



House of Commons  
Committee of Public Accounts

---

# The apprenticeships programme: progress review

---

**Ninety-Eighth Report of  
Session 2017–19**

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

*Ordered by the House of Commons  
to be printed 15 May 2019*

## The Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No. 148).

### Current membership

[Meg Hillier MP](#) (*Labour (Co-op), Hackney South and Shoreditch*) (Chair)

[Douglas Chapman MP](#) (*Scottish National Party, Dunfermline and West Fife*)

[Sir Geoffrey Clifton-Brown MP](#) (*Conservative, The Cotswolds*)

[Chris Davies MP](#) (*Conservative, Brecon and Radnorshire*)

[Chris Evans MP](#) (*Labour (Co-op), Islwyn*)

[Caroline Flint MP](#) (*Labour, Don Valley*)

[Robert Jenrick MP](#) (*Conservative, Newark*)

[Shabana Mahmood MP](#) (*Labour, Birmingham, Ladywood*)

[Nigel Mills MP](#) (*Conservative, Amber Valley*)

[Layla Moran MP](#) (*Liberal Democrat, Oxford West and Abingdon*)

[Stephen Morgan MP](#) (*Labour, Portsmouth South*)

[Anne Marie Morris MP](#) (*Conservative, Newton Abbot*)

[Bridget Phillipson MP](#) (*Labour, Houghton and Sunderland South*)

[Lee Rowley MP](#) (*Conservative, North East Derbyshire*)

[Gareth Snell MP](#) (*Labour (Co-op), Stoke-on-Trent Central*)

[Anne-Marie Trevelyan MP](#) (*Conservative, Berwick-upon-Tweed*)

### Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No. 148. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

© Parliamentary Copyright House of Commons 2019. This publication may be reproduced under the terms of the Open Parliament Licence, which is published at [www.parliament.uk/copyright/](http://www.parliament.uk/copyright/).

Committee reports are published on the [Committee’s website](#) and in print by Order of the House.

Evidence relating to this report is published on the [inquiry publications page](#) of the Committee’s website.

### Committee staff

The current staff of the Committee are Richard Cooke (Clerk), Laura-Jane Tiley (Second Clerk), Hannah Wentworth (Chair Liaison), Ameet Chudasama (Senior Committee Assistant), Baris Tufekci (Committee Assistant), and Hajera Begum (Committee Support Assistant).

## Contacts

All correspondence should be addressed to the Clerk of the Committee of Public Accounts, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5776; the Committee's email address is [pubaccom@parliament.uk](mailto:pubaccom@parliament.uk).

You can follow the Committee on Twitter using [@CommonsPAC](https://twitter.com/CommonsPAC).



# Contents

---

<b>Summary</b>	<b>3</b>
<b>Introduction</b>	<b>4</b>
<b>Conclusions and recommendations</b>	<b>5</b>
<b>1 Impact of the apprenticeships programme</b>	<b>8</b>
Impact on productivity	9
Apprenticeships for people with lower skills	10
Participation by under-represented groups	11
Ensuring that all employers benefit from the programme	12
<b>2 Apprenticeship training and assessment</b>	<b>13</b>
Quality of training providers	13
Assessment arrangements	13
<b>Formal Minutes</b>	<b>15</b>
<b>Witnesses</b>	<b>16</b>
<b>Published written evidence</b>	<b>17</b>
<b>List of Reports from the Committee during the current Parliament</b>	<b>18</b>



## Summary

The Department for Education (the Department) has failed to make the progress that it predicted when it reformed the apprenticeships programme in spring 2017. The number of apprenticeship starts fell by 26% after the apprenticeship levy was introduced and, although the level is now recovering, the government will not meet its target of 3 million starts by March 2020. The Department's focus on higher-level apprenticeships and levy-paying employers increases the risk that minority groups, disadvantaged areas and smaller employers may miss out on the benefits that apprenticeships can bring. We welcome the programme's greater focus on quality and, after a slow beginning, more than half of apprenticeships are now started on employer-designed standards rather than the old-style frameworks. However, some employers are using apprenticeship funds to pay for professional training or management courses that they would otherwise have paid for themselves. We remain to be convinced that this is the best use of the available funding in terms of adding genuine value to the economy.

Because of the drop in apprenticeship starts, the Department underspent the programme's budget by 20% in 2017–18. However, employers' preference for higher-cost apprenticeships means that the programme is expected to come under growing financial pressure in the coming years. Unless funding is increased, the Department will face difficult decisions about which aspects of the programme to prioritise. It is crucial that these decisions are based on sound evidence, and that they pay due regard to the added value that different types of apprenticeship bring.

## Introduction

---

Apprenticeships are jobs that combine work with training, and can play a vital role in helping people to develop the skills that the economy and society needs. The content of each apprenticeship is set out in either a 'framework' or a 'standard'. Frameworks are being phased out in favour of standards, which are designed by groups of employers from the relevant sector, and set out the knowledge, skills and behaviours that apprentices will need to acquire. By December 2018 around 360 of a potential 600 standards had been approved.

The Department is accountable for the apprenticeships programme in England. The Education and Skills Funding Agency (the ESFA) is responsible for apprenticeships policy and funding, and for overseeing delivery of the programme. The Institute for Apprenticeships & Technical Education, which was set up in April 2017, is responsible for ensuring the quality, consistency and credibility of apprenticeships, including helping employers to develop apprenticeship standards and approving the standards.

In 2017–18, the Department spent £1.6 billion on the apprenticeships programme, out of a budget of £2.0 billion. Since April 2017, employers with an annual pay bill of more than £3 million have been required to pay an apprenticeship levy of 0.5% of their pay bill. The total value of levy contributions for England in 2017–18 was just under £2 billion.

## Conclusions and recommendations

1. **The Department has not set out what productivity gains it is expecting from the programme.** Addressing the United Kingdom's poor productivity compared with many international competitors is a core purpose of the apprenticeships programme. The Department uses a 'skills index' as a proxy measure for the impact of apprenticeships on productivity. The index takes account of the number of apprenticeship starts, apprentices' progression into jobs, and the subsequent increase in their earnings. The index increased by 3% in the academic year 2016/17 and by a further 2% in 2017/18, as a result of more people achieving higher-level apprenticeships and a small shift towards sectors with higher wage returns. The Department has not set out what improvement in the headline value of the index would constitute success.

**Recommendation:** *The Department should publish the level of improvement in the skills index that it is aiming to achieve in the short and long term.*

2. **The way that the programme is evolving risks leaving behind people with lower skills and those from disadvantaged communities.** The programme is now more heavily weighted towards higher-level apprenticeships. Around 20% of the new standards are available at level 2 (often the level at which learners join the programme). In contrast, more than 40% of the old-style frameworks were previously available at this level. Some employers and training providers are concerned about the lack of suitable level 2 standards, and the challenge of enhancing learners' English and maths skills while also delivering occupational training. The proportion of apprenticeship starts among people from disadvantaged areas has fallen, partly because of the growth in starts at level 3 and above. In 2017/18, just under 23% of new apprentices were from the most deprived local authority areas, compared with the Department's target of 25%. The ESFA is carrying out research to understand more about why the programme appears not to be working well for people from disadvantaged areas.

**Recommendation:** *The Department should assess whether there are enough level 2 standards to allow school leavers or those with fewer skills to easily access apprenticeships, and report back to us within six months on its assessment and any action it proposes to take to redress the balance.*

3. **The Department's approach to widening participation among under-represented groups has been inadequate.** One of the programme's four main objectives is to draw apprentices from a wider range of social and demographic groups. However, the Department's targets for apprenticeship starts among the black, Asian and minority ethnic (BAME) population, and among those with a learning difficulty, disability or health problem, are unambitious in that they are below the respective levels of these groups in the working-age population. There are no gender-based targets for the programme—we recommended that the Department should set such targets in our 2018 report on science, technology, engineering and mathematics (STEM) skills but the Department rejected our recommendation. In 2016/17, women made up only 8% of STEM apprenticeship starts. The Department reports that this figure has since risen to 9%, but acknowledges that the position is "hopeless". It says that

it is seeking to raise awareness of apprenticeships among women and girls, and to provide positive images of women doing STEM-related work, but we consider that it is taking far too long for the Department to get to grips with this issue.

**Recommendation:** *The Department should set more stretching diversity targets, covering BAME apprentices and those with a learning difficulty, disability or health problem, for 2020/21 and beyond. In the absence of targets relating to gender, it should evaluate the impact of its efforts to attract more women into STEM apprenticeships and report to us within six months on how it plans to address under-representation.*

4. **The programme is not supporting smaller employers well enough.** Money raised by the apprenticeship levy has to pay for all apprenticeships, including those in smaller employers who do not pay the levy. Levy-paying employers have direct access to their funds, to pay for apprenticeship training and assessment. In contrast, smaller employers access apprenticeships via training providers who are funded through contracts with the ESFA. Under current funding arrangements, if levy-payers spend more than around half of their funds, the ESFA will have less money available to fund apprenticeships among smaller employers. While levy-paying employers have spent a relatively small proportion of their funds so far, training providers are already reporting that they do not have enough funding to offer as many apprenticeships to smaller employers as they would like. Levy-payers have up to 24 months to spend their funds—when unspent funds start to expire in May 2019, around £12 million a month may be lost to the programme.

**Recommendation:** *The Department should set out how it will ensure that smaller employers can benefit fully from the programme, including considering whether to protect funding for non-levy-paying employers and assessing the feasibility of deploying expired levy funds to support skills development in particular parts of the country.*

5. **Too many apprentices are being trained by sub-standard providers.** Around a third of apprentices covered by Ofsted inspections in 2017/18 were being trained in providers rated as ‘inadequate’ or ‘requires improvement’. The poor quality of some providers contributes to a situation where over 30% of apprentices fail to complete their apprenticeship successfully each year. In 2016/17, this equated to more than 132,000 apprentices. Since 2014/15, a growing proportion of training providers have fallen below minimum standards for their apprenticeship achievement rates. The ESFA may issue these providers with additional conditions of funding or extra contractual obligations. Ultimately it can terminate providers’ contracts, but this is extremely rare—it has taken this step with only 11 providers in the past five years.

**Recommendation:** *The ESFA should evaluate the impact of its interventions with failing providers that fall short of contract termination, and report its findings to us within six months.*

6. **We do not have confidence in the arrangements for assessing apprentices at the end of their apprenticeship.** Under the standards, each apprentice is assessed by an independent third-party at the end of their apprenticeship. However, in late 2018, 19 standards had no end-point assessment organisation in place, and 98 standards had

only one assessment organisation. Training providers and employers have expressed concerns about whether there will be enough assessors to meet the demand for assessments. The ESFA contends that the 220 approved assessment organisations cover over 99% of apprentices, but it also concedes that many of these organisations work in only one area or setting and that there are gaps in coverage. In addition, the arrangements for checking the quality of end-point assessments are muddled, and it is unclear whether the numerous bodies involved provide a consistent level of assurance. Ofqual is one of the quality assurance bodies but, as a regulator, has greater powers than the other bodies.

**Recommendation: *The ESFA and the Institute for Apprenticeships & Technical Education should write to us within six months to:***

- ***provide more detail about the coverage and capacity of end-point assessment organisations; specifically, they should set out the coverage by region and how many apprenticeship standards have only one assessment organisation.***
- ***set out what they will do to streamline and strengthen quality assurance arrangements in order to give greater confidence that end-point assessments are robust, fair and consistent.***

# 1 Impact of the apprenticeships programme

---

1. On the basis of a report by the Comptroller and Auditor General, we took evidence on the apprenticeships programme in England from the Department for Education (the Department), the Education and Skills Funding Agency (the ESFA) and the Institute for Apprenticeships & Technical Education.<sup>1</sup> We also took evidence from three apprenticeship training providers (ACE Training, which is a construction training provider based in Oxfordshire, Derby College and Sunderland College) and an employer of apprentices (Utility Warehouse).

2. The apprenticeships programme is intended to help address two important problems: poor productivity in the United Kingdom compared with many international competitors; and a significant fall in employers' investment in training over recent decades. Apprenticeships are jobs that combine work with training, and apprentices can be new or existing employees. The content of each apprenticeship is set out in either a 'framework' or a 'standard'. Frameworks are being phased out in favour of standards, each of which is designed by a group of employers from the relevant sector and sets out the knowledge, skills and behaviours that apprentices will need to learn. Apprentices must spend at least 20% of their paid hours doing off-the-job training, which can be delivered by an authorised provider, the employer or a combination of the two.<sup>2</sup>

3. The Department intends that the move to apprenticeship standards will help to improve the quality of apprenticeships. The development of the standards began in 2013.<sup>3</sup> When the levy was introduced in April 2017, just 2% of apprenticeship starts were on a standard. Starts on standards overtook framework starts in April 2018 and had reached 53% of all starts by July 2018.<sup>4</sup>

4. The Government has reformed the programme since we last reported on it in November 2016.<sup>5</sup> In particular, since April 2017, employers with an annual pay bill of more than £3 million have been required to pay an apprenticeship levy of 0.5% of their pay bill. The total value of levy contributions for England in 2017–18 was just under £2 billion. Employers can use their levy contributions, plus a 10% government top-up, to pay for apprenticeship training and assessment. Smaller employers who do not pay the levy are required to pay 10% of the cost of training and assessing apprentices, with government paying the rest.<sup>6</sup>

5. The Department is accountable for the apprenticeships programme in England. The ESFA is responsible for apprenticeships policy and funding, and for overseeing the delivery of the programme. The Institute for Apprenticeships & Technical Education, which was set up in April 2017, is responsible for ensuring the quality, consistency and credibility of apprenticeships, including helping employers to develop apprenticeship standards and approving the standards.<sup>7</sup>

---

1 C&AG's Report, [The apprenticeships programme](#), Session 2017–19, HC 1987, 6 March 2019

2 C&AG's Report, paras 1–4

3 C&AG's Report, paras 2.17, 2.19

4 C&AG's Report, para 2.23

5 Committee of Public Accounts, [The apprenticeships programme](#), Session 2016–17, HC 709, 30 November 2016

6 C&AG's Report, para 6, Figure 3

7 C&AG's Report, paras 1.8, 1.11

6. In the 2017/18 academic year, there were 375,800 apprenticeship starts.<sup>8</sup> This was 26% lower than the 509,400 starts in 2015/16, the last full year before the programme was reformed. Due to the drop in starts, the Government is very unlikely to meet its target of 3 million apprenticeship starts by March 2020.<sup>9</sup>

7. In the 2017–18 financial year, the Department spent £1.6 billion on the apprenticeships programme, out of a budget of £2.0 billion.<sup>10</sup> However, because employers are developing and choosing a greater proportion of higher-cost apprenticeships than expected, the Department projects that, even if starts remain at current levels, spending on the programme could rise to more than £3 billion by 2020/21.<sup>11</sup> The Department told us that, in that event, government would have to make choices to balance supply and demand; for example, one of the options as resources became constrained would be whether to prioritise some sorts of apprenticeship over others.<sup>12</sup>

### Impact on productivity

8. Ultimately, the apprenticeships programme is intended to boost economic productivity. It is difficult to assess the direct impact of any particular qualification on someone's productivity but an accepted approach is to measure how the qualification is associated with wage changes—in this case, the approach would involve establishing whether successful apprentices tend to earn higher wages than other employees with similar characteristics who did not complete an apprenticeship.<sup>13</sup>

9. Following a similar approach, the Department uses a 'skills index' as a proxy measure for the impact of apprenticeships on productivity. The index combines three components: the number of people doing apprenticeships, their progression into jobs and the subsequent increase in their earnings.<sup>14</sup> The Department told us that it recognised that it would be helpful to publish more information about the workings of the skills index.<sup>15</sup> Accordingly, in April 2019, the Department published a document explaining how the index is calculated and how it should be used.<sup>16</sup>

10. The value of the skills index increased by 3% in 2016/17, compared with 2015/16.<sup>17</sup> Subsequent to our evidence session, the Department published a further progress report on the programme which stated that the skills index had increased by an additional 2% in 2017/18, due to more people achieving higher-level apprenticeships and a small shift towards sectors with higher wage returns.<sup>18</sup> However, the Department has not set out what level of improvement in the index would constitute success in the future.<sup>19</sup>

---

8 Throughout this report, further education sector academic years are written as, for example, '2017/18' and run from 1 August to 31 July; financial years are written as '2017–18' and run from 1 April to 31 March.

9 C&AG's Report, para 14

10 C&AG's Report, paras 11, 1.22

11 C&AG's Report, paras 1.24, 2.26

12 Qq 101, 111

13 C&AG's Report; para 3.6

14 Qq 65, 67, 111

15 Q 65

16 Department for Education, [Further Education Skills Index: England](#), April 2019

17 Q 65; C&AG's Report, para 19, Figure 11

18 Department for Education, [Progress report on the Apprenticeships Reform Programme](#), April 2019

19 C&AG's Report, para 19

11. The apprenticeships programme now covers a wider range of professions than it traditionally has done. For instance, new standards enable apprentices to become qualified accountants and solicitors. And some employers are replacing their professional development programmes and management training with apprenticeships, raising concerns that public money is being used to pay for training that already existed in other forms.<sup>20</sup> We asked the Department whether it considered that this was an acceptable use of the programme's budget, and whether it was concerned about employers using public money to pay for training for senior staff. The Department told us that it saw nothing wrong with an employer improving the quality of its leadership and management through apprenticeships—as long as it followed the rules and as long as there was enough money in the budget to meet demand—and that this could contribute to increased productivity.<sup>21</sup>

### Apprenticeships for people with lower skills

12. Apprenticeships are available at a range of levels, from GCSE-equivalent (level 2) to postgraduate degree-equivalent (level 7). People often join the programme at level 2, which is a pathway into employment or an apprenticeship at a higher level.<sup>22</sup> However, the introduction of apprenticeship standards has led to a significant decline in the proportion of apprenticeships that are available at level 2 because employers are choosing to develop standards at higher levels. Around 20% of the approved standards are at level 2; in contrast, more than 40% of the old-style frameworks were previously available at this level.<sup>23</sup>

13. The reduction in availability of level 2 apprenticeships particularly affects the ability of people who are economically disadvantaged to start an apprenticeship.<sup>24</sup> The British Retail Consortium told us in its written evidence that the decline in level 2 starts was a real concern for the industry, given the role that retail plays in providing employment for individuals who experience a high level of economic exclusion and who need flexibility in the hours and location of their work.<sup>25</sup> Sunderland College and ACE Training also told us of similar concerns, as did ukactive in its written evidence.<sup>26</sup>

14. Sunderland College also told us that it sometimes had to provide English and maths training in addition to specific apprenticeship training, in order to ensure that apprentices had the requisite skills. This could be a challenge for the college as English and maths training did not count as part of the 20% off-the-job training for the apprenticeship, and employers sometimes struggled to release apprentices for the extra time.<sup>27</sup>

15. The Department aims for at least 25% of apprentices to be from disadvantaged areas but the actual level fell from 25% in 2015/16 to 22.6% in 2017/18. The ESFA said that, historically, a large proportion of level 2 apprentices had come from disadvantaged areas, so the fact that more apprenticeships were now at level 3 and above partly explained the drop in the proportion of apprentices from disadvantaged areas.<sup>28</sup>

---

20 C&AG's Report, paras 2.29–2.30

21 Qq 109, 111

22 Qq 8–9, 44; C&AG's Report, para 1.7

23 Qq 8, 14, 48, 72–73, 91–92, 108; C&AG's Report, Figure 9

24 Qq 48, 91–92

25 British Retail Consortium, para 9 ([APR0007](#))

26 Qq 44, 48; ukactive ([APR0006](#))

27 Qq 17–18

28 Qq 45, 91–92; C&AG's Report, para 2.11

16. The ESFA told us that it was carrying out research to understand what could be done to make the programme work better for people from disadvantaged areas. It was focusing on four areas—Portsmouth, Nottingham, South Tyneside and Torbay—to identify what more could be done to improve social mobility. It was seeking to gather data and understand employer behaviour, and expected that it would need another 12 months to understand what meaningful interventions it might be able to make.<sup>29</sup>

## Participation by under-represented groups

17. One of the programme’s four main objectives is to draw apprentices from a wider range of social and demographic groups.<sup>30</sup> The Department has a target for just 11.9% of apprenticeship starts to be from the black, Asian and minority ethnic (BAME) population by 2020, despite the fact that this group represents 14.9% of the overall working-age population and 20.7% of pupils at the end of key stage 4, who will potentially join the workforce over the next few years. Similarly, the Department aims, by 2020, for 11.9% of starts to be by people with a learning difficulty, disability or health problem, whereas as many as 19% of working-age adults in the UK report that they have a disability. In 2017/18, each of these two groups represented 11.2% of apprenticeship starts.<sup>31</sup> We asked why the targets were not more ambitious. The Department said that the BAME target had been set under the previous government, which had identified that the proportion of BAME apprentices, as well as the proportion of BAME undergraduate students, should increase by 20% by 2020.<sup>32</sup>

18. The programme has no targets relating to gender. While 51% of new apprentices in 2017/18 were male and 49% were female, traditional gender imbalances persist at sector and subject level. For example, only around 7% of those starting an apprenticeship in ‘engineering and manufacturing technologies’ are female, compared with 80% in ‘health, public services and care’.<sup>33</sup> In our 2018 report on science, technology, engineering and mathematics (STEM) skills, we recommended that the Department should establish specific targets relating to the involvement of girls and women in key STEM learning programmes such as apprenticeships.<sup>34</sup> The Department rejected our recommendation, stating that it did not believe that setting specific targets was likely to help it properly tackle the issue of gender participation.<sup>35</sup>

19. The Department told us that the proportion of women starting STEM apprenticeships had gone up from 8% in 2016/17 to 9% in 2017/18, but acknowledged that the position was “hopeless”. It told us that it was working hard to improve the situation, regardless of whether there was a target or not, citing success in increasing the number of women doing STEM subjects at A level and degree level. It said that, as a direct consequence of the fact that there were at least 25% more girls doing STEM subjects at school, there should be a significant increase in the proportion of women doing STEM apprenticeships.<sup>36</sup>

---

29 Qq 91–94

30 C&AG’s Report, para 1

31 C&AG’s Report, paras 2.9–2.10

32 Q 83

33 Qq 84–85; C&AG’s Report, paras 2.12–2.13

34 Committee of Public Accounts, *Delivering STEM skills for the economy*, Session 2017–19, HC 691, 22 June 2018

35 HM Government, *Treasury Minutes: Government response to the Committee of Public Accounts on the Forty Third to the Fifty Eighth reports from Session 2017–19*, Cm 9702, October 2018

36 Qq 87–88

20. The ESFA said that employers were taking the issue seriously and that it heard more and more from employers who said that they were passionate about getting more girls into STEM roles. It referred to the example of a pharmaceutical company which was exceeding its own target for female apprentices by a large margin.<sup>37</sup> The ESFA also highlighted its current apprenticeships campaign which portrayed women in STEM subjects positively, and its ‘young apprentice ambassadors network’ who acted as role models to raise awareness of apprenticeships among women and girls.<sup>38</sup>

### Ensuring that all employers benefit from the programme

21. Money raised by the apprenticeship levy effectively has to pay for all apprenticeships, including those in smaller employers who do not pay the levy, and ongoing apprenticeships that started before the levy was introduced. Larger, levy-paying employers have direct access to their funds, via an online service, to pay for apprenticeship training and assessment.<sup>39</sup> In contrast, for non-levy-paying employers, the ESFA holds contracts with training providers and allocates funds directly to providers to pay for apprenticeship training and assessment.<sup>40</sup>

22. Under the current funding arrangements, the Department had expected that levy-paying employers would spend around half of their available funds, leaving the rest to be spent mainly on smaller employers. In 2017–18, levy-payers spent only 9% of their available funds but the Department told us that this proportion was growing, which meant that there would be less money left for non-levy paying employers.<sup>41</sup> However, two of the training providers who gave evidence told us that their non-levy funds were running out and that their funding allocations were restricting their ability to offer as many apprenticeships to smaller employers as they would like.<sup>42</sup>

23. Levy-paying employers have up to 24 months to spend their funds, after which any unused money is returned to HM Treasury.<sup>43</sup> The ESFA explained that unspent funds would expire on a monthly basis starting in May 2019, when it expected around £12 million might be lost to the programme.<sup>44</sup> ACE Training suggested that there should be a local pooling system, whereby unspent funds could be redistributed to fund apprenticeships, including salary costs, with small businesses, local charities or community groups, for the benefit of the local economy.<sup>45</sup> Mr Richard Marsh made a similar suggestion in his written evidence.<sup>46</sup> The Department and the ESFA told us that they were looking into ways of enabling a greater degree of local pooling of funds, potentially facilitated via Local Enterprise Partnerships or combined authorities.<sup>47</sup>

---

37 Q 90

38 Q 88

39 C&AG’s Report, paras 1.15, 1.19, 1.21

40 Qq 19, 100; C&AG’s Report, para 1.18

41 Qq 133, 137; C&AG’s Report, para 13

42 Qq 19, 26

43 Qq 97–98

44 Qq 103, 136

45 Qq 27, 50

46 Mr Richard Marsh ([APR0002](#))

47 Qq 94–102

## 2 Apprenticeship training and assessment

---

### Quality of training providers

24. Ofsted inspected 113 established training providers in 2017/18 and rated 58% of them as ‘good’ or ‘outstanding’ for their apprenticeship training.<sup>48</sup> We note that this compares poorly with schools, 86% of which are rated good or outstanding.<sup>49</sup> Because the good and outstanding apprenticeship training providers were generally training larger numbers of apprentices, around a third of apprentices recorded at the time of inspection were being trained in providers rated as ‘inadequate’ or ‘requires improvement’.<sup>50</sup> Ofsted prioritises its monitoring and inspection activity to focus on providers that it considers to be higher risk, so its inspection ratings may not be representative of all providers.<sup>51</sup>

25. Over 30% of apprentices fail to complete their apprenticeship successfully each year. In 2016/17, this equated to more than 132,000 apprentices.<sup>52</sup> Since 2014/15, a growing proportion of training providers have fallen below national minimum standards for their apprenticeship achievement rates. When the ESFA intervenes with providers that are under-performing, it initially issues additional conditions of funding or additional contractual obligations, or both. In most cases, the provider is required to develop and implement an improvement plan in order to avoid more serious sanction. In the most serious cases, the ESFA may terminate providers’ contracts, but it has taken this step with only 11 providers in the past five years. For example, in 2016/17, the ESFA terminated the contracts of five out of 737 providers.<sup>53</sup>

26. The Department acknowledged that it was not satisfied with the overall quality of training providers. The ESFA told us that it had taken steps to improve its register of apprenticeship training providers. It had strengthened the criteria that providers had to meet to get onto the register and existing providers had to re-apply. The ESFA also highlighted that, since January 2018, it had been able to remove from the register, with no questions asked, providers that received an Ofsted rating of inadequate. Inadequate providers were therefore no longer able to provide apprenticeship training. The ESFA explained that it also worked closely with Ofsted to share intelligence about providers in real time.<sup>54</sup>

### Assessment arrangements

27. As part of an apprenticeship standard, each apprentice is assessed by an independent third-party at the end of their apprenticeship, to determine whether they are occupationally competent.<sup>55</sup> However, the ESFA’s register of assessment organisations indicates that, in

---

48 C&AG’s Report, paras 22, 3.24

49 Q 124; *The Annual Report of Her Majesty’s Chief Inspector of Education, Children’s Services and Skills 2017/18*, para 29

50 C&AG’s Report, paras 22, 3.24–3.25

51 Q 121; C&AG’s Report, para 3.28

52 Q 34; C&AG’s Report, para 3.5

53 Q 122; C&AG’s Report, Figure 12, para 3.19

54 Qq 121–124

55 C&AG’s Report, para 4

late 2018, there were 19 standards (with a total of 1,600 apprentices on them) that did not have assessment organisations in place, and 98 standards (with a total of 18,300 apprentices) which had only one assessment organisation.<sup>56</sup>

28. The ESFA told us that there were 220 approved assessment organisations, which between them covered over 99% of the 140,000 apprentices that it expected would require an end-point assessment in the next 12 months. The ESFA also explained that the availability of bodies to assess apprentices varied between sectors—some sectors had numerous assessment organisations, but 130 of the 220 approved organisations worked only in one particular sector or setting. The ESFA said that it knew where the gaps were and was working to address them. It was confident that all apprentices would be assessed at the end of their apprenticeship.<sup>57</sup>

29. However, Sunderland College told us that, for many of the standards that they were encouraged to deliver, there were no assessment organisations in place. It also referred to an assessment organisation withdrawing from its contract close to the end of an apprenticeship. This may lead to logistical problems for training providers and employers, and unnecessary delays for apprentices.<sup>58</sup>

30. Each apprenticeship standard also has a quality assurance body which is responsible for ensuring that the assessment of apprentices is fair, consistent and robust. A range of different bodies are involved in providing quality assurance, but it is not clear whether they all provide a consistent level of assurance. For example, one of the bodies—Ofqual—is a regulator and therefore has greater powers than other quality assurance bodies.<sup>59</sup>

31. The ESFA confirmed that the Institute for Apprenticeships & Technical Education was responsible for the quality assurance regime, and that the two organisations were working together to simplify the arrangements. It was also liaising with Ofqual and the Office for Students about the arrangements for higher-level apprenticeships specifically. The Department said that it was working on the most efficient way of assuring the quality of end-point assessments and would report on that in due course.<sup>60</sup>

---

56 C&AG's Report, para 3.30

57 Qq 125–129

58 Q 50; C&AG's Report, para 3.30

59 C&AG's Report, para 3.31

60 Q 130

# Formal Minutes

---

**Wednesday 15 May 2019**

Members present:

Meg Hillier, in the Chair

Sir Geoffrey Clifton-Brown	Chris Evans
Nigel Mills	Lee Rowley

Draft Report (*The apprenticeships programme: progress review*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 31 read and agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

*Resolved*, That the Report be the Ninety-eighth 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, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Monday 20 May at 3:30pm]

## Witnesses

---

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

### Monday 25 March 2019

**April Hayhurst**, Derby College, Deputy Principal, **Paddy Patterson**, Head of Business Development, ACE Training, **Daniel West**, Resourcing Business Partner, Utility Warehouse, and **Jane Thompson**, Director of Apprenticeships, Sunderland College

[Q1–52](#)

**Jonathan Slater**, Permanent Secretary, Department for Education, **Eileen Milner**, Chief Executive, Education and Skills Funding Agency, **Keith Smith**, Director of the Apprenticeship Programme, Education and Skills Funding Agency, and **Sir Gerry Berragan**, Institute for Apprenticeships and Technical Education

[Q53–154](#)

## Published written evidence

---

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

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

- 1 BRC ([APR0007](#))
- 2 Holloway, Mr Ian ([APR0004](#))
- 3 The Local Government Association ([APR0001](#))
- 4 Marsh, Mr Richard ([APR0002](#))
- 5 NHS Employers ([APR0008](#))
- 6 The Recruitment & Employment Confederation ([APR0005](#))
- 7 ukactive ([APR0006](#))
- 8 Universities UK ([APR0003](#))

## List of Reports from the Committee during the current Parliament

---

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.

### Session 2017–19

First Report	Tackling online VAT fraud and error	HC 312 (Cm 9549)
Second Report	Brexit and the future of Customs	HC 401 (Cm 9565)
Third Report	Hinkley Point C	HC 393 (Cm 9565)
Fourth Report	Clinical correspondence handling at NHS Shared Business Services	HC 396 (Cm 9575)
Fifth Report	Managing the costs of clinical negligence in hospital trusts	HC 397 (Cm 9575)
Sixth Report	The growing threat of online fraud	HC 399 (Cm 9575)
Seventh Report	Brexit and the UK border	HC 558 (Cm 9575)
Eighth Report	Mental health in prisons	HC 400 (Cm 9575) (Cm 9596)
Ninth Report	Sheffield to Rotherham tram-trains	HC 453 (Cm 9575)
Tenth Report	High Speed 2 Annual Report and Accounts	HC 454 (Cm 9575)
Eleventh Report	Homeless households	HC 462 (Cm 9575) (Cm 9618)
Twelfth Report	HMRC's Performance in 2016–17	HC 456 (Cm 9596)
Thirteenth Report	NHS continuing healthcare funding	HC 455 (Cm 9596)
Fourteenth Report	Delivering Carrier Strike	HC 394 (Cm 9596)
Fifteenth Report	Offender-monitoring tags	HC 458 (Cm 9596)
Sixteenth Report	Government borrowing and the Whole of Government Accounts	HC 463 (Cm 9596)
Seventeenth Report	Retaining and developing the teaching workforce	HC 460 (Cm 9596)
Eighteenth Report	Exiting the European Union	HC 467 (Cm 9596)

Nineteenth Report	Excess Votes 2016–17	HC 806 (Cm 9596)
Twentieth Report	Update on the Thameslink Programme	HC 466 (Cm 9618)
Twenty-First Report	The Nuclear Decommissioning Authority’s Magnox	HC 461 (Cm 9618)
Twenty-Second Report	The monitoring, inspection and funding of Learndirect Ltd.	HC 875 (Cm 9618)
Twenty-Third Report	Alternative Higher Education Providers	HC 736 (Cm 9618)
Twenty-Fourth Report	Care Quality Commission: regulating health and social care	HC 468 (Cm 9618)
Twenty-Fifth Report	The sale of the Green Investment Bank	HC 468 (Cm 9618)
Twenty-Sixth Report	Governance and departmental oversight of the Greater Cambridge Greater Peterborough Local Enterprise Partnership	HC 896 (Cm 9618)
Twenty-Seventh Report	Government contracts for Community Rehabilitation Companies	HC 897 (Cm 9618)
Twenty-Eighth Report	Ministry of Defence: Acquisition and support of defence equipment	HC 724 (Cm 9618)
Twenty-Ninth Report	Sustainability and transformation in the NHS	HC 793 (Cm 9618)
Thirtieth Report	Academy schools’ finances	HC 760 (Cm 9618)
Thirty-First Report	The future of the National Lottery	HC 898 (Cm 9643)
Thirty-Second Report	Cyber-attack on the NHS	HC 787 (Cm 9643)
Thirty-Third Report	Research and Development funding across government	HC 668 (Cm 9643)
Thirty-Fourth Report	Exiting the European Union: The Department for Business, Energy and Industrial Strategy	HC 687 (Cm 9643)
Thirty-Fifth Report	Rail franchising in the UK	HC 689 (Cm 9643)
Thirty-Sixth Report	Reducing modern slavery	HC 886 (Cm 9643)
Thirty-Seventh Report	Exiting the European Union: The Department for Environment, Food & Rural Affairs and the Department for International Trade	HC 699 (Cm 9643)
Thirty-Eighth Report	The adult social care workforce in England	HC 690 (Cm 9667)
Thirty-Ninth Report	The Defence Equipment Plan 2017–2027	HC 880 (Cm 9667)
Fortieth Report	Renewable Heat Incentive in Great Britain	HC 696 (Cm 9667)

Forty-First Report	Government risk assessments relating to Carillion	HC 1045 (Cm 9667)
Forty-Second Report	Modernising the Disclosure and Barring Service	HC 695 (Cm 9667)
Forty-Third Report	Clinical correspondence handling in the NHS	HC 929  (Cm 9702)
Forty-Fourth Report	Reducing emergency admissions	HC 795 (Cm 9702)
Forty-Fifth Report	The higher education market	HC 693 (Cm 9702)
Forty-Sixth Report	Private Finance Initiatives	HC 894  (Cm 9702)
Forty-Seventh Report	Delivering STEM skills for the economy	HC 691 (Cm 9702)
Forty-Eighth Report	Exiting the EU: The financial settlement	HC 973 (Cm 9702)
Forty-Ninth Report	Progress in tackling online VAT fraud	HC 1304 (Cm 9702)
Fiftieth Report	Financial sustainability of local authorities	HC 970 (Cm 9702)
Fifty-First Report	BBC commercial activities	HC 670 (Cm 9702)
Fifty-Second Report	Converting schools to academies	HC 697 (Cm 9702)
Fifty-Third Report	Ministry of Defence's contract with Annington Property Limited	HC 974 (Cm 9702)
Fifty-Fourth Report	Visit to Washington DC	HC 1404 (Cm 9702)
Fifty-Fifth Report	Employment and Support Allowance	HC 975 (Cm 9702)
Fifty-Sixth Report	Transforming courts and tribunals	HC 976 (Cm 9702)
Fifty-Seventh Report	Supporting Primary Care Services: NHS England's contract with Capita	HC 698 (Cm 9702)
Fifty-Eighth Report	Strategic Suppliers	HC 1031 (Cm 9702)
Fifty-Ninth Report	Skill shortages in the Armed Forces	HC 1027 (9740)
Sixtieth Report	Ofsted's inspection of schools	HC1029 (Cm 9740)
Sixty-First Report	Ministry of Defence nuclear programme	HC 1028 (Cm 9740)
Sixty-Second Report	Price increases for generic medications	HC 1184 (Cm 9740)

Sixty-Third Report	Interface between health and social care	HC 1376 (Cm 9740)
Sixty-Fourth Report	Universal Credit	HC 1375 (Cp 18)
Sixty-Fifth Report	Nuclear Decommissioning Authority	HC 1375 (Cp 18)
Sixty-Sixth Report	HMRC's performance in 2017–18	HC 1526 (Cp 18)
Sixty-Seventh Report	Financial Sustainability of police forces in England and Wales	HC 1513 (Cp 18)
Sixty-Eighth Report	Defra's progress towards Brexit	HC 1514 (CP 18)
Sixty-Ninth Report	Sale of student loans	HC 1527 (Cp 56)
Seventieth Report	Department for Transport's implementation of Brexit	HC 1657 (Cp 56)
Seventy-First Report	Department for Health and Social Care accounts	HC 1515 (Cp 56)
Seventy-Second Report	Mental health services for children and young people	HC 1593 (Cp 79)
Seventy-Third Report	Academy accounts and performance	HC 1597 (Cp 79)
Seventy-Fourth Report	Whole of Government accounts	HC 464 (Cp 79)
Seventy-Fifth Report	Pre-appointment hearing: preferred candidate for Comptroller and Auditor General	HC 1883 (Cp 79)
Seventy-Sixth Report	Local Government Spending	HC 1775 (Cp 79)
Seventy-Seventh Report	Defence Equipment Plan 2018–28	HC 1519 (Cp 79)
Seventy-Eighth Report	Improving Government planning and spending	HC 1596
Seventy-Ninth Report	Excess Votes 2017–18	HC 1931
Eightieth Report	Capita's contracts with the Ministry of Defence	HC 1736
Eighty-First Report	Rail management and timetabling	HC 1793
Eighty-Second Report	Windrush generation and the Home Office	HC 1518
Eighty-Third Report	Clinical Commissioning Groups	HC 1740
Eighty-Fourth Report	Bank of England's central services	HC 1739
Eighty-Fifth Report	Auditing local government	HC 1738

Eighty-Sixth Report	Brexit and the UK border: further progress review	HC 1942
Eighty-Seventh Report	Renewing the EastEnders set	HC 1737
Eighty-Eighth Report	Transforming children's services	HC 1741
Eighty-Ninth Report	Public cost of decommissioning oil and gas infrastructure	HC 1742
Ninetieth Report	BBC and personal service companies	HC 1522
Ninety-First Report	NHS financial sustainability: progress review	HC 1743
Ninety-Second Report	Crossrail: progress review	HC 2004
Ninety-Third Report	Disclosure and Barring Service: progress review	HC 2006
Ninety-Fourth Report	Transforming rehabilitation: progress review	HC 1747
Ninety-Fifth Report	Accessing public services through the Government's Verify digital system	HC 1748
Ninety-Sixth Report	Adult health screening	HC 1746
Ninety-Seventh Report	Local Government Governance and Accountability	HC 2077
First Special Report	Chair of the Public Accounts Committee's Second Annual Report	HC 347
Second Special Report	Third Annual Report of the Chair of the Committee of Public Accounts	HC 1399