

21st century apprenticeships

End to End Review of the Delivery of Modern Apprenticeships

Modern Apprenticeship Delivery

End to End Review Team

DfES and LSC

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Summary and Recommendations

Summary

1. This summary presents the broad conclusions of the Joint DfES/LSC End to End Review of Modern Apprenticeships. The review involved extensive analysis of existing documents, interviews with many people engaged in delivering MAs, four local case studies, and discussions about emerging conclusions and recommendations with a wide range of stakeholders.
2. There are great strengths in the delivery system, giving real benefits to employers and learners, and offering a strong platform for further improvements.
3. Current roles and responsibilities for MA delivery reflect the complexity of the policy goal and diversity of the economic and social environment in which MAs operate.
4. MAs involve 42,000 organisations including 36,000 employers and 224,000 apprentices at any one time.
5. While there are several excellent world-class schemes in England, more action is needed on branding, relevance to individual employers and trainees, product development, quality improvement and impact on the economy to create a new 21st Century Apprenticeship programme with a distinctive role in learning for young people and adults.

A diagram depicting 21st century Apprenticeships is at annex 1.

Main Recommendations¹

The new 21st Century Apprenticeship Programme

1. A new Apprenticeship should be available from age 14 and include adults (see Annex 1).
[Para 47, 60, 86]
2. Entry to the programme should be through the new Youth Apprenticeship, Entry to Employment and/or GCSEs. *[Para 56 – 58, 86, 90 -93]*
3. The New Youth programme should start at 14+ with the trainee gathering units and components which would go towards the Apprenticeship qualification. *[Para 60, 86]*
4. There should be a clear progression route through to the MAs and on to the Advanced Apprenticeships and, where appropriate, Foundation Degrees. *[Para 86, 95]*
5. There should be a visible commitment by the employer and the trainee, with a probation period of 8 weeks, as recommended by the Modern Apprenticeship Advisory Committee. *[Para 33, 48 – 49, 76 -77, 90 -93]*
6. The programme should be portable and where a trainee cannot receive all the necessary experience with one employer there should be a system developed (through an agency or group training association) whereby the trainee can move and their apprenticeship status goes with them. *[Para 29, 39, 53]*
7. Those entering the programme should not be financially penalised. *[Para 53 -55]*

Product Development

8. Sector Skills Councils (SSCs) should be given greater discretion and authority to recommend entry standards and determine the attributes needed for fully-skilled status. This needs to be matched by SSC action to secure greater employer participation in MA. *[Para 30, 35]*
9. Ensure all SSCs prioritise the development of new schemes and review existing programmes immediately. *[Para 28]*
10. In line with the review of vocational qualifications and the development of unitisation and credit transfer, a simplified and more flexible Apprenticeship framework should be implemented concentrating on a sector core with a choice of components relevant to employers' collective needs. The core would cover the NVQ, technical certificate and where necessary the literacy and numeracy skills required for employment. (Evidence through certification of level 2). *[Para 28, 30, 38 - 40]*
11. For the adult apprenticeship programme, recognition for their prior experience or skills should be acknowledged and credited, allowing them to fulfil the requirement if appropriate in a shorter period of time. *[Para 59]*
12. Introduce an instructor, tutor and assessor support programme to ensure quality delivery. *[Para 38, 42 – 44, 78 -79]*
13. For progression purposes and parity of esteem the LSC and QCA should ensure there is a process to determine equivalent values across SSCs. *[Para 27 -34]*

¹ Paragraphs which relate to the recommendation are identified in parenthesis

Promotion and Branding

14. Ensure implementation of the LSC Marketing plan for MAs, including national promotion to employers and national sector based advertising to prospective trainees. *[Para 46 – 52, 61 -62, 66, 90 -93, 95]*
15. Explore with partners the feasibility of an innovative 'clearing house' for MAs (potentially covering promotion; matching; coaching; transfers between employers and follow-up) building on best practice in Connexions, JobCentre Plus and IAG networks and exploiting the delivery potential of ICT in recruitment. *[Para 39, 54 – 55]*
16. To ensure we can provide a total service to employers on training and development, draw up plans for using the MA network for promoting a wider range of provision drawing on the innovative delivery models set out in the skills strategy. *[Para 44 – 46, 54 – 55, 61-62]*

Organisation Structure for Delivery and Programme Management

17. Each key partner organisation to detail how they will deliver their MA responsibilities and who is to be held accountable. (LSC, SSCs, QCA, Government as an Employer, Jobcentre Plus, Connexions, IAG partnerships and Awarding Bodies). *[Para 64 -65]*
18. The DfES to set up, under the chairmanship of the Minister, steering arrangements underpinned by programme and project management arrangements for MAs. These will draw together the named individuals and give priority to communicating a clear vision and brand values, creating a confident professional delivery culture, and systematic management of change. *[Para 64 -65, 80, 97 -99]*
19. Each LLSC to mirror the national delivery partnership arrangements by ensuring there are named responsible owners and to detail and

implement proposals, drawing on best practice for engaging employers (such as group training associations and other employer collaborations) and determining the role and funding for any intermediary bodies.

[Para 37, 42 – 45, 67, 72 – 75, 78 – 79, 82 - 85]

20. Determine a new national simplified process for contracting with providers that cover more than one LSC or more than one sector. *[Para 42, 67]*
21. LSC to establish a new business unit concentrating on working with SSCs. *[Para 64 -65]*
22. Establish a sound research base for evaluation, evidence on increased productivity, and information on trainee success, pedagogy and what works in the work place. *[Para 69]*
23. Reduce bureaucracy by building on the work of Measuring Success and the Managing Information Across Partners Group to ensure that management information is timely, accurate and relevant, especially in relation to employer involvement and progression. *[Para 69, 97 -99]*

Targets

24. Replace the participation target for MAs programmes with a more robust measure based on achievement. The new target should be based on the achievement rate for young people and adults who gain the qualification at Apprenticeship and Advanced Level. To be benchmarked against the world's best and take account of both value-added and distance travelled. *[Para 68, 76 – 77, 90 -93]*
25. To drive performance, data should be collected on interest, initial enrolment, completing the probation period, participation, and achievement at level 1, level 2 and level 3 advanced by sector. *[Para 33, 39, 68, 76 -77, 90 -93]*

Introduction

1. This report sets out the conclusions and recommendations of the 'End to End' review of the delivery of Modern Apprenticeships (MAs) carried out between October and December 2003. The report outlines how we conducted the review and our assessment of the strengths of the current delivery system, barriers to effective delivery, and the likely impact of changes in the pipeline. Our recommendations are presented to DfES & LSC Senior Management.

End to End Reviews

2. 'End to End' reviews examine the delivery of a specific Public Service Agreement (PSA) target or other high level objective. The PSA target for Modern Apprenticeships is that, by 2004, 28% of young people (175,000) will enter MAs for the first time by age 22.
3. This End to End Review was commissioned by the Department for Education and Skills' Board following a 'Landscape Review of DfES and its Delivery Agents' carried out in 2002. Our review is the first end to end review undertaken by DfES. We were asked to examine the delivery chain for MAs and also to report on three cross cutting themes of: electronic government; equal opportunities; and the burden of bureaucracy. Our review will inform the 2004 Spending Review.
4. The review was carried out jointly by LSC and DfES. Our work was steered by a group that also included: an employer; a Modern Apprentice; the Adult Learning Inspectorate (ALI); Connexions; Sector Skills Development Agency (SSDA) and providers' representatives. A list of Steering Group members is included at Annex 2. We considered all aspects of the policy delivery and components that make up a Modern Apprenticeship.

5. Our formal objectives were to:

- Review the effectiveness, flexibility, agility and robustness of processes used to promote and deliver Modern Apprenticeships against the policy objectives set by Ministers;
- Make recommendations, as appropriate, for a change programme to ensure that delivery processes are well attuned to achieving policy objectives;
- Report to DfES and LSC Senior Management accordingly.

Methodology

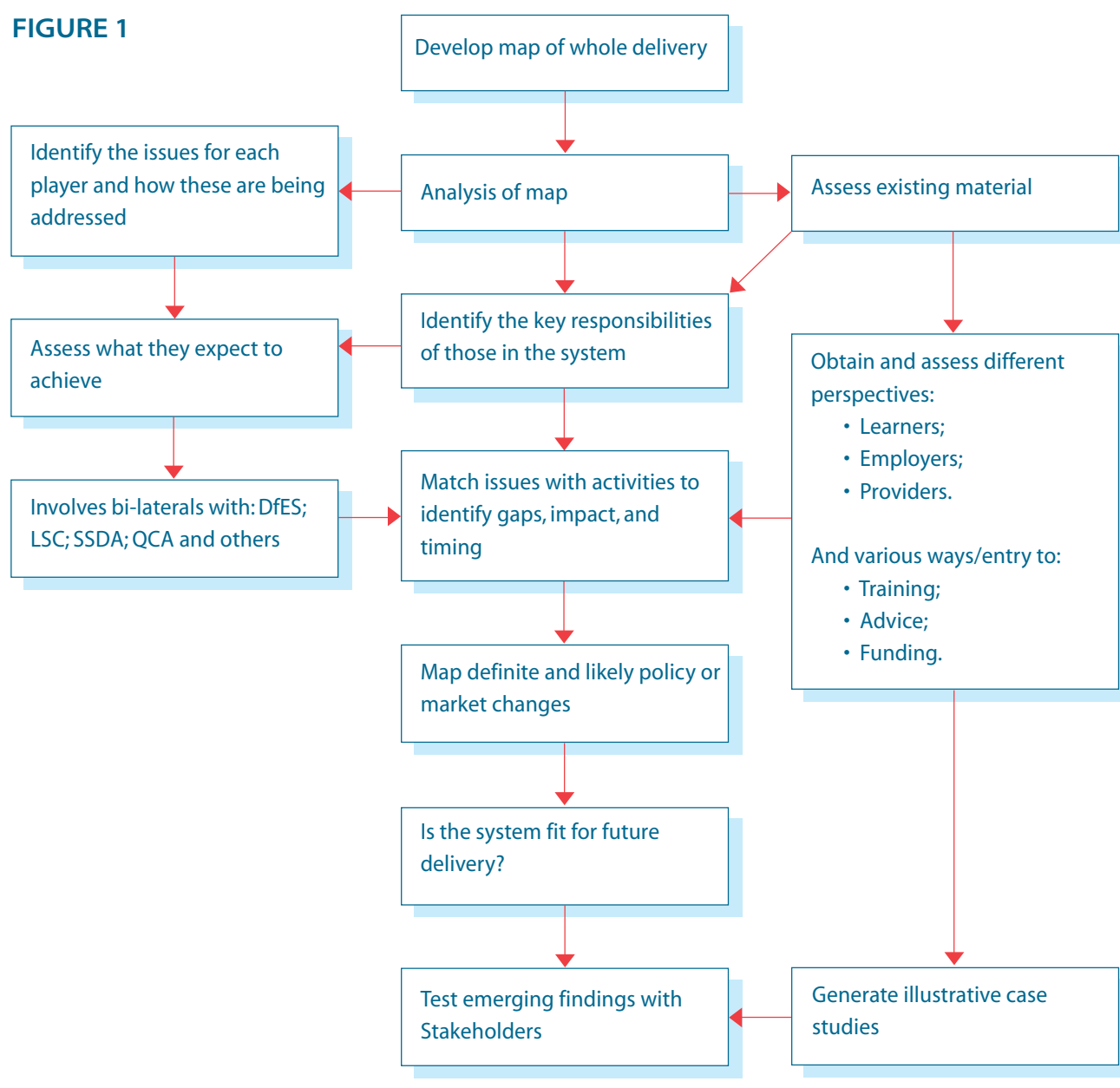
6. In working towards these objectives we:

- Reviewed Information from earlier and parallel studies of Modern Apprenticeships;
- Interviewed key post holders in DfES, LSC, and partner organisations;
- Mapped the Modern Apprenticeship delivery processes from the perspective of journeys undertaken by learners, employers and providers;
- Identified the role and contribution of each stakeholder to the delivery of Apprenticeships;
- Collated information about the nature, timing and likely impact of changes in the pipeline affecting the delivery of MAs;
- Carried out case studies of local delivery arrangements in 4 areas;
- Explored opportunities for enhanced quality or better success rates through removing delivery barriers, making more of unexploited opportunities for improvement or eliminating unnecessary processes or procedures;
- Assessed the overall robustness and resilience of the delivery processes and their agility in the face of the likely impact and timing of planned changes, and potential economic and social challenges, over the next 3 to 5 years;

- Tested our emerging conclusions through 5 stakeholder forums including employers, learners, providers and other partners;
 - Set out proposals for a coherent change programme with clear priorities for improvements to Modern Apprenticeship delivery.
7. Our central interest was in the effectiveness of the delivery system. Within this our key criteria were:
- Agility to accommodate environmental and policy changes;
 - Flexibility in responding to employer and learner needs;
 - Resilience against unexpected changes in the market place;
 - Communications between partners;
 - Accountability for delivery to learners and employers;
 - Collaboration between partners and with employers;
 - Clarity of vision and priorities in a complex delivery system.

Figure 1 below illustrates our approach to the review

FIGURE 1



Relationship to Other Reviews

8. We were keen not to duplicate the work of others who have reviewed aspects of policy and delivery recently or in parallel with our review. As a result of these studies there are numerous changes working their way through the system and we wanted to build on these rather than risk confusion by challenging them unnecessarily.
9. In particular we took account of the work of the:
 - Modern Apprenticeship Advisory Committee (chaired by Sir John Cassels) being implemented by the LSC;
 - MA Board (chaired by Ian Ferguson) which made recommendations to the LSC in January 2003;
 - Modern Apprenticeship Task Force (chaired by Sir Roy Gardner) which was launched in February 2003. An initial progress report has already been received by Ministers, with its first annual report due in Spring 2004;
 - Bureaucracy Task Force (chaired by Sir George Sweeny) due to submit its second report on work based learning in Spring 2004;
 - Equal Opportunities Commission's General Formal Investigation into Occupational Segregation, with an interim findings report due in January 2004, and a full report and good practice guide due in September 2004;
 - Tomlinson 14 -19 Working Group, which is due to present an interim report in early 2004. The final report is expected in July 2004.
10. While we were working on our review the House of Commons Education and Skills Select Committee announced it would be considering Modern Apprenticeships around the middle of 2004 as part of its wider inquiry into skills.

Findings

Background

11. Modern Apprenticeships (MA) play an important role in the Government's economic and social policies. They are a key strand in the drive to improve productivity and economic growth through enhanced workplace skills as set out in the Skills White Paper - 21st Century Skills, Realising Our Potential. They are also an important and distinctive approach to learning used by around a quarter of young people aged 14-19 as part of their transition from school to work. For some young people apprenticeships offer opportunities for progression to higher level skills including entry to higher education.
12. The first Modern Apprentices started training in 1994. The programme built on a long tradition of craft apprenticeships in some parts of the economy and sought to extend the approach to emerging sectors and a wider range of occupations. Since then apprenticeships have become the recognised route into skilled employment in many occupations, industries and sectors. The diverse needs of these different occupations and industries lie at the heart of the tightly defined frameworks at either Foundation or Advanced level. At both levels, the frameworks include combinations of paid employment; a level 2 or 3 NVQ; a Technical Certificate and Key Skills certification. In 2003 an associated programme – Entry to Employment – was introduced to help young people gain the educational skills and attributes needed for entry to work or progression onto an apprenticeship.

² In addition £165 million will be spent on Entry to Employment in 2003/04, rising to £181 million in 2005/06. The total expenditure figure are for expenditure on work based learning for young people under 25, and include an amount for non-framework NVQ training (but this will be relatively small).

13. Since 1994 the overall shape of Modern Apprenticeships, the detailed requirements in each occupation, industry or sector and detailed delivery arrangements have developed in the light of experience and the changing economic and social needs of young learners and employers. This process of improvement continues with many significant changes in the pipeline. Consequently our review considered the timing and likely impact of these changes alongside the existing delivery arrangements. We recognise that plans are in hand to tackle most of the issues identified by people we consulted during the course of the review.

MA's in 2003-04

14. Currently the DfES funds "Modern Apprenticeship" programmes for young people aged between 16 and 24 at a cost of approximately £700 million² in 2003-04 and rising to about £920 million in 2005-06. The latest published data show that there were, on average, 224,000 apprentices in training in 2002-03 – 86% of new MAs entered as employees (95% in AMA and 83% in FMA).
15. During 2002-03 163,000 young people entered Modern Apprenticeships, 29% as advanced modern apprentices.
16. In 2001-02, about 37,700 young people completed full MAs (24%) and approximately 17,280 completed full NVQs without completing the MA framework (11%). For the 12 months ending January 2003, completions and full NVQ had risen to 39%.³ Further statistical information and trends are shown in Annex 3.

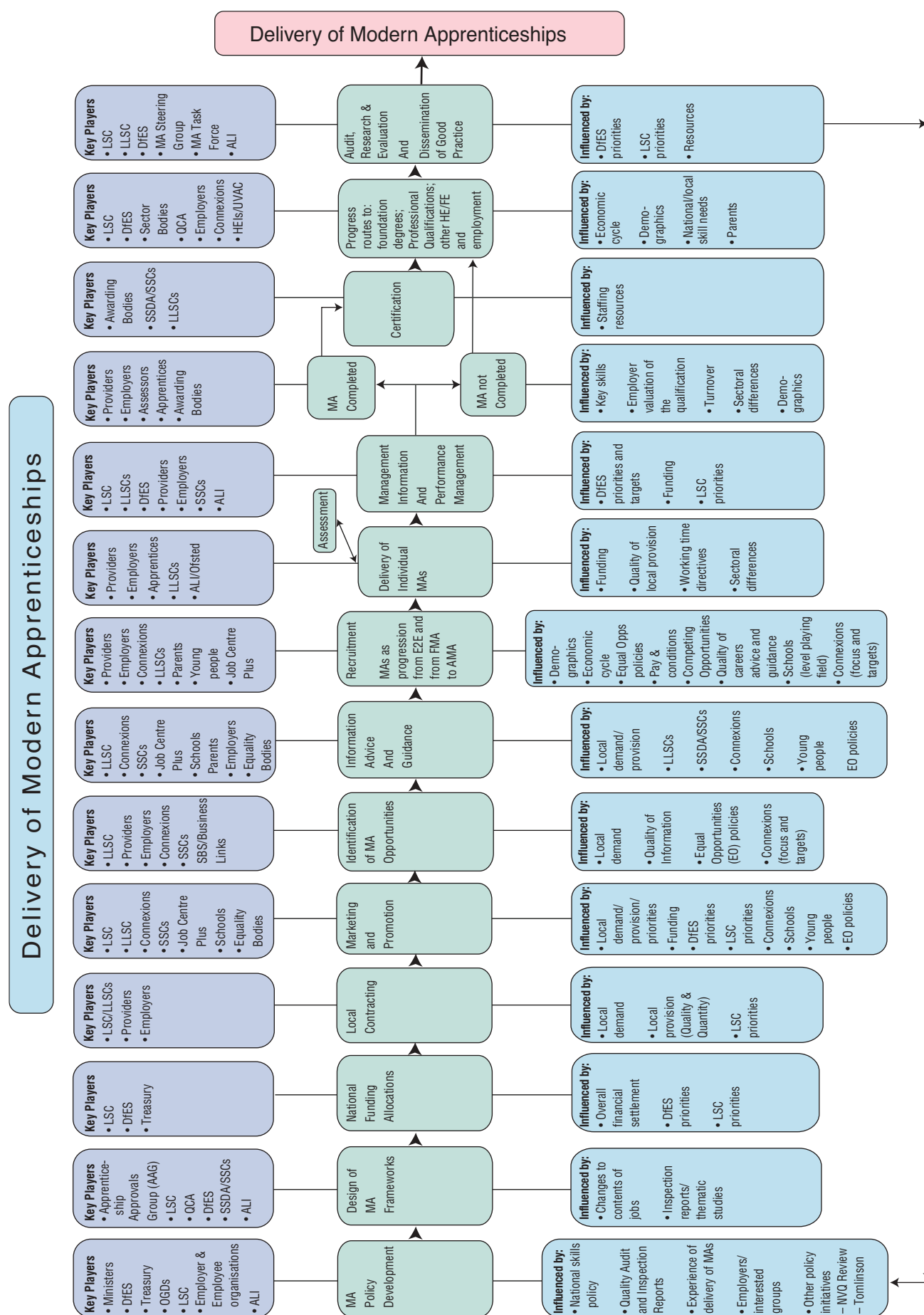
³ Some young people completing MAs moved into higher education, but it is difficult to gain a full picture of this as the available data only data (1120 in 2002-03) who move immediately into HE on completion of their apprenticeship.

17. In 2002-03, 383 work based learning providers were inspected by the Adult Learning Inspectorate. 46% were assessed as satisfactory or better, 9% needed a partial re-inspection and 45% needed a full re-inspection. These figures were much better than in 2001-02, when 56% faced a full re-inspection.

Roles and Responsibilities

18. The delivery of MAs entails 13 distinct functions shown in figure 2. Broadly the functions cover:
- Design of the programme including a framework and technical certificate tailored to the needs of each sector and of the qualifications used in MAs;
 - Managing communications and brand to attract employers and young people to participate in MAs;
 - Establishing an effective delivery structure including selection and management of providers capable of offering the learning, support and assessment facilities needed by young people and employers throughout the apprenticeship;
 - Management and leadership of the delivery arrangements.

FIGURE 2



19. Our findings and our action plan use these 4 groups of functions. Our best estimate is that around 42,000 organisations in the public, private and voluntary sectors are involved in delivering MAs. Table 1 summarises their roles and responsibilities.

TABLE I – Roles and responsibilities for Modern Apprenticeship delivery

Organisation	Role
Department for Education and Skills	<p>Overall development of MA policy within the broader approach to 14-19 learning – and increasingly to adult skills.</p> <p>Secures funding for MAs and manages this within the overall relationship with the LSC.</p> <p>Maintains the overall arrangements for quality and accountability including value for money, teaching and learning frameworks, qualifications for staff working in the learning and skills sector, inspection and Beacon providers.</p> <p>Ensuring value for public money devoted to Modern Apprenticeships.</p> <p>Evaluating the overall contribution of MAs to wider policy goals.</p>
Learning and Skills Council (National Office, National Contracting Service and 47 Local LSCs)	<p>Sets policy and operational guidelines for MA frameworks.</p> <p>Young People's Learning Committee advises on achievement of national targets for young people aged 16-21, including strategies for increasing participation and attainment levels</p> <p>Funds, plans and manages delivery through the network of providers.</p> <p>Operates the National Contracting Service.</p> <p>Marketing of MAs to young people and employers.</p> <p>Chairs the MA Steering Group where key stakeholders advise on the management of the programme and implementation of change, such as the Cassels recommendations.</p> <p>Chairs the Apprenticeship Approvals Group where in key stakeholders decide on applications for frameworks.</p>
National Modern Apprenticeship Task Force	<p>To increase employer engagement and to ensure MAs are fit for purpose.</p>
Skills for Business Network (Sector Skills Development Agency and around 23 Sector Skills Councils by June 2004)	<p>Licenses and funds Sector Skills Councils.</p> <p>Develop national occupational standards.</p> <p>Draw up Apprenticeship frameworks for key occupations.</p> <p>Design Technical Certificates.</p>

continued ... 

Qualifications and Curriculum Agency	<p>Funds the development of occupational standards.</p> <p>Accredits the awarding bodies that award the NVQs, technical certificates and key skills certificates.</p> <p>Determines the contents of key skills requirements.</p>
Awarding Bodies (36 awarding bodies involved in delivery of MAs)	Award the various elements that make up a Modern Apprenticeship.
Secondary School (3436 schools)	Prepare young people for entry to employment.
Connexions (Connexions National Unit and 47 local Connexions Partnerships)	<p>Provide advice and guidance to young people on their career options.</p> <p>Follow up of young people.</p>
Jobcentre Plus (780 regional and local offices)	Advice and guidance to unemployed and economically inactive people over 19 seeking work or training.
Local Information, Advice and Guidance Networks (601 organisations directly funded by the LSC)	Advice and guidance to adults seeking training.
Colleges and work-based learning providers (1137 in total, 186 of which are general FE colleges)	<p>Recruit employers and young people.</p> <p>Provide learning support and assessment facilities.</p>
Employers (36,000 estimated in Learning and Training at Work survey, 2002)	<p>Employ young people as apprentices under MA arrangements.</p> <p>Provide on-the-job training and supervision for apprentices.</p>
Adult Learning Inspectorate	<p>Inspects provision on the basis of a Common Inspection Framework</p> <p>Provider Development Unit (responsibility for provider quality improvement transferring to the LSC in March 2005)</p> <p>Excalibur database of good practice.</p>
Learning and Skills Development Agency	<p>A strategic national resource for the development of policy and practice in post-16 education and training.</p> <p>Provides training and conference programmes for practitioners.</p> <p>Undertakes research and development in support of the learning and skills sector.</p>

20. Table 1 illustrates the complexity of the delivery chain for MAs. This arises from the inherent difficulty of bringing together employers and young people to provide a well regarded effective entry to a wide and diverse range of skilled occupations in an advanced economy.
21. It also illustrates that for the majority of organisations their involvement in MAs is not their main business. For many but not all employers, apprenticeships are part of their wider workforce development arrangements which in turn exist to support their commercial or other objectives. The point was made to us that for some employers there remains a legacy of apprenticeships being part of their engagement with the local community – often termed Corporate Social Responsibility – rather than a mainstream business or workforce development activities. Even for organisations that are part of the employment or education systems, apprenticeships are usually a relatively small part of their overall work. Consequently many of the systems used to deliver MAs are developed for wider purposes and this can inhibit fully effective delivery. It can also mean that MAs do not engage sufficient top management or leadership attention.
22. We concluded that something like the current structure, roles and responsibilities was inevitable given the complexity of the policy intent and the environment in which MAs operate. The issue is not one of whether the fundamental structure is right but whether the various roles and responsibilities come together effectively and efficiently to deliver the policy intent and meet the priorities and needs of learners and employers.

Strengths

23. There are important strengths in the current arrangements that provide a strong platform for resolving the issues of concern to those we consulted.
24. For many young people, and their employers, Modern Apprenticeships are a valuable experience leading to the acquisition of sophisticated skills needed for worthwhile career in their sector, occupation or industry. In many parts of our economy acquiring these skills offers people high status within local communities and opportunities for progression in employment, self employment or education.
25. Some of the positive features of MAs we identified during our review include:
 - for young people:
 - “Learning while earning” in a coherent coordinated way not available to most young people “working their way through college”;
 - A clear well defined route into a career, occupation, trade or sector which is not always the case for others in full-time education;
 - Access to the basic “licence to practise” in some sectors;
 - Distinctive practical work-based learning which suits the learning style of some young people;
 - The possibility for progression to higher level skills, possibly but not exclusively through participation in HE, including Foundation degrees.
 - for employers:
 - High quality method for increasing the skills of their young employees;

- A means of “growing your own people”, passing on the skills, culture, knowledge, practices and traditions of the firm and the trade;
- Securing state contributions to the cost of training staff offsetting some of the risks of poaching and mobility associated with investments in people;
- Access to high quality providers offering professional support and assistance with designing learning, training and workplace assessment (of particular value to SMEs);
- Widening the recruitment pool by the professional assessment of the capabilities and aptitudes of potential recruits;
- Ensuring young people acquire the essential skills to progress within the firm and industry;
- Improved employee retention rates.

MA Design

26. This section of our report is about establishing a national framework of standards for the delivery of MAs within the broader policies for post-16 education and training, and increasingly for adult skills. As such MA design touches on the aspects of the Government’s public sector reforms dealing with setting national standards, and delegation and devolution.

National Standards

27. The national standards for MAs are captured in the:
- National MA framework administered by the LSC and associated frameworks set by employers through Sector Skills Councils;
 - the national occupational standards and associated technical certificate requirements set by employers through Sector Skills Councils;

- National Vocational Qualifications approved by the QCA and delivered by awarding bodies;
 - Common Inspection Framework set by ALI and Ofsted used as the basis for provider inspection.
28. The most important design issue, expressed particularly by work-based learning providers, is that the MA framework is too inflexible, premised upon the idea that “one size fits all”. The full MA framework (with its combination of practical work experience, a level 3 or 2 NVQ [AMA/FMA], certified key skills and a technical certificate) is widely accepted by employers in traditional apprenticeship sectors such as engineering and construction. However, it is less popular with employers in some less traditional sectors such as retail and hospitality, where the requirements for technical certificates and testing of key skills were more often seen as onerous and beyond what is required for the sector. This is reflected in lower levels of completion of MAs in such sectors, which can be partly accounted for by the tendency of employers to see the NVQ as the main qualification they require, and the temptation to regard the employee as qualified before he/she completes the framework.
29. Others with system-wide responsibilities, and employers in sectors with a longer apprenticeship tradition, stress the need for a national framework for MAs which ensures a consistent pattern of required learning across all sectors. From this standpoint, employers taking the more “restricted” view of MA are adopting too short-term a perspective, discounting the view, stated by the OECD and many others that a lack of intermediate skills contributes to the UK’s productivity gap. The emphasis here is on transferability and portability of skills, enabling young people to compete in the wider labour market and to progress further up the learning ladder.

30. This debate reflects the confusion and consistently shifting policy priorities in defining the over arching aims for MAs. The problem is not one of a failure to set clear national standards from the centre but rather about the effectiveness of communications and the full acceptance of the national framework by the 42,000 or so organisations involved in apprenticeships and many others with the potential to contribute in the future. The debate manifests itself in the tightness of central controls over the detailed design of apprenticeships and a significant degree of mistrust between MA delivery partners. This results in strong limits on the extent to which key design decisions are devolved to localities or sectors. Those with a firm belief in tailoring apprenticeships to the priorities and circumstances in each sector and a capacity to tolerate diversity within the apprenticeship system, argue that apprenticeships are too inflexible and lack the agility to meet changing needs. They further argue that better results can only come from less central control and a much smaller and focused core requirement in the national frameworks. Others, placing a much greater value on system wide consistency and broader educational aspirations, argue there is too much flexibility and toleration of poor performance. They contend that better results will only come from a more closely specified standard with much stronger controls over its delivery. In recent years the tendency has been to limit devolution and extend central control over the detailed design of apprenticeships. The review of vocational qualifications, especially unitisation and credit accumulation, will go some way to reconciling these differing viewpoints.
31. Our conclusion is that delivery becomes significantly harder with each step beyond the essentials needed for a person to be regarded as fully skilled in their chosen sector, occupation or industry – and that these essentials vary enormously between sectors. We believe the direction of travel should be towards a simpler national framework giving Sector Skills Councils much greater authority and responsibility for design. The centre should concentrate on an assurance that Sector Skills Councils have captured fully the essentials for full skilled status in their sector and the prior attainments needed to follow an apprenticeship. This strong focus on the essentials should remove significant barriers to the effective delivery of apprenticeships and secure a sizeable increase in flexibility and agility.
32. We believe such an approach would lead to significantly better results and the active engagement of far more employers and learners.
33. It would also go some way to removing the strong sense of injustice many providers feel about the way success is measured in MAs. In part this is about invidious comparisons with colleges, but it also results from the extent to which apprentices completing the essentials for fully skilled status (but not the full MA framework) are regarded as “failures”.
34. We found relatively few criticisms of the other elements in the national frameworks used in MAs – and those that did emerge are being tackled in the Review of NVQs and the Review of the Common Inspection Framework. We do not wish to pre-empt these reviews other than to note that there are important issues about NVQs and Inspection policies and delivery contributing to the climate of disenchantment experienced by many providers.

Delegation and devolution

35. As already noted, many of those we consulted believed the existing MA system is over centralised and lacks sufficient flexibility to respond to local and sector needs. In the Government's reform programme generally, delegation is seen in terms of passing control to local communities. The situation is different in relation to MAs where the dominant delegation need is to tailor the learning to the distinctive needs of different occupations and industries rather than localities.
36. Thus, in terms of design we conclude that the key area for delegation is to Sector Skills Councils rather than to localities. The model we have suggested for national frameworks focussing on the essentials for full skilled status would introduce a key element of delegation within MAs. If there is too much discretion on apprenticeship design in regions or localities, there are significant risks of making the labour market for skilled occupations less flexible than it is today by inhibiting job mobility. A sectoral focus for delegation sustains the goal of portable qualification and wide recognition as a fully skilled employee.
37. This is not to say there is not an important role for discretionary action in different parts of the country. In particular, regions and localities need to determine the mix of apprenticeship trades available if the needs and priorities of local employers are to be satisfied; and to secure a good fit between MAs and the rest of post 16 education including adult skills as well as 14-19 strategies. There is a particular need for arrangements to ensure large numbers of people meet the entry requirements set by different sectors and the key skills needed in different sectors. This widens the occupational choices for individual young people.

Other design issues

38. Key Skills are a major design area of concern to many of those we consulted. The debate about the nature and timing of key skills tests has been extensive. As ministers have recently reached a conclusion on these issues we have not pursued them other than to note that there remains a vigorous debate in some sectors which distracts too many people from focusing on other aspects of effective delivery. Most important among the elements of this delivery are the quality of the learning experience and the qualifications of those responsible for leading the learning and deciding when learners are ready for assessment. Regarding the nature and timing of key skills tests, only now are providers recognising the potential of ICT mediated assessment, front loading the key skills delivery and the importance of assessment on demand rather than at the end of the programme. It should also be noted that LSC are looking at how best to market a more integrated programme with the SSCs that embed key skills into the vocational element and make them more relevant to employers and individuals, by sector.
39. A further issue of great concern to many of those consulted is support for apprentices moving between employers, other than in major redundancies where collaborative action in the FRESA based arrangements appears to work well. This is said to be a particular and growing problem in sectors with high turnover rates or large numbers of highly specialised small businesses operating in a high-employment economy with emerging skill shortages. The risk is of employers recruiting part trained apprentices into semi-skilled work without continued training. More imaginative use of "time off for education and training" regulations may be part of strategies for sustaining higher levels of apprenticeship completions. Further many spoke

about the absence of incentives, either from targets or funding arrangements, for providers to follow up and endeavour to retain apprentices who change employers. They argue that the current MA targets and funding system encourages providers to focus on recruiting additional apprentices rather than retaining those already in the programme.

40. Some of the changes in the pipeline, especially the development of unit accreditation and a credits system, will facilitate movement between employers and providers. However on their own these will not create the climate in which providers make strenuous and sustained efforts to retain apprentices, especially those nearing the completion of frameworks in sectors where these go well beyond the requirements for fully skilled status. We should build upon existing arrangements to develop ways of facilitating and supporting young people moving between jobs to continue their apprenticeship with their new employer, and to assist those employers who are unable to cover all elements of the MA framework. This could include the clearing system proposed below (para 55).

Delivery Structure

41. This part of the report concerns the MA delivery structure. As noted earlier we believe something akin to the current structures are inherent in the complexity of the delivery of the existing policy goals for MAs. Thus it is unlikely that significant structural change would significantly improve delivery. However there is much that could be done to improve the working of the current structures. This section deals with the choice dimension of public sector reform.

The provider base

42. A major part of delivery occurs through training providers. The provider base has its origins in the organisations created 25 years ago or so to deliver the Youth Opportunities Programme and YTS. In essence these were unemployment relief schemes rather than an integral part of the vocational education or skills infrastructure. The provider base has developed considerably over the years but without any consistent national approach or strategic direction. The establishment of the LSC creates the opportunity for setting a clear national strategy for developing the provider base needed for effective delivery of MAs. Some progress has been made but much more remains to be done, particularly through Strategic Area Reviews. The existing providers are a heterogeneous collection of organisations in the public, private, voluntary and community sectors with diverse objectives. Evidence from the initial round of inspections by ALI shows that certain types of organisation are better able to achieve good results and offer higher quality learning than others.
43. The central dynamic in developing the network of providers since 2001 has been the tension between economy (that pushes towards a smaller number of providers with larger contracts in more occupational areas), eliminating poor quality providers (as assessed in the LSC provider review and ALI inspections), extending the choice of provider for employers and potential apprentices (that pushes towards more smaller specialised providers), and avoiding introducing further layers between policy makers and learners. Overall there has been a significant reduction in the number of work-based learning providers with LSC contracts, mainly for quality and efficiency reasons. In some areas this has restricted the choices of provider available to employers and potential apprentices leading to a

concern about whether there is sufficient provider capacity to meet employer and apprentice priorities and needs in all sectors and localities.

44. There are a range of actions (in place or planned) to improve the scale and capacity of the provider network:

- Inspection and review, both of individual providers, and the range of provision in an area through 14-19 area wide inspections and Strategic Area Reviews;
- Work with the Association of Learning Providers (ALP) on producing a collaboration toolkit;
- Development of innovative delivery models (such as COVEs⁴ and apprenticeship agents), the extension of well-established models such as group training associations to non-traditional sectors and the development of other ideas set out in the Skills Strategy;
- Use of the LSC's capacity as a unitary organisation to encourage excellent providers to expand their area of operation and to increase the extent of "contestability" in securing value for money and quality improvements;
- The setting of floor targets to increase completions of apprenticeships.

45. However these actions though valuable are unlikely to be sufficient to secure the step improvement in results and quality needed to increase the effectiveness of MA delivery. The concerns raised by those we consulted led us to conclude that the LSC needs, in collaboration with Regional Development Agencies, Sector Skills Councils and ALP, to make more rapid progress across the country with a more strategic and planned approach to the development

of the MA delivery network. A useful initial step would be to issue a review document setting out a range of models derived from the ideas in the skills strategy, development work across the country, and preliminary work on apprenticeship agents to inform decision making in Strategic Area Reviews.

Communications and Brand Awareness

46. The notion of a brand is valuable in helping to understand the position of Modern Apprenticeships in the array of options facing young people in their decisions about post-compulsory learning and careers, and employers in decisions about securing the priority skills they need for competitiveness and improved productivity. Overall our assessment is that the Modern Apprenticeship has a poor brand image with both learners and employers; and there has been little conscious sustained effort in the past to manage MAs as a high value added national brand. This is particularly problematic when the two most brand aware groups in society are the business community and teenagers.

The image of Modern Apprenticeships

47. There is a fairly widespread view among those consulted that the image of work-based learning in general, and of Modern Apprenticeships in particular, is of a second class option for those not able to succeed through the academic route. To some extent this is a consequence of making MA open to a wide group of young people but it does mean that MAs could be seen as less attractive to talented young people and their parents. The MA brand image also reflects a realistic assessment of a society in which many of the best paying, most secure jobs are largely reserved for graduates.

⁴ There was mention in the consultations that some COVEs are not involved in MA. This has not been followed up in this review, but it would appear necessary, if there are frameworks in their sectors, to question why they are not supporting a key element of government policy.

48. In addition, awareness of, and interest in, MA among employers is not universal. And the LSC's evidence is that, even if aware, employers may very well not have a great understanding of MA. The MA Task Force, among others, is attempting to increase the involvement of employers in MA. Comments made to the review team reflect the absence (or relative silence) of champions for MAs in the employer community. They also indicate a failure to celebrate collective and individual achievements in work-based learning equivalent to that seen in full-time education options, and the lack of good role models for aspiring apprentices.

49. We are clear that improving the image and creating a more positive attractive brand is the most important and most difficult step needed to improve the delivery of Modern Apprenticeships – but equally clear that this cannot be a quick-fix. It requires a sustained and consistent national approach ensuring that the claims made for the brand are actually delivered for a critical mass of learners and employers. Employers are vital as they offer “repeat business” whereas learners are once-in-a-lifetime users, albeit with an enormous potential for “reference sells” to other young people.

Brand values

50. Linked to this, MAs do not have a strong clearly-articulated and distinctive set of brand values. The success of major brands in the commercial sector is usually associated with a clear set of values and expectations that potential consumers recognise and associate with products bearing the brand name. This does not exist for MAs and cannot be created overnight by deft drafting or isolated marketing campaigns. That said a strong statement of brand values, in terms of the expectations and benefits that employers and apprentices should expect to experience, would be extremely helpful in

starting to secure a better positioning of apprenticeships in the marketplace. The image of a brand in the market place is a combination of formal and informal communications by the “brand owners” (in this case the 42,000 organisations involved in MAs) and the solid experience of learners, their advisers, employers, parents and teachers of the reality of MAs.

51. Marketing campaigns in the past have sometimes raised interest among young people, only to fail to deliver the promised benefits through poor follow up or insufficient effort to secure and sustain employer interest and commitment. On the other hand, providers report that employers respond favourably to marketing messages about MAs but find there are no (or only poor) arrangements to follow up their interest rapidly. The LSC's National Contracting Unit has made good progress. A similar consistency and drive is required for the successful engagement of smaller more local employers in sectors and localities. This could be facilitated with the assistance of local partnerships and initiatives, such as Education/Business Partnerships.

52. Such issues are being addressed in the forthcoming LSC marketing campaign and they point to things that need to be in place for the active engagement of young people and employers in offering apprenticeships or becoming apprentices. The LSC campaign, in the first instance, will place the emphasis on employers, on the basis that without employer places it becomes difficult or impossible to offer the “right apprenticeship” in the right place at the right time. We do not want to make any recommendations ahead of the 2004 marketing campaign other than to recommend that the campaign's evaluation should pay particular attention to the robustness and effectiveness of the mechanisms to follow up and sustain employer and learner interest.

Recruitment of learners

53. Responsibilities for managing recruitment are spread widely through the delivery system with important roles for employers, the LSC, SSCs, providers and referral agencies such as Connexions, Information, Advice and Guidance services and JobCentrePlus. There is little systematic co-ordination of efforts and considerable potential for confused messages and ineffective management of movement into apprenticeships. Our examination of the journeys undertaken by prospective apprentices shows that the absence of clear pathways and transfer arrangements presents important obstacles for many potential apprentices, some of whom come from the sections of society least able to deal effectively with public bureaucracies, especially where inter-agency rivalries exist or at a time of major organisational changes.
54. The MA Task Force has also, in a number of visits to local LSC areas, expressed concern that there are rarely any arrangements to ensure that young people who are unsuccessful in an application to an employer are followed up and offered other apprenticeship opportunities in the sector or locality. Task Force members noted the risk that these young people may lose heart and move into a job without training or otherwise become part of the "Not in Education, Employment or Training" group. We heard of instances where promising but unsuccessful applicants are referred along the supply chain, but these are relatively rare and restricted in coverage. There are also a number of local developments, such as S-COOL in Bristol, where a web-based system matches young people to employers for work experience. Early work in Coventry & Warwickshire LSC area is trying to develop a similar system for all 16 year olds.
55. Planned and potential improvements to the MA delivery network have considerable potential to improve arrangements for recruiting apprentices. We also think there is merit in a national clearing system for apprenticeship entry. While there are clear differences between apprenticeships and higher education there are enough similarities to make this worthwhile. Such a system would improve efficiency and effectiveness, add to the stature of apprenticeships and facilitate communications with schools and employers.

Advice and Guidance

56. The recruitment problem does not begin at the point where young people are leaving school at the end of year 11. Rather it originates in the arrangements for ensuring young people in year 9 or earlier have realistic information and advice about apprenticeships.
57. The MA Task Force has noted that apprentices frequently report the difficulties they have faced, when deciding on their post-school choices, in obtaining good information and guidance on the work-based route. Schools are said often to portray the work-based route as a poor option, seeking to retain able pupils for their sixth forms or steering them into full-time FE. Some providers report that despite the large investments made in careers guidance in recent years, it remains difficult to impart information on work-based options to people in school. Examples abound of schools being said to refuse to offer information to pupils or to allow their abler pupils to attend careers fairs and other similar events. Against this has to be recognised the significant performance pressures facing schools and the difficulties they face in dealing with a fragmented recruitment system for apprenticeships and other work based provision.

58. The Cassels report recommended that the Connexions Service should aim to ensure that a personal adviser speaks to every 15 year old who expresses an interest in MA, and that the Connexions National Unit keep under review the adequacy and objectivity of careers advice in schools. The development of apprenticeship agents, and other improvements in the delivery infrastructure, has the potential to greatly simplify communications between schools and the work based sector of post compulsory education. It has also been suggested that giving more prominence to careers advice in School and College Inspections would improve matters.
59. Providers also report that Connexions advisers are limited in the advice and guidance they provide, not least because of the priority placed on young people not in education employment or training (NEETs) many of whom are not ready to undertake apprenticeships. The lifting of the age cap for apprenticeships also means that JobcentrePlus will play a much larger role in apprenticeships than previously – in particular in helping clients to appreciate the distinct roles for apprenticeships and learning in the New Deals in their return to work strategies.
60. The introduction of significant vocational elements into learning by 14-16 year olds has the potential for significant changes to the interface between schools and work based learning providers. These are being explored in local pilots and we do not want to make any recommendations other than to suggest the evaluation of these pilots identifies separately the impact of flows of students into apprenticeships and on subsequent progress towards full skilled status.

Recruiting employers

61. Our examination of the journeys undertaken by employers developing an interest in apprenticeships reveals a similar pattern of potential confusion and difficulty in sustaining interest to the point of engaging an apprentice. As noted already, the LSC's National Contracting Service for multi-area employers has made progress with establishing a clear approach and something similar is needed for smaller regional or sub-regional employers in different sectors.
62. The MA Task Force is considering how to increase employer engagement and we would not want to cut across their work which is focussing on establishing and sustaining a much clearer employer engagement process.

Management and Leadership

63. This final section of our findings deals with the arrangements for leadership and management of apprenticeships.

Leadership of the MA delivery system

64. The involvement of 42,000 organisations in MA delivery calls for a sophisticated approach to leadership and management if the programme is to be delivered effectively. The reality is that leadership is so highly dispersed through the system that there is an inconsistency of approach, little coherence in aims and vision for MAs as seen by front-line staff or partners, significant confusion about priorities, and gaps in communications. All this makes really effective delivery difficult. While the LSC's MA Steering Group has made progress towards offering national leadership for MAs, they do not have the full authority, accountability or responsibility for all aspects of MAs, to become really effective leaders for the national programme.

65. We propose that strong national leadership and steering arrangements for MAs should be established operating on a clear programme and project management basis and having full authority over all aspects of MA delivery. The location for this leadership function depends on the outcome of LSC reshaping and the efficiency review of DfES. Our initial view is that this needs to be led by the responsible Minister drawing on the successes of the management arrangements for the “Success for All” programme.

Vision

66. At the heart of effective leadership for the complex MA system is the development and convincing communication of a national vision for success. The Cassels Report offered a strong vision and objective for MAs but this has not yet been effectively communicated across the system in a compelling way. This needs to be a priority for the programme and project management arrangements we propose.

Culture

67. We have already noted the extent of disillusionment and discouragement among many providers. Again this results from the failure in the past to have a clear focus on the culture within which MAs are delivered and the importance of a confident, competent and creative culture in effective delivery of any programme or organisational mission. Recent work on the future of the accountability system in the learning and skills sector has identified the strong relationship between these cultural issues and the way in which different accountability systems come together at the provider level. Again we see this as a priority for the proposed programme and project management arrangements.

Value for Money

68. The LSC is currently examining value for money across all its provision. An important strand in this is the work of the joint LSC – DfES group on Measuring Success which issued its initial consultation document at the end of November 2003. While some of the work is applicable to MAs, the main focus is on colleges. The principles set out in the consultation document, especially the idea of a basket of measures, would help to remove much of the sense of unfairness felt by many of the providers we consulted. The consultation document notes that it will not be possible to make rapid progress with “value added” or “distance travelled” measures for work – based learning. The principal barriers are the extent of work based learning that does not lead to qualifications and the “pass – fail” nature of the qualifications. The development of credit based systems for NVQs would help in the longer term.
69. An important question for the review is whether the current delivery system offers value for money in administering MAs. We have already noted our conclusion that something like the current complex arrangements is inherent in the policy objectives and the economic and social context of delivery. However we were unable to estimate the actual costs of MA delivery. The amounts paid to providers and other front line delivery organisations are fairly straightforward, though even here variations in the actual costs of delivery are obscured by the use of funding formulae. Beyond this it proved impossible within the timescale to make reliable estimates of the actual costs attributable to MAs incurred by the different organisations involved in delivery. Even were such estimates available for MA delivery, there are no reliable benchmark comparators for other programmes to allow robust conclusions to be drawn about the value for money of the existing delivery arrangements.

70. One aspect of value for money that was drawn to our attention is the extent to which the emergence of virtual monopolies over MA delivery in different parts of the country, with the reduction in the number of providers, means that the scope for contestability is being eroded. We have no recommendations to make on this other than to note the importance of contestability in public service reform agenda and of choice in public sector reform.
71. There has also been work on the economic rate of return on MAs, which shows that in some traditional sectors those who complete an MA, on average earn significantly more than otherwise similarly qualified people who have not completed an MA.
- Funding for provision for those aged over 18 is 75% of that available for 16-18 year olds covered by an entitlement (where in our view the problem is not that such differentials exist but rather the failure to communicate convincing persuasive reasons for them);
 - The potential that funding differentials discriminate against sectors where recruits, for statutory, health and safety or public policy reasons (e.g. in child care, bus or HGV driving, sea fishing), are usually over 18;
 - The different age groups used for funding and target setting purposes.
74. The introduction of plan based funding will deal with some of these concerns.

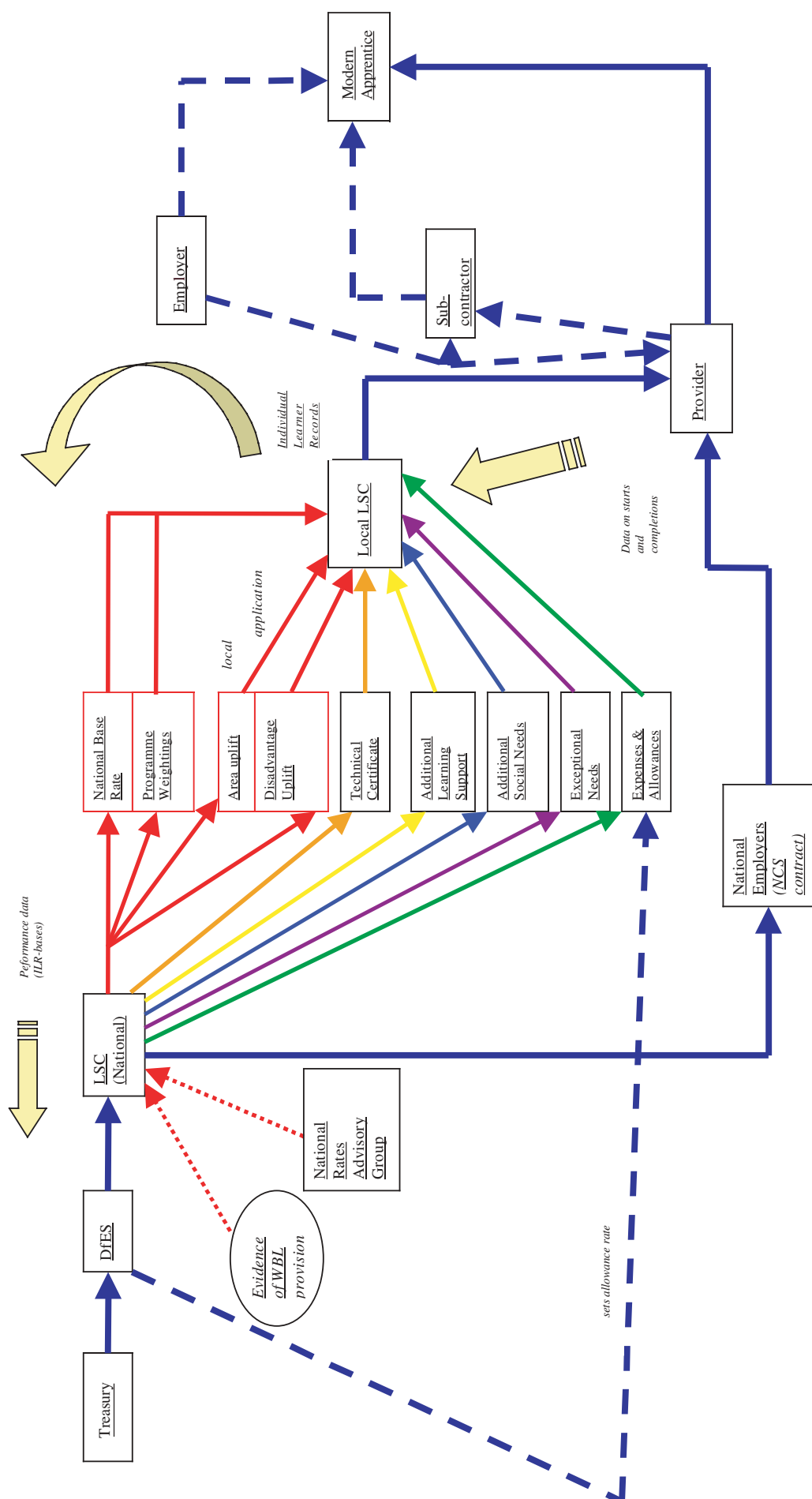
Funding

72. Some people we consulted were worried about funding. (Figure 3 charts the funding stream for MA, which is outlined in Annex 6). There is wide recognition that the LSC has successfully removed many of the delivery barriers created in the past by discrepancies deriving from differences between TECs and between work based learning and College funding.
73. Overall, many felt the level of apprenticeship funding was about right, but that there are a number of issues remaining:
- Access to premium funding for work based providers, even those with 'beacon' status;
 - Differences in the availability of capital funding to colleges and work-based providers in the private and voluntary sectors;
 - Non-availability of funding for non-framework provision to WBL providers, in contrast to colleges, may limit the viability of the former and thus their ability to deliver MA;
75. It was also apparent that more work needs to be done on the implications of raising the MA age cap for the funding system. In particular there was the need to ensure wide understanding that younger people needed more support than older apprentices who might be expected to make a more significant contribution to the employer's bottom line, and thus secure a greater employer contribution. This again is a priority for the new programme and project management arrangements we propose.

Targets

76. There is a widely held view that the concentration on a starts target in the current system is wrong. While it is valuable in increasing participation in formal learning, it works, in the view of many of those we consulted, to undermine the contribution of MAs to a fully skilled workforce. As already noted the targets contribute to the emphasis placed on recruitment as opposed to achievement. They argue that this contributes significantly to the quality management problems encountered in MAs.

Figure 3: Funding Stream for MAs



77. We recommend that the targets for MAs should be refocused to give much greater weight to the contribution made to a fully skilled workforce. This means giving greater weight to completions – but as we noted earlier we think the current definition of success as the whole MA framework does not capture this contribution. Providers frequently say that differences in measurement between WBL and colleges mean that tougher criteria are applied to the former, thus distorting comparisons of both starts and achievements. The Cassels report, to provide a more even basis for comparison, recommended that there be an eight week “probation” period before the apprenticeship was counted. This has not yet been adopted. We think the new programme and project management arrangements need to give urgent attention to a new measure of the contribution made embracing both recruitment and retention rates to offer a measure of the proportion of young people becoming fully qualified against standards set by the Sector Skills Council for their chosen sector, industry or occupation.

Quality

78. Much has been done by the LSC and others to raise the quality of work-based learning provision over the past two years. This is reflected in both success rates and the latest annual report from the Chief Inspector of Adult Learning. The various elements of the Success for All programme, including 3 year plans, floor targets and the new Beacon arrangements, will take this progress forward.
79. Fears were expressed that further reshaping of the LSC might reduce the capability, capacity and leadership to manage the delivery of MAs. LSC, as a planning and funding body, expects providers to take the lead in quality improvement although it provides back-up support. Some providers would welcome a more proactive stance in organising provider networks and disseminating and sharing good practice. One of the key roles of the DfES Standards Unit is to create a new framework for workforce development within the post-16 sector, including establishing a new leadership college, and professional qualifications for leaders, teachers and trainers.

Managing Change in the MA System

80. As noted earlier a critical part of our assessment of the effectiveness of delivery has been about the timing and impact of changes in the pipeline. The wider economic and social environment in which MAs operate, the complexity of the system, the wider roles of most of those involved in MAs and the ambitions of the Government’s public sector reform programme mean that the MA delivery system needs highly effective mechanisms to manage change. At present the change management arrangements concentrate exclusively on “MA-specific” changes and fail to recognise the full weight of wider changes falling on providers and partners. We do not believe the existing change management arrangements provide a strong approach to managing change across the MA system. This should be a priority for our proposed programme and project management arrangements.
81. Figure 4 provides a time line for 22 major blocks of changes in the pipeline having an impact on MAs before the end of the decade.
82. Two important points that stand out from Figure 4 are the sheer scale of changes affecting MAs over the next few years and the length of time between the decision to change an aspect of the MA delivery

system and its full impact on outcomes achieved by learners and employers. (This is largely the result of the average length of stay of apprentices – 18 months for AMA, 10 months for FMA – 13.36 months overall). It was also apparent to us that nobody in the system had a clear responsibility for identifying and scheduling changes in the system. It took us several weeks to identify the changes shown in the table. We found it especially difficult to identify the timing of the impact of many of the changes and impossible to estimate their implications for outcomes or the quality of MAs. From this it is apparent that there are no systematic arrangements for appraising the impact of proposed changes on the delivery of MAs. We believe there needs to be a consistent approach to estimating the costs and benefits of all changes affecting MAs.

83. We contrasted this analysis with the views put forward by people we consulted. The main points were: the limited awareness of many people about

the range and impact of changes in the pipeline; and the extent to which providers in particular felt pressured to introduce changes too quickly and without what they regarded as proper development of systems and staff.

84. The changes in the pipeline are also shown in Table 2. This indicates the way in which various changes may affect delivery and how this relates to issues identified by those we consulted. Our assessment is that these will go some way to further improve delivery of MAs by the second half of the decade. The degree of improvement is not clear as the current arrangements do not attempt to assess the costs and benefits associated with different changes to MAs. However our tentative assessment is that they may not be sufficient to transform MA delivery so that its contribution to Government's economic and social policies – or in meeting the expectations and priorities of learners and employers – is of a consistently high quality in all parts of the country.

Table 2: Planned changes affecting the delivery of Modern Apprenticeships

Policy Changes	Impact on Delivery	Description
Modern Apprenticeships as part of the 14-19 vision, HE strategy and Skills White Paper	<p>Opportunity to convey a more accurate picture of the nature and contribution of MAs to prospective learners, parents, teachers and advisers – not least through participation in vocational programmes.</p> <p>Opportunities for greater diversity of learning programmes followed by individuals within broad sector frameworks.</p> <p>Opportunities to pool teaching and physical resources within a locality.</p>	<p>Skills Strategy 1- 28% of YP in MAs by 2004</p> <p>Skills Strategy 2 - Vocational choices at 14</p> <p>Skills Strategy 3 - LSCs Quality Improvement Strategy</p> <p>Skills Strategy 4 - Engage more employers through a national recruitment campaign</p> <p>Skills Strategy 5 - MAs & Employers accessing best practice in key skills</p>

continued ...

Policy Changes	Impact on Delivery	Description
Launch and expansion of the CoVE network	<p>Potential new venues for high quality apprenticeships meeting regional as well as local needs.</p> <p>Potential venue for updating training, networking and best practice exchange for staff working in different occupational sectors.</p>	
Lifting the age cap	<p>Meeting employers needs for support in learning by older employees.</p> <p>Engaging JC+ and IAG services in apprenticeships.</p> <p>Creating a credible “adult” apprenticeship brand which is differentiated between the under and over 21s...</p>	<p>Skills Strategy 6</p> <p>Skills Strategy 7 - SSCs to work with QCA and other to design & implement an MA programme for Adults</p>
Expanded coverage of Area Wide inspections	<p>Action plans provide chance to address the gaps in understanding and communication between key stage 4 and apprenticeships.</p> <p>Opportunity for LSC and LEA to take a strategic view of school – apprenticeship provision and links.</p>	
Review of the Common Inspection Framework and inspection Arrangements	<p>Opportunity to ensure the right national standards are set for apprenticeship providers and that the inspection methods are well attuned to work based learning providers.</p>	
Success for All	<p>Opportunities to make further progress with the “level playing field” issue in relation to funding, esteem, performance measurement and information systems that preoccupy many providers,</p> <p>Chance to establish a clear workforce development system for work based learning designed to meet employer and learner expectations of highly competent Service delivery and support.</p>	<p>Success for All 1 - Meeting Needs, Improving choice</p> <p>Success for All 2 - Teaching, Training and Learning at the heart of what we do</p> <p>Success for All 3 - Developing leaders, Teachers, Trainers and the Support Staff of the Future</p> <p>Success for All 4 - Developing a Framework for Quality & Success</p>

continued ...

Policy Changes	Impact on Delivery	Description
Strategic Area and Mission Reviews	<p>Greater understanding of areas where a contribution is needed – removing the sense of confusion about mission experienced by some providers.</p> <p>Greater security as part of the local learning and skills scene.</p>	
Measuring Success consultation	<p>Chance to remove the sense of injustice that many providers and their representatives feel about the way in which success rates are calculated and the potential for “distance travelled” assessments for providers.</p> <p>Greater coherence between colleges and other providers in assessment of performance and contributions.</p>	
Beacon Review	Opening up new opportunities for innovation and creativity.	
3 year planning and funding arrangements including Premium Funding	<p>Potential for college - work based learning coherence, especially directing funding to successful providers.</p> <p>Greater funding stability allowing greater investment in physical capital and staff competence.</p>	
Teaching and learning frameworks	Sharing the up-front costs and accessing high quality, best practice based teaching materials.	
Workforce development in the Learning and Skills sector	<p>Greater college – work based provider consistency.</p> <p>Better quality outcomes for learners and employers.</p> <p>Wider labour market for the whole learning and skills sector.</p>	
Centre for Excellence in Leadership (leadership college)	Tackling poor leadership and management practices identified in many ALI reports.	
Sir Andrew Foster’s Bureaucracy gatekeeper	Reduced administrative overheads allowing greater management attention and resources for service delivery by providers.	

continued ...

Policy Changes	Impact on Delivery	Description
Bureaucracy Taskforce		<p>Bureaucracy Task Force 1 - Extending Trust, Commitment to transparency and partnership working</p> <p>Bureaucracy Task Force 2 - Extending Trust, Planning Dialogues</p> <p>Bureaucracy Task Force 3 - Extending Trust, Planning and funding agreements over 3 years</p> <p>Bureaucracy Task Force 4 - Extending Trust, Funding methodology that supports planning process</p> <p>Bureaucracy Task Force 5 - Extending Trust, Audit and quality assurance mechanisms in inverse proportion to success</p>
Trust in FE	Direct impact on college based work based learning provision. Reduced administrative overheads.	
LSC response to Cassels Report		<ol style="list-style-type: none"> 1. Approved Employer Schemes 2. Apprenticeship Diploma 3. Employer Support Agents 4. Entry to Employment 5. Technical Certificates 6. HE Progression 7. MA Implementation Fund Evaluation 8. Management of Frameworks
Completion of the Connexions network	As Connexions Services settle down there is an opportunity to tackle the communications issues, adviser awareness and conflicting priorities reported by many providers.	
Establishment of the Skills for Business Network (Sector Skills Development Agency and Sector Skills Councils)	<p>Greater confidence in employer support for MA frameworks and technical certificates.</p> <p>Opening possibilities for greater customisation of learning within widely agreed frameworks.</p>	

continued ...

Policy Changes	Impact on Delivery	Description
Review of VQs	<p>Opportunity to tackle under use of unit accreditation within Vocational Qualifications. Chance to provide framework for measuring distance travelled.</p> <p>Enabling apprentice mobility between employers where this reflects employment patterns in a sector.</p>	
The Equal Opportunities Commission's Formal Investigation into Occupational Segregation	<p>Establishing realistic ambitions for the contribution of MAs to tackling gender stereotyping.</p> <p>Eliminating any bias within the MA system.</p>	
ALI and OfSTED thematic review on literacy, numeracy and language provision	Strengthening the delivery of these skills within MAs and associated programmes.	
LSC's Reshaping programme	Ensuring the LSC has the right resources and skills, to align local supply and demand with national strategic priorities, to meet employer and learner needs	<p>Reshaping 1 - Data collection undertaken by providers rather than LLSCs. High level data management and analysis role</p> <p>Reshaping 2 - Lead arrangements / National Contracts to be further explored</p> <p>Reshaping 3 - Provider collaborative models to be further explored</p> <p>Reshaping 4 - Further streamlining of key processes through stage 2 of reshaping</p>
FMS Review	<p>The review did not have a direct impact on MA but a number of key recommendations will have an influence on the delivery of MAs including:</p> <p>A clearer alignment between DfES and LSC targets, clarify the LSC's accountability for delivering each programme area, employer engagement, rationalise the number of separate contracts with providers, and managing relationships with national providers who do not operate on behalf of employers.</p>	<p>FMS Review 1 - Ensure a clear alignment between DfES and LSC targets</p> <p>FMS Review 2 - Clarify what the LSC is accountable for delivering</p> <p>FMS Review 3 - MA review to consider issues raised by LSC FMS</p> <p>FMS Review 4 - LSC to produce clear guidance for provider performance review</p> <p>FMS Review 5 - LSC considers scope to rationalise the number of separate contracts</p> <p>FMS Review 6 - LSC makes a clear policy decision about how to manage relationships with national providers who do not operate on behalf of employers</p>

85. We believe the programme and project arrangements we advocate need to gain an early grip on the management of changes affecting MAs. In particular the programme and project management arrangements we propose would for the first time allow a properly managed change process in which the need, timing and priorities for different changes to be assessed systematically and against criteria based on their impact on costs, results and quality. We think there is merit in having a single point in the year when changes take effect rather than the steady flow of changes throughout the year. This would allow more effective management of changes to systems and associated staff development than the current arrangements. Linked to this it would be valuable to have a clear statement of changes in the pipeline updated regularly to allow everyone associated with MAs to have a clear view of how the programme is developing. This needs to be published well in advance so as to facilitate properly managed implementation of new ideas and procedures.

86. It was apparent from our consultation that many involved in Modern Apprenticeships do not have a clear view of changes in the pipeline and are not encouraged to develop early views of the implications for their organisations. More effective management of change would help. So too would a clear statement of the strategic position of apprenticeships in the wider range of provision for both young people and adults. Our recommendations provide a starting point for thinking about the relationship of existing apprenticeships to new vocational learning by people in key stage 4 and to foundation degrees. We believe that while apprenticeships should retain their distinctive nature they should also be presented as an integral part of a strong vocational

pathway from school to high level competence in each sector. We have branded this “21st Century Apprenticeships”. At a level of detail the terminology used for apprenticeships should be aligned with that used in the Tomlinson Review.

Wider policy and environmental change

87. The changes discussed so far are those that are largely under the control of the Department and its partners. Many people we consulted also spoke about changes arising from the wider political, social and economic context in which MAs operate.

88. It is not apparent that the current delivery arrangements have an appropriate mechanism for scanning the environment to identify trends likely to have an impact on the delivery of MAs, to consider potential responses and engage the MA community in discussion of the best strategies. Thus we have strong doubts whether the MA delivery system is sufficiently agile to respond in good time and in a measured way to changes in the operational environment such as

- *Demographic, economic and social change* (flowing from population trends, migration, new technologies and processes, globalisation of product and labour markets and sustainability considerations);
- *Employer expectations*, which will continue to influence the availability of apprenticeships and may require radical changes in some sectors to what is learned and how working and learning are combined effectively;
- *Learner expectations*, which will be reflected in the numbers entering MA, their reaction to the experience they gain, and their willingness to remain with their employer and/or complete the programme of learning;

- *Public sector reform* with its expectations of significant delegation and devolution of decision making, more choice for learners and employers, clear national standards and greater flexibility;
 - *Alternatives to apprenticeship for young people*, which again will influence take-up and completion rates. For example, introducing top-up fees for universities might influence some young people to opt for MA rather than build up higher debt through attending university. Alternatively, the rolling-out of Education Maintenance Allowances might provide an incentive to some young people (and, because of the continued availability of benefits such as Child Benefit, their parents) to remain in full-time education rather than enter an apprenticeship. Potentially, changes in the minimum wage regulations and the Working Time Directive would also affect MAs.
89. We have not attempted to quantify the impact of these changes but note that there is no clear focus for work on the impact of economic or social changes on apprenticeship delivery. The proposed programme and project management arrangements would offer a good vehicle for this.

Equal Opportunities

90. We were asked to record any issues arising during the review that affect the Government's commitments to equal opportunities and diversity. Neither issue was discussed extensively by those we consulted. Some providers highlighted the difficulties they encounter in working in areas with racially mixed populations.
91. There was some awareness of gender issues and of the parallel work by the Equal Opportunities Commission in its review of occupational segregation in MAs. This will be reporting its initial findings early in 2004.
92. Issues that have been mentioned include:
- the limited published information available on equality issues;
 - targets do not address equality and diversity issues;
 - some employers' recruitment practices are highly stereotypical and can effectively exclude women, ethnic minorities and people with disabilities;
 - lack of adequate support arrangements, mentoring and childcare, which could encourage the participation of "non-traditional" groups in apprenticeships, limit the achievement of equal opportunities.
93. Our tentative conclusion is that the LSC's equal opportunities and diversity strategy has yet to make a significant impact on MAs.

Electronic Government

94. We were also asked to note any observations we had about the extent to which MAs embody the various strands of the government's electronic government strategy.
95. Conceptually there are six areas in which electronic government might be developed within MAs. Our tentative conclusions on each of these, based on the limited evidence available to us, were that:
- The development of electronic systems within MAs is piecemeal and at a fairly rudimentary level;
 - Many apprentices are able to build on their prior learning about ICT through practical work in the workplace. The level and extent of this learning about ICT varies between sectors and firms within sectors;

- The potential for using e-learning to link workplace and in more formal learning situations has not been exploited to any great extent;
 - The use of web and mobile communications to market MAs is not well developed, and many of the websites managed on behalf of MA partners are highly conventional and are not targeted at a teenage or business audience;
 - Equally the scope for electronic assessment, especially of underpinning knowledge or key skills, has not been exploited to any great extent;
 - Most management systems used in MAs are IT based but there is some way to go before lessons from the integrated systems found in other complex supply chain environments have been applied fully to MAs.
96. Overall there has not been any systematic approach to exploit the potential of IT based systems to improve the effectiveness of MA delivery. Some progress has been made by the LSC but this has not been a high priority for the council, its partners or providers.

Burden of Bureaucracy

97. Finally we were asked to report on the burden of bureaucracy in MA delivery. Several aspects have been discussed earlier in the report and are not repeated here.
98. *Audit burden.* Providers and employers frequently complain about the amount of paperwork and audit and monitoring that they are subject to. For example, the electronic system for the collection of management information requires providers, rather than LLSCs, to input data for collation by LSC National Office. Concerns were expressed about the volume of work this entails, and about the length and complexity of the data reconciliation process. However, they generally recognise that there is an

obligation on the funding bodies to ensure value for money and propriety in the use of public money. This issue is always under review, and it is noted that the LSC is exploring “light touch” audit approaches and risk assessment of providers, and is always reviewing its data collection methods.

99. Recommendations of the first report of the Bureaucracy Task Force, “Extending Trust”, are being taken forward by the LSC. These are mostly about colleges. The Task Force’s second report concentrating on work based learning including MAs will be issued in spring 2004. We do not want to make any recommendations beyond those identified earlier in the report before that report is available.

Consultation

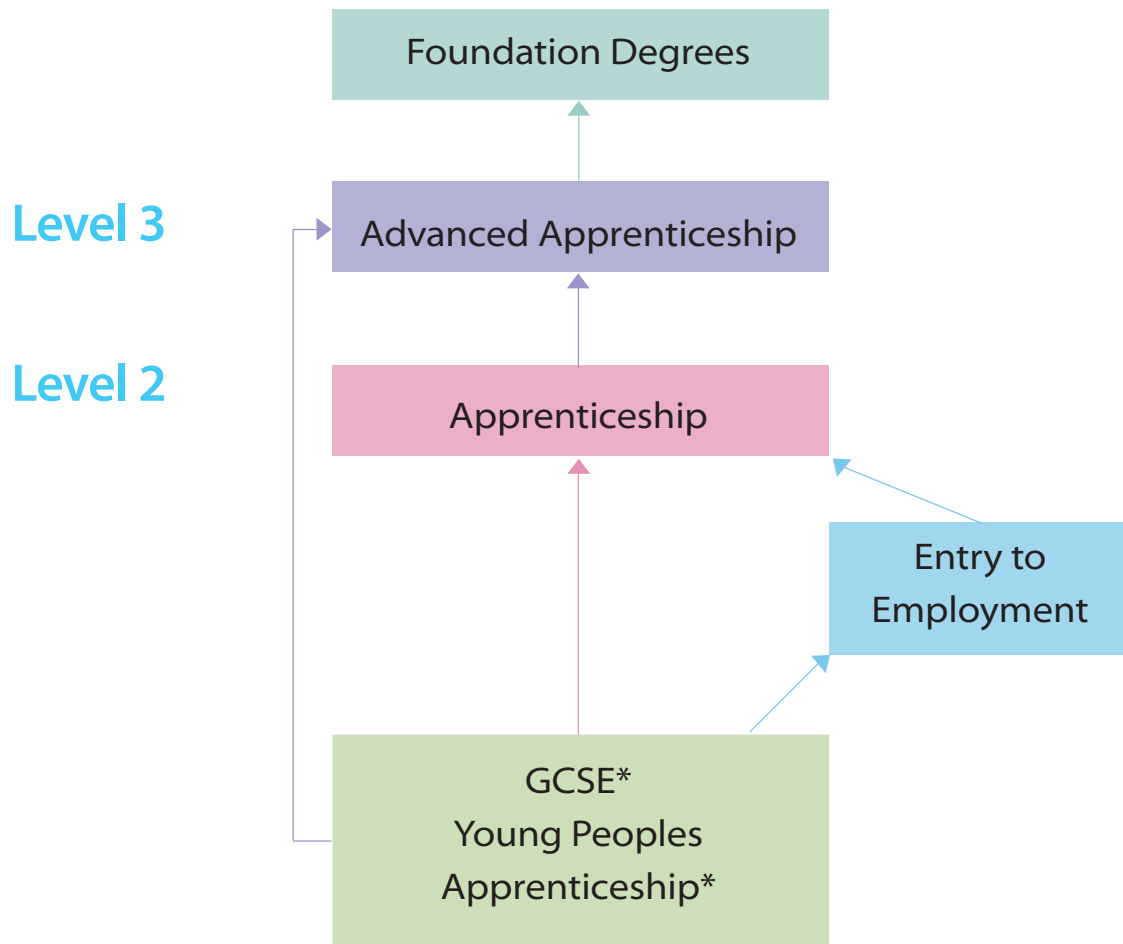
100. In considering these findings, the review team consulted a wide range of stakeholders in order to develop a number of practical proposals for reform. A full list of those involved is included at Annex 4. The Review Team would like to thank those who gave up their time to participate in the Review.

Next Steps

101. Our recommendations and more detailed proposals for action are presented at Annex 5. However, we believe our recommendations need to be considered alongside those of the MA Task Force and the Bureaucracy Task Force. This will help to establish a more systematic and comprehensive development plan for MAs offering employers and providers a clear prospectus for the programme. The summary and list of recommendations at the front of this document integrates our key findings with those of the MA Task Force.

MA Review Team
DfES and LSC
January 2004

21st Century Apprenticeships Programme



**Route depends on achievement at 16*

Steering Group Members

Joint Chairs

Susan Pember (DfES) and **Ken Pascoe** (LSC)

Members

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Peter Brammall – Director of Planning and Budgeting, LSC

Malcolm Gillespie – Executive Director, Coventry and Warwickshire LSC

Geoff Beresford-Cooke – Challenge Unit, DfES

Alan Davies – Young People's Policy Division, DfES

Kalpana Joshi – SSDA

Steve Jackson – Connexions National Unit

Colin Ashton – Adult Learning Inspectorate

Martin Dunford – Director of ALP and TBG, a work based learning provider

John Taylor – Principal of Sheffield College, FE College

Alison Ashworth-Brown – NG Bailey, a Learning & Skills Beacon status employer

Matthew Curran – A Modern Apprentice from Emcor

Eric Galvin – Review Leader, DfES

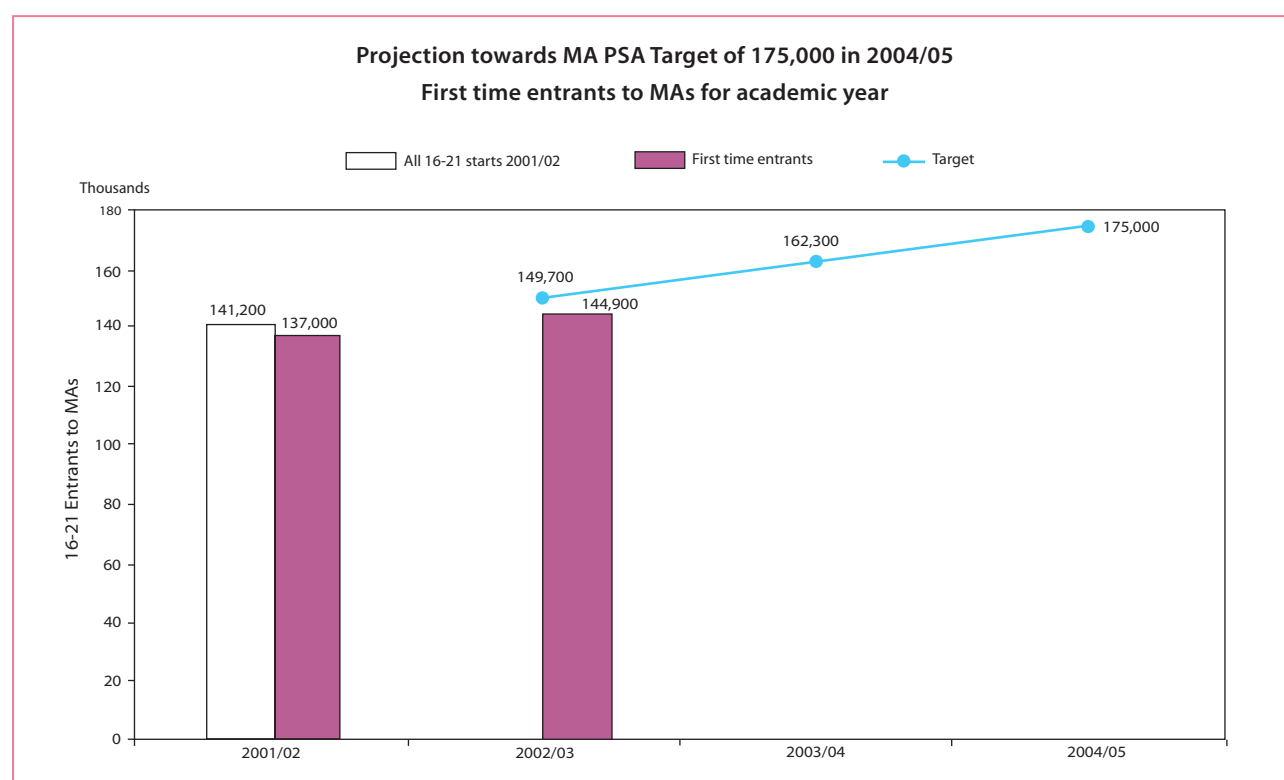
Additional Statistical Information and Trends

This note provides some basic information on the young people and employers involved in Modern Apprenticeship, and of their characteristics. The Statistics First Release publications have been modified to include FE and work based learning figures in the same documents, but as a result some more detailed information (e.g. on gender, ethnic background, etc) is no longer published. The note draws on the most recently published data.

Trends in Starts

Starts in AMA rose from 65,000 thousand in the first full year of the programme to 76,000 thousand in 1999/00. They then fell to about 47,000 in 2002/3. FMA starts rose rapidly from their inception in 1997/8 surpassing AMA starts in 1999/00. They have continued to rise, reaching about 116,000 in 2002/3.

Overall, starts on Modern Apprenticeship rose strongly, reaching 176,000 in 2000/1. There was a fall after that, with about 163,000 starts in both 2001/2 and 2002/3. The following chart shows progress towards meeting the PSA target.



In Learning

The average number of AMAs grew to a peak of 126,000 in 2000/01. Numbers have fallen since then, averaging 112,000 in 2001/02 and 108,000 in 2002/03. FMAs (originally launched as National Traineeships) were introduced in September 1997. They grew rapidly to begin with, and there was a rise of about 27,000 FMAs in learning between 1999/00 and 2000/01, compared to a

small fall of about 4,000 in AMA. The numbers on FMA (116,000) surpassed those on AMA for the first time in 2002/03.

Overall, numbers in all Modern Apprenticeships have risen continuously to an average of 224,000 in 2002/03. The rise in FMAs has more than compensated for the fall in AMAs.

Outcomes

LSC published data (for 2001/02) on outcomes for the first time in July 2003 (DfES had published figures but these were collected from a follow-up survey of learners rather than from interim Individualised Learner Records). In 2001/02, 26% of AMA leavers completed the full MA framework, while a further 10% completed an NVQ only. Overall completion rates were higher for those who left between 16 and 18 than for those who left at 19+ (41% versus 31%). Among FMA leavers, 22% completed the full framework while a further 11% completed an NVQ only. Differences in overall completions between 16-18 year old and those 19+ were smaller (35% and 31%). As noted in the main report, for the 12 months ending January 2003, completions and full NVQ had risen to 39% from 35% in 2001/02.

Completions vary between areas of learning. Among AMAs, completions of the full MA frameworks ranged from 16% in retailing, customer service and transportation to 38% in engineering, technology and manufacturing. Among FMAs, the range was from 15% in health, social care and public services to 46% in information and communication technology.

Starts by Sector

During 2001/2 the largest sectors for AMA were engineering manufacturing and the motor industry (each accounting for 10 per cent of starts). Other large sectors were customer service (9 per cent), hotel and catering (9 per cent), and business administration (8 per cent), and health and social care (6 per cent), childcare (6 per cent), construction (4 per cent), hairdressing (4 per cent), and retailing (4 per cent) were also significant.

The sectoral distribution of FMAs is somewhat different, the largest sectors being business administration (14 per cent of all starts in 2001/2), hotel and catering (14 per cent) and retailing (12 per cent). Hairdressing (8 per cent)

and construction (8 per cent) also assume greater importance in FMA, while customer service (9 per cent) and health and social care (7 per cent) carry about equal weight in both programmes. Childcare (4 per cent), engineering manufacturing (3 per cent) and the motor industry (3 per cent) place far less emphasis on FMA.

Characteristics

As can be seen AMAs tend to be older than FMAs when they start the programme:

Starting age 2001/2	16-18	19-24
AMA	49%	51%
FMA	65%	35%

The youngest sectors for AMAs were engineering (73 per cent 16-18) and construction (69 per cent), while the oldest were in retailing and customer services (80 per cent 19-24) and hospitality (77 per cent). For AMAs the youngest sector was hairdressing (90 per cent 16-18), along with construction and engineering. There are a number of sectors where the majority of new entrants are aged 19-24: including hospitality (57 per cent), transportation, retailing and customer services.

Starts on Modern Apprenticeships as a whole are roughly equal between males and females, but there were somewhat more males (57 per cent) starting AMAs and slightly more females (54 per cent) starting FMAs. However, there are very large gender differences in different sectors. Construction (99 per cent) and engineering (97 per cent) entrants were almost exclusively male. Hair and beauty, health care and public services were over 90 per cent female. The most evenly balanced sector is hospitality, where 59 per cent of FMA and 52 per cent of AMA starts were female.

The ethnic minorities are under-represented in Modern Apprenticeships.⁵ Four percent of starts were from the ethnic minorities. Within FMA the proportions range from one per cent for construction to 7 per cent for child care and business administration: within AMA the variation is from one per cent for construction to 8 per cent for child care.

In 2000/1 two per cent of starters in both FMA and AMA had disabilities, with little variation between sectors.

Employers

There is no national count of employers involved in apprenticeship. A 2001 survey found that 9 per cent of employers with five or more employees who recruited 16-24 year olds used FMAs, compared to three per cent using AMAs. Around a quarter of those with 500 or more used Modern Apprenticeships. Small employers are obviously less likely to have an apprentice than larger firms, just because they have fewer recruits, but they may actually be rather more likely than larger firms to recruit young people as apprentices as opposed to recruiting outside the programme. Firms in manufacturing and agriculture, mining, construction are most likely to use apprenticeships: those in finance, business services, distribution and consumer services are the least likely to do so.

⁵ The 2001 census shows almost 10% of the population of England and Wales as being from the ethnic minorities. The proportion of the age groups involved in MA will be higher than this.

MA Review - People Consulted

Interviews

Heidi Adcock

- Workforce Development Division, DfES

Shalina Alabaksh

- Selfridges, Oxford Street

Alison Ashworth-Brown

- NG Bailey

Juliet Borton

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- Provider Plus, DfES

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- Learning & Skills Partnership Unit, DfES

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- Young People's Policy, DfES

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- GoSkills

Alison Ashworth-Brown

- Head of Craft & Vocational Training, N G Bailey & Co

Colin Ashton

- ALI

John Berkeley

- EMTA

John Bolt

- Funding Rates and Eligibility – LSC

Juliet Borton

- HM Treasury

Nigel Bragg

- ALI Inspector

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- TBG Learning

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- Sussex Council of Training Providers

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- MA Task Force

Ron Champion

- Cornwall College

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- QCA

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- Emcor Facilities

Terry Fennell

- Leeds College of Technology - Work Based Learning Manager

Ian Ferguson

- Data Connection

Keith Finney

- Norwich City College - Assistant Principal

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Malcolm Fritchley

- Post-16 Provider Plus, DfES

Keith Frost

- Third Age Employment Network

Kath Galloway

- Qualifications for Work Division, DfES

Heather Green

- Skills Solution – Director

Vic Grimes

- London East LSC - Director of Lifelong Learning & Skills

Cheryl Hadland

- Tops Day Nursery

Jane Hall

- Small Business Service

Allan Hamilton

- CITB - Construction Skills

Margot Hart

- Jobcentre Plus

Peter Hill

- MetSkill

Trevor Hill

- SummitSkills

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- Orange

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- City of Bristol College

Dave Jones

- DfES

Kalpana Joshi

- SSDA

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- British Gas

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- Peterborough College - Work Based Learning

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- H&S Provider Plus

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Robert McDonald

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Bryan Metland

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- Skillsmart Retail Ltd - Qualifications and Programmes Manager

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- Business Link South Yorkshire

Maggie Moss

- Salisbury College

Frances O'Grady

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Beverley Paddey

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Karen Price

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Steve Price

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- Leicestershire LSC

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- SSC

Lee Weatherly

- Midland Group Training Services

John West

- Centre for Labour Market Studies

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- Greater Manchester, LSC

Dylan White

- QCA

David Willett

- e-Skills UK

Farhad Zad

- Springboard Southwark Trust

Specific Actions Following the Main Recommendations of the Review

Recommendations

The new 21st Century Apprenticeship Programme

1. The new Apprenticeship should be available from age 14 and include adults (see Annex 1).
 - *Note and support the development of pre-16 initiatives to involve young people in WBL e.g. NHS University Junior Scholarships.*
2. Entry to the programme should be through the new Youth Apprenticeship, Entry to Employment and or GCSEs.
 - *LSC and Connexions engage with LEAs and Schools to ensure that all young people have access to impartial advice and guidance on all post 16 routes.*
 - *Consult with OfSTED over priority assigned to careers guidance in School and College Inspections.*
 - *DfES and LSC to work with equal opportunity bodies to develop a strategy for challenging occupational stereotyping from Early Years onwards.*
3. The New Youth programme should start at 14+ with the trainee gathering units and components which would go towards the Apprenticeship qualification.
 - *Evaluate the Youth Programme in terms of its impact of flows into apprenticeships and subsequent addition to fully qualified people in different sectors and occupations.*
4. There should be a clear progression route through to the MAs and on to the Advanced Apprenticeships and where appropriate Foundation Degrees.
 - *The report of the MA Board proposes to establish a new system of grading and assessment to encourage completion and facilitate progression. Recognising that this would involve very complex changes, a pilot exercise in a limited number of sectors should be conducted, to test a structure consisting of:*
 - *minimum standard for each element of the framework;*
 - *the different elements are graded;*
 - *'portable' elements, geographically and within sectors;*
 - *qualifications to consist of achieving a minimum for each element, the points for which are aggregated and graded.*
5. There should be a visible commitment by the employer and the trainee, with a probation period of 8 weeks, as recommended by the Modern Apprenticeship Advisory Committee.
6. The programme should be portable and where a trainee cannot receive all the necessary experience with one employer there should be a system developed (through an agency, clearing house or group training association) whereby the trainee can move and their apprenticeship status goes with them.

7. Those entering the programme should not be financially penalised.

Product Development

8. Sector Skills Councils (SSCs) should be given greater discretion and authority to recommend entry standards and determine the essential attributes needed for fully-skilled status within a simplified national framework. This needs to be matched by SSC action to secure greater employer participation in MA.
9. Ensure all SSCs prioritise the development of new schemes and review existing programmes immediately.
10. In line with the review of vocational qualifications and the development of unitisation and credit transfer, a simplified and more flexible Apprenticeship framework should be implemented concentrating on a sector core with a choice of components relevant to employers' collective needs. The core would cover the NVQ, technical certificate and where necessary the literacy and numeracy skills required for employment. (Evidence through certification of level 2).
 - *Explore with key partners the possibility of a single MA qualification that incorporates underpinning knowledge, key skills and occupational competence units.*
 - *Recognise and reward individual learners' distance travelled.*
 - *Recognition that the main skills level in some sectors are at Level 2, without prejudice to provision of progression routes within the sector.*
11. For the adult apprenticeship programme, recognition for their prior experience or skills should be acknowledged and credited, allowing them to fulfil the requirement if appropriate in a shorter period of time.
 - *Build on the programme led apprenticeship to provide key skills and underpinning knowledge before apprentices join employers. This would entail:*
 - *front loading of funding;*
 - *involving employers to support the programme by offering employment to the young people on it.*
 - *Contextualise key skills tests e.g. by linking to specific MA Frameworks.*
 - *Retain key skills test but do so within the technical certificate.*
12. Introduce an instructor, tutor and assessor support programme to ensure quality delivery.
 - *Parity with FE target for qualified staff;*
 - *Clarity of roles in quality support for providers;*
 - *Bring together all sources of best practice to assess and disseminate;*
 - *Retention and recruitment of provider staff with training skills.*
 - *Ensure that the programmes of the Centre of Excellence in Leadership are taken up by those responsible for the delivery of MAs.*

13. For progression purpose and parity of esteem the LSC and QCA should ensure there is a process to determine equivalent values across SSCs.

Promotion and Branding

14. Ensure sustained implementation of the LSC Marketing plan for MAs. Including national promotion to employers and national sector based advertising to prospective trainees
- *Develop and disseminate a clear transparent vision for MAs.*
 - *Develop a strong strategic storyline for MAs, for use in wider communications.*
 - *Evaluate the marketing campaign giving priority to the robustness and effectiveness of the mechanisms to follow up and sustain employer and learner interest.*
 - *Promote excellence and celebrate success using role models, case studies and sectoral apprenticeship awards.*
 - *Identify key leaders to act as “champions” of the WBL route and MAs in-particular.*
 - *Explore with the MA Task Force and SBS, and other employer bodies the development of a transparent and accessible signposting system to assist them in engaging with MAs.*
 - *LSC and DfES to work with the MA Task Force and employer bodies to make the business case for equal opportunities in MAs.*
 - *Targeted unbiased marketing in schools and colleges and via the web and appropriate and timely advice and guidance.*
15. Explore with partners the feasibility of an innovative ‘clearing house’ for MAs (potentially covering promotion; matching; coaching; transfers between employers and follow-up) building on best practice

in Connexions, JobCentre Plus and IAG networks and exploiting the delivery potential of ICT in recruitment.

- *Maintain a register of interested young people and MA opportunities (nationally or locally).*
- *Undertake an initial matching exercise between young people and opportunities.*
- *Establish a clear systematic approach to engaging smaller regional or sub-regional employers in different sectors in MAs.*

16. To ensure we can provide a total service to employers on training and development, draw up plans for using the MA network for promoting a wider range of provision drawing on the innovative models set out in the skills strategy.
- *Use wider workforce development initiatives, for example, liP, in targeting employers to raise awareness of MAs.*
 - *Issue a document setting out a range of organisational models derived from the ideas in the skills strategy, development work across the country, and preliminary work on apprenticeship agents to inform decision making in Strategic Area Reviews*

Organisation Structure for Delivery and Programme Management

17. Each key partner organisation to detail how they will deliver their MA responsibilities and who is to be held accountable. (LSC, SSCs, QCA, Government as an Employer, Jobcentre Plus, Connexions, IAG partnerships Awarding Bodies)
- *Map where responsibility and accountability rest within the process. Identify clear structure of delegated authorities to ensure that levels of decision-making are understood.*

18. The DfES to set up, under the chairmanship of the Minister, steering arrangements underpinned by programme and project management arrangements for MAs. These will draw together the named individuals and give priority to communicating a clear vision and brand values, creating a confident professional delivery culture, and systematic management of change.
 - *Focus initially on issues of communicating a clear vision; setting a robust target for MAs; facilitating a confident achievement focused culture among providers; delivery structures; funding and value for money.*
 - *Produce an annual MA Prospectus which promotes excellence and celebrates success, using: role models; case studies; and sectoral apprenticeship awards.*
 - *The annual prospectus should flag agreed changes and associated time-scales over the year, setting out the priorities, requirements and associated changes for the following 12 months.*
 - *Introduce rigorous change management process (linked to Sir Andrew Foster's bureaucracy gatekeeper role) with a systematic evaluation of the costs and benefits resulting from each proposed change.*
19. Each LLSC to mirror the national delivery partnership arrangements by ensuring there are named responsible owners and to detail and implement proposals, drawing on best practice for engaging employers (such as group training associations and other employer collaborations) and determining the role and funding for any intermediary bodies.
 - *Undertake a stock-take of current delivery models, and explore emerging possibilities and identify and disseminate good practice.*
 - *Continue to equalise the funding base between FE and WBL by:*
 - *underpinning preferential loans to WBL providers for Capital development;*
 - *adjusting the funding regime to reflect that some sectors have, inevitably, later age of entry;*
 - *align funding levels to age groups as expressed by relevant targets.*
 - *Provide greater transparency in funding, to ensure that employers are aware of the funding used to support their apprentices.*
 - *LSC to consider more flexibility for LLSCs to adjust their funding arrangements in line with local priorities.*
20. Determine a new national simplified process for contracting with providers that cover more than one LSC or more than one sector.
21. LSC to establish a new business unit concentrating on working with SSCs.
22. Establish a sound research base for evaluation, evidence on increased productivity, and information on trainee success, pedagogy and what works in the work place.
 - *Conduct research to assess the impact of Educational Maintenance Allowances (EMA) on MA.*
23. Reduce bureaucracy by building on the work of Measuring Success and the Managing Information Across Partners Group to ensure that management information is timely, accurate and relevant, especially in relation to employer involvement and progression.

Targets

24. Replace the participation target for MAs programmes with a more robust measure based on achievement. The new target should be based on the achievement rate for young people and adults who gain the qualification at Apprenticeship and Advanced Level. To be benchmarked against the world's best and take account of both value-added and distance travelled.
- *Review the use of floor targets to providers and consider whether performance in different sectors requires finer measurement.*
25. To drive performance, data should be collected on interest, initial enrolment, completing the probation period, participation, and achievement at level 1, level 2 and level 3 advanced by sector.
- *Introduce common measurements of participation and achievement across the post 16 sector.*
 - *Publication of data on outcomes, including destinations of those who do not complete the full framework.*

Modern Apprenticeship Funding

The following is taken from the LSC's guidance Requirements for Funding Work Based Learning for Young People

The MA programme encompasses:

- a) **Foundation Modern Apprenticeships (FMA).** An FMA comprises, as a minimum, an NVQ at level 2, Key Skills in Communication and Application of Number at level 1, Employee Rights and Responsibilities (ERR) and relevant underpinning knowledge increasingly in the form of a Technical Certificate.
- b) **Advanced Modern Apprenticeships (AMA).** An AMA comprises, as a minimum an NVQ at level 3 or 4, Key Skills in Communication and Application of Number at level 2, Employee Rights and Responsibilities (ERR) and relevant underpinning knowledge increasingly in the form of a Technical Certificate. Technical Certificates are a mandatory component of all AMA frameworks approved from September 2003.

These are the main elements of the funding:

- a) **National base rate** – for learners aged 19 or over, employers are expected to contribute to the cost of training and the national rates include a 25% reduction to reflect this assumed contribution
- b) **Programme weighting** – reflecting that some programmes of similar length or leading to equivalent qualifications are more costly to deliver than others.
- c) **Achievement** – For AMA or FMA, 20% of the national base rate is payable on achievement, 10% on primary NVQ achievement and 10% on whole framework

- d) **Disadvantage** – Each provider will have a disadvantage uplift based on their historic recruitment patterns. The rates for 03/04 will be calculated using the providers data relating to 01/02 recruitment from the data returns
- e) **Area uplift** – an uplift applied to the total rate payable which reflects the significantly higher costs of delivering provision in provision in London and other high-cost areas. The NRAG have recommended that area uplifts should be increased as follows:
 - London A to 1.20;
 - London B to 1.12; and
 - South East regions to a range of uplifts between 1.01 and 1.10.

These increases will be effective over a two-year period with an increase to the mid-point introduced in 2003/04.

- f) **Cushioning** - Cushioning was introduced to protect providers who would have lost funding as a result of the new funding approach. Cushioning will continue to be applied in 2003/04. The rate will be 80%. This will be the final year of cushioning and all providers will move to being funded at the national rate in 2004/05. Similar basic premise to FE convergence.

Learner Specific Elements

ALN/ASN - Where a learner is assessed as having ALN or ASN or both, the LSC will pay a premium on top of the standard OPP rate for each month the learner stays in funded learning and requires support. The current rates for ALN or ASN are:

- *learners with ALN or ASN: £131 a month; and*
- *learners with both ALN and ASN: £197 a month.*

Exceptional Learning Support - Where providers identify the need for exceptional learning support, they should discuss this with their contract manager.

Learners with Disabilities: The LSC will reimburse providers for the cost of specialist support.

TECHNICAL CERTIFICATES

In addition to the main funding, Technical Certificates are given an individual rate which is also claimable. Providers can draw down the funding on a monthly basis whilst they are delivering the certificate up to a set amount. If the learner achieves early they can pull down the balance.

Worked Funding Example

A learner doing an advanced MA in Agriculture based in the London A area would have the following funding entitlement:

National Rate: £5,705

Area Uplift X 1.2 = £6,846

Technical Certificate = £1,395

Total Funding Available = £8,241

(This example does not include any disadvantage uplift, ALN/ASN payments or disability)

The provider would be able to access the funding on the following basis:

- 80% of the national rate (including the area uplift) would be payable as 27 equal monthly payments for each month the learner is in training:
- 20% achievement funding is of the national rate before uplift (£1,141) take this from the uplifted rate (£6,846 - £1,141) = £5705 this is then divided by the

Standard length of stay (27 months) to give a monthly rate of £211.30

- Where a learner achieves early they can pull down the remainder as a final payment
- 10% of the national rate) payable on achievement of main NVQ = $£5705 \times 0.1 = £507.50$
- 10% of the national rate payable on completion of framework = $£5705 \times 0.1 = £507.50$

The provider can suggest how long they believe it will take to deliver the technical certificate, if they think it will take 6 months then they will be paid 6 monthly payments of $(1395/6) = £232.50$. If achievement takes less time the provider will be paid the balance.

Payment Processes

Payment is a mixture of profiled payments and actuals based on provider monthly returns. Providers are paid profiled amounts each month then a quarterly adjustment is made based on actuals which either reduces or increases the next profiled payment to reflect actual delivery. There is regular reconciliation.

Tables

The tables below are from the LSC's guidance and show the funding available. The column entitled Standard Length of Stay (SLOS) shows the expected time the programme will last and the number of months by which the national base rate is divided, as shown in the example above. The tables show that FMAs for 16-18 yr olds are expected to take between 13-25 months and AMAs from 25-47 months. The SLOS for 19-25 year olds is generally lower. .

Programme Type: Foundation Modern Apprenticeship

Occupational Sector (Funding Category)	Sector Weighting	16-18 Year Olds				19-24 Year Olds			
		LOS	Additional components	OPP entitlement SLOS	National Rate	LOS	Additional components	OPP entitlement SLOS	National Rate
A Agriculture	1.2	18	2	20	£4,174	13	1	14	£2,202
B Construction	1.5	16	1	17	£4,421	13	1	14	£2,719
C Engineering	1.5	19	2	21	£5,394	13	1	14	£2,719
D Manufacturing	1.3	12	1	13	£2,936	11	1	12	£2,030
E Transportation	1.3	22	2	24	£5,412	15	1	16	£2,719
F Management & Professional	1.3	15	1	16	£3,625	13	1	14	£2,374
G Business Administration	1.2	14	1	15	£3,148	12	1	13	£2,043
H Retailing & Customer Service	1.2	14	1	15	£3,148	12	1	13	£2,043
I Leisure, Sport & Travel	1.2	15	1	16	£3,360	11	1	12	£1,884
J Hospitality	1.2	14	1	15	£3,148	12	1	13	£2,043
K Hair & Beauty	1.2	23	2	25	£5,235	17	1	18	£2,839
L Health, Care & Public Services	1.2	14	1	15	£3,148	13	1	14	£2,202
M Media & Design	1.2	16	1	17	£3,572	13	1	14	£2,202

* Funding for Key Skills is still being considered

Programme Type: Advanced Modern Apprenticeship when learners continue from FMA in the same specific occupational area (with a break in training of no more than 13 weeks)

Occupational Sector (Funding Category)	Sector Weighting	16-18 Year Olds		19-24 Year Olds	
		OPP entitlement SLOS	National Rate	OPP entitlement SLOS	National Rate
A Agriculture	1.2	24	£5093	19	£3024
B Construction	1.5	28	£7428	20	£3980
C Engineering	1.5	32	£8489	22	£4377
D Manufacturing	1.3	30	£6897	26	£4484
E Transportation	1.3	33	£7587	26	£4484
F Management & Professional	1.3	23	£5288	18	£3104
G Business Administration	1.2	21	£4457	18	£2865
H Retailing & Customer Service	1.2	20	£4244	18	£2865
I Leisure, Sport & Travel	1.2	21	£4457	18	£2865
J Hospitality	1.2	21	£4457	18	£2865
K Hair & Beauty	1.2	28	£5942	20	£3184
L Health, Care & Public Services	1.2	21	£4457	19	£3024
M Media & Design	1.2	30	£6367	22	£3502

Programme Type: Advanced Modern Apprenticeship

Occupational Sector (Funding Category)	Sector Weighting	16-18 Year Olds				19-24 Year Olds			
		LOS	Additional components	OPP entitlement SLOS	National Rate	LOS	Additional components	OPP entitlement SLOS	National Rate
A Agriculture	1.2	25	2	27	£5,705	22	2	24	£3,767
B Construction	1.5	36	3	39	£10,080	23	2	25	£4,842
C Engineering	1.5	39	3	42	£10,876	29	2	31	£6,036
D Manufacturing	1.3	43	4	47	£10,593	36	3	39	£6,606
E Transportation	1.3	38	3	41	£9,267	33	3	36	£6,089
F Management & Professional	1.3	28	2	30	£6,791	22	2	24	£4,059
G Business Administration	1.2	24	2	26	£5,447	22	2	24	£3,767
H Retailing & Customer Service	1.2	22	2	24	£5,023	22	2	24	£3,767
I Leisure, Sport & Travel	1.2	24	2	26	£5,447	22	2	24	£3,767
J Hospitality	1.2	25	2	27	£5,659	22	2	24	£3,767
K Hair & Beauty	1.2	28	2	30	£6,296	22	2	24	£3,767
L Health, Care & Public Services	1.2	24	2	26	£5,447	22	2	24	£3,767
M Media & Design	1.2	39	3	42	£8,807	28	2	30	£4,722

* Funding for Key Skills is still being considered
Additional Components - Key skills and any other provision relevant to the level and sector of the (modern apprenticeship) framework.

Examples of rates for technical certificates:

MA Framework Description	AMA/FMA	Learning Aim Title	Notional NVQ Level	In Year Funding Rate (16-18)	In Year Funding Rate (19+)	GLH
		Certificate in Yacht, Boat Building and Ship Joinery Part 1	level 2	3179	2384.25	600
Agricultural Crops and Livestock	A	Certificate in Agriculture	level 3	1395	1046	180
Business Administration	A	Certificate in Administration (Business Organisations)	level 3	503	377	90
Business Administration	A	Certificate in Administration (Business Organisations and People)	level 3	503.28	377.46	90
Business Administration	A	Certificate in Business Administration	level 3	605.16	453.87	120
Business Administration	F	Certificate in Administration	level 2	1222.93	917.2	300
Business Administration	F	Certificate in Administration (Business Organisations)	level 2	605	454	120
Business Administration	F	Certificate in Administration (Business Organisations and People)	level 2	328	246	80
Business Administration	F	Certificate in Business Administration	level 2	503.25	377.44	90
Business Administration	X	Certificate in Administration	level 2	328	246	70
Chemical, Pharmaceutical, Petro-Chemical Manufacturing & Refining Industries	A	National Diploma in Operations and Maintenance Engineering	level 3	6623	4967	1080