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Apprenticeships: an introduction

Understand what apprenticeships are, their role in workforce development, and the current UK policy context

Introduction

Apprenticeships are a great way for employers to nurture their own talent. They also provide an excellent route for young people to enter the labour market allowing individuals to train on the job and gain a qualification at the same time. They have become a key government policy in the UK. Since April 2017 large employers in the UK have been required to pay an apprenticeship levy and other employers are required to contribute some of the costs.

This factsheet reviews the key features of apprenticeships and their benefits to employers. It also looks at the elements of implementing and running a successful apprenticeship scheme and outlines the funding changes.

Explore [our viewpoint on apprenticeships and investment in training](#), along with actions for government and recommendations for employers.

What are apprenticeships?

An apprenticeship is a paid job which combines employment and training and is available to anyone entitled to work in the UK. The apprentice gets a nationally-recognised qualification on completion.

Apprenticeships are a unique way to 'grow your own'; they combine on-the-job training in an organisation with off-the-job learning and provide employers with an effective way of growing their skills base. The apprentice's learning takes place in context and provides a real understanding of the working world, combining practical skills with theoretical

knowledge. Apprenticeships can therefore offer a career route into the organisation and an invaluable opportunity to develop the expertise the business needs now and in the future.

Apprenticeships have traditionally provided structured routes into skilled work for young people entering the labour market. Recent government policy changes have brought a new focus on apprenticeships as a tool to increase national productivity, social mobility and improve the wage and employment prospects of individuals. Our collection of essays, [Where next for apprenticeships?](#), brings together academics, experts and key stakeholders to explore the policies and practices needed to improve the quantity and quality of apprenticeships for young people.

There are apprenticeships available to cover a huge range of occupations and sectors, including creative and digital media, public relations, accounting, agriculture, engineering, human resources and cyber security.

The benefits of hiring apprentices

Hiring apprentices brings a number of benefits to employers:

- 80% of employers have maintained or improved future skills in the business.
- 70% of employers have seen improvements in the goods and services they offer.
- 66% of employers have experienced improved staff morale.

A critical challenge for the UK economy is its stagnant productivity growth, which holds down wages and living standards. Apprenticeships can help on that front too. According to Centre for Economics and Business research on the [economic impact of apprenticeships](#), there is a net gain to the employer while apprentices train, and a higher output once employed. While training, apprentices are estimated to have contributed to a positive net gain of on average £1,670 per apprentice in England in 2013/14. That amounts to a total annual benefit of £1.4bn across the estimated number of apprentices. In the longer term, it's estimated that each apprenticeship created is worth an estimated £38,000 to the economy.

Find out more on the benefits of apprenticeships from apprentices themselves and employers, as well as tips on how to set up a successful scheme in our [apprenticeships podcast](#).

Key features of an apprenticeship

Apprenticeships are available to anyone aged over the age of 16, not in full-time education, and eligible to work in the UK. An apprentice is an employee, so all apprentices receive a wage. The Apprenticeship National Minimum Wage is set by the Low Pay Commission and revised on an annual basis. If an apprentice is aged 19 or over and has completed the first year of their apprenticeship, they are entitled to the National Minimum Wage for their age group. See the current [National Minimum Wage rates](#).

An apprentice should be told about their rights as an employee – what they are entitled to expect and what their obligations are to their employer and colleagues. This is mandatory in England, Wales and Northern Ireland.

Training is a combination of on the job and off the job. The training provided depends on the sector and skill levels of the apprentice. There's considerable variation across the devolved nations of the UK but they all comprise core elements: a competence-based element, a knowledge-based element, and transferable or functional skills.

- **Transferable skills** – These skills are variously referred to as functional/key skills, core skills, or essential skills, but the all these terms describe a core set of skills that people need in today's workplaces and include English, maths and information and communications technology (ICT) using practical applications.
- **Competence** - The competence (technical skills) aspects of the apprenticeship are completed in the workplace.
- **Knowledge** - The knowledge part of the apprenticeship covers the technical knowledge and theory that is relevant to the practical skills an apprentice will develop in their job role.

Running a successful apprenticeship programme

In Apprenticeships that work: a guide for employers, we set out ideas on how to design and run high-quality apprenticeship programmes which support business and workforce strategies. The key lessons are:

- Apprenticeships need to be embedded in a workforce planning approach, with clear business benefits as part of a long-term strategy on workforce growth and skills development.
- A prerequisite for a successful apprenticeship programme is clarity about the role

that apprentices play in the organisation, job design which ensures on- and off-the-job learning and development, and a shared understanding of how they will be supported and by whom.

- Winning the support of the existing workforce, senior management, line managers and trade unions is crucial. Line managers in particular need the right support and tools to effectively manage young apprentices straight out of education who may be new to the workplace.
- The training apprentices receive on and off the job needs to be high quality and tailored to both the apprentice's and employer's needs. To achieve this, the relationship with the training provider needs to be managed carefully.
- Recruiting apprentices may differ from the usual recruitment procedure, especially when the candidate is particularly young (aged 16-18) and has no prior work experience. Alternative recruitment methods and techniques need to be considered.
- It's important to be aware of the legal framework: Apprentices are covered by a contract of employment and have similar rights to other employees; however, they have greater protection under the law than most employees.
- To ensure success, the apprentice needs to be placed at the heart of the apprenticeship programme and employers must provide ongoing support, pastoral care and mentoring. Good management of apprentices is vital to ensure they adapt to the workplace and continue to grow with the business.
- Employers need to make sure they provide fair access to their apprenticeship schemes and widen the talent pool from which they recruit in terms of gender, ethnicity and diversity.

Funding and the new apprenticeship levy

Some differences in terms of the level of funding provided and training required exist in England, Scotland, Wales and Northern Ireland, but the core features of the apprenticeship model remain the same across the four UK nations. In Scotland apprenticeships are known as Modern Apprenticeships.

Since April 2017, an apprenticeship levy applies to all UK employers with an annual wage bill of £3 million or more, whether or not they offer apprenticeships themselves. Our [podcast](#) explored the impact of the levy on organisations and what it could mean for

employers of all sizes. This [infographic](#) gives a visual overview.

Our report [Assessing the early impact of the apprenticeship levy – employers’ perspective](#) explores employer views and attitudes towards the levy, their likely reaction in terms of their investment in apprenticeships, as well as the likely effect on their wider learning and development strategies. In [Making apprenticeships future-fit](#), we’ve also recently raised concerns that the levy, and other funding reforms, has led employers to increasingly concentrate their investment on existing employees, who are often already highly experienced and qualified, meaning that younger people lose out.

In England, employers can access and manage their funds through an online [apprenticeship service](#) run by the Education and Skills Funding Agency. The funds can only be used toward the cost of apprenticeship training and end-point assessments. Levy paying employers who do not expect to use all their available funds can [transfer up to 25% to other employers](#).

Employers who are not liable for levy payments will also experience changes to funding, and will be required to co-invest. The government will contribute 95% of the cost of training, with employers paying the remaining 5%. Levy paying employers who utilise all of the funds in their online accounts also switch to the co-investment model.

In response to economic uncertainty due to the Covid-19 pandemic the Government has introduced an incentive payment of £3,000 for newly recruited apprentices between 1 April and 30 September 2021, plus an additional £1,000 for students aged 16–18 or under 25 with a care plan.

UK apprenticeships are a devolved matter. This means levy monies paid by employers in the devolved regions of Scotland, Wales and Northern Ireland are allocated to the relevant devolved authority and deployed according to their specific strategy/process.

Useful contacts and further reading

Contacts

National Apprenticeship Service Helpdesk Telephone: 0800 015 0400

[Apprenticeships in England](#)

[Apprenticeships in Wales](#)

[Apprenticeships in Scotland](#)

[Apprenticeships in Northern Ireland](#)

[Education & Skills Funding Agency](#)

Books and reports

DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS. (2013) *[The future of apprenticeships in England: implementation plan](#)*. London: BIS.

Journal articles

BASKA, M. (2019) [Employers' training spend has stagnated under apprenticeship levy, says CIPD survey](#). *People Management* (online). 23 July.

CAMPBELL, J. and KEEN, L. (2020) [The importance of apprenticeships to the UK's long-term recovery](#). *People Management* (online). 27 July.

CHURCHILL, F. (2019) [Half of businesses will not spend apprenticeship levy funds](#). *People Management* (online). 29 January.

CROWLEY, L. (2019) [The apprenticeship levy two years on](#). *CIPD Voice*. Issue 18, 3 May.

CROWLEY, L. (2020) [The role of apprenticeships in workforce development: is a fundamental rethink required?](#) *CIPD Voice*. Issue 22, 3 Feb.

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This factsheet was last updated by Elizabeth Crowley.