([QUA0006](#))
- 10 British Institute of Facilities Management ([QUA0068](#))
- 11 Campaign for Science and Engineering ([QUA0070](#))
- 12 Central YMCA ([QUA0009](#))
- 13 Centre for Vocational Education Research ([QUA0058](#))
- 14 Chartered Association of Business Schools ([QUA0096](#))
- 15 Chartered Institute of Marketing ([QUA0099](#))
- 16 Chartered Institute of Personnel and Development ([QUA0059](#))
- 17 Chartered Institution for Further Education ([QUA0050](#))
- 18 Chartered Management Institute ([QUA0082](#))
- 19 Chartered Society of Physiotherapy ([QUA0069](#))
- 20 Child Soldiers International ([QUA0053](#))
- 21 City of London Corporation ([QUA0045](#))
- 22 Construction Industry Training Board ([QUA0007](#))
- 23 Corndel Ltd ([QUA0014](#))
- 24 Council of Deans of Health ([QUA0010](#))
- 25 Department for Education ([QUA0089](#))
- 26 Develop Your Child CIC ([QUA0044](#))
- 27 Develop Your Child CIC ([QUA0100](#))
- 28 Dyson Institute of Engineering and Technology ([QUA0102](#))
- 29 EEF-The Manufacturers' Association ([QUA0017](#))
- 30 Federation of Master Builders ([QUA0097](#))
- 31 Freight Transport Association ([QUA0066](#))
- 32 Galvanizers Association ([QUA0047](#))
- 33 Gateshead College ([QUA0013](#))

- 34 Greater Manchester Learning Provider Network ([QUA0023](#))
- 35 HEFCE ([QUA0084](#))
- 36 HIT Training Ltd ([QUA0001](#))
- 37 Impetus-PEF ([QUA0056](#))
- 38 Industry Qualifications ([QUA0074](#))
- 39 Institute for Apprenticeships ([QUA0087](#))
- 40 Investors in People ([QUA0091](#))
- 41 Jane Lowe and Ann Minton, University of Derby ([QUA0025](#))
- 42 Jisc ([QUA0079](#))
- 43 Kaplan Financial ([QUA0002](#))
- 44 KPMG UK ([QUA0035](#))
- 45 Learning & Work Institute ([QUA0085](#))
- 46 Leonard Cheshire Disability ([QUA0020](#))
- 47 Lifetime Training ([QUA0021](#))
- 48 London South Bank University ([QUA0008](#))
- 49 Manchester Metropolitan University ([QUA0015](#))
- 50 Microsoft Ltd ([QUA0032](#))
- 51 Middlesex University ([QUA0055](#))
- 52 MiddletonMurray ([QUA0067](#))
- 53 MillionPlus ([QUA0037](#))
- 54 Motion Picture Association ([QUA0101](#))
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- 57 Mr Andy Forbes ([QUA0005](#))
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- 96 YMCA England & Wales ([QUA0016](#))

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All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

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