



# Institute for Apprenticeships

**TUC Submission to the Consultation on the Draft Strategic  
Guidance for the Institute for Apprenticeships**



## **Introduction**

The TUC is the umbrella body for 50 affiliated trade unions representing nearly 5.6 million workers in Britain and these unions represent apprentices across a wide range of sectors. The TUC is committed to ensuring that young people have access to high quality learning and skills opportunities which lead to secure, sustainable, fairly paid employment. Young people are particularly vulnerable to exploitation and trade union representatives have a strong track record in supporting apprentices to make the transition into secure employment.

Unionlearn, the learning and services arm of the TUC, has played an important role in supporting union representatives and officers to promote and negotiate high quality learning opportunities for young people, including apprenticeships. Where unions are recognised they are able to negotiate collective agreements which solidify the commitment from both the employer and the union to support young people in the workplace. Trade union representatives also play a key role in the workplace directly representing and supporting apprentices, including through mentoring programmes and other forms of one-to-one support.

The Union Learning Fund (ULF) provides funding for a wide range of projects that support union-led learning and skills in the workplace, including apprenticeships. Over the last 6 years ULF projects have supported over 33,000 high quality apprentices across a range of sectors.

## **Employee voice and social partnership**

The TUC has welcomed many of the recent reforms undertaken by the government aimed at increasing the number of apprenticeships, driving up employer investment in this type of training, and putting in place measures to improve the quality of apprenticeships. The introduction of the apprenticeship levy and new procurement regulations are positive steps which will do much to drive up employer investment and engagement in apprenticeships. The TUC also welcomed the decision to establish the Institute for Apprenticeships as a national body with a remit for quality and standards and the subsequent decision to extend its remit to cover the reformed technical education system recommended by the panel chaired by Lord Sainsbury.

As we highlighted in our recent submission<sup>1</sup> to the Technical and Further Education parliamentary Bill Committee, the establishment of the Institute and related reforms offer an opportunity to deliver high quality education and training opportunities to many more individuals: *“It is long overdue that the government is putting in place measures to bring about an integrated apprenticeships and technical education system. If implemented successfully, this central reform should do much to raise the quality and status of this route for young people and adults.”* (TUC submission to Technical and FE Bill Committee, p4).

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<sup>1</sup> Available at: [www.tuc.org.uk/industrial-issues/skills-policy](http://www.tuc.org.uk/industrial-issues/skills-policy)

We have also welcomed that these proposed skills reforms are drawing on the apprenticeship and technical education models in other European countries (e.g. Germany and Norway) which are generally acknowledged to have high quality pathways for those not pursuing the graduate route. However, we expressed concern that the government's proposals for the establishment of the Institute make no reference to the fact that the high quality skills systems in other European countries are underpinned by a "social partnership" approach comprising a close collaboration between government, employers and trade unions.

This major oversight is reflected in the draft strategic guidance which says that the Secretary of State "has ensured that the majority of Institute's Board are employers, or representatives of employers" with no reference at all to employee voice or trade unions. Whilst we agree with the aim of putting "employer voice" at the heart of the Institute's work and its governance arrangements, the proposed model is completely out of kilter with similar bodies in other European countries which also include unions as the legitimate representatives of the interests of apprentices and others undertaking technical education. The lack of employee voice and unions on the Institute's Board is of major regret and there are concerns that this will undermine its role as a national guardian of quality and standards.

### **The Institute's remit for quality and standards**

The TUC has consistently stressed that the establishment of the Institute must address long standing issues with the quality of apprenticeships at this moment in time as well as over the longer term. It was our hope that this would be a central aim of the new national body in addition to its longer-term quality assurance role. When the government first proposed establishing the Institute in November 2015, we were encouraged that the body would have a wide remit to tackle quality issues in apprenticeships. At that time the government described its remit in the following way:

"To ensure employers drive quality in the apprenticeship system we will establish the Institute for Apprenticeships, a new independent body, led by employers, to regulate the quality of apprenticeships within the context of achieving three million starts by 2020."<sup>2</sup>

Disappointingly, the draft Strategic Guidance suggests that the Institute will have a much more limited role than we originally anticipated, with a focus on looking at the quality of apprenticeship standards and also advising on the funding bands for these standards. Whilst putting in place a national quality assurance process for standards is welcome, this is not an adequate response to tackling systemic issues and risks failing to deliver a meaningful, positive impact on the wide range of quality issues affecting individual apprentices.

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<sup>2</sup> Apprenticeship Levy, Employer Owned Apprenticeship Training, Government response, November 2015 - [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/482049/apprenticeship\\_levy\\_response\\_25112015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/482049/apprenticeship_levy_response_25112015.pdf)

## **What are the existing problems that need to be tackled?**

Despite a range of measures to tackle poor quality provision, there remain too many low quality (and in some cases exploitative) apprenticeships. Below we cite various examples of this:

- The completion rate for apprenticeships is too low<sup>3</sup> with more than 30% of apprentices not completing their training. While some apprentices may be leaving their apprenticeship for positive outcomes, such as secure employment, it is also clear that a large number are not completing their apprenticeship because they are receiving a poor quality experience, including very low pay or a poor learning experience.
- The government's 2015 Apprentice Evaluation report revealed that 21% of apprentices were not receiving any formal training<sup>4</sup>. Apprenticeships should include quality "off the job" accredited training and this is a key requirement set out in the Skills Funding Agency's funding rules. Without this, apprentices are effectively being employed on low paid, insecure contracts without adequate training.
- According to the same report, only 67% of apprentices were aware that they were undertaking an apprenticeship. This means that a large number of individuals are unaware of the additional rights that they are entitled to as apprentices. It also suggests that existing mechanisms to make apprentices aware of their rights are failing. These mechanisms include the letter which is supposed to be sent from the Minister to new apprentices and formal documents such as the Apprenticeship Agreement and Commitment Statement.
- Nearly one in five (18%) apprentices are not getting paid the Apprenticeship National Minimum Wage (NMW) rate<sup>5</sup>. Non-compliance with the Apprenticeship NMW rate has actually got worse since 2014, when the last pay survey was carried out. This is shocking and is surely dissuading prospective apprentices and their parents from considering apprenticeships. Given the likely increase in apprenticeship numbers over the next few years (e.g. on the basis the government reaches its 3 million target) we could see a situation where as many as 600,000 apprentices are not getting paid the meagre Apprenticeship NMW comprising an hourly rate of £3.40.
- The latest data show that 30% of 16-18 year olds were receiving below the Apprenticeship NMW, an increase of 5% since 2014.

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<sup>3</sup> <http://www.ft.com/cms/s/0/1e7a0f00-d712-11e5-8887-98e7feb46f27.html>

<sup>4</sup> Apprenticeships Evaluation 2015 – Learners, A report by IFF Research, with the Institute for Employment Research at the University of Warwick

<sup>5</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/575634/10583-LPC-National\\_Living\\_Wage\\_WEB.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/575634/10583-LPC-National_Living_Wage_WEB.pdf)

- Despite the recently introduced requirement that apprenticeships last a minimum of 12 months, for too many apprentices this is not the norm. For example, 21%<sup>6</sup> of 16-18 year olds still complete their apprenticeship in less than one year<sup>7</sup>.
- In 2014-2015 just 61.9% (around three-fifths) of young black women successfully completed their training programmes, compared to more than two-thirds (66.4%) of Asian and (69.5%) white apprentices. The TUC is concerned that this falling completion rate indicates that too many apprenticeships are not decent quality and that workplace discrimination is preventing underrepresented groups achieve their qualifications.
- Jeremy Crook, Chair of the BIS Apprenticeships Advisory Group, has highlighted that the proportion of BAME people who apply for an apprenticeship is far higher than the proportion who actually start one<sup>8</sup>. In 2011/12, around 25% of applications made via the central Apprenticeship Vacancies system were from BAME groups but only 10% of the starts in that year were accounted for by them.
- Whilst the ratio of male/female apprentices is nearly balanced, many young women are working in sectors synonymous with low pay and do not have as much opportunity to progress through those apprenticeship frameworks and levels which would lead to increased career opportunities and higher pay. For example, only 3.62% of engineering apprenticeship starts (both frameworks and standards) were by women<sup>9</sup>.

These are all significant problems that require a broad, strategic approach to quality assurance in the apprenticeship system, which is not adequately addressed in the draft strategic guidance. The TUC believes that the Institute should be tasked (and adequately resourced) to enforce new minimum standards of apprenticeship quality across a wider agenda than is currently proposed. Below we set out some specific concerns in this regard.

### **Some key concerns with the draft Strategic Guidance**

- Disappointingly the draft strategic guidance does not propose giving the Institute sufficient scope and powers to tackle these longstanding problems. The proposed remit of the Institute is too narrow. The Institute is primarily tasked (paragraph 6) with looking at the quality of standards. Whilst this is important, the Institute should focus on other key areas which impact on apprenticeship quality as highlighted above.

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<sup>6</sup> <https://www.gov.uk/government/publications/apprenticeship-reforms-equality-impact-assessment-table1>, page 13

<sup>7</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/357005/Bis-14-970-Reformed-apprenticeships-equality-impact-assessments1.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/357005/Bis-14-970-Reformed-apprenticeships-equality-impact-assessments1.pdf)

<sup>8</sup> <http://www.bteg.co.uk/content/time-employers-and-government-end-equality-opportunity-deficit-ethnic-minorities>

<sup>9</sup> FE Data Library, Framework or standard, level, and gender, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/534296/apprenticeships-starts-by-framework-level-and-gender.xls](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/534296/apprenticeships-starts-by-framework-level-and-gender.xls)

- Arguably, the Institute is not truly independent as is asserted in the draft guidance. The current CEO and Deputy CEO positions are held by officials who also have roles in other government departments and agencies and this could potentially pose a conflict of interests. For example, one of the functions of the Skills Funding Agency and the Department for Education is to quality assure the apprenticeship system. Ideally, the Institute should develop and oversee the strategy for improving apprenticeship quality, including requiring improvements in the operations of the Department for Education and the Skills Funding Agency. Where key employees hold positions across all of these organisations it is difficult to see this happening.
- Paragraph 8 of the draft Strategic Guidance is of concern as it suggests that the Institute’s quality assurance functions should operate in the context of also achieving the 3 million apprenticeship starts target. **Quality should not take a backseat to the priority of driving up the number of apprenticeships.** We believe that this provision in the draft guidance creates a potential conflict of interest between the aims of introducing measures to stamp out poor quality apprenticeships and ensuring the target is met on time. The TUC supports the increase in high quality apprenticeship opportunities, but there should not be a relentless drive to hit the 3 million target at the expense of quality. The two aims of increasing the quality and quantity of apprenticeships are not always mutually compatible and where potential conflict occurs, ensuring the quality of apprenticeships should take priority.
- The draft Strategic Guidance does not contain sufficient information about the proposed governance structures of the new Institute (although there is more information in the draft Operational Plan for the Institute which is now out for consultation). The TUC has called for trade union representation at all levels of the Institute’s governance in line with the “social partnership” model. Trade union representatives and officials have significant experience in negotiating high quality apprenticeships with employers and are well aware of the challenges in ensuring that high quality standards are adhered to throughout an apprenticeship. An Institute led solely by employers and their representatives risks apprenticeship standards being designed that are not properly balanced between the interest of employers and individual apprentices. We do welcome the proposal to establish an “apprentice panel” but this cannot be a substitute for union representation and input.

### Recommendations

- The lack of a clear commitment to employee voice and the legitimate role of unions in the work of the Institute in the draft guidance has been reflected in the recent appointments to the Board. As a result of these appointments the governance of the Institute currently only reflects the interests of employers and their representatives, and providers. This needs to be addressed in future Board appointments and there needs to be a clear commitment to employee voice and unions in forthcoming appointments to other levels of governance within the Institute.
- Paragraphs 11-14 of the guidance helpfully suggest that the Institute could play a broad role in quality assurance. This is welcome, but there needs to be further clarity and strategic thinking about how the Institute can deliver on this. Unfortunately these

paragraphs are unclear about the exact functions/powers that the Institute will have to set, monitor and enforce quality standards. Therefore, there should be further consultation with key stakeholders about a potentially “broad role” for the Institute as regards quality assurance.

- The Institute should consult with key stakeholders and publish an equality and diversity plan, which sets out the key steps that should be taken to widen access to apprenticeships for under-represented groups.
- It is welcome that the Institute will have to publish an annual report to report on progress. The first report should include an initial benchmarking exercise, which identifies key quality assurance risks. The report should also include a clear strategy on how the Institute is going to tackle poor quality on a number of fronts with subsequent reports setting out progress against a number of key quality indicators.
- It is very welcome that the Institute can task the Skills Funding Agency with investigating certain aspects of the apprenticeship programme (paragraph 29). These powers should be used immediately to investigate the inherent weaknesses in the existing apprenticeship programme, as highlighted in the examples we have given on pages 4-5.
- The new quality partnerships (paragraphs 30-33) should include the Institute working closely with the National Minimum Wage enforcement team and should explore the role that the Institute can play in raising awareness of apprentice rights. There may be opportunities for the Institute and NMW enforcement team to share information which would lead to improved enforcement of the NMW. For example, if either body found evidence of a provider not complying with the law or if there was a particular geographical region or sector where there were concerns, this information should be shared and acted upon immediately.
- The Institute should monitor and ensure that awareness raising measures such as the “Commitment Statement” and initial letter from the Minister to apprentices are being signed off/received by apprentices.