

The Apprenticeships Programme

National Audit Office report

March 2019

Points raised by Energy & Utility Skills	“The Apprenticeships Programme” (National Audit Office – March 2019)
There appears to be no link between the way the policy reforms are being deployed, and the priority needs of the economy or labour market	<i>The Department for Education relies on market mechanisms to address skills gaps in the economy and does not decide where, or at what level, apprenticeships take place”</i>
Employers positive about the principle of apprenticeship standards.	<i>Employers generally have a positive view of standards in principle.</i>
Concerns exist about how funding bands for standards are set, and the rationale behind reducing levels of funding.	<i>Stakeholders told us that it is not clear how the funding bands are set, and that some of the standards are priced too low.</i>
It is early to judge the programme overall in terms of effectiveness and impact on productivity, and more time is needed and an in the round approach taken to evaluation.	<i>Performance to date has been mixed, although it is too early to assess progress against several longer-term indicators.</i>
Apprenticeship starts have fallen in companies as they adjust, but decisions are primarily business-led and less influenced by policy.	<i>26% drop in the number of apprenticeship starts between 2015/16 and 2017/18.</i>
Concern about the slow development speed and approval rate for standards.	<i>Progress in introducing the new standards has been slow, meaning that many apprenticeships continue to start under the older frameworks.</i>
Funding rates are not impacting on quality of resulting apprenticeships at this stage, because companies train apprentices to high standards of safety and competence.	<i>As such, [employers] considered that standards generally represented a higher-quality package of training than frameworks.</i>
Little evidence to employers of policy reforms leading to increased productivity or positive labour market impact. ATEAG support the direction of the reforms but see no link at this point.	<i>The Department has improved its performance measures but is still not transparent in how it demonstrates the overall added value of the programme.... It also remains difficult to understand the</i>

	<i>impact of the programme on economic productivity.</i>
With regards to value for money, employers feel it is too early to tell. Suggested to NAO that it was beyond our ability to judge the success of the policy reforms. The NAO should investigate.	<i>Given these concerns, the Department has some way to go before it can demonstrate that the programme is achieving value for money and that resources are being used to best effect.</i>
The NAO should include the full cost to serve of the new reforms when judging value versus the old system.	<i>...non-participation spending, to run the online apprenticeship service and support central initiatives such as communications projects (£46 million spent in 2017-18).</i>
Apprenticeship reforms are not perceived as employer-led.	<i>The government considers that, by making the programme more employer-led and employer-funded, it will better meet the skills needs of the economy.</i>
While levy recovery in our sector is better than most, the suggestion that employers would be able to get more money out than they put in is invalid.	<i>The budget is not sufficient for all levy-paying employers to draw down their funds in full. Each employer has access to the amount it paid into the apprenticeship levy, plus the 10% government top-up. Under current funding arrangements, the Department and HM Treasury had expected levy-paying employers to access up to around half of the funds in their levy accounts to cover both new starts and existing apprenticeships. In 2017-18, levy-paying employers accessed £191 million (9%) of almost £2.2 billion of levy funds and government top-up available to them, compared with the Department's forecast of £272 million (13%). Employers have up to 24 months to spend levy funds before they expire.</i>
The NAO should look to establish the facts about value for money and impacts on productivity from the reforms. Transparency on where unspent levy is going would also be welcome. (Some of this could be used for upskilling or other purposes, such as support for other non-training elements or even in support of establishing the T Level	<i>.....the budget is used not only to fund new apprenticeships for levy-paying employers, but must also cover:</i> <ul style="list-style-type: none"> <i>• government's contribution to apprenticeships for non-levy-paying employers (£189 million spent in 2017-18);</i> <i>• government's contribution to apprenticeships that were started before the</i>

<p>industrial placements mechanisms that will be required).</p>	<p><i>funding changes (£1,087 million spent in 2017-18); and</i></p> <ul style="list-style-type: none"> • <i>'non-participation' spending, to run the online apprenticeship service and support central initiatives such as communications projects (£46 million spent in 2017-18).</i>
<p>The apprenticeship reforms were meant to deliver simple funding mechanisms and have not.</p>	<p><i>The system for overseeing apprenticeships is complex, involving a large number of organisations.</i></p>

If you would like more information about the NAO report, please contact me:
carl.jordan@euskills.co.uk