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Three million more apprenticeships are promised - but it's not all about the numbers



A large proportions of places are not going to young people

MATT GINGELL Friday 05 June 2015

What's going on? A report by the Institute for Public Policy Research has found that 42 per cent of all those starting apprentices since 2010 have been over the age of 25.

The report has also highlighted that apprentices are more likely to be existing employees rather than new starters. This is all rather alarming – particularly given that youth unemployment remains high.

The Government has set a target of creating 3 million more apprenticeships in the next five years. But how is it going to do that and are there enough incentives for employers to train inexperienced young people?

Currently, funding for the apprentice's training is available. The cost of training will usually be met in full for people aged 16 to 18 and will be 50 per cent for those aged 19 to 24. Contributions to course costs will be made when businesses recruit people 25-years and older.

There's other financial support, too, for employers taking on 16 to 24-year olds. The Apprenticeship Grant for Employers may be available to employers taking on people in that age bracket.

For businesses outside London up to five grants in total may be received, each with a value of £1,500, for up to five apprentices. The employer must have fewer than 50 staff to be eligible.

For businesses in London, one grant per apprentice of £3,000, for up to five apprentices, may be available. In London the employer must have less than 250 staff to be eligible.

The problem: if a large proportion of apprenticeships is still going to people aged over 25, these incentives are clearly not working.

There are now new apprentice provisions in force in England (but not Wales). For apprenticeships entered into on or after 26 May 2015 apprenticeships that meet certain criteria will be deemed approved English apprenticeship agreements.

As with apprenticeship agreements, which are being phased out, the apprentice will have the same employment rights as other employees and not special protection.

General contracts of apprenticeship, on the other hand, provide enhanced protection, including damages for early termination.

The new criteria are that the agreement must provide for an individual to work as an apprentice in a sector for which the Secretary of State has published an approved apprenticeship standard; the agreement must provide for the apprentice to receive training in order to assist the apprentice to achieve the apprenticeship standard; and the agreement must satisfy any other conditions specified by the Secretary of State.

Existing frameworks will still be applicable though until the new standards have been fully brought in.

The government has indicated that it will set a small number of criteria for the new approved apprenticeship standards.

Its intention is that the new standards will mainly be designed by employers, presumably giving them more say on the types of apprenticeship being offered.

New standards are all well and good. I am not sure though that this is really going to tackle the issue of encouraging employers to offer apprenticeships to young people who have not been in work or have limited experience.

According to this latest report "The System is in need of reform."

One suggested reform could be, for example, to create local apprenticeship hubs, which are given control of the Apprenticeship Grant for Employers. This could better target the needs of local employers and the local economy.

Earlier in the year the government scrapped proposals to change the apprenticeship funding model. The proposals were that funding would be routed through the PAYE system or an apprentice credit account. Who knows what the government has in store?

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