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Apprenticeships: Understanding the provider base

April 2009

Of interest to everyone involved with
Apprenticeships

Apprenticeships: understanding the provider base

Final report

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Executive summary

Apprenticeships – understanding the provider base: context

The commitment by government to significantly expand the apprenticeship programme was expressed in the strategy *World-class apprenticeships*, published by the Department for Innovation, Universities and Skills (DIUS) in January 2008. The increased focus on apprenticeships is also articulated in the LSC's most recent Grant Letter and Statement of Priorities, under the two key priorities of meeting the needs of young people and improving adult skills. In the short term this means that between 2008/9 and 2009/10 apprenticeship starts should increase from 227,000 to 237,000. The National Apprenticeship Service due to begin operations in April 2009 and the National Apprenticeship Vacancy Matching Service to be housed within this will be key vehicles to support the expansion.

However, one of the unknowns in the process of expanding apprenticeships is how the intermediaries and the providers of apprenticeship training operate as a sector, and what their capacity is to deliver the expansion of the programme. This research develops a core set of base intelligence on the supply chain, and sets out the level and direction of ambition of apprenticeship providers.

The apprenticeship provider base

920 providers delivered apprenticeships at some point between 2005/06 and 2008/09. The numbers of indicative starts in 2008/09 are 109,000 16-18 apprenticeships, 88,000 19-24 apprenticeships and 16,000 adult apprenticeships. The largest apprenticeship providers according to the indicative starts for 2008/09 are:

	16-18 apprenticeships	19-24 Apprenticeships	Adult (25+) apprenticeships
1.	CITB-ConstructionSkills	VT Plus Training PLC	JHP Group Limited
2.	Ministry of Defence DETS(A)	Ministry of Defence DETS(A)	Protocol Skills Limited
3.	VT Plus Training PLC	Phones 4 U	VT Plus Training PLC

Source: Planning and Modelling System (PAMS) 2008/09

There were 219,800 apprenticeship starts in 2007/08, of which 20 per cent were through national contracts, 14 per cent in the North West and 11 per cent in the South East. Each of the remaining seven regions accounted for between 6 and 9 per cent of apprenticeship starts.

Over half (52 per cent) of apprenticeship providers are 'organisations in business in its own right' and 25 per cent are 'general FE college incl. tertiary'.

An overwhelming majority of providers – regardless of type – deliver apprenticeship training in-house, with only small proportions delivering through sub-contracts or consortia. While consortia have been mooted as a possible solution to expansion, these findings suggest that this is an approach that might be encouraged as a future trend perhaps rather than a current reality. There are some innovative uses of sub-contracting provision by providers to facilitate employer delivery of apprenticeships, with the provider holding the main contract and undertaking the administration, with the learning delivered by the employer.

A range of delivery models are used by providers including programme-led apprenticeships, day-release study and fully workplace delivered training, which are used according to the employer's preferences. The vast majority of providers also operate flexible enrolment - colleges more so than other provider types. Programme-led apprenticeships (PLA) are seen as particularly important in sectors with strong health and safety requirements, but also for young learners who are furthest from the labour market and pose more of a risk to employers. PLA delivered in the workplace can then provide the employer a safe opportunity to 'try' the learner, with a view to employing them at the earliest convenience.

Providers report that there is little profit to be made from apprenticeship delivery, and one provider interviewed even reported making a loss on every apprenticeship. The staff intensity of the programme and the enhanced support apprenticeship learners often need are quoted as reasons for the low profit margins, and smaller providers often suffer more as they often have less other funding to support the programme with. Potentially, the low profit margins could also deter new market entrants.

Over half of all apprenticeship providers receive an employer contribution, which for most providers account for 1-25 per cent of apprenticeship funding. Counter-intuitively, colleges are more likely than other provider types to draw in employer contributions for apprenticeships. Larger providers (more than 500 apprenticeships) are also more likely than smaller providers to receive employer contributions.

What are the growth ambitions of providers?

Providers' outlook on the future of apprenticeships is on the positive side, with 28 per cent of providers forecasting growth and projecting an increase in employer take up of apprenticeships as a result of the economic downturn. Only eight per cent of providers have a negative outlook on the future – which means that many providers still hold a view that apprenticeship numbers may remain static for the near future. Colleges are the least positive about the future, but also the least negative, whilst other providers is the group showing the most positive future outlook.

Reassuringly in line with government ambition and strategy, nearly three-quarters of providers report that they are planning a growth of their apprenticeship programme over the next two years, and the majority report a growth ambition of about 11-25 percent on top of currently offered apprenticeships.

Quantifying the providers' growth ambitions in relation to 2008/09 learner numbers (participation), if these were achieved, numbers would rise by 27 per cent over the next two years (survey respondents only). Should this increase apply to the full body of providers, this would mean an increase from 213,000 starts to 270,000 starts in two years – a significant step towards the Leitch apprenticeship target as well as the NAS target of 400,000 apprenticeships by 2020.

What are the key factors impacting on the delivery of apprenticeships?

Employer demand is the factor strongest influencing levels of apprenticeship delivery followed by learner demand, minimum levels of performance, and the availability of appropriate staff. Nearly half of all providers noted both learner demand and employer demand as strongly influencing the level of apprenticeship delivery, half of which were organisations in business in their own right.

Levels of administration, which are consistently raised as issues in qualitative research around apprenticeships, show an interesting pattern. While administration levels clearly exercise the patience of providers, and are uppermost in the thoughts and issues they raise in interviews, this research suggests that it is not, in reality, a primary constraint in influencing the *level* of apprenticeship delivery.

What makes a provider perform well?

Providers note the following factors as key to successful apprenticeship delivery and expansion:

- **Staff**
Having good sales staff and assessors and lecturers that work well with the learners is key to the success of the apprenticeship programme. It is also important as a provider to be able to offer flexible employment in order to attract staff.
- **Employer engagement**

Having a close relationship with employers and ensuring their role (as well as the provider's) in the programme is clear is essential to keep employers on board. The employer is seen as absolutely key to the programme, and the provider's job is as a facilitator.

'The provider has to be the catalyst rather than the prime reason for the programme being there.'

- **Flexible and/or innovative delivery**

Being able to provide learning in a way that suits employers – be it in the workplace, block release, evening or weekend learning – is vital to engage employers with the programme. You have to be prepared to change the way you deliver if the employer needs it.

- **Learner support**

Providing 100 per cent support to the learner, monitoring their progress closely and regularly, and moving them on at a pace that suits them ensures the learner has the best possibility to achieve.

- **High quality teaching and learning**

Keeping high quality of teaching and learning and high success rates is not only vital to maintain funding, but also for employer engagement (repeat business; word of mouth; alumni recommendations).

- **Communications**

Having good internal communications between teams, but also good communications with the LSC is important. The latter is particularly important to ensure that you keep up with policy and understand where the funding is going, so that your business model can be adjusted accordingly.

An employer delivering apprenticeships also noted that it is important for employers to give the apprentice a job at the end of the programme; to see them as a future workforce. As an employer, they have noticed that if this is used as a principle, the calibre of applicants improves year on year, as it is an attractive prospect to the learner.

Opportunities and threats to expansion

Opportunities for growth

The opening up of funding for adults taking apprenticeships seems to have had an effect on providers' direction for growth. Two-thirds of providers who plan growth within specific age groups plan only for expansion of apprenticeship for above 19 year olds; a further quarter of providers plan for expansion of all age groups.

Sectorally, providers plan growth within the public sector (local government; health and care; early years) which is seen as a key growth area. Apart from the public sector, providers mainly plan for growth in 'safe' areas, i.e. areas they already deliver well, and therefore pose little risk to success rates, which is a key concern as it affects funding levels. Some of the more traditional apprenticeship sectors are seen as having fewer opportunities for growth, either because they are becoming saturated or because there is a declining workforce due to process improvement.

The majority of providers are not planning to expand outside their current delivery regions, which is supported by the fact that the most anticipated growth strategy is through in-house delivery or organic expansion of current provision.

Threats to expansion

The challenges to apprenticeship delivery and growth stated by most providers are staffing; engaging employers in apprenticeships; bureaucracy; and the funding criteria and processes. The latter three are considered most severe by providers (around 10 per cent of providers rank these at 9 or 10 on a scale

from 1-10, where 10 is a significant constraint). Providers also find that the promotion of apprenticeships is in competition with the promotion of Train to Gain, making the take up more difficult.

More organisations in business in their own right than other provider types perceive LSC communication and risk burden on the organisation as key constraints to apprenticeship delivery; whilst colleges are significantly more likely than other provider types to feel employer engagement as a constraint.

In terms of staffing, finding qualified assessors, being able to offer them attractive wages and retaining them are issues experienced. The wage issue is particularly stark in sectors where individuals can earn more by working in industry, such as accountancy, engineering and skilled crafts sectors. There is also a clear 'food chain' between providers, where charities and small private providers lose staff to the larger private providers and colleges who are able to pay more. These in turn lose staff to industry for the same reason.

The main reasons why providers find it difficult to engage employers in apprenticeships are a lack of awareness or preferring other qualifications; lack of appropriate frameworks; and the impact of the economic downturn. Providers find that many employers they contact do not know anything about apprenticeships, especially in non-traditional apprenticeship sectors, and that there is a strong need for better information and marketing of the programme. In some sectors, there are not appropriate frameworks available for all employers who are interested in apprenticeships, which prohibits take up, although providers are hopeful about the introduction of the QCF in helping to address this. In some sectors where staff are being made redundant due to the economic downturn, it has also been harder to engage employers in apprenticeships.

The level of administration is perceived as a challenge by providers mainly in terms of the scale of paperwork and frequency of policy changes; the duplication of processes; and the lack of use of electronic processes. It should however be noted that providers do accept that a certain amount of administration comes with public funding. Providers find that with the vast amount of paperwork to read, and changes being made, it takes a lot of staff time and changes are often not signposted. Providers also experience a lot of duplication of processes, for example being audited by several regional LSCs, with inconsistent criteria being applied. The fact that most LSC funding related records have to be kept in paper format (rather than electronic), and electronic signatures are not used, is another factor contributing to a lot of additional staff time used.

Funding rates and processes pose a constraint to apprenticeship delivery and expansion mainly through the delays in receipt of contracts and funding; the complexity of the new demand-led funding system; the level of funding for adult learners; and the lack of capital funding for non-colleges. The late receipts of contracts and lack of clarity around funding received pose a significant risk especially to smaller providers, and particularly in the current economic climate. This causes providers to act more cautious and could hence affect growth. Providers have also found the new demand-led funding system difficult to understand, which is essential in order to be able to future plan. Providers also perceive that there has been a lack of support from the LSC in understanding the funding. As many providers do not charge employers fees for adult learners, it is also felt that the lower funding rates for these learners have a negative impact on the programme as it is often being cross-subsidised by 16-18 apprenticeship funding or other programmes. The lack of capital funding is a further element prohibiting growth and investment for non-colleges.

Providers appear to agree that the promotion of standalone NVQs under Train to Gain has been to the detriment of apprenticeships. The lesser effort required and the contribution of a wage subsidy under Train to Gain are factors favouring NVQs over apprenticeships. There appears to be a sectoral difference in terms of preference – health and care employers for example are more likely to favour NVQs, whilst employers in many of the traditional apprenticeship sectors value apprenticeships.

Providers also report that even their business development teams find it difficult to explain the difference in benefits between the programmes to the employer.

The importance of understanding the provider context

Although providers of different types experience, in general, the same constraints and challenges - some of the issues can have a stronger impact on certain provider types or business models and is not felt in the same way by others.

It is important to consider the challenges to apprenticeship expansion not only for the provider body as a whole, but also how certain processes and systems may affect more vulnerable organisations or learners. Although views on issues overlap, there are some fundamental differences, which may require different strategies to be addressed.

Recommendations: helping providers to grow apprenticeships

There are a number of solutions that the LSC and partners could put in place to try to help alleviate some of the challenges to apprenticeship expansion that providers encounter. Some may be more straightforward to put in place, while others are longer-term considerations.

Some issues have perhaps already been addressed. One such example is the lack of capital funding for non-colleges. With the launch of the Capital Skills Prospectus on 18 November 2008, the LSC has opened up capital funding for non-colleges who hold TQS certification, on a matched-funding, pound-for-pound basis from 2009-10 financial year. This should go some way in helping private and charitable providers to expand apprenticeship provision.

Rapid responses

As mentioned, there are responses to the constraints to apprenticeship expansion that may be more straightforward for the LSC to implement, some of which are proposed here.

- **Implement for LSC funded apprenticeship providers, the 'red tape cut' announced by Skills Secretary, John Denham on 7 August 2008.**

This would include electronic audit and storage; faster confirmation processes; streamlined payment systems; reduction of reporting frequency and inspection visits, and therefore addressing most of providers concerns over the level of administration associated with apprenticeships. As providers note that they often have had to take on additional staff to handle the level of administration, a reduction may free up funds which can be used to better remunerate qualified assessors.

- Highlight changes in revised policy documents and guidance**

Again, to cut down time spent by providers tracking key changes in policy documents and guidance, documents could be accompanied with a quick guide to changes, such as is currently highlighted in the annual ILR specifications.
- Ensure clear information is available to skills brokers and providers on the respective benefits of apprenticeships and Train to Gain, and encourage brokers to promote apprenticeships**

By making information available on the key benefits and differences between the two programmes, this may reduce some of the unconstructive conflict and competition between the programmes. This has also been noted by Ipsos MORI and Cambridge Policy Consultants in relation to Public Sector Apprenticeships. Skills brokers should also be encouraged to make apprenticeship referrals to providers - and to ensure improved services, progress should be measured.
- Ensure employers who are rejected by the National Employer Service (NES) are sign-posted to providers**

Employers who express an interest to NES in becoming apprenticeship providers, but are rejected, should be referred to appropriate (e.g. local) providers. If they are, they could perhaps operate a similar system as one interviewed provider, who undertakes the administrative management of the programme on behalf of employers, but leaves the delivery to them. If employers were to be referred through skills brokers, it will be even more important that they are well informed about and incentivised to promote apprenticeships.
- Communicate Machinery of Government changes promptly and clearly to providers**

The changes are a key uncertainty for providers and as noted uncertainty stops investment and growth. It is now only 18 months until the changes will take place, and for providers to have the confidence to plan apprenticeship growth, communication needs to improve.
- Ensure earlier contracting and greater certainty of online reporting systems**

Again, this is a key risk to providers, especially smaller ones and especially in the current economic climate. By ensuring contracting is timely and trying to ensure greater certainty of the online reporting systems, another risk factor and barrier to expansion can be removed.

The LSC could also take measures to cushion the effect of the economic downturn on apprenticeships (ensuring timely contracting and greater financial certainty will also help):

- Making the £79M package of support for people facing redundancy announced in the 2008 pre-budget report available to apprentices facing redundancy losing their placement, to maintain the placement**

As many providers fear apprentices may be made redundant during the economic downturn, especially those who are qualifying and therefore will be commanding a higher salary, the £79M package of support for people made redundant or facing redundancy should be available to protect apprentices as well.
- Allowing a reduction in the minimum level of apprenticeship working hours**

As noted in the DIUS press release from 20 November 2008 announcing the LSC grant letter, some employers are moving to four day working weeks during the economic downturn. During the downturn, if the company with which an apprentice is placed moves to a four day week, a reduction in the minimum number of employment hours for an apprentice (16 hrs) in line with the company's reduction in working hours may aid retention.
- Provide audit flexibility for re-placing learners with a new employer**

Providers are reporting that the current procedures for re-placing a learner with a new employer when they have lost their placement are difficult and inflexible. By providing some flexibility if an apprentice is being made redundant, the re-placing process may be assisted.

Longer-term considerations

Apart from the measures above, as a longer-term consideration, the LSC should also consider the following to support apprenticeship expansion:

- **Providing longer-term contracts**
Many providers note that three year contracts would not only improve their planning, but also their availability to investment funding (from banks etc.) and hence assist expansion of apprenticeships. It would also provide more of a certainty, providing confidence for growth.
- **A change in the required employer contribution**
As many providers are currently not charging employers fees for adult apprenticeships, providers feel that a reduction in the required employer contribution (currently 42.5 per cent) may incentivise providers to more vigorously pursue the contribution.

Considerations for partner organisations

There are also some activities that could be undertaken by LSC's partner organisations to support the expansion of apprenticeships:

- **Awarding bodies** can support by creating online training, portfolios and assessment for all frameworks;
- **Sector Skills Councils** have a strong role in promoting apprenticeships to employers in their sectors – particularly to SMEs;
- **Skills brokers** should work more with employers to promote apprenticeship, and generate referrals to providers;
- And finally, organisations of employers currently using apprenticeships and supporting them such as the **Apprenticeship Ambassadors Network** and **Chambers of Commerce** should be used to promote the benefit of apprenticeships widely to non-engaged employers.

Introduction

Expanding apprenticeships: context

The commitment by government to significantly expand the apprenticeship programme was expressed in the strategy *World-class apprenticeships*, published by the Department for Innovation, Universities and Skills (DIUS) in January 2008. The increased focus on apprenticeships is also articulated in the LSC's most recent Grant Letter and Statement of Priorities, under the two key priorities of meeting the needs of young people and improving adult skills. In the last decade apprenticeship numbers have doubled but by 2013 each suitably qualified young person will have a right to an apprenticeship place, and the ambition is that by 2019/20 one in five young people will start an apprenticeship by the time they are 18 yrs old. In the short term this means that between 2008/9 and 2009/10 apprenticeship starts should increase from 227,000 to 237,000 and completions from 118,000 to 129,000. There are also several major projects underway to support expansion, with the National Apprenticeship Service due to begin operations in April 2009 and the National Apprenticeship Vacancy Matching Service to be housed within this.

However, one of the unknowns in the process of expanding apprenticeships is how the intermediaries and the providers of apprenticeship training, operate as a sector, and what is their capacity to deliver the expansion of the programme. This research develops a core set of base intelligence on the supply chain, and sets out the level and direction of ambition of apprenticeship providers.

Research focus

This study has three aspects that will shed light on the sector.

- Database – Experian have developed a database that identified 920 active apprenticeship providers. It brings together all existing data on apprenticeship providers from a number of sources, which will enable the LSC to gain a comprehensive overview of its suppliers.
- Survey – 521 of the 920 providers were surveyed to see what their ambitions are, to understand the constraints to expansion that they face and to explore potential solutions.
- Qualitative interviews – To provide depth to this, 15 of the participating providers were interviewed face-to-face, to explore how the issues affected their business and interacted with each other. A mixture of organisation types were interviewed to get the views of a broad cross-section of the sector, covering employer providers, FE colleges, charities and private providers.

Acknowledgements

Experian would like to thank the providers that took part in the survey, and especially those who agreed to take part in follow up depth interviews. We would also like to thank LSC for their pro-active support throughout the project, especially Kate Murphy and Rob Cirin.

Report structure

- Chapter 1 outlines the results of the database construction and what it tells us about apprenticeship providers
- Chapter 2 explains the methodology for the research work subsequently undertaken.

- The next 5 chapters present the results of the quantitative and qualitative research, focusing in turn on:
 - models of delivery;
 - future plan;
 - the impact of the economic downturn;
 - challenges to growth; and
 - solutions employed.
- Chapter 8 presents more in-depth findings from the qualitative work, particularly a series of case studies that impact on specific types of providers
- Chapter 9 summarises these issues and transforms them into a series of short and long term recommendations
- The Appendices provide in-depth details of the database construction, questionnaire and letter to providers.

1 The apprenticeship provider base

1.1 Overview

This section presents some outputs from the apprenticeship provider database, covering learner numbers, competitive tendering behaviour, certification, inspection scores and financial health. For more details on how the database was constructed refer to Appendix A.

1.2 The apprenticeship provider base

Information from the database confirms that 920 providers have provided apprenticeships at some point between 2005/06 and 2008/09.

The numbers of indicative starts in 2008/09 are 109,000 16-18 apprenticeships, 88,000 19-24 apprenticeships and 16,000 adult apprenticeships. The largest apprenticeship providers are detailed in figure 1.1, according to the indicative starts for 2008/09.

There were 220,000 apprenticeship starts in 2007/08, of which 20 per cent were through national contracts, 14 per cent in the North West and 11 per cent in the South East. Each of the remaining seven regions accounted for between 6 and 9 per cent of apprenticeship starts.

Figure 1.1: Largest apprenticeship providers (based on indicative starts), 2008/09

	16-18 apprenticeships	19-24 Apprenticeships	Adult (25+) apprenticeships
1.	CITB-ConstructionSkills	VT Plus Training PLC	JHP Group Limited
2.	Ministry of Defence DETS(A)	Ministry of Defence DETS(A)	Protocol Skills Limited
3.	VT Plus Training PLC	Phones 4 U Ltd	VT Plus Training PLC
4.	Protocol Skills Limited	CITB-ConstructionSkills	Community Training Services Ltd
5.	JTL	Protocol Skills Limited	Zodiac Training Ltd (Gateshead)
6.	JHP Group Limited	JHP Group Limited	In Training (CBE) LTD
7.	Carillion Construction Limited	Vodafone UK Limited	A4E LTD
8.	City of Bristol College	Ministry of Defence (Royal Navy)	Gateshead College
9.	Manchester Solutions	Sheffield Trainers	Wiltshire College
10.	Ministry of Defence (Royal Navy)	HSBC BANK PLC	General Physics (UK) Ltd (Stockton)

Source: Planning and Modelling System (PAMS) 2008/09

Alongside some of the largest providers detailed in figure 1.1 who have a broad spread of provision across England, YMCA Training, NACRO, Education & Youth Services Ltd and Construction Learning World also have a wide reach and are among the top 10 providers according to the number of 2008/09 apprenticeship *contracts* held across the country.

The frequency of competitive tendering for apprenticeship delivery is very low, with only 10 per cent of the 920 providers making a bid, and of these only two-thirds were successful.

Over half (52 per cent) of apprenticeship providers are listed as 'organisations in business in its own right' and 25 per cent are listed as 'general FE college incl. tertiary'.

The financial health score of apprenticeship providers is relatively strong – 38 per cent are 'A', 20 per cent are 'B' and 18 per cent are 'C'.

TQS certification part A, the first of which is dated May 2008, has been achieved by 31 of the 920 providers, 25 of which were general FE colleges or specialist land-based colleges, two were organisations in business in their own right, and one organisation is charitable. The TQS web site, however, indicates that the number of certified providers has increased in the six months following this data cut.

2 Research methodology

2.1 Overview

This chapter explains how the research was carried out, with details of the survey methodology, contents, the profile of the achieved interviews compared to the database and face-to-face interviews.

2.2 Provider survey methodology

The survey was conducted with apprenticeship providers over a three week period between October and November 2008. The providers were sampled from a list of apprenticeship providers supplied by the LSC. A total of 1,201 providers were listed, of which 905 were confirmed through a control of the 2007/08 ILR W12 return as having provided apprenticeships in 2007/08.¹ An advance letter was sent to all providers on the list that outlined the purpose of the research and the coverage of the survey (see appendix A). A total of 521 providers were interviewed: a mix of employer providers, private training providers and colleges. In the case of colleges we sought to speak with principals or vice principals, and for all other organisations, the business manager or director.

The survey was originally designed to take 15 minutes to maximise responsiveness. This expanded to an average length of 31 minutes with the addition of open-ended questions to elicit greater detail around constraints and solutions to apprenticeship delivery, and the inclusion of economic impact questions to explore the effect of the recent economic downturn.

Despite the compressed time-span in which this research was undertaken, and the relative length of the questionnaire, the response from providers was very positive. In addition to being willing to schedule interviews within the limited time frame, a number of providers pro-actively contacted us to take part in the survey having received the advance mailout.

The survey findings are shown unweighted as we lack an appropriate framework against which to weight. The percentages shown and described in the text that follows therefore relate to the actual number of apprenticeship providers responding in the survey.

Where we show disaggregated results by variations in provider type, this is not on the basis of information collected during the survey, but the result of looking into management information for the provider organisation (and integrated on the apprenticeship provider database produced as part of this research). Not all organisation types within the MI data provided enough sample to allow analysis, hence these types have been aggregated as the 'Other' category. Figure 2.1 shows how the organisation types have been aggregated for the survey analysis, and the shares of survey respondents in each group. The share of respondents by broad group also corresponds well to the share of providers on the apprenticeship database, where 52 per cent of providers are 'organisation in business in its own right' (51 per cent of survey respondents), and 25 per cent are 'general FE college inc. tertiary' (which is by far the majority group within 'colleges' as survey respondents, which comprises 27 per cent of responses).

¹ Upon completion of the database, it was confirmed that 920 of the 1,205 providers had provided apprenticeships at some point between 2005/06 and 2008/09.

Figure 2.1: Survey respondents by provider type.

Provider type (aggregated)	Share of survey responses	Proportion of providers	Provider type (MI data)
Colleges	27%	25%	General FE College inc. tertiary
			Sixth form college
			Special college - Agriculture and horticulture
Organisation in business in its own right	51%	52%	Organisation in business in its own right
Other	22%	23%	Chamber of Commerce / Trade
			Charitable
			External Institution
			Higher Education Organisation
			Local Authority
			Local Education Authority (LEA)
			Other Local Authority
			Other Private Organisation
			Other Public Organisation
Organisation type unknown			

Source: UPIN to LLSC lookup file; Provider survey Oct/Nov 2008

2.3 Qualitative research methodology

Qualitative interviews with a range of apprenticeship providers were undertaken in November 2008. A total of 15 face-to-face interviews were undertaken in the North West, East Midlands and London regions. A mix of providers (type, size and sectoral coverage) were selected for the interviews to ensure that different business models and issues could be explored, and included: general FE colleges; small 'specialist' private training providers (catering only to one sector); larger 'generalist' private providers (catering to a multitude of sectors); charities; and public and private sector employers who are providers in their own right. The interviews lasted for around one and a half hours and followed a semi-structured discussion guide.

The interview explored in more detail the respondents' views on their business model and its impact; business growth and the impact of the economic downturn; the impact of challenges associated with apprenticeship delivery; opportunities for apprenticeship expansion; factors contributing to successful apprenticeship delivery; and finally an exploration of the areas where LSC and other organisations can support providers in the expansion of apprenticeships. The interviews were conducted under the conditions of the Market Research Society code of conduct and anonymity.

2.4 Presentation of evidence

This report is structured around the thematic areas explored through the survey, and the qualitative evidence is presented as supporting evidence providing more detail within each section. To highlight the importance of the business model context in how issues impact organisations, some short case studies are presented following the thematic evidence.

3 Business delivery models

3.1 Overview

This chapter explores how apprenticeship providers structure their work. It looks at what other programmes they deliver, the rationale for this mix, how many regions they deliver in, contracting arrangements, the locations they deliver training (day release, in the workplace etc.) and the balance of funding they receive. It then goes on to explore what the primary influences are on the volume of apprenticeships they can and do deliver, the methods they use to engage new employers to deliver apprenticeships and their effectiveness.

3.2 Mix and balance of provision

The majority of providers delivering apprenticeships are also delivering Train to Gain (79 per cent), bespoke courses for employers (70 per cent), other vocational training (68 per cent) and standalone NVQs (65 per cent). Apprenticeship providers tend to concentrate on vocational qualifications with just 41 per cent of apprenticeship providers interviewed engaged with the delivery of academic qualifications (61 per cent of which were colleges and 27 per cent organisations in business in their own right).

In terms of the scale of apprenticeship delivery, apprenticeship providers are concentrated at both ends of the spectrum. The majority (37 per cent) have between 1-25 per cent of their learners in apprenticeships, while 28 per cent report 76-100 per cent of their learners undertaking apprenticeships.

The qualitative interviews show that generally, providers do see a demand for standalone NVQs, albeit this is more for adult learners or employees, which can be serviced through Train to Gain. However, some sectors – often the more traditional apprenticeship sectors² – have less interest in NVQs as they also need employees to have the knowledge from the technical certificate and, for example, numerate skills from the key skills element. Many providers find that for young people, they can always convert an NVQ into an apprenticeship. Some of the reasons they found for employers choosing standalone NVQs were that they were faster; there is sometimes a reluctance to employees undertaking the key skills element (not seen as necessary); and one example from the accountancy sector shows that it had to be used as there is no apprenticeship alternative (NVQ Level 4 in AAT).

Although there seems to be an employer demand for standalone NVQs and most providers did deliver Train to Gain as well, a couple of providers expressed a lot of resistance to them and support for apprenticeships. It was noted that an NVQ does not provide very much for the learner as it just assesses current knowledge:

‘The difference between NVQs and apprenticeships is that the apprenticeship is developmental. The technical certificate develops the knowledge; the key skills develops the transferable skills; but the NVQ just tests skills you already have.’

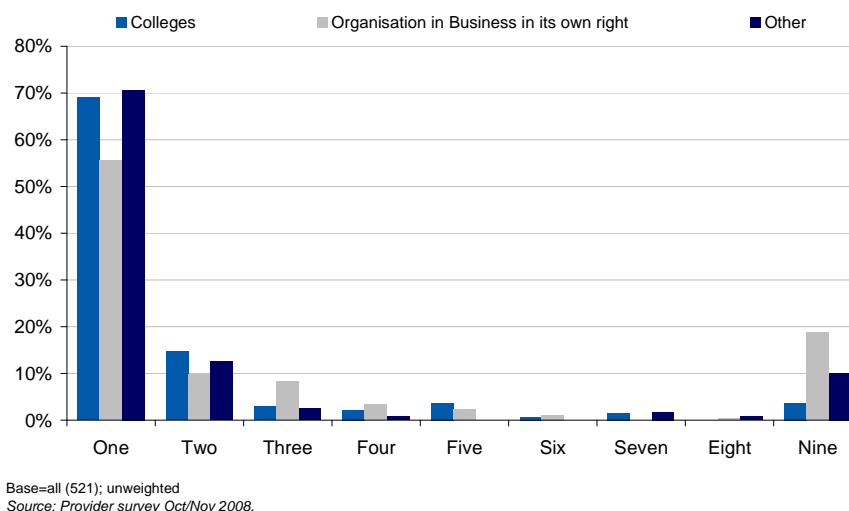
These respondents felt that this meant that with only an NVQ, the learner may be equipped for their current job, but not necessarily for mobility on the labour market and hence the opportunity for sustainable employment. It was seen that the delivery of NVQ mostly benefited awarding bodies who got a payment for every NVQ awarded, and government who got a tick in a box towards their target.

² Sectors that have a long-standing tradition of offering apprenticeships are construction, engineering and manufacturing.

3.3 Geographical delivery

The majority of providers deliver apprenticeships in just one English region (63 per cent), followed by 12 per cent delivering in two regions. This is shown in figure 3.1. Some 13 per cent of providers interviewed deliver in nine regions (i.e. are national providers). The concentration of providers delivering apprenticeships in just one region suggests that future changes in contracting regimes (e.g. single rather than local contracting) will not necessarily result in expansion opportunities across geographies.

Figure 3.1: In how many English regions do you deliver apprenticeships?



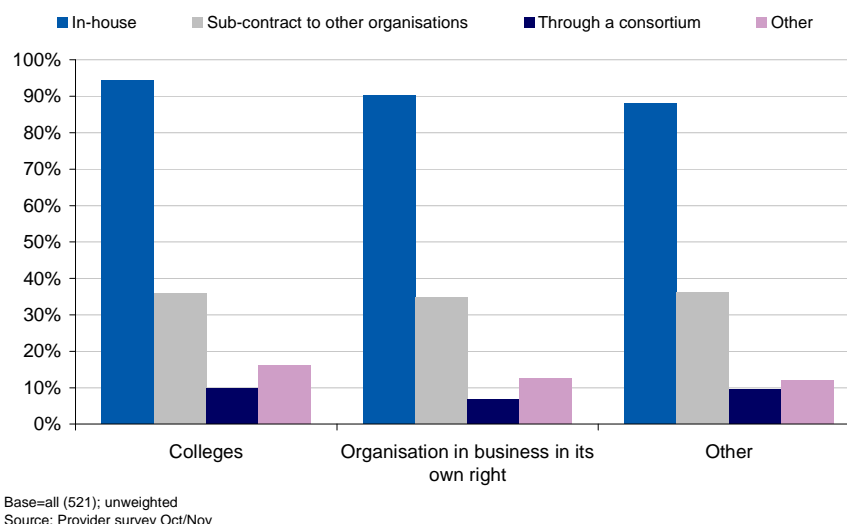
3.4 Apprenticeship delivery models

In part, the fact that most providers only deliver in a single region is explained by the manner in which providers deliver their apprenticeship offer (shown in figure 3.2). This is overwhelmingly in-house (91 per cent), while 35 per cent report contracting to other organisations, and 8 per cent through a consortium.³ While consortia have been mooted as a possible solution to expansion, these survey findings suggest that this is an approach that might be encouraged as a future trend perhaps rather than a current reality, and certainly, while more than a third of providers have engaged in some form of consortium delivery model, the in-house delivery approach still dominates (see section 4.3). There is virtually no variation by provider type, whether providers are colleges or training providers, or indeed employers: primarily they all deliver in-house.

We haven't got any analysis on the size of provision especially by type? Are all large apprenticeship providers, colleges??

³ For this question, one or more responses could be chosen by the provider.

Figure 3.2: How do you deliver apprenticeships as an organisation?



The evidence from the qualitative interviews provides further insight into the reasons for the ways organisations deliver apprenticeships. Many providers prefer in-house delivery as the quality control is greater, and that this reduces their risk. Another benefit of in-house delivery is the greater flexibility in progression from ‘feeder’ programmes at any time of the year.

One provider has ceased all sub-contracted work following the changes in funding methodology, auditing and reporting structures, as it felt the monthly evidencing and ensuring records are accurate on a monthly basis increased the risk of errors and hence the risk of audit failure. Another reason quoted for ceasing sub-contracted work was the changes in funding rates for the various elements of the framework, with the NVQ rate having decreased while the technical certificate rate has increased. As the technical certificate and key skills are the elements often sub-contracted, this would mean an income loss for the main provider – hence they have brought the provision back in-house.

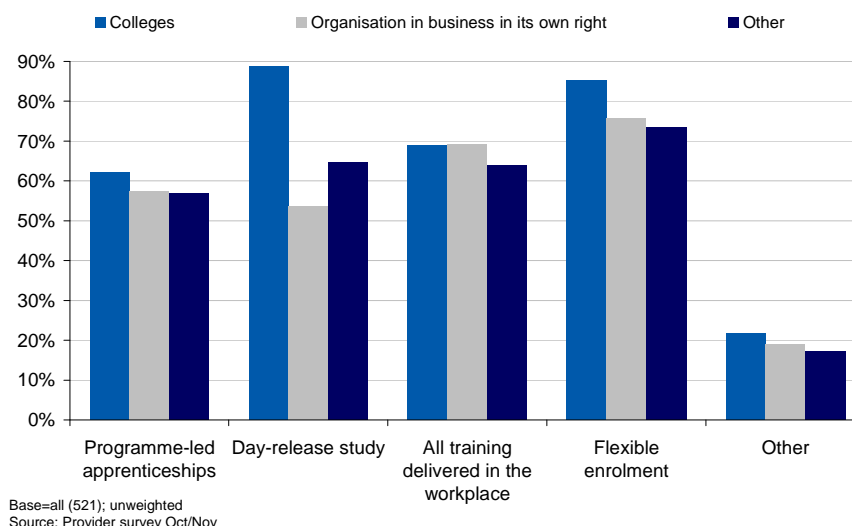
The interview evidence shows, however, that sub-contracting can be effectively used in certain settings. For example, for providers who deliver provision to employers with multiple locations across England, it is a useful way of

‘being able to offer localised services [of the technical certificate and key skills elements of the framework] to national employers without having training premises in all areas.’

For private providers it can also be an effective way of tapping into capital funding, which otherwise is not accessible to them. Another reason for using sub-contracting can be to assist small local employers to be providers. One college interviewed employed this solution, whereby they were the main contractor, but the delivery was provided by a consortium of small employers who had appointed a joint training co-ordinator. The college thereby removed the contracting, administration, inspection preparation and other burdens for the employers, charging only to cover their cost. The college saw this method as advantageous as it promoted apprenticeships and aided employer engagement.

Apprenticeship providers report a range of delivery models, with most offering multiple delivery models. Seventy-eight per cent offer flexible enrolment (at any point of the year), 68 per cent offer all training delivered in the workplace, 66 per cent offer day-release study and 59 per cent offer programme-led apprenticeships. There is little variation in the delivery model by type of provider, with the exception that colleges are more likely than all other provider types to offer day-release study, as shown in figure 3.3

Figure 3.3: What delivery model do you use for your apprenticeships?



The interview evidence indicates that most providers appear to deliver apprenticeships through day-release or all training in the workplace dependent on the employer’s preferences. Hospitality is mentioned as one sector where workplace training is preferred due to the irregular working hours. One provider also notes the employer engagement benefits from the workplace training, as the provider’s staff very regularly meet the employer, and have a chance to build good relationships.

However most providers – and particularly in the traditional apprenticeship areas – seem to favour day-release or block release training, albeit with a lot of flexibility to the employer’s needs including evening and weekend training. It appears that the more traditional sectors are more accustomed to the ‘interruption’ in the workplace and accept this as part of the training. For some frameworks, such as accountancy, where a professional exam is a part of the qualification, the classroom study is also a necessary preparation for the formal exam. One provider also notes that the development elements of the framework (technical certificate and key skills) need focus and quiet, especially if the learner needs a lot of support (and there may not be an appropriate study environment in the workplace), therefore they operate day-release.

The qualitative interviews show that several providers find programme-led apprenticeships (PLA) a very important programme, especially for learners who are furthest from the labour market and education, and in sectors with strong health and safety requirements. For those providers working with groups such as young people who are at risk of not being in education, employment or training (NEET) or who arrive to post-16 education with a statement of learning difficulties under section 140 of the Learning and Skills Act 2000, PLA is a way of removing the risk to the employer. Some providers noted that they still ensured the PLA was fully delivered in the workplace, only with the learner not having employed status initially, which gave the employer a chance to test the learner with a view to employing them if this went smoothly – like a longer job interview or a probation period. Similarly, another provider noted that they used PLA to provide young learners with, for example, employability skills and other training for an initial 12 weeks, which again reduced the risk for the employer (worth about £4,500 in wages in the first year):

‘it takes away the rawness’.

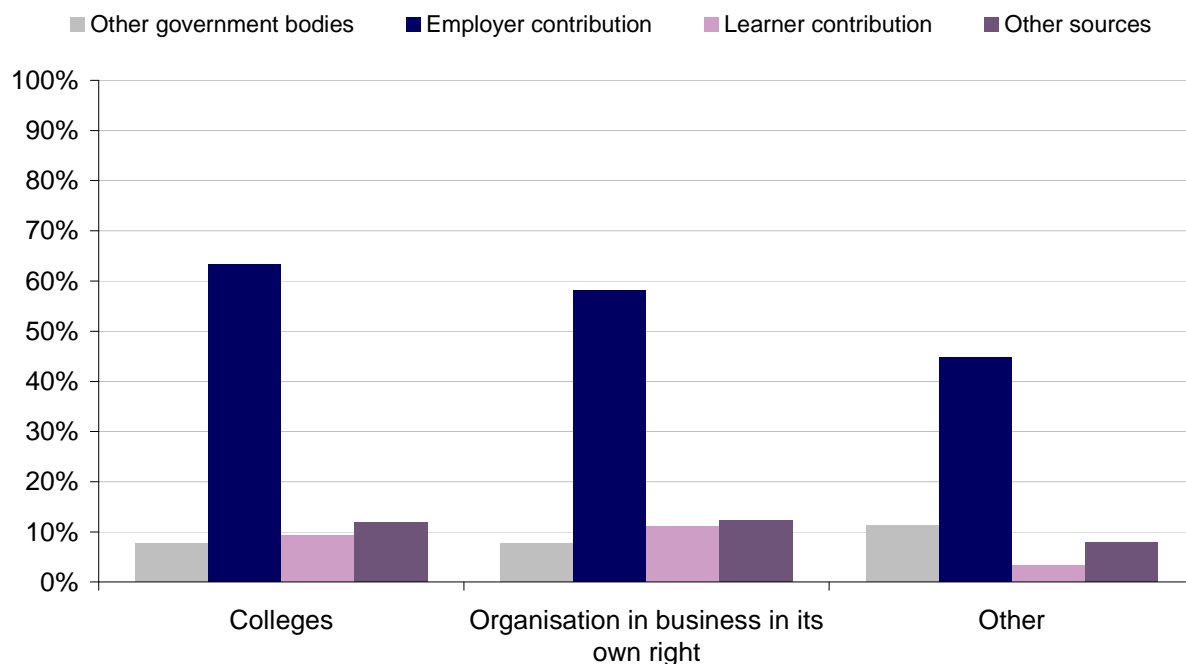
Particularly in the more technical sectors, providers noted that PLA can also be a crucial way of ensuring learners have relevant health and safety qualifications or other mandatory industry qualifications when entering the workplace.

‘The learners can’t be completely green; health and safety is a big issue for our industry. We can’t have them putting their fingers in the socket on day one.’

3.5 Apprenticeship funding

Apart from the LSC funding received by all apprenticeship providers, a substantial 57 per cent of providers report apprenticeship funding from employers, just 9 per cent cite learner funding, and 8 per cent funding from other government bodies. There is not a huge amount of variation by provider type (see figure 3.4) although counter-intuitively, organisations that are businesses in their own right (i.e. training providers and or employer-providers) are marginally less likely than colleges to report employer funding, and marginally more likely to report learner contributions.

Figure 3.4: Which of the following sources do you receive apprenticeship funding from?



Base=all (521); unweighted
 Source: Provider survey Oct/Nov

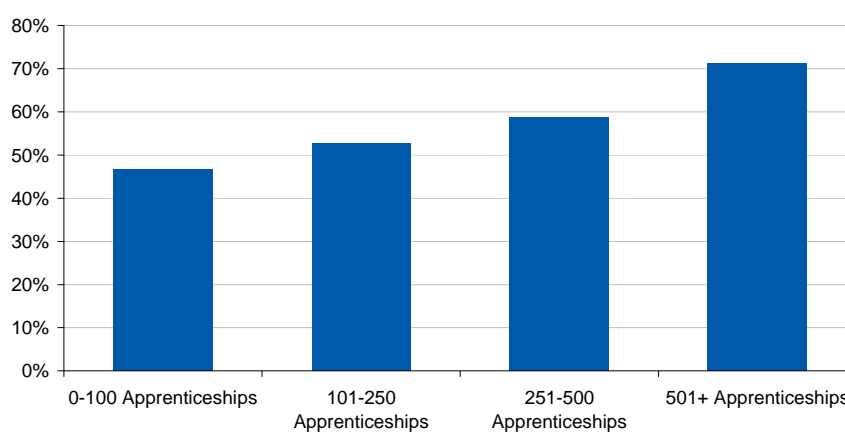
Further analysis shows that the size of the provider does play a role in whether employer contributions are received – nearly three-quarters of large providers⁴ receive employer contributions; this declines with the size of provision, and of small providers⁵ less than half get funding from employers, as shown in figure 3.5. It is difficult to establish, however, whether the fact that many of the largest providers are also employers in their own right⁶ and hence more likely to contribute to the fees, is a factor in this pattern.

⁴ Defined as providers with 500 or more whole year learner numbers in 2008/09.

⁵ Defined as providers with 100 or less whole year learner numbers in 2008/09.

⁶ See figure 1.1 in section 1.

Figure 3.5: Providers receiving employer contributions, by size of provision.



Base: all (521); unweighted
Source: Provider survey Oct/Nov

In addition to all apprenticeship providers receiving funding from the LSC, it is also clear that LSC funding comprises the majority proportion of their apprenticeship funding with 81 per cent indicating that it accounts for between 76-100 per cent of their total apprenticeship funding. Though received by 57 per cent of provider organisations, nearly half of these (47 per cent) indicate that employer funding accounts for just a 1-25 per cent share of apprenticeship funding.

The qualitative evidence supports this picture, as most providers stated they did not ask the employers for a contribution towards the fees for above 19 year old apprenticeship learners. The main reasons for this were: difficult to explain to employers why they do not have to pay for an 18 year old but have to pay for a 19 year old; the feeling that employers already contribute a lot to the training; and more infrequently competition – an unwillingness to charge when competitors did not, for fear of losing market share. Some providers have had to turn over-19 year old learners away as employers have not been willing to provide the contribution.

'Asking [the employer] for fees is to risk the apprenticeship for the learner.'

'It would not feel right to say to an older learner, no, you can't do that course.'

Providers noted that although employers may not contribute to the fees, they still contribute a lot by taking on the risk/liability of employing an apprentice (who are not productive and need to be developed); paying the wages; and provide staff time for training in the workplace. One employer who is also a provider noted that even the funding for 16-18 year olds only made up about 20 per cent of the total cost for an apprentice.

Providers subsidise the 42.5 per cent employer contribution through either the 16-18 year old apprenticeship funding; through other programmes (e.g. E2E); or through charitable donations. Many pool the total amount of apprenticeship funding and deliver the learning to mixed age groups.

The profit margins of the apprenticeship delivery are very small for most providers, and one provider even stated that they currently make a loss on every apprenticeship delivered – they continue delivering it for the benefit of the young people they are working with. Many are struggling to make a profit and one provider noted that only their recent merger into a group has made them achieve a profit, as they have managed to cut overheads, but they have also had to make a lot of staff redundant.

'[The profit margins for apprenticeships] wouldn't be high enough for an external investor looking at the industry.'

'Changes to the fee structure are impacting, but we do make some money on 16-18 year olds. We have to balance that against the adults, so in the end we barely break even.'

Compared to other programmes, it is very difficult to make a profit on apprenticeships, partly because it is a very staff-intensive programme, and the learners often need stronger support than on other programmes.

The key factors for making a profit (albeit small) are quoted as: keeping overheads low; keeping staff to a minimum and making delivery efficient; running high quality provision (so achievement payment is drawn down); and recruiting appropriate entrants onto the programme (e.g. through selection). Some of these factors may well pose an issue for providers with a very inclusive agenda. An example on how quality measures impact negatively on the profit of less selective providers can be found in section 8.2.

3.6 Factors influencing level of apprenticeship delivery

We asked providers about a number of factors that potentially influence the level of their apprenticeship delivery, and the extent of the influence that these factors exert. (The findings are shown in figure 3.6). Employer demand, a factor raised consistently in apprenticeship research, is cited by 80 per cent as strongly influencing levels of apprenticeship delivery, with just 3 per cent of providers reporting that employer demand has a marginal influence (3 per cent) or no influence (2 per cent). Learner demand is another key factor cited by 57 per cent as strongly influencing; also flagged as having a strong influence are minimum levels of performance (56 per cent), and the availability of appropriate staff (57 per cent). Nearly half of all providers (48 per cent) noted both learner demand and employer demand as strongly influencing the level of apprenticeship delivery, half of which were organisations in business in their own right. Less than one per cent of providers felt that neither learner demand nor employer demand influenced the level of apprenticeship delivery.

Levels of administration, which are consistently raised as issues in qualitative research around apprenticeships, show an interesting pattern. Just 18 per cent report it as a strongly influencing factor on the level of delivery, and 27 per cent indicate it moderately influences. However, these numbers are counter-balanced by the quarter that feel it is only a marginal influence, and the 30 per cent that state it has no influence. There is little difference in the influence of bureaucracy by the size of organisation, but it appears to be mainly organisations in business in their own right that are affected (51 per cent compared to 37 per cent of other provider types). In other words, while administration levels clearly exercise the patience of providers, and are uppermost in the thoughts and issues they raise in interviews, this research suggests that it is not, in reality, a primary constraint in influencing the level of apprenticeship delivery.

Figure 3.6: By how much do the following factors influence your current level of apprenticeship delivery?

	Strongly influences	Moderately influences	Marginally influences	Does not influence
Employer demand	80%	14%	3%	2%
Learner demand	57%	27%	8%	8%
Minimum levels of performance	56%	20%	8%	14%
Availability of appropriate staff	51%	26%	11%	11%
Programme overheads	20%	34%	20%	22%
Level of administration	18%	27%	25%	30%
<i>Base = all ; unweighted</i>				
<i>Source: Provider Survey Oct/Nov 2008</i>				

Providers emphasise the same areas of influence in the qualitative interviews. The importance of employers is clearly due to their integral part of the programme – without the employer there is no apprenticeship. The success of the delivery is thus very dependent on the success of employer engagement.

The main point mentioned around learner demand was the importance of having demand from the right learners – that is, learners with sufficient prior qualifications and with a good attitude and commitment. This view from the qualitative interviews is also supported by the responses from the open ended survey questions regarding the impact of learner constraints on delivery. Providers feel that many applicants do not have the basic skills employers want (basic maths and English), and this is to a large extent due to the information, advice and guidance provided in school, where apprenticeships are often promoted as an option for the less able – providers and employers alike argue that for many apprenticeships, for example engineering, a relatively high level of prior achievement is required to be able to profit from the programme.

The use of minimum levels of performance (MLP) to determine continued funding also strongly influences the level of apprenticeship delivery a provider will undertake. Providers in general agree that there needs to be quality benchmarks, but many providers are reluctant to expand programmes too much, or expand into new areas, as the risk is that quality deteriorates and funding can be lost.

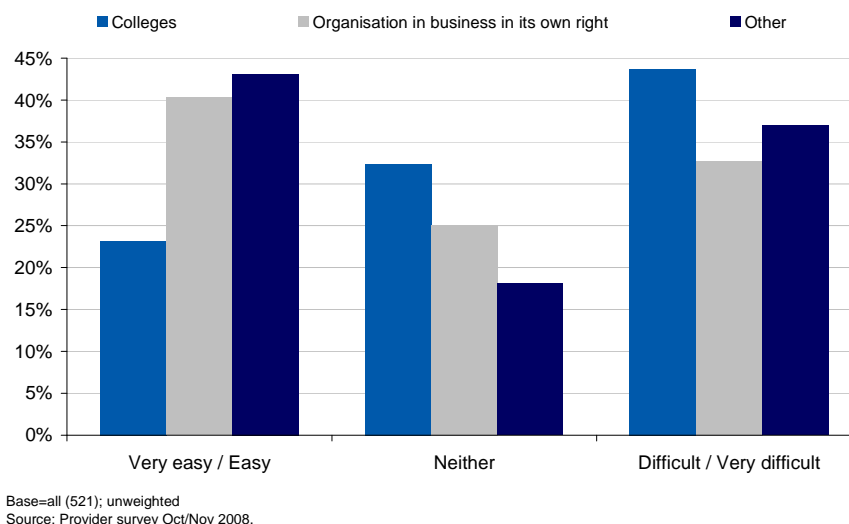
The importance of staff was also strongly emphasised in the qualitative interviews. First, from a learner perspective it is a staff intensive programme to run, as many learners need a lot of support; learners also have to be visited regularly in the workplace, and progress closely monitored. There are also far more issues that may occur than with, for example, pure college based learners, for example issues with the employer that have to be resolved and may also result in the need for pastoral care. Not only are staff important to support the learners and ensure high success rates, but it is also instrumental to have staff to undertake the business development (employer engagement). The availability of good assessors is also vital to the programmes, and one of the major constraints felt by providers (more detail about this is provided in section 6.3.1).

3.7 Engaging employers in apprenticeships

While 80 per cent of apprenticeship providers believe that employer demand is a strong influencing factor on levels of provision, 37 per cent report that it is difficult to engage employers with their apprenticeship programmes (comprised of 30 per cent stating it is difficult and 7 per cent saying it is very difficult), against 34 per cent that report it is easy to engage employers (comprised of 27 per cent who state it is easy and 9 per cent that it is very easy). Figure 3.7 illustrates the difference by provider type, with colleges finding employer engagement most difficult.

Interestingly, colleges, being the ones finding engagement of employers the most difficult, are also most likely to draw in an employer contribution. Further analysis of the survey results however shows that there is no link between the two; colleges drawing in an employer contribution are actually less likely than those not receiving a contribution to find it difficult to engage employers with apprenticeships.

Figure 3.7: How easy or difficult does your organisation find it to engage employers with your apprenticeship programmes? (By type)



The qualitative interviews and survey responses shed some light on the reasons for the difficulty of engaging employers with apprenticeships. These include: conflict with Train to Gain; lack of awareness of apprenticeships; lack of appropriate frameworks; and some effect of the economic downturn.

First, there seems to be a consensus among providers that the promotion of standalone NVQs under Train to Gain has been to the detriment of apprenticeships. NVQs are seen as less onerous to employers, as no developmental learning is required, and the contribution of the wage subsidy under Train to Gain is also quoted as a key factor favouring NVQs over apprenticeships. There appears to be a sectoral difference in terms of preference – health and care employers for example are more likely to favour NVQs, whilst employers in many of the traditional apprenticeship sectors value apprenticeships. Providers also report that even their business development teams find it difficult to explain the difference in benefits between the programmes to the employer.

A key issue is that of employers' awareness of apprenticeships; many employers in non-traditional apprenticeship sectors who are approached do not know about the programme or its benefit to them. Many do not know that apprenticeships still exist when being contacted, and some are just not aware of the variety available. Some have been burnt earlier and are hard to re-engage.

'Employers also don't realise that they have a freedom of choice. I've heard all sorts of horror stories, where an employer has had a bad experience and been burnt and won't go back and try again. They often say they didn't even realise there are multiple providers.'

Some of the interviewees also highlight that sometimes there are just not appropriate frameworks available for the employer, which prohibits take up. There is a sense that this may get easier with the introduction of the QCF, and there is a hope that there will be more flexibility in the offer within a framework, which can then attract more employers.

There is also some evidence that the economic downturn has curbed employer interest in apprenticeships, especially in sectors where staff are being made redundant. Many employers are also being very careful about hiring new staff. This effect is however not seen by all providers or in all parts of the economy. Section four of this report provides further detail on these nuances.

There is however some positive evidence that employers' awareness and appreciation of apprenticeships in more non-traditional areas (e.g. retail, care) is starting to shift. Some of the providers noted that they are seeing a shift as earlier apprentices are now reaching management positions in businesses, and are more positive to junior employees undertaking apprenticeships, or recruiting through apprenticeships.

'[...] employers are starting to appreciate the training. They are also getting to the point now where ex-apprentices are managers and are really committed. They are championing this and saying this is absolutely the right thing to do.'

There appears to be some regional trends in how easy or difficult providers find the employer engagement with apprenticeship programmes, however, due to the small number of respondents in some regions, the data is not robust enough to draw strong conclusions. Worth noting is that providers in Yorkshire and the Humber seem to find employer engagement the easiest, whilst no London providers find employer engagement 'very easy'.

An influencing factor in the ability of a provider organisation to engage with employers is the availability of dedicated and specialist business development personnel. However, the vast majority (86 per cent) of providers report having an assigned member of staff responsible for business development, and just 14 per cent reporting no-one (mostly other organisations at 20 per cent, followed by organisations in business in their own right at 15 per cent).

Furthermore, in addition to assigning a member of staff to this role, nearly half, or 49 per cent, said this was a business development specialist, while 30 per cent reported that it was the owner/managing director or the director/principal/vice principal. There is little by way of trend across the different provider types although organisations in business in their own right are slightly more likely than colleges to make use of the owner/managing director in this capacity, and this appears to be in lieu of business development specialists (shown in figure 3.8).

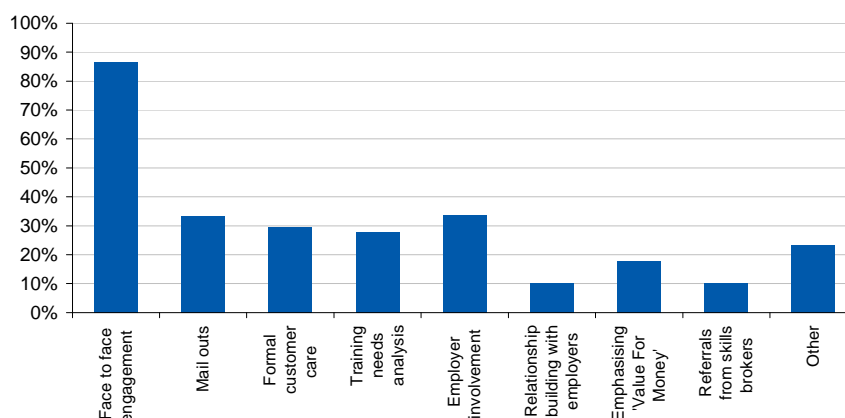
Figure 3.8: (If there is a dedicated person handling employer engagement) And is this person:



Base: all with a member of staff who is responsible for business dev (447); unweighted
Source: Provider survey Oct/Nov 2008.

Providers are utilising a wide range of activities to engage employers in apprenticeships (see figure 3.9). Face to face engagement with employers is undertaken by 91 per cent of apprenticeship providers, 78 per cent undertake direct marketing, 76 per cent operate a formal customer care process, 75 per cent undertake training needs analysis, 74 per cent emphasise value for money through case studies, and 72 per cent involve employers in the design of courses. Skills broker referrals, a key policy vehicle for engaging employers, are utilised by just 51 per cent of providers to engage with employers (but just 10 per cent see them as effective – see figure 3.11).

Figure 3.9: What methods is your organisation using to engage employers in apprenticeships?

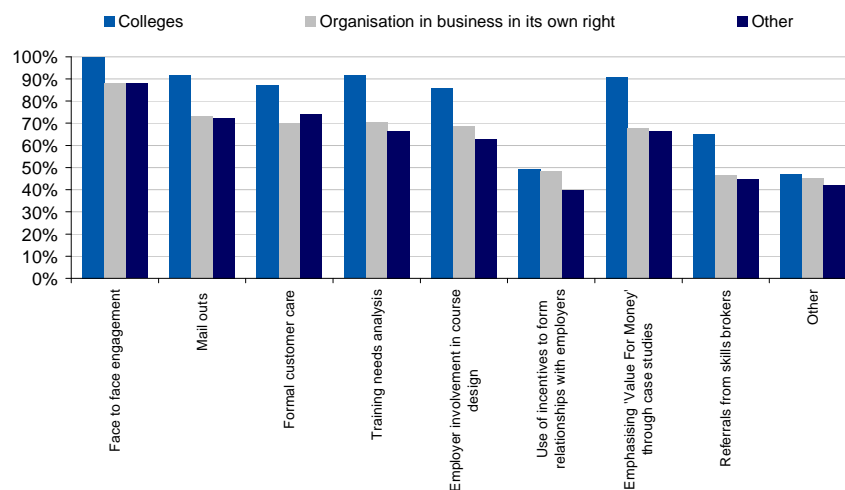


Base: all (521); unweighted
Source: Provider survey Oct/Nov

There is little variation between organisations in business in their own right and 'other' providers' in the strategies adopted to engage employers, as shown in figure 3.10. However, colleges are more likely than the other provider types to employ most of the employer engagement strategies, apart from the use of incentives to form relationships with employers.

The majority of providers (53 per cent) employ seven or more concurrent methods of employer engagement. Colleges are more likely than other providers to employ a wide range of methods, with 71 per cent employing seven or more methods (49 per cent for the other types of providers), whilst no colleges employ less than four methods of employer engagement. However, the vast majority of organisations in business in their own right and other providers also employ more than four methods (83 per cent and 84 per cent respectively).

Figure 3.10: What methods is your organisation using to engage employers in apprenticeships?



Base: all (521); unweighted
Source: Provider survey Oct/Nov 2008.

In addition to asking providers about the approaches they used to engage employers, we also asked them about the effectiveness of the different approaches and to order them in terms of the first most effective through to the third most effective. Figure 3.11 shows the sum of providers ranking each engagement approach in the top three.

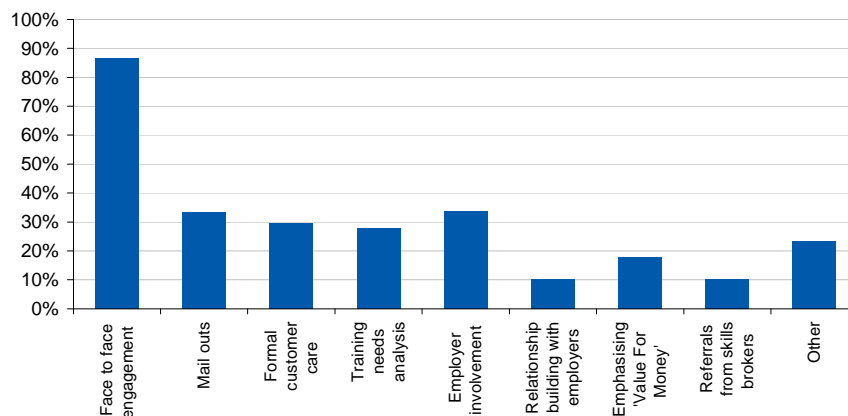
Despite the vast array of mechanisms that providers use to engage with employers, the most effective by far is face to face engagement placed in the top 3 by 87 per cent of providers. Scoring significantly lower comes involving employers in the design of courses (34 per cent), and direct marketing (33 per cent). Certainly, this indicates that regardless of the multiple activities in play, providers unequivocally agree that direct employer engagement is critical and further research should perhaps focus on ensuring that appropriate levels of time and energy are expended on the most effective (rather than the easiest) approach to engaging employers.

As we have already mentioned, referrals through skills brokers are not regarded by many apprenticeship providers as being effective (just 10 per cent mention it in their top three engagement-effectiveness) and neither is the process of providing a training needs analysis (cited by 28 per cent).

This was underlined by the qualitative interviews, with few of the organisations having received any referrals. Colleges report comparatively little interaction, and private providers appear to feel even worse off:

“They just serve the colleges. We are a big national provider, but when we go to meetings and get introduced to brokers they haven’t even heard of us. Do you know how many starts we have had from a broker referral...0. We are members of a consortium which represents every provider in the county, yet they haven’t once visited the network and not a single provider has had a referral. They need to get involved with providers, we are all networked together.”

Figure 3.11: And from your experience, what are the top 3 most effective methods of engaging employers in apprenticeships?



Base: all (521); unweighted
Source: Provider survey Oct/Nov

The evidence from the qualitative interviews strongly supports face to face engagement with employers as the most effective way to engage with employers. Effective practices mentioned include workplace training as one way of improving employer engagement, and gives the provider a good opportunity of building closer relationships with SMEs. Another provider hosts networking sessions where there is always a ‘hook’ presentation topic, and currently engaged employers help market the programme to prospective employers by speaking of its virtues.

4 Future plans

4.1 Overview

This chapter looks at whether providers are expecting to grow their Apprenticeship provision (or scale it back), the methods they will use to expand and whether they are planning to extend their geographical, sectoral, age or framework reach.

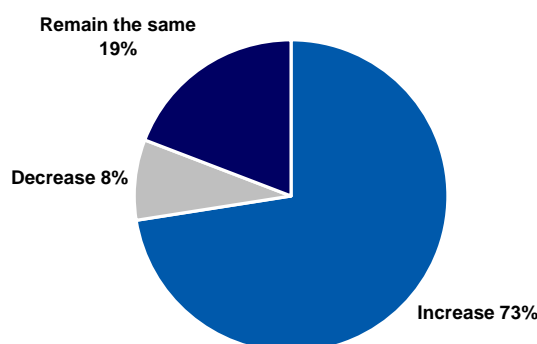
4.2 Growth plans for apprenticeships

The majority of apprenticeship providers anticipate that over the next two years the number of apprenticeship places they offer will rise, although whether this reflects growth per se, or stimulated growth through policy initiatives is unclear. Seventy-three per cent anticipate growth, 19 per cent expect their offer to remain the same and just 8 per cent expect it to decrease (shown in figure 4.1).

Colleges are the providers most likely to expect growth, with over 80 per cent expressing growth plans, whilst only two-thirds of organisations in business in their own right are planning growth. The latter are also the most likely to expect a decrease in apprenticeship places (10 per cent compared to six per cent of other provider types).

In respect of the scale of the apprenticeship increase anticipated, the majority (33 per cent) of providers expecting growth put it in the region of between 11-25 per cent of their places offered, followed by 28 per cent who put it at between 1-10 per cent, and 23 per cent who anticipate between 26-50 per cent.

Figure 4.1: Over the next 2 years, do you expect the number of apprenticeship places you offer/run to:



Base= all (521); unweighted
Source: Provider survey Oct/Nov

A calculation of the expected growth's fit with the LSC's current ambitions⁷ shows that if providers' ambitions were achieved, and if the growth ambition applies to all providers – not just those taking part in the survey – there would be a significant over-performance against targets; the 2008/09 indicative starts at 213,000 would increase by a total of 27 per cent to 270,000.

⁷ The expected increase/decrease percentage stated by providers multiplied by the 2008/09 indicative apprenticeship starts from the Planning and Modelling System (PAMS).

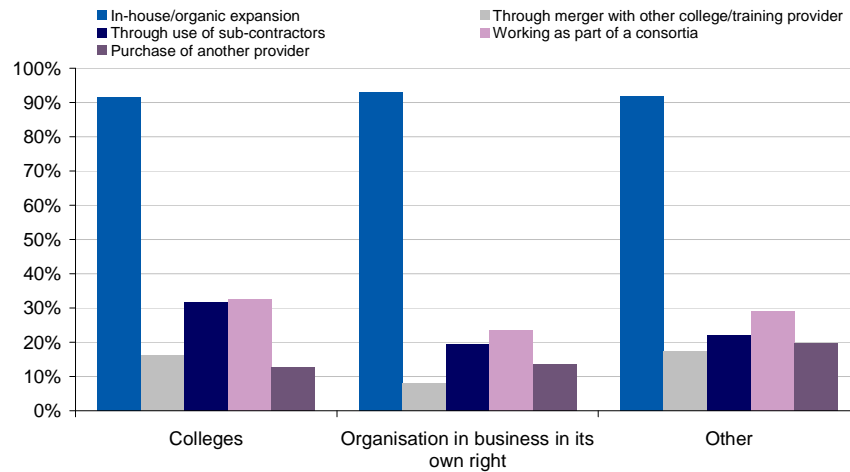
Evidence from the qualitative interviews supports the perception that providers are planning for apprenticeship growth. However, a risk to growth and a key concern to providers is the conflict with Train to Gain, for the reasons mentioned in section 3.7.

4.3 Strategies for growth

Where growth is expected, it is predicted to come about mainly through in-house or organic expansion (reported by 92 per cent), followed well behind by working as part of a consortia (28 per cent), through use of a sub-contractor (24 per cent), through purchase of another provider (15 per cent), and through merger (13 per cent). This is shown in figure 4.2.

There are marginal variations in the expansion strategies anticipated by provider type (sample size means these are indicative only) which indicate that potentially colleges are slightly more likely to be considering growth through the use of sub contractors than organisations in business in their own right.

Figure 4.2: How are you anticipating this growth to happen?



Base=all expecting growth (378); unweighted
Source: Provider survey Oct/Nov 2008.

An aspect of providers' growth strategies noted in the qualitative interviews is that some providers will be seeking growth not by expanding their market, but by taking market share from competitors, the effect of which on the total apprenticeship delivery would be less growth. This strategy seems to be mainly prevalent in sectors (for example automotive and engineering) where it is felt that the apprenticeship opportunities are reaching saturation point, sometimes because of a general workforce reduction due to technological change and leaner, more efficient processes.

The fact that most providers anticipate growth coming through in-house or organic expansion possibly explains the fact that the majority of providers expect their regional provision to remain the same (in reality this means delivery within one region). Growth is mainly expected through expansion in the framework offer (61 per cent report an increase), the sectoral offer (54 per cent) and the age group offer (52 per cent). This is shown in figure 4.3. Of those that anticipate an increase in certain age groups, two-thirds plan to only increase adult provision (19-24 and/or 25+), a quarter plan to increase apprenticeships for all ages, and nine per cent plan to increase provision only for young people.

Figure 4.3: Overall, do you anticipate a change in your apprenticeships over the next 2 years in terms of:

	Increase	Decrease	Remain the same
Regions	31%	1%	66%
Sectors	54%	1%	43%
Frameworks	61%	1%	35%
Age groups	52%	1%	45%
<i>Base = all; unweighted</i>			
<i>Source: Provider Survey Oct/Nov 2008</i>			

Gaps in the market coupled with employer feedback are the primary criteria driving regional, sectoral and framework expansion (see figure 4.4). However, in respect of the age group offer, changes in LSC funding criteria have played a major part. Discussions with Sector Skills Councils have had some influence on the provider offer, but this holds far less influence than the direct employer feedback experienced by providers.

Figure 4.4: What has directed you to change your offer in:

	Employer feedback	Changes in LSC funding criteria	Gaps in the market	Discussions with Sector Skills Councils	LSC push to change offer
Regions	62%	45%	62%	37%	23%
Sectors	60%	34%	73%	35%	27%
Frameworks	60%	36%	71%	34%	23%
Age groups	55%	63%	57%	24%	25%
<i>Base = all expecting a change in each area unweighted.</i>					
<i>Source: Provider Survey Oct/Nov 2008</i>					

Evidence from the qualitative interviews shows providers are seeing growth in two main areas: the public sector; and in current areas of delivery (areas they deliver well) or areas closely related to these. Maintaining the quality of provision in order not to lose funding is a key consideration for providers when considering areas for expansion.

Within the public sector, local government, health and care and early years have been specifically noted as potential growth areas. Local government in particular is seen as having great potential, as it offers apprenticeship opportunities in traditional and non-traditional apprenticeship areas alike.

As noted above, some traditional sectors are seen as having less opportunities for growth, as some areas are perceived as becoming saturated (e.g. motor vehicle), and some sectors are experiencing workforce reduction in general due to more efficient processes.

In addition to asking providers where they expected growth to occur, we also asked them the extent to which they had available capacity to deliver apprenticeships. The most common (i.e. modal) answer was that they were at 100 per cent of capacity, so had no slack with which to (quickly) expand their apprenticeship offer. This contradicts the view of most providers that they are expecting to grow within the next two years, but although providers might note that they are at full capacity in their current circumstances, investments including physical and staffing expansions may mean that this capacity could be expanded.

Over a third of apprenticeship providers (35 per cent) reported being at 100 per cent of capacity, while a further third (33 per cent) reported being at between 76-99 per cent of capacity, which suggests that future apprenticeship growth will require significant investment in terms of human resources, physical infrastructure and so on to meet ambitious growth targets.

The qualitative interviews indicate that there is a difference in capacity depending on the size of the provider – for example, colleges perceive less capacity constraints as they can more easily take up additional learners as they are large institutions, whilst many smaller providers have a limited growth potential. Investment in physical infrastructure and human resources may alleviate capacity constraints for some, but others noted that to expand beyond their current capacity, they would have to change their business model completely.

Some of the interviewed providers noted that they have ceased the delivery of certain apprenticeship frameworks in the past, and the two main reasons quoted as why providers cease delivery in a sector or a particular framework are quality issues (low success rates) and learner or employer demand.

5 Impact of the current economic climate

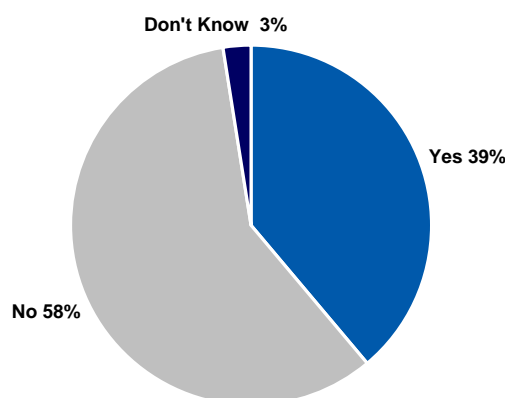
5.1 Overview

The impact of the current economic climate is assessed here through the number of redundancies that have already been made, the expected impact on future growth and qualitative information on how providers are dealing with apprentices who have been made redundant.

5.2 Current and future impact

The economic downturn has clearly had a negative impact on some providers in terms of apprenticeships being laid off, with 39 per cent of providers reporting apprenticeship lay-offs in the previous six months⁸ (2,168 reported in total by survey respondents; the median number of lay offs reported was 6), though the majority did not report any impact at the time of the survey (58 per cent), as illustrated by figure 5.1. Colleges are nearly twice as likely as other types of providers to have had apprentices laid off (59 per cent of colleges compared to 31 per cent of organisations in business in their own right and 32 per cent of other providers).

Figure 5.1: As a result of the economic slowdown and current financial crisis, has your organisation had apprentices laid off by employers over the past 6 months?



Base: all; (521) unweighted
Source: Provider Survey Oct/Nov 2008

The majority of apprentices laid off were either in colleges (46 per cent) or in organisations in business in their own right (42 per cent).

There is somewhat less variation in the share of lay offs between providers of different sizes, although apprentices laid off were somewhat more likely to be in organisations with less than 250 indicative starts for 2008/09.

The qualitative evidence shows that construction and retail have been the main apprenticeship areas that have felt the downturn in the economy. Some providers, however, note that the financial crisis has actually benefited their apprenticeship programmes. Often this seems to relate to the type of employer base they work with; for example, one provider stated that the small and medium sized accountancy firms they work with have taken on more apprenticeships as they have cut senior, more expensive staff

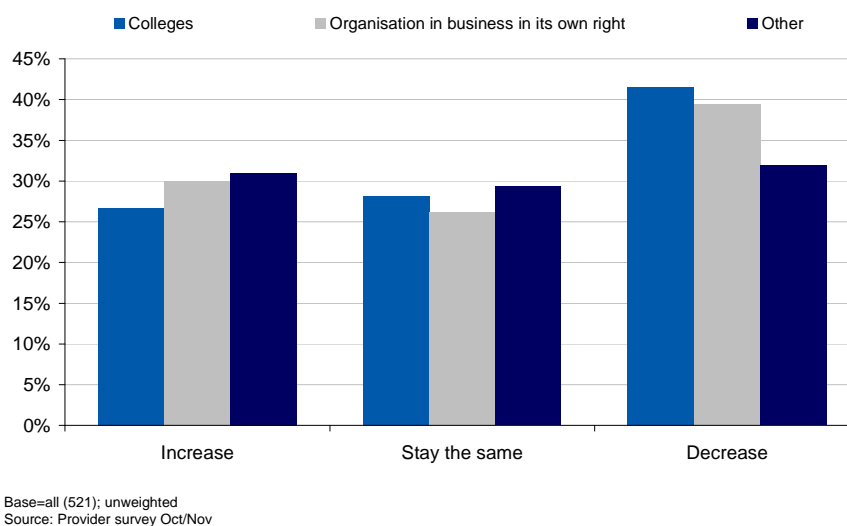
⁸ Fieldwork undertaken in late October to early November 2008.

instead, whilst continuing to expand as businesses employing larger accountancy firms swap to smaller firms to cut costs.

Providers note that work-based learning normally does quite well in an economic downturn, however, combined with the changes of the funding system and the machinery of government changes, there is a concern that the sector will not fare so well in the current financial crisis.

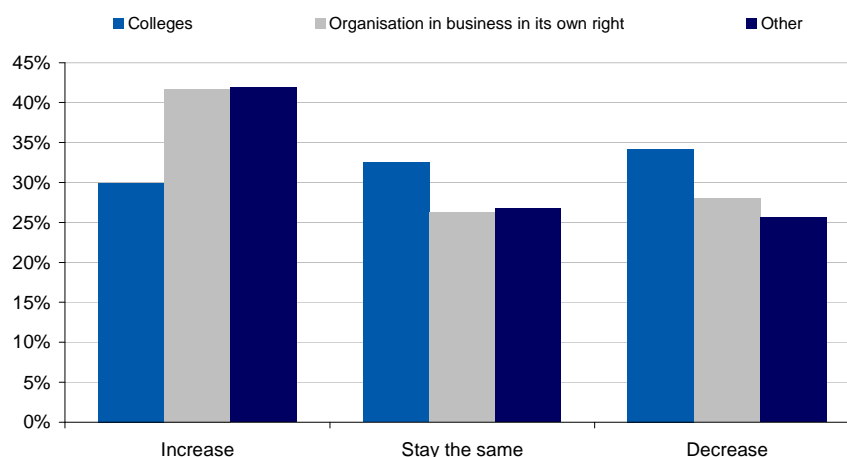
In terms of what providers expect the future to hold as a result of the economic slowdown and financial crisis, on balance marginally more expect the future to be gloomy than bright with 38 per cent expecting a decrease in the number of apprenticeships employers will take on (comprised of 34 per cent decrease and 4 per cent significantly decrease) compared to 29 per cent that expect an increase (comprised of 27 per cent increase and 2 per cent significantly increase), while 27 per cent expect things to remain the same (shown in figure 5.2).

Figure 5.2: As a result of the economic slowdown and financial crisis does your organisation expect that over the next 2 years, the number of apprentices taken on by employers will?



Interestingly, among the providers who noted that they expect their apprenticeship provision to grow over the next two years (see section 4.2), 29 per cent are still expecting that there will be a decrease in apprenticeship take up by employers during the same period. Organisations in business in their own right and other providers are the most positive about the impact of the economic slowdown and financial crisis, as shown in figure 5.3.

Figure 5.3: Expected impact on apprenticeship take up of the economic slowdown and financial crisis among providers who expect to increase their number of apprenticeships over the next two years.



Base: all expecting growth (378); unweighted
Source: Provider survey Oct/Nov 2008.

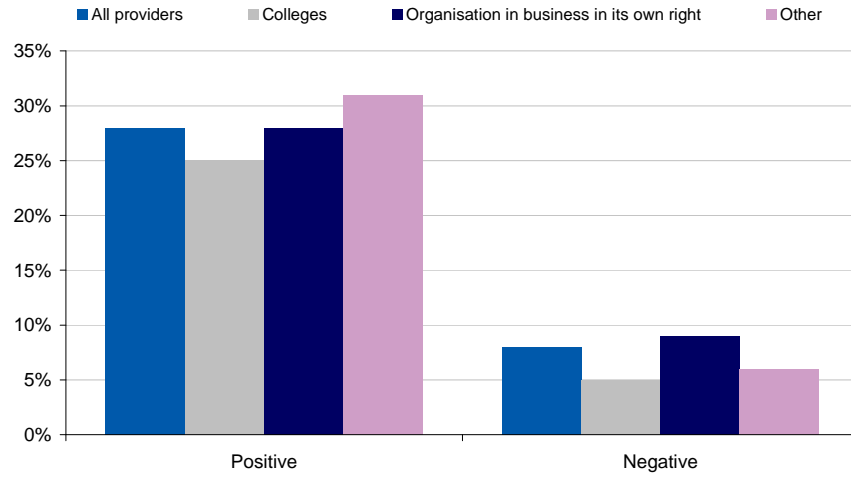
To reduce the effect of the economic downturn on the apprenticeship programme, providers are foreseeing using methods that include the new national apprenticeship vacancy matching service (NAVMS); providing strong pastoral support to learners who lose their placement; making greater use of PLA to keep apprentices learning until new placements can be found; and using overtraining (i.e. taking on more apprentices than the organisation itself needs, who can on completion of the programme move to another employer in the sector) by groups of employers to share cost burdens.

5.3 General outlook

The general future outlook of providers is slightly positive, with 28 per cent of providers both forecasting a growth in apprenticeship numbers and seeing an increase in employer take up of apprenticeships as the impact of the economic downturn (representing 26 per cent of indicative 2008/09 starts among survey respondents) – only 8 per cent of providers are both forecasting a decrease in numbers and a decrease in employer’s apprenticeship take up. Some 44 per cent of providers forecast growth in apprenticeship numbers but foresee a decrease in employer take up of apprenticeships (representing 38 per cent of indicative starts). However, it has to be recognised that in the current, fast-moving economic climate, these views may change rapidly.

There is little difference between provider types in their outlook on the future, as shown in figure 5.4; colleges are the least positive at 25 per cent of providers (28 per cent of organisations in business in their own right and 31 per cent of other providers), but are also the least negative at 5 per cent of providers (9 per cent of organisations in business in their own right and 6 per cent of other providers).

Figure 5.4: Future outlook of providers based on growth projections and economic slowdown.



Base: all (521); unweighted
Source: Provider survey Oct/Nov

6 Constraints to apprenticeship growth

6.1 Overview

This chapter looks at constraints on growth of provision, beginning with the volume of constraints and perceived importance of each barrier. This is followed by a selection of the voluminous open ended answers that the survey respondents gave and tied together using findings from the qualitative interviews.

6.2 Constraints faced by providers

Providers were asked about the types of constraints they have faced in relation to the provision of apprenticeships.

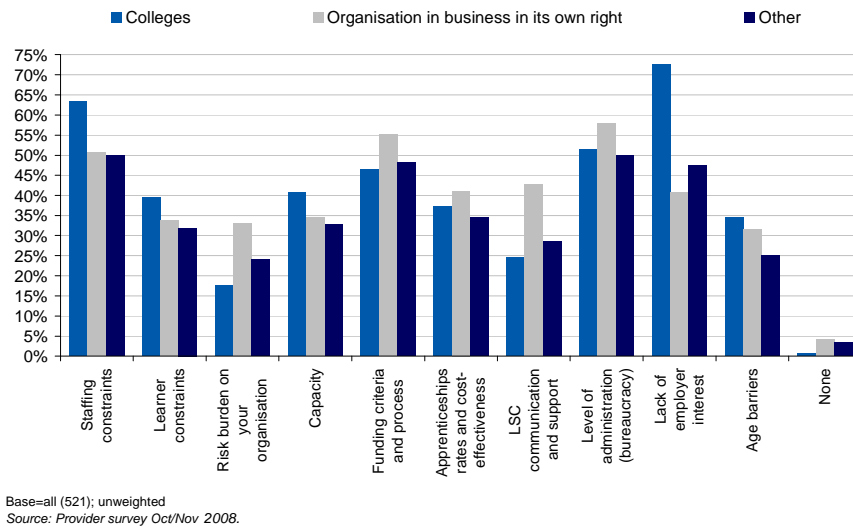
Staffing constraints (reported by 54 per cent) and level of administration (bureaucracy) top the constraints reported by apprenticeship providers, as shown in figure 6.1, followed closely by lack of employer interest (51 per cent) and funding criteria and processes (51 per cent).

Figure 6.1: Which of the broad types of constraints have you faced in the past or are currently facing in your delivery of apprenticeship programmes?



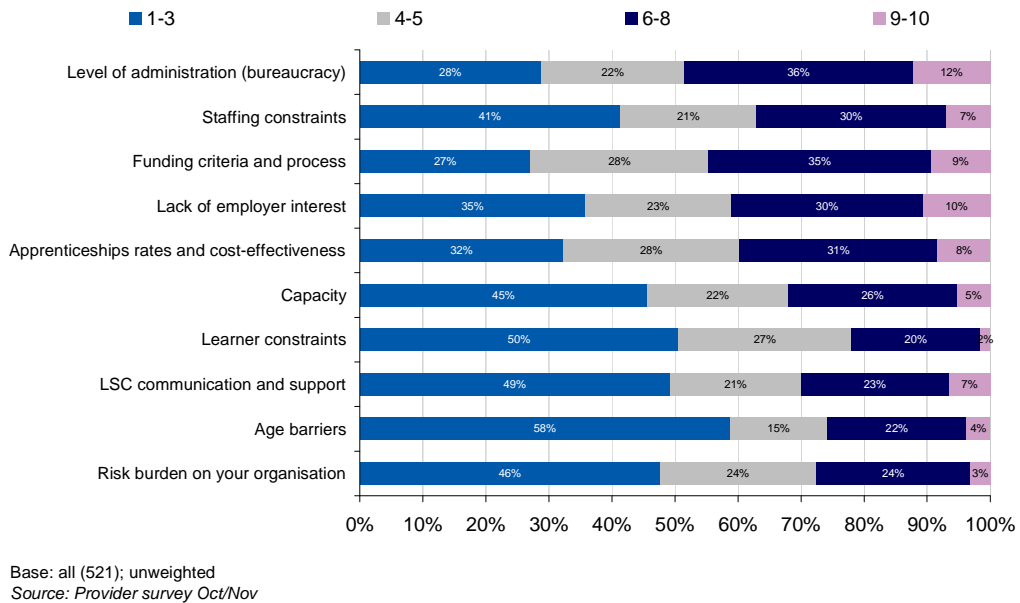
There are also some interesting variations in constraints reported by provider type (although the variations are not large) which include the risk burden on the organisation being reported by marginally more organisations in business in own right than colleges; more organisations in business in own right than colleges report issues around LSC communication; and more colleges report constraints around employer engagement. Colleges are also particularly noting staffing constraints to apprenticeship delivery.

Figure 6.2: Which of the broad types of constraints have you faced in the past or are currently facing in your delivery of apprenticeship programmes? (by provider type)



In addition to asking providers about the constraints they faced, we also asked them about how much of a constraint the various factors exerted, to get a sense of the scale of the problems faced. This is shown in figure 6.3. This was done by asking them to rank on a scale of 1 to 10 the extent to which the factor constrained their apprenticeship activity (with 1 representing no constraint, and 10 representing a significant constraint). Focussing on the constraints ranked 9 or 10, i.e. regarded as particularly severe – this was around levels of administration (ranked 9 or 10 by 12 per cent of apprenticeship providers), lack of employer interest (10 per cent), and funding criteria and process (9 per cent).

Figure 6.3: Thinking more specifically about the following constraints, on a scale of 1-10 with 1 not being a constraint and 10 being a significant constraint, can you tell me how much of a constraint these factors have been in relation to the delivery of Apprenticeship programmes:



The survey findings around the constraints faced by providers should be considered alongside the influence they have on the level of apprenticeship delivery (section 3.6), and there is some contradiction evident. Levels of administration and lack of employer engagement figure highly on the constraints reported by providers, and also score at the extreme end of the scale as being a severe constraint (figure 6.3 above), as we have just discussed. However, in respect of the influence they play on the level of apprenticeship delivery, a different picture emerges. In terms of having a

strong/moderate influence on levels of delivery, employer demand is reported by 94 per cent of providers and just 2 per cent say it has no influence; whereas level of administration is reported to be a strong/moderate influencer for just 45 per cent of providers and is reported as having no influence by 30 per cent. This suggests that it is lack of employer engagement that is the priority issue rather than bureaucracy (although clearly the latter causes frustration amongst providers and is uppermost in their minds when it comes to research around barriers to apprenticeship delivery).

6.3 Qualitative evidence around the main challenges

For the main constraints reported by providers – levels of administration, staffing, lack of employer interest and funding criteria and process – we provide tables (figures 6.4 to 6.7) that show the main themes emerging through the open ended questions, together with a flavour of the type of comments provided around these themes. Evidence from the qualitative interviews is presented below each table.

6.3.1 Staffing constraints

The key challenge noted by providers – mostly by colleges – is staffing constraints.

Figure 6.4: For the constraints that you have highlighted in relation to your apprenticeship offer please explain in more detail why they have restricted your offer – Staffing constraints

Theme	Detailed comments
Finding the right staff (assessors)	'We have a lot of difficulty recruiting the appropriate and qualified assessors for the programmes we offer.'
	'It's getting the available staff in the market place within our various sectors.'
	'It's hard to find vocational staff to deliver vocational training with the package and salary that the college offers. Teachers feel underpaid against what they would get in the industry. It could sometimes be 50 per cent less earnings from teaching than actually being employed in their industry and not teaching.'
Staff retention and wages	'We need qualified staff with the knowledge and ability to teach.' (i.e. in addition to the vocational expertise).
	'Colleges can pay a lot more money than training providers so staff need to be replaced.'
	'Not as much financial funding coming into colleges in the first place, so staffing is the first thing to be cut.'
	'Small company and people leave, high turnover of people.'
	'Getting good qualified staff for the salary range is hard.'
	'The new demands for teacher training mean we are far more prone to losing staff to colleges once you train them because they have better terms and conditions.'

Source: Provider Survey Oct/Nov 2008

The evidence from the qualitative interviews strongly support the views emerging from the survey, and echo the key themes noted above. Nearly all providers interviewed perceived this as an issue. The wages providers can offer is a major issue in certain sectors, where individuals can earn substantially more working in the industry. In these sectors, older workers are often easier to recruit, as they are slowing down their career and are more prepared to take a wage cut. In some sectors, part-time working has been a good solution to get qualified staff, where they can also keep working in the industry. There is also a 'food chain' between providers, with colleges and larger private providers often being able to offer higher wages than organisations in business in their own right – this issue is highlighted in section 8.2.

The difficulty of recruiting qualified staff (due to low wage offers), and the caution during the economic downturn to recruit, are noted as potential constraints to the growth of the apprenticeship programme, particularly as staff is seen as one of the key influencers on the level of delivery.

6.3.2 Level of administration (bureaucracy)

Another key challenge for providers – mainly organisations in business in their own right – is the level of administration for the programme.

Figure 6.5: For the constraints that you have highlighted in relation to your apprenticeship offer please explain in more detail why they have restricted your offer – levels of administration

Theme	Detailed comments
Scale of paperwork & frequency of changes	‘There is a huge amount of paperwork being sent to us that takes a lot of time to read. This is a waste of resources for us.’
	‘There is far too much paperwork per learner and it is extremely time consuming.’
	‘There are continual changes that make it confusing. It’s the data and time frame that is the problem. We would also like to suggest the use of electronic signatures.’
	‘There is far too much bureaucracy with all programmes. We would be able to deliver a much better service if less time was spent on paperwork and more with learners. It keeps getting worse – it’s led by audit and not trust.’
Duplication of process	‘Each funding stream has an audit process and own inspection regime duplicating processes.’
	‘Audits are horrendous. Lots of the paperwork is auditing the same thing, it’s all quite repetitive.’
	‘When there is audit trail by AAT, ODC, Matrix, LSC financial body and LSC health and safety, every time people have to prepare and they repeat the same stuff over and over... We have to keep enormous paperwork, huge files, and transfer them on 15 different systems.’
Lack of use of electronic processes	‘They do not accept electronic signatures and so a lot of time is spent signing and reading bulky documents.’

Source: Provider Survey Oct/Nov 2008

Again, the qualitative interviews echo the evidence gathered through the survey, as noted in the table above. Providers do accept that there will always be a lot of administration related to training programmes, but feel in some areas there are changes which could free up staff to do more work with learners instead.

‘You kind of have to accept that where there is public funding, there is paperwork.’

One issue noted is the amount (and size) of documents that providers have to work through. Sometimes it is only minor changes that have been made to a large document, but the changes are not easily signposted, and it therefore takes longer to go through than is necessary. Providers also feel they could easily miss changes that have been made in the document for this reason.

Another issue noted is the lack of use of electronic processes and archiving – the requirement for paper records and non-acceptance of electronic signatures. Providers feel that it would significantly reduce staff time if records could be kept online only, and electronic signatures used.

The issue of duplication of processes is again noted in the qualitative interviews. This may especially be a problem where a provider is contracting with several LSCs, and is therefore subject to multiple audit processes which they feel are doing the same thing – another problem with this is that there is

sometimes inconsistency within the LSC interpretations of processes, which for a couple of providers have meant different criteria being applied by different audit teams.

6.3.3 Lack of employer interest

Lack of employer interest is a key challenge particularly for colleges, and the key issues here are awareness; reluctance to take up for various reasons; and more recently the economic downturn.

Figure 6.6: For the constraints that you have highlighted in relation to your apprenticeship offer please explain in more detail why they have restricted your offer – lack of employer interest

Theme	Detailed comments
Employers not wanting apprentices	‘Employers are more interested in Train to Gain than apprenticeships.’
	‘There are many young people who want to be apprentices but finding the right employer who is willing to employ is quite difficult.’
	‘Employers do not know how the apprentices work. They do not want unskilled labour since they can get skilled labour from other parts of the EU.’
	‘Employers don’t want the bureaucracy associated with apprenticeships and don’t want the cost and time commitment involved.’
Impact of economic downturn	‘The way the economy is, nobody is taking in anyone new. We have learners waiting and it is a slow process.’
	‘Employers are not knocking down our door looking for apprentices. It takes a lot of effort to find employers who are interested and it can only get worse in light of the economic situation.’
Employers do not know/understand about apprenticeships/prefer other qualifications	‘Employers lack interest...and are not familiar with apprenticeship in some sectors such as care and retail, but areas such as construction, hairdressing and accounting do embrace it more.’
	‘Some employers are really in tune with the concept of it but quite a lot are not and don’t fully understand the benefit of it. They need to be educated.’
	‘Some employers do prefer other vocational qualifications.’
	‘Employers aren’t interested in key skills or technical certificates just NVQs.’

Source: Provider Survey Oct/Nov 2008

The key issues highlighted in the qualitative interviews around the lack of employer interest are (as set out in more detail in section 3.7) that employers do not understand or know about apprenticeships, and the conflict with Train to Gain impacting on take up.

6.3.4 Funding criteria and process

The LSC funding criteria and process are perceived by providers as a challenge to the apprenticeship programme, and some issues pose a threat not only to the programme but to a whole organisation’s viability.

Figure 6.7: For the constraints that you have highlighted in relation to your apprenticeship offer please explain in more detail why they have restricted your offer – funding criteria and process

Theme	Detailed comments
Delays in receipt of contract and funding	'Contracting is done too late...The bidding process is too slow and you can't put things in place if you can't work ahead.'
	'Funding processes are too slow and things are not clear. Sometimes money comes through but its purpose is not clearly stated, and we are not sure if we have received the right amount of money, and are afraid to spend it in case we have been overpaid as we don't want to have to pay the money back.'
Complexity of funding process and criteria	'Lack of clarity about what the funding process is...Inconsistent advice from different LSCs. Detail around how funding is claimed and what it is for is unclear.'
	'Very few people, including government staff, seem to understand the funding process, let alone us.'
	'Constant changes to funding. Too many funding streams. Lack of clarity in policy and procedures.'
	'Lack of clarity about what the funding process is...Inconsistent advice from different LSCs. Detail around how funding is claimed and what it is specifically for is unclear.'
Level of funding	'Nobody has been able to explain how the funding criteria and methodology work. The explanations provided have been very thin and insufficient. Funding systems are now so complicated that nobody has been able to explain them.'
	'The funding for the 19+ age group has reduced considerably. This has greatly restricted our offer of apprenticeships. It would help if the funding could be increased for the age group.'
	'Simply not enough (funding) to deliver the apprenticeships at the highest possible quality/level.'
Lack of expansion (capital) funding	'The amount of funding available for delivering the apprenticeship at 19+ is less than for 16-18 year olds.'
	'There is no capital funding for private providers.'
	'We are doing our best to improve but we need more capital funding to expand our capacity.'

Source: Provider Survey Oct/Nov 2008

The qualitative evidence confirms that especially for smaller providers, the delays in receipt on contracts, and the issues with the provider financial return (PFR) online returns system have a strong effect on delivery and on growth decisions. Providers find it difficult to plan for growth, and some are reluctant to take on more staff, before they have a firm contract, which some have not had four months into the current academic year. The issues with the PFR system have also posed a significant financial risk especially to smaller providers, where providers try to calculate how much money they should be drawing down. If the estimated sum is incorrect (as many find it difficult to accurately estimate what they will be drawing down) the provider may be left with debt which can pose a significant risk to a small business in the current economic climate.

Another issue for providers is the difference in the funding rates for learners above 19 years old. As noted in section 3.5, there are many reasons why providers do not draw down the employer contribution for apprenticeships for older learners and providers feel that the rates are discriminatory as it does not cost any less to train an older learner.

The lack of capital funding is also a major issue for non-colleges, who cannot draw down this funding.⁹ This acts as a major constraint on growth. A contributing factor is the fact that with only single year

⁹ Although with the launch of the Capital Skills Prospectus on 18 November 2008, it was announced that capital funding will be available to non-colleges from 2009/10.

contracts, private training providers also have difficulties applying for bank loans for investments – hence the complete lack of access to capital funding for this cohort of providers makes expansion difficult.

The introduction of the new demand-led funding system in 2008/09 has also had a particular impact on London providers – a region which has delivered a low level of apprenticeships and is working hard to expand the programme, for example through the London Apprenticeship Taskforce. The loss of the London uplift for providers in the new funding system has meant a significant funding, and with the higher cost of premises in London compared to the rest of the country, some providers are considering moving out of the region, which could have a detrimental impact on the expansion of apprenticeships, and could also in worst case scenario mean a reduction on current learner numbers.

6.3.5 Other constraints

The areas covered above are the main constraints felt by providers, but there are a couple of other areas that are worth highlighting as many providers regarded these as issues in the qualitative interviews.

Providers feel that the risk burden put on them does inhibit growth. One area of risk is MLP, where some providers feel that it takes a historic view without taking into account improvements that have been made e.g. to a new programme since that snapshot, which means that it is a significant risk to start up a new framework, as you may lose your funding before you get it up and running well. This also means that your estimated budget for the following year may be a lot less than expected.

A major risk factor is of course the late receipt of contracts and the single year contracting; which means growth and investment are very difficult and insecure to plan, and providers are reluctant to do this until they know more firmly their financial position. Some providers are trying to mitigate the financial risk by reducing the level of LSC funding they receive for their provision.

Another issue raised by many of the interviewees is the level of LSC communication and support, and the lack of consistency between LSC regions and area offices. Many providers feel that the LSC communication has deteriorated since functions moved to a regional level, and even more so now with the pending machinery of government changes and increased loss of staff. The shortage of local support contributes to some of the challenges around bureaucracy and funding processes, as there is not enough help to understand these. Providers contracting with several LSCs also note a lack of consistency in advice, making it difficult to know how to act.

A major area of concern is the pending Machinery of Government Changes, and the lack of communication to providers about how the system will work. Many providers feel very anxious about the changes, seeing it as one of the main risks and are reluctant to expand provision before they know how the system will work. Providers who contract across many areas also have a concern that the contracting for apprenticeships for 16-18 year olds will need to be done with each local authority, which could significantly increase the administrative burden.

7 Solutions supporting apprenticeship expansion

7.1 Overview

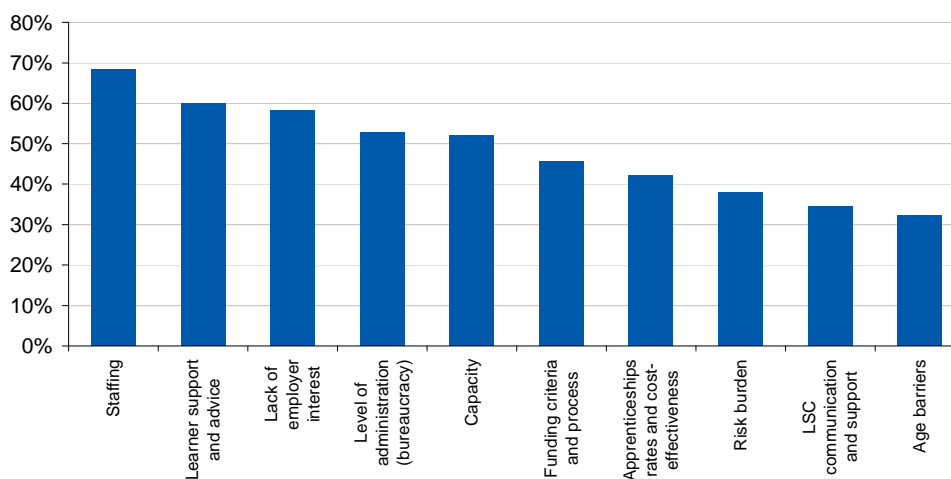
The final data from the survey looks at which forms of solutions providers use to overcome problems they face, the forms of support they would like from the LSC and also provides in depth qualitative analysis of how these issues prevent expansion.

7.2 Solutions employed

Having explored the constraints faced by providers, we asked them about the areas in which they had employed solutions to overcome the constraints they faced in relation to apprenticeship programmes.

As figure 7.1 illustrates, staffing (68 per cent) and learner support and advice (60 per cent) top the table of where providers employ solutions to address constraints, which arguably reflects the areas in which they can exert the greatest control. Also ranking highly were solutions in the areas of lack of employer interest (58 per cent), levels of administration (53 per cent) and capacity (52 per cent). Examples of the prompts used around these broad solutions can be found in the questionnaire (contained in appendix B).

Figure 7.1: In which of the following areas has your organisation employed solutions to overcome any constraints you have faced in relation to apprenticeship programmes?



Base: all (521); unweighted
Source: Provider Survey Oct/Nov 2008

The two main areas noted in the qualitative interviews as key areas where solutions had been applied were staffing and employer engagement. Many providers – especially smaller – who experience difficulties in recruiting qualified assessors have applied flexible solutions of part-time employment where the assessors also keep employment in their industry to resolve the wage issue (the provider can offer to pay a higher rate on a part-time basis, and the assessor can earn more in their industry job to ‘top up’ the wage). Others use flexible hours or self-employed staff.

To improve employer engagement, building close relationships with employers and doing a lot of face to face engagement is key. Having people with a sector background undertaking the employer

engagement is one example of how to win the confidence of employers; another way is to assist them in delivering their own training by taking on the administrative burden – this increases the opportunity for further learner placements with the employer.

In the qualitative interviews, providers were also asked what they felt the key factors were for successful apprenticeship delivery and expansion, and the following themes were noted:

- **Staff**
Having good sales staff and assessors and lecturers that work well with the learners is key to the success of the apprenticeship programme. It is also important as a provider to be able to offer flexible employment in order to attract staff.
- **Employer engagement**
Having a close relationship with employers and ensuring their role (as well as the provider's) in the programme is clear is essential to keep employers on board. The employer is seen as absolutely key to the programme, and the provider's job is as a facilitator.
'The provider has to be the catalyst rather than the prime reason for the programme being there.'
- **Flexible and/or innovative delivery**
Being able to provide learning in a way that suits employers – be it in the workplace, block release, evening or weekend learning – is vital to engage employers with the programme. You have to be prepared to change the way you deliver if the employer needs it.
- **Learner support**
Providing 100 per cent support to the learner, monitoring their progress closely and regularly, and moving them on at a pace that suits them ensures the learner has the best possibility to achieve.
- **High quality teaching and learning**
Keeping high quality of teaching and learning and high success rates is not only vital to maintain funding, but also for employer engagement (repeat business; word of mouth; alumni recommendations).
- **Communications**
Having good internal communications between teams, but also good communications with the LSC is important. The latter is particularly important to ensure that you keep up with policy and understand where the funding is going, so that your business model can be adjusted accordingly.

An employer delivering apprenticeships also noted that it is important for employers to give the apprentice a job at the end of the programme; to see them as a future workforce. As an employer, they have noticed that if this is used as a principle, the calibre of applicants improves year on year, as it is an attractive prospect to the learner.

7.3 Changes to support apprenticeships

In respect of the main changes providers would like to see to support their organisation in offering apprenticeship programmes, a wide range of suggestions receive a high level of support (see figure 7.2). In other words, there is a lot of activity that providers would like to see underway to support them in their apprenticeship delivery. However, the desire for simplified and faster process leads the way (91 per cent of providers), followed by providing long-term contracts (e.g. for three years) with a guaranteed value, providing employers who take on more apprenticeships than they need with financial help in recognition of their contribution to the workforce (88 per cent) and providing parity of funding rates for all age groups (also 88 per cent).

Figure 7.2: What are the main changes you would like to see to support your organisation in offering apprenticeship programmes?

Suggested change	Proportion %
Create simplified and faster processes	91%
Provide long-term contract	89%
Financial help for employers with many apprentices	88%
Parity of funding rates for all ages	88%
Information sessions to explain funding	82%
Support in increasing learner interest	80%
Communicate employer demand where provision is inadequate	78%
Support in identifying potential employers	78%
Share LSC marketing material with providers	77%
Monetary rewards and free training to new assessors	72%
Provide bid writing guidance or advice	72%
Capital funding for private training providers	70%
Share financial risk with providers	69%
Clear appeals procedure	64%
Subsidise support for improving business/delivery models	62%
Develop assessor academies for assessor teaching qualifications	61%

*Base = all; unweighted
Source: Provider Survey Oct/Nov 2008*

Interestingly, two issues feature on the list of top four changes wanted for all types of providers: creating simplified and faster processes (91 per cent of each provider type); and provide parity in funding rates for all age groups (91 per cent of colleges, 89 per cent of organisations in business in their own right, and 83 per cent of other providers), as illustrated by figure 7.3. In addition to these, and in resonance with their difficulty in engaging with employers, colleges also note Provide support in identifying employers interested in Apprenticeships (91 per cent). Providers that are not colleges also note three-year contracts as a key means of support (90 per cent) and organisations in business in their own right also note access to capital funding (90 per cent), which has been noted through the qualitative research. Finally, colleges and ‘other’ providers also favour over training.

Figure 7.3: Top four changes providers would like to see to support their organisation in offering apprenticeship programmes, by provider type

	Colleges	Organisation in business in its own right	Other
Availability of capital funding for private training providers		✓	
Provide long-term (e.g. 3-year) contract with guaranteed value		✓	✓
Provide support in identifying employers interested in Apprenticeships	✓		
Create simplified and faster processes	✓	✓	✓
Give employers who take on more apprentices than they need financial help and support in recognition of their positive contribution to the industry workforce	✓		✓
Provide parity of funding rates for all age groups	✓	✓	✓
<i>Base = all; unweighted</i>			
<i>Source: Provider Survey Oct/Nov 2008</i>			

In the qualitative interviews, providers were asked which organisations have a role in providing support for expanding apprenticeship, and the key organisations appear to be the LSC, SSCs, and awarding bodies. There is also a hope that the new National Apprenticeship Service (NAS) will provide close support to apprenticeship providers. Some organisations also mentioned Chambers of Commerce as having a role in supporting apprenticeship expansion.

Providers were also asked what support would be most helpful to aid expansion. Key areas are:

- Change in the use of Minimum Levels of Performance – look at improvement and trends; take into account the learner cohort worked with; allow flexibility for providers to take calculated risks when expanding to new frameworks.

“What we need is intelligent procurement, rather than managing by targets”.

‘What we need is less rather than more.’

- Better certainty around funding; timely contracts.

‘Growth is about confidence [about the market and funding certainty].’

‘Uncertainty will stop people making investments.’

- Provision of longer contracts (e.g. three years).
- Help with provision of better information to learners in schools, but also for example in universities for those who leave courses where there is a closely related apprenticeship available.
- Provision of online training, portfolios and assessment by the awarding bodies.
- Help to increase employer awareness of apprenticeships and the benefits of it (differentiate to NVQs).
- Refer employers who have been rejected by NES to providers.

To cushion the effect of the economic downturn, further measures that the LSC could take to help were suggested:

- Protect learners at the end of the programme who risk being made redundant when they qualify (as they then become more expensive).
- Ensure funding and contracting systems work and are timely – late payments and lower payments than expected could kill businesses in the current climate.
- Provide audit flexibility for re-placing learners with a new employer – this is currently too difficult.
- Provide wage subsidies, especially to reduce conflict with Train to Gain, but also to encourage business take up.

8 Issues in context

8.1 Introduction

Evidence from the survey and the qualitative interviews shows that, although many providers of different types experience the same constraints and challenges, some of these issues can have a very particular impact on certain provider types or business models and is not felt in the same way by others.

This chapter will look in more detail at a few cases where the provider's business context matters, and how certain issues or systems affect them particularly. A summary of the issues to be covered are included in figure 8.1.

Figure 8.1: Issues investigated in a provider context

Provider type	Issue
Small 'specialist' providers who are organisations in business in their own right	Recruiting and retaining staff
Further education colleges	Employer engagement
Organisations in business in their own right	Capital funding
Charitable organisations	Minimum Levels of Performance

The research shows that it is important to consider the challenges to apprenticeship expansion not only for the provider body as a whole, but also how certain processes and systems may affect more vulnerable organisations or learners.

8.2 Spotlight on issues in context

Provider type	'Specialist' work-based learning provider
Key issue	<i>Staffing Issues – difficulty recruiting and retaining staff</i>
Impact	<p>Many smaller specialist providers struggle to recruit and retain staff, either because they cannot offer competitive wages or because turnover is very high in their sector. One small specialist provider in the accountancy sector says that:</p> <p><i>“When we need a new (staff) recruit, it is very difficult to find the right person, especially tutors.”</i></p> <p>In certain sectors such as accountancy and engineering the wage for working in industry is higher than for working as an assessor. Furthermore, smaller providers feel that they are bottom of the provider pile in terms of the wages they can offer (charities might contest this fact). The small accountancy provider had to accept that its staff could work as accountants or lecturers, and within its geographical reach and was in competition with two national accountancy training firms nearby and two colleges. In highly technical fields such as engineering and automotive both small and large providers had to rely on older workers looking to slow down and put something back in by training new recruits.</p> <p>Even where wages are lower in practice, such as hairdressing, a small provider found turnover can be very high because the colleges and larger providers can offer high wages and it is also easy for staff to move back and forth between teaching and working in industry, or start their own business. Colleges and larger providers in this and other low wage sectors such as childcare tend not to struggle because they can offer more competitive rates than small providers or working in industry.</p> <p>One of the key impacts of staffing issues is the ability to increase capacity, which can be a particular problem when combined with physical capacity. Apprenticeships require smaller class sizes to allow the necessary intensive support, so there is a need for multiple teaching facilities and teachers. All the small providers felt they couldn't expand learner numbers without taking on more staff, but where they taught in the workplace they were wary of the credit crunch, or if they taught in the classroom would they have needed to take on extra staff and teaching facilities at the same time which was too big a risk.</p>
Solutions	<p>The solution these small firms use is to offer highly flexible contracting that allows assessors to continue working in industry. The accountancy provider got round the issue of wages by recruiting qualified lecturers and accountants part-time and paying them a good hourly rate, so that they could continue working. The small hairdressing provider had to offer its assessors part-time work to allow them to work in salons. A mandatory assessor 'teaching qualification' might be a threat to these arrangements because the prior time commitment to training is a disincentive for potential assessors working in an industry.</p> <p>A smaller specialised engineering provider said they deliver entirely in the workplace which allows more intensive support and is unusual amongst small providers. They also sub-contracted where necessary to meet demand, and they ensure that their staffing structure is flexible to allow staff to be re-assigned across the different engineering frameworks which provided variety and made their staff 'hungry' to develop. As a result they had no real problems with staff retention, and were even turning assessors away because they were worried about the recession. The main issue with this approach is that it requires assessors to travel.</p>

Provider type	Further Education College
Key issue	<i>Employer Engagement and Train to Gain</i>
Impact	<p>FE colleges tend to find it easier to grow Train to Gain as employers are more keen to take it up, when offered the option.</p> <p>Many colleges deliver about twice as much Train to Gain as apprenticeships, even where they previously did more apprenticeships than work-based NVQs. One college with big growth plans currently do slightly more apprenticeships than Train to Gain, but they expect Train to Gain provision to increase by 300 places a year (110% growth rate) compared to 150 apprenticeships (50%). One of the key reasons is that many employers do not fully understand the difference between qualifications but can quickly see that apprenticeships are longer and more expensive. They are often nervous about the commitment to releasing employees for an apprenticeship with the time span and extra paperwork whereas Train to Gain offers a wage subsidy. This is a particular issue for colleges because they either have separate development teams who are in competition, or they have integrated teams that can generate revenue faster with Train to Gain. Because the margins are tighter on apprenticeships some colleges are even using the profits from Train to Gain to help out with their apprenticeship costs, by pooling resources for the two courses. Several colleges said that they didn't really profit from apprenticeships, but felt they should offer them because the students and certain sectors like them and agree that apprenticeships are more developmental. Generalist private providers also experienced this problem, but specialised private apprentice providers appear to push apprenticeships harder because it is their only way to make money.</p> <p>Several colleges said that they think the credit crunch is going to make this situation worse as employers become more wary about releasing employees to do training.</p> <p>It should be noted that FE colleges do not struggle to engage the public sector. They are generally positive about making good inroads into the very large public employers. Nearly all mentioned relationships with their local councils, NHS trusts and so on, and they anticipate being able to cross-sell inside these organisations with different courses.</p>
Solutions	<p>One college's solution to engaging private sector employers in apprenticeships was sector specific employer forum meetings every 6 weeks or so, with targeted direct marketing to get in new employers. These help by allowing potential employers to get a wider view of the benefits of different courses. The key factors for making this successful are that it is informal, sociable and that employers come back because there is a hook, such as learning about how a new piece of policy works. Numbers vary, but can be up to 150. The Sector Skills Councils come down to road test new products and changes; they have had government ministers along in the past and are generally reckoned to be very good. The other advantage is that because the employers with apprentices are there they act as sales agents to encourage the new attendees and explain the different options for training. These are accompanied by satisfaction surveys. This is general employer engagement, and may still lead to Train to Gain provision but it creates the environment to overcome barriers around misinformation by giving employers real life examples.</p> <p>One college tackled the issue of employer fear of bureaucracy and commitment by setting up a consortium of employers. The college handles all the bureaucracy and sub-contracts the work to the consortium who each contribute to a training co-ordinator's wages. The college does 60% of the training while the employers' joint training co-ordinator ensures that the employers deliver training in the workplace that conforms to quality standards. This also overcomes barriers such as the cost burden on small businesses.</p>

Provider type	Private providers
Key issue	<i>Capital Investment</i>
Impact	<p>Private providers experience barriers to expanding physical capacity and making investments in capital equipment, but in a number of different ways depending on their customer base and sector.</p> <p>Capital funding is primarily an issue for providers that need elaborate equipment and complex permanent training sites for students to work with, away from the actual workplace. A large private provider struggled for some time with capital investment, because annual contracting prevents them from accessing bank loans. Employers in their sector do not want learners to travel too far from their workplace, but because their existing facility is in one part of London, and there was little available to rent across other parts of London they found it hard to expand. Some solutions, such as e-learning and online platforms have been mooted to allow more of the training into the workplace, but there are still issues around Health & Safety and risk to expensive company equipment. They have had to develop close links with manufacturers to make shared purchases of equipment and they are now building a replica facility in east London. They relied on holding large national contracts with major employers to generate profit that was earmarked for investment back into facilities to train this customer's staff. This would appear to be an ideal type of project for funding, because they have identified large market gaps for which they require localised facilities in order to access SMEs.</p> <p>A large national provider focused on care courses said that they do not really require any capital support because they simply rent training rooms in a suitable location to meet demand. Their permanent locations are all admin centres, which they either own or rent. Another national provider specialising in retail and hospitality, amongst other courses, delivered all training in the workplace on a one to one basis. In this way they could work with the systems in that company, and ensure the training was rooted in the learners actual work environment. They chose not to have capital assets as part of their business model, not because they were constrained.</p>
Solution	<p>The new Skills Capital Project Fund and Regional Skills Capital Development Fund for private providers look like they will suitably address these problems for larger providers. One possibility to consider is that the requirement to hold TQS or similar accreditation is not necessarily a barrier <i>per se</i>, but should be considered against the number of Apprenticeship providers who have or are working towards accreditation and the fact expressions of interest are due within the next 2-3 months. Furthermore, if smaller providers wanted to enter a technical field that required upfront capital investment, the flexible nature of employment they usually utilise may act as a barrier to entry.</p>

Provider type	Charitable provider
Key issue	<i>Minimum Levels of Performance and helping disadvantaged learners</i>
Impact	<p>All the providers we spoke to agreed that a stringent quality system was sensible and necessary, however it was creating some problems for a charitable provider working mainly with disadvantaged learners, who may be at risk of becoming NEET, and with personal circumstances making it more likely that they will delay achievement or leave the programme. The provider is not selective in their intake.</p> <p>The use of timely achievement and the Minimum Levels of Performance (MLP) to establish continued funding significantly affects this provider. With the cohort of learners they have, their MLP are around 50 per cent. Due to this, they lose out on a substantial proportion of in-year money because they do not get all the achievement element of the budget, which is a short-term risk. Secondly, there is a long-term risk that they can have their frameworks cut, although when on trend they might be performing well.</p> <p>The argument is that although they have lower success rates than a premium corporate programme, if you were to control for prior attainment then they are probably performing as well if not better, and this should be taken into account, rather than be punished by losing the achievement funding e.g. for it not being timely.</p> <p>As the LSC has a remit to help engage disadvantaged learners in training or employment, working with this cohort should be taken into account when assessing the success of the provider. One proposal is to take into account whether a learner has come to them with a Connexions statement, and the share of these learners that a provider takes on.</p>

9 Issues and recommendations

9.1 Overview

In this chapter we first set out the main issues of the report, highlighting the future outlook and growth ambition of providers; the main challenges to growth; and how the delivery models may affect this. Finally, we propose ways in which the LSC and partners can alleviate some of the constraints to help providers achieve the growth ambition.

9.2 Providers' ambition and direction for growth

Providers' outlook on the future of apprenticeships is on the positive side, with 28 per cent of providers forecasting growth and projecting an increase in employer take up of apprenticeships as a result of the economic downturn. Only eight per cent of providers have a negative outlook on the future – which means that many providers still hold a view that apprenticeship numbers may remain static for the near future. Colleges are the least positive about the future, but also the least negative, whilst other providers is the group showing the most positive future outlook.

Reassuringly in line with government ambition and strategy, nearly three-quarters of providers report that they are planning a growth of their apprenticeship programme over the next two years, and the majority report a growth ambition of about 11-25 percent on top of currently offered apprenticeships.

Quantifying the providers' growth ambitions in relation to 2008/09 learner numbers (participation), if these were achieved, numbers would rise by 26 per cent over the next two years, from 243,000 to 306,000, which would mean a significant step towards the Leitch apprenticeship target as well as the NAS target of 400,000 apprenticeships by 2020.

The opening up of funding for adults taking apprenticeships also seems to have had an effect on providers' direction for growth. Two-thirds of providers who plan growth within specific age groups plan only for expansion of apprenticeship for above 19 year olds; a further quarter of providers plan for expansion of all age groups.

Sectorally, providers plan growth within the public sector (local government; health and care; early years) which is seen as a key growth area. Apart from the public sector, providers mainly plan for growth in 'safe' areas, i.e. areas they already deliver well, and therefore pose little risk to success rates, which is a key concern as it affects funding levels. Some of the more traditional apprenticeship sectors are seen as having fewer opportunities for growth, either because they are becoming saturated or because there is a declining workforce due to process improvement.

The majority of providers are not planning to expand outside their current delivery regions, which is supported by the fact that the most anticipated growth strategy is through in-house delivery or organic expansion of current provision.

9.2.1 Effects of the economic slowdown and financial crisis

The current economic slowdown and financial crisis has already had an impact on some apprenticeship providers, with 39 per cent having had apprentices laid off by employers in the last six months. Sectors such as retail and construction have been particularly affected, but there is little variation in the impact on different provider types.

On balance, more providers expect the economic downturn to have a negative impact on the number of apprentices that employers will take on, at 38 per cent, with 29 per cent expecting it to have a positive impact. Providers note that work-based learning traditionally has fared well in times of economic slowdown, but express a concern as this is coinciding with changes to the funding system as well as to the machinery of government changes affecting the sector.

9.3 Challenges to growth

The challenges to apprenticeship delivery and growth stated by most providers are staffing; engaging employers in apprenticeships; bureaucracy; and the funding criteria and processes. The latter three are considered most severe by providers (around 10 per cent of providers rank these at 9 or 10 on a scale from 1-10, where 10 is a significant constraint). Providers also find that the promotion of apprenticeships is in competition with the promotion of Train to Gain, making the take up more difficult.

More organisations in business in their own right than other provider types perceive LSC communication and risk burden on the organisation as key constraints to apprenticeship delivery; whilst colleges are significantly more likely than other provider types to feel employer engagement as a constraint.

In terms of staffing, finding qualified assessors, being able to offer them attractive wages and retaining them are issues experienced. The wage issue is particularly stark in sectors where individuals can earn more by working in industry, such as accountancy, engineering and skilled crafts sectors. There is also a clear 'food chain' between providers, where charities and small private providers lose staff to the larger private providers and colleges who are able to pay more. These in turn lose staff to industry for the same reason.

The main reasons why providers find it difficult to engage employers in apprenticeships are a lack of awareness or preferring other qualifications; lack of appropriate frameworks; and the impact of the economic downturn. Providers find that many employers they contact do not know anything about apprenticeships, especially in non-traditional apprenticeship sectors, and that there is a strong need for better information and marketing of the programme. In some sectors, there are not appropriate frameworks available for all employers who are interested in apprenticeships, which prohibits take up, although providers are hopeful about the introduction of the QCF in helping to address this. In some sectors where staff are being made redundant due to the economic downturn, it has also been harder to engage employers in apprenticeships.

The level of administration is perceived as a challenge by providers mainly in terms of the scale of paperwork and frequency of policy changes; the duplication of processes; and the lack of use of electronic processes. It should however be noted that providers do accept that a certain amount of administration comes with public funding. Providers find that with the vast amount of paperwork to read, and changes being made, it takes a lot of staff time and changes are often not signposted. Providers also experience a lot of duplication of processes, for example being audited by several regional LSCs, with inconsistent criteria being applied. The fact that most records have to be kept in paper format (rather than electronic), and electronic signatures are not used, is another factor contributing to a lot of additional staff time used.

Funding rates and processes pose a constraint to apprenticeship delivery and expansion mainly through the delays in receipt of contracts and funding; the complexity of the new demand-led funding system; the level of funding for adult learners; and the lack of capital funding for non-colleges. The late receipts of contracts and unclarity around funding received pose a significant risk especially to smaller providers, and particularly in the current economic climate. This causes providers to act more cautious and could hence affect growth. Providers have also found the new demand-led funding system difficult to understand, which is essential in order to be able to plan for the future. Providers also

perceive that there has been a lack of support from the LSC in understanding the funding. As many providers do not charge employers fees for adult learners, it is also felt that the lower funding rates for these learners have a negative impact on the programme as it is often being cross-subsidised by 16-18 apprenticeship funding or other programmes. The lack of capital funding is a further element prohibiting growth and investment for non-colleges.

Providers appear to agree that the promotion of standalone NVQs under Train to Gain has been to the detriment of apprenticeships. The lesser effort required and the contribution of a wage subsidy under Train to Gain are factors favouring NVQs over apprenticeships. There appears to be a sectoral difference in terms of preference – health and care employers for example are more likely to favour NVQs, whilst employers in many of the traditional apprenticeship sectors value apprenticeships. Providers also report that even their business development teams find it difficult to explain the difference in benefits between the programmes to the employer.

9.4 Delivery models

Providers report that there is little profit to be made from apprenticeship delivery, and one provider interviewed even reported making a loss on every apprenticeship. The staff intensity of the programme and the enhanced support apprenticeship learners often need are quoted as reasons for the low profit margins, and smaller providers often suffer more as they often have less other funding to support the programme with. Potentially, the low profit margins could also deter new market entrants.

Over half of all apprenticeship providers receive an employer contribution, which for most providers account for 1-25 per cent of apprenticeship funding. Counter-intuitively, colleges are more likely than other provider types to draw in employer contributions for apprenticeships. Larger providers (more than 500 apprenticeships) are also more likely than smaller providers to receive employer contributions.

An overwhelming majority of providers – regardless of type – deliver apprenticeship training in-house, with only small proportions delivering through sub-contracts or consortia. While consortia have been mooted as a possible solution to expansion, these findings suggest that this is an approach that might be encouraged as a future trend perhaps rather than a current reality. There are some innovative uses of sub-contracting provision by providers to facilitate employer delivery of apprenticeships, with the provider holding the main contract and undertaking the administration, with the learning delivered by the employer.

A range of delivery models are used by providers including programme-led apprenticeships, day-release study and fully workplace delivered training, which are used according to the employer's preferences. The vast majority of providers also operate flexible enrolment, colleges more so than other provider types. Programme-led apprenticeships (PLA) are seen as particularly important in sectors with strong health and safety requirements, but also for young learners who are furthest from the labour market and pose more of a risk to employers. PLA delivered in the workplace can then provide the employer a safe opportunity to 'try' the learner, with a view to employing them at the earliest convenience.

9.4.1 The importance of understanding the provider context

Although providers of different types experience, in general, the same constraints and challenges - some of the issues can have a stronger impact on certain provider types or business models and is not felt in the same way by others.

It is important to consider the challenges to apprenticeship expansion not only for the provider body as a whole, but also how certain processes and systems may affect more vulnerable organisations or

learners. Although views on issues overlap, there are some fundamental differences, which may require different strategies to be addressed.

9.5 Expanding apprenticeships: recommendations

There are a number of solutions that the LSC and partners could put in place to try to help alleviate some of the challenges to apprenticeship expansion that providers encounter. Some may be more straightforward to put in place, while others are longer-term considerations.

Some issues have perhaps already been addressed. One such example is the lack of capital funding for non-colleges. With the launch of the Capital Skills Prospectus on 18 November 2008, the LSC has opened up capital funding for non-colleges who hold TQS certification, on a matched-funding, pound-for-pound basis from 2009-10 financial year. This should go some way in helping private and charitable providers to expand apprenticeship provision.

9.5.1 Rapid responses

As mentioned, there are responses to the constraints to apprenticeship expansion that may be more straightforward for the LSC to implement, some of which are proposed here.

- **Implement for LSC funded apprenticeship providers, the ‘red tape cut’ announced by Skills Secretary, John Denham on 7 August 2008.**
This would include electronic audit and storage; faster confirmation processes; streamlined payment systems; reduction of reporting frequency and inspection visits, and therefore addressing most of providers concerns over the level of administration associated with apprenticeships. As providers note that they often have had to take on additional staff to handle the level of administration, a reduction may free up funds which can be used to better remunerate qualified assessors.
- **Highlight changes in revised policy documents and guidance**
Again, to cut down time spent by providers tracking key changes in policy documents and guidance, documents could be accompanied with a quick guide to changes, such as is currently highlighted in the annual ILR specifications.
- **Ensure clear information is available to skills brokers and providers on the respective benefits of apprenticeships and Train to Gain, and encourage brokers to promote apprenticeships**
By making information available on the key benefits and differences between the two programmes, this may reduce some of the unconstructive conflict and competition between the programmes. This has also been noted by Ipsos MORI and Cambridge Policy Consultants in relation to Public Sector Apprenticeships. Skills brokers should also be encouraged to make apprenticeship referrals to providers - and to ensure improved services, progress should be measured.
- **Ensure employers who are rejected by the National Employer Service (NES) are sign-posted to providers**
Employers who express an interest to NES in becoming apprenticeship providers, but are rejected, should be referred to appropriate (e.g. local) providers. If they are, they could perhaps operate a similar system as one interviewed provider, who undertakes the administrative management of the programme on behalf of employers, but leaves the delivery to them. If employers were to be referred through skills brokers, it will be even more important that they are well informed about and incentivised to promote apprenticeships.
- **Communicate Machinery of Government changes promptly and clearly to providers**

The changes are a key uncertainty for providers and as noted uncertainty stops investment and growth. It is now only 18 months until the changes will take place, and for providers to have the confidence to plan apprenticeship growth, communication needs to improve.

- **Ensure earlier contracting and greater certainty of online reporting systems**
Again, this is a key risk to providers, especially smaller ones and especially in the current economic climate. By ensuring contracting is timely and trying to ensure greater certainty of the online reporting systems, another risk factor and barrier to expansion can be removed.

The LSC could also take measures to cushion the effect of the economic downturn on apprenticeships (ensuring timely contracting and greater financial certainty will also help):

- **Making the £79M package of support for people facing redundancy available to apprentices facing redundancy losing their placement, to maintain the placement**
As many providers fear apprentices may be made redundant during the economic downturn, especially those who are qualifying and therefore will be commanding a higher salary, the £79M package of support for people made redundant or facing redundancy should be available to protect apprentices as well.
- **Allowing a reduction in the minimum level of apprenticeship working hours**
As noted in the DIUS press release from 20 November 2008 announcing the LSC grant letter, some employers are moving to four day working weeks during the economic downturn. During the downturn, if the company with which an apprentice is placed moves to a four day week, a reduction in the minimum number of employment hours for an apprentice (16 hrs) in line with the company's reduction in working hours may aid retention.
- **Provide audit flexibility for re-placing learners with a new employer**
Providers are reporting that the current procedures for re-placing a learner with a new employer when they have lost their placement are difficult and inflexible. By providing some flexibility if an apprentice is being made redundant, the re-placing process may be assisted.

9.5.2 Longer-term considerations

Apart from the measures above, as a longer-term consideration, the LSC should also consider the following to support apprenticeship expansion:

- **Providing longer-term contracts**
Many providers note that three year contracts would not only improve their planning, but also their availability to investment funding (from banks etc.) and hence assist expansion of apprenticeships. It would also provide more of a certainty, providing confidence for growth.
- **A change in the required employer contribution**
As many providers are currently not charging employers fees for adult apprenticeships, providers feel that a reduction in the required employer contribution (currently 42.5 per cent) may incentivise providers to more vigorously pursue the contribution.

9.5.3 Considerations for partner organisations

There are also some activities that could be undertaken by LSC's partner organisations to support the expansion of apprenticeships:

- **Awarding bodies** can support by creating online training, portfolios and assessment for all frameworks;
- **Sector Skills Councils** have a strong role in promoting apprenticeships to employers in their sectors – particularly to SMEs;

- **Skills brokers** should work more with employers to promote apprenticeship, and generate referrals to providers;
- And finally, organisations of employers currently using apprenticeships and supporting them such as the **Apprenticeship Ambassadors Network** and **Chambers of Commerce** should be used to promote the benefits of apprenticeships widely to non-engaged employers.

Appendix A

Developing an apprenticeship provider database

Purpose of the database

The apprenticeship provider database contains a range of information on 1,201 providers in England, as per a listing received from the LSC. Of these, 920 have recorded apprenticeship starts between 2005/06 and 2008/09. The data covers contractual and financial details, learner numbers and starts, quality measures and other areas of provision/funding, designed to profile providers that are in the best position to increase their apprenticeship delivery. The database should also be considered alongside the evidence from the primary survey of providers (information from the survey is not included in the database due to market research restrictions on anonymised findings).

How the database can be used

The database provides a comprehensive resource for the LSC to use in further dealings with its supply chain, and a single resource covering the key sources of information it needs to analyse performance. It is in MS Excel and SPSS format so can be used to interrogate the supply chain using appropriate analytics or can also be used as a central reference file for each provider, assuming it is kept up to date.

Contents of and data sources used in the apprenticeship provider database

All data was supplied by the LSC and has been matched using the provider unique identifier number (U_PIN or L01) or provider name where provider number was not available.

The information on Legal structure is limited - it is missing for 704 of the 916 apprenticeship providers, and recorded as 'other...' for a further 161.

Provider Information Management Systems (PIMS)

PIMS data was used in order to obtain a definitive list of apprenticeship providers. The data was used for obtaining contact information as well as company registration numbers, recommended funding level information and providers' financial health scores.

BRAVO Solutions

BRAVO is the LSC's online competitive tendering system. This source was used to detail providers' legal structures, VAT details and company registration numbers. Contact information was also extracted. In addition, this source provided information regarding providers' bid records for funding. Data was extracted detailing providers' bid successes and failures and whether such successes were bids for apprenticeship funding.

Individualised Learner Record (ILR)

The ILR database is the LSCs central database used to store all records pertaining to individual learners funded by the LSC. ILR data was used to determine a providers' type, reference number and the status of their activity. This source was also used for providers' LLSC and region.

WBL data was used to provide the number of learners, and number of apprenticeship starts, over the previous three academic years at a national and regional level. Nationally, a variable was created from this information to determine whether each provider had enrolled any apprenticeship starts between 05/06 and 08/09 (which is the case for 916 of the full list of 1,201).

WBL data for 2007/08 was also used to calculate the timely success rates for the minimum levels of performance of all apprenticeship providers, by level and framework.

Planning and Modelling Systems (PAMS)

PAMS data details the number of LSC contracted with by the provider by funding stream.

Allocations Management and Payments System (AMPS)

Whole year cash values, standard and total learner numbers from an AMPS dataset funding extract have been summed and presented at a national and regional level for each provider in the database.

Training Quality Standard (TQS) Certification

This source was used to provide the certification date, and re-certification date, of TQS certification.

OFSTED Inspection

OFSTED data provided information concerning inspections ranging from 2001 to present. The data details information ranging from inspection dates to the overall adequacy and effectiveness of the provider as well as its capacity to make further improvements. OFSTED ranking scores for subject areas are extracted as well as achievements and standards, the quality of provision, and leadership and management.

Appendix B

Survey letter to providers

«Person_title» «Person_first_name» «Person_last_name»
«Organisation_name»
«Address_1»
«Address_2»
«Address_3»
«Address_4_»
«City» «Postcode»

6 October 2008

Dear «Person_title» «Person_last_name»,

Apprenticeship Research – Meeting the Growth Challenge

The publication of *World-class Apprenticeships: Unlocking Talent, Building Skills for All* in January 2008 set out challenging ambitions for increasing participation in the Apprenticeship programme – by individuals, by employers and by providers.

The LSC has commissioned Experian to undertake research into providers' experiences of delivering Apprenticeships and expectations for the future to help us to design solutions to barriers to expansion including identifying successful approaches already delivering greater opportunities for all.

Participating in this research would involve undertaking a **15 minute telephone interview**, answering questions on your strategic growth plans as an organisation; plans for Apprenticeship expansion or contraction; capacity constraints; challenges to expansion; and best practice.

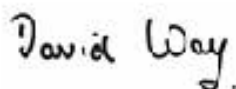
The questions will focus on management and strategic views, rather than detailed operational information. The results will remain anonymous, unless your permission is given to do otherwise. Experian are associated members of the Market Research Society.

This research will take place over the next few weeks.

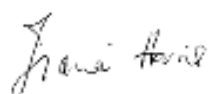
We would urge you to find time to participate in the study to ensure that your experiences and views are included in this work.

If you have any queries or questions on the research, please contact **Sara Cronlund**, the Project Manager at Experian on 0207 746 8223 or sara.cronlund@uk.experian.com, or **Kate Murphy**, Policy Analysis and Evaluation Manager at the LSC on 02476 823 401 or kate.murphy@lsc.gov.uk.

Yours sincerely



David Way
Director of Apprenticeships
Learning and Skills Council



Dr. Fiona Harris
Associate Director – Education and Skills
Experian

Appendix C

Survey questionnaire

Questionnaire

LSC / Apprenticeships – understanding the provider base

Unique ID Number	(to be taken from the sample database)
Interviewer	
Date and time	

Version	
Signed off (Experian)	
Signed off (client)	

Good morning/afternoon. My name is xxxxxxxx and I'm calling from Experian on behalf the Learning and Skills Council (LSC). Can I speak to xxxxxxxx?

Reception:

We recently sent a letter to xxxxxxxxxxx about a research project we are conducting on behalf of the LSC looking into providers' experiences of delivering Apprenticeships and expectations for the future to help the LSC design solutions to barriers to expansion as well as identifying successful approaches already delivering greater opportunities for all.

Participating in this research would involve undertaking a 15 minute telephone interview, answering questions on your strategic growth plans as an organisation; plans for Apprenticeship expansion or contraction; capacity constraints; challenges to expansion; and best practice.

The results will remain anonymous, unless your permission is given to do otherwise. Experian are associated members of the Market Research Society.

Is xxxxxxxxxxx free to speak now or can I make an appointment to call back at a more suitable time?

Interviewer note:

For Further Education colleges and Sixth Form Colleges, we are aiming to speak to Principals or Vice-Principals.

For all other organisations, we are aiming to speak to Business Managers or Directors

Section A: Business/Delivery Model

Interviewer to read out:

Thank you very much for agreeing to take part. The first area I would like to speak to you about is where you currently deliver training and what factors may influence your current level of apprenticeship delivery. Can I just check:

1) Which of the following types of training do you deliver? (**multi-code**)

Interviewer note: If they deliver Apprenticeships, please continue to question 2, if other forms of training are delivered but not Apprenticeships then thank you and close.

- 1. Apprenticeships
- 2. Train to Gain
- 3. Stand alone NVQs
- 4. Other vocational training
- 5. Academic qualifications
- 6. Bespoke courses for employers
- 7. Other

2) And approximately what proportion of your learner numbers are in each of these areas?

Interviewer note: Please read out for all answers given in question 1. Responses should be single coded for each answer given in question 1.

	1-25%	26-50%	51-75%	76-100%	Don't know
Apprenticeships					
Train to Gain					
Stand alone NVQs					
Other vocational training					
Academic qualifications					
Bespoke courses for employers					
Other					

2A) In how many English regions do you deliver Apprenticeships? (max of 9)

Interviewer note – if they deliver to all nine English regions, go to question 2B, else go to question 3

- One
- Two
- Three
- Four
- Five

- Six
- Seven
- Eight
- Nine – Go to question 2B
- Don't know

2B) And are you a National provider?

- 1. Yes
- 2. No
- 3. Don't know

3) And how do you deliver Apprenticeships as an organisation? (*multi-code*)

- 1. In-house
- 2. Sub-contract to other organisations
- 3. Through a consortium
- 4. Other

4A) Which of the following sources do you receive apprenticeship funding from? (**multi-code**)

Interviewer note: only ask question 4B for options mentioned in question 4A

4B) and what proportion of your apprenticeship funding is received from these areas?

Interviewer note: Please read out for all answers given in question 4A.

	4A	4B				
		1-25%	26-50%	51-75%	76-100%	Don't know
The LSC						
Other government bodies						
Employer contribution						
Learner contribution						
Other sources						

5) And what delivery model do you use for your Apprenticeships? (*multi-code*)

- 1. Programme-led Apprenticeships
- 2. Day-release study
- 3. All training delivered in the workplace
- 4. Flexible enrolment (learners can start at any time during the year)
- 5. Other

6A) By how much do the following factors influences your current level of Apprenticeship delivery?

6B) And do these factors have a positive or negative influence on your Apprenticeship delivery?

Interviewer note: Only ask question 6B for where response was NOT 'does not influence' or 'don't know' in question 6A.

LSC / Apprenticeships – understanding the provider base questionnaire

	6A					6B	
	Strongly influences	Moderately influences	Marginally influences	Does not influence	Don't know	Positive	Negative
Learner demand							
Employer demand							
Programme overheads							
Level of administration							
Minimum levels of performance (success rates)							
Availability of appropriate staff							

Interviewer to read out:

I would now like to ask you about the business and delivery model that your organisation uses for the provision of Apprenticeships and how this enables you to successfully deliver Apprenticeships.

7) How easy or difficult does your organisation find it to engage employers with your Apprenticeship programmes? (**single code**)

- 1. Very easy
- 2. Easy
- 3. Neither
- 4. Difficult
- 5. Very difficult
- 6. Don't know (**don't read out**)

8A) Does your organisation have an assigned member of staff who is responsible for business development (employer engagement in apprenticeships)?

- 1. Yes – go to question 8B
- 2. No – go to question 9

8B) And is this person: (**single code**)

- 1. The owner/managing director/principal/vice-principal
- 2. A tutor/assessor
- 3. A business development specialist
- 4. Other

9) What methods are your organisation using to engage employers in Apprenticeships? (**Code all that apply and rotate order of options**)

- 1. Face to face engagement directly with employers or through chambers of commerce or business networks
- 2. Mail outs communicating statistics, publications, newsletters etc.
- 3. Formal customer care processes
- 4. Provision of training needs analyses for businesses
- 5. Involving employers in the design, development and management of courses
- 6. Use of incentives to form close working relationships with employers
- 7. Emphasising 'Value For Money' through case studies with tangible benefits
- 8. Referrals from skills brokers (e.g. Business Link)
- 9. Other (please specify):

.....

Interviewer note: Please ask question 10 only for the areas confirmed in question 9.

10) And from your experience, what are the top 3 most effective methods of engaging employers in Apprenticeships? (**code one option per column**)

	1 st most effective method	2 nd most effective method	3 rd most effective method
1. Face to face engagement directly with employers or through chambers of commerce or business networks			
2. Mail outs communicating statistics, publications, newsletters etc.			
3. Formal customer care processes			
4. Provision of training needs analyses for businesses			
5. Involving employers in the design, development and management of courses			
6. Use of incentives to form close working relationships with employers			
7. Emphasising 'Value For Money' through case studies with tangible benefits			
8. Referrals from skills brokers (e.g. Business Link)			
9. Other			

Section B: Future plans around the delivery of Apprenticeships

Interviewer to read out:

This next section focuses on your future plans around the delivery of Apprenticeships and whether you have any plans for growth or change in your overall offer or any particular areas of your offer.

1) Over the next 2 years, do you expect the number of Apprenticeship places you offer/run to?
(single code)

- 1. Increase (go to question 2)
- 2. Decrease (go to question 2)
- 3. Remain the same (go to question 4)

2) And approximately what percentage do you expect your learner numbers to change by?
(open-ended numerical response, if the answer is don't know, please code as -999)

.....%

2A) If the respondent is unable to give an exact percentage please read through the bands below and code in answer: **(single code)**

- 1. 1-10%
- 2. 11-25%
- 3. 26-50%
- 4. 51-75%
- 5. 76-100%
- 6. More than 100%
- 7. Don't know

Interviewer note: If answer to question 1 is increase, please ask question 3, otherwise skip to question 4.

3) You said that you expect to increase your Apprenticeship offer in the next 2 years, how are you anticipating this growth will happen? Will it be through: **(Multi-code)**

- 1. In-house/organic expansion
- 2. Through merger with other college/training provider
- 3. Through use of sub-contractors
- 4. Working as part of a consortia
- 5. Purchase of another provider

Interviewer note: Even if the respondent indicated in question 1 that they expected no growth or contraction in the next 2 years, their organisation may still have some kind of change planned in relation to the areas in which they currently offer Apprenticeships.

4) Overall, do you anticipate a change in your Apprenticeships over the next 2 years in terms of: **(single coded response for regions, sectors and frameworks)**

	Increase	Decrease	Remain the same	Don't know
The range of regions in which you offer apprenticeships				
The range of sectors in which you have an offer				
The number of frameworks in which you offer Apprenticeships				
Different age groups to which you offer Apprenticeships				

CATI system to check, if the respondent answers increase in question 1 and remain the same in all four areas in question 4, then interviewer to ask:

4S1. Can I confirm that you are planning to expand the number of Apprenticeship places that you offer through your current provision? *(Interviewer note: more of the same)*

- 1. Yes
- 2. No
- 3. Don't know

CATI system to check, if the respondent answers decrease in question 1 and remain the same in all four areas in question 4, then interviewer to ask:

4S2. Can I confirm that you are planning to reduce the number of Apprenticeship places that you offer through your current provision? *(Interviewer note: less of the same)*

- 1. Yes
- 2. No
- 3. Don't know

Interviewer note: If the respondent indicates an increase or decrease in any area of question 4, please ask questions 4A, 4B, 4C, 4D and 5, and if not, move onto question 6.

And would you be able to give me some examples of which regions, sectors, frameworks and age groups you expect these changes to take place in:

4A) Regions:

4B) Sectors:

4C) Frameworks:

4D) Age groups:

5) And what has directed you to change your offer in these areas: **(Please tick all relevant options each area)**

	Employer feedback	Changes in LSC funding criteria	Gaps in the market	Discussions with Sector Skills Councils	LSC push to change offer	Offer is not anticipated to change at all
Regions						
Sectors						
Frameworks						
Age group						

6) In terms of your capacity to deliver apprenticeships, what proportion of your current capacity is being utilised? **(open-ended numerical response, if the answer is don't know, please code as -999)**

.....%

If the respondent is unable to give an exact percentage, please read through the bands below and code in answer:

- 1. 1-5%
- 2. 6-10%
- 3. 11-20%
- 4. 21-40%
- 5. 41-50%
- 6. 51-75%
- 7. 76-99%
- 8. 100%

7A) As a result of the economic slowdown and current financial crisis, has your organisation had apprentices laid off by employers over the past 6 months?

- Yes
- No
- Don't know

(If Yes, then ask question 7B, otherwise move on to 7C)

7B) How many of your apprentices have been laid off in the last 6 months?

- Number: _____
- Don't know

7C) As a result of the economic slowdown and financial crisis does your organisation expect that over the next 2 years, the number of apprentices taken on by employers will?

- Significantly increase
- Increase
- Stay the same
- Decrease
- Significantly decrease
- Don't know

Section C: Constraints to expansion

Interviewer to read out:

I would now like to move on to talking about any constraints that you have faced in relation to the provision of Apprenticeships.

1) Which of the following broad types of constraints would you say you have faced in the past or are currently facing in relation to the delivery of Apprenticeship programmes?

Interviewer note: multi-code, read through the list of option and only read out examples if the respondent asks for more detail or examples of what the constraints could mean.

- 1. Staffing constraints
(e.g. difficulty recruiting appropriate assessors; difficulty retaining staff; lack of specialised business development staff)
- 2. Learner constraints
(e.g. lack of learner interest; lack of suitable learners for Apprenticeships; delivery method not suitable; poor information, advice and guidance around Apprenticeships to young people)
- 3. Risk burden on your organisation
(e.g. lead time until contract is received; risk of poorer quality (MLP) when provision is new; full financial risk for new provision taken by your organisation)
- 4. Capacity
(e.g. capacity of facilities; capacity of organisation to increase delivery)
- 5. Funding criteria and process
(e.g. understanding funding criteria; managing bidding process; inflexible funding structures)
- 6. Apprenticeships rates and cost-effectiveness
(e.g. lack of funding for capacity building; lack of funding to assist growth/expansion/innovation; rates or uplifts are too low; cost-effectiveness compared to other programmes (e.g. Train to Gain))
- 7. LSC communication and support
(e.g. clear communication of when growth is and is not sought; communication of funding criteria and changes; communication of quality requirements; support with engaging employers)
- 8. Level of administration (bureaucracy)
(e.g. amount of paperwork; document management (storage); frequency of returns to LSC; takes up too much staff time?)
- 9. Lack of employer interest
(e.g. vacancies filled through other routes (e.g. migrants; graduates; young people on 2-year work visas); programme not suitable/attractive; due to cost to employer; due to paperwork required; prefer other programmes (e.g. Train to Gain; standalone NVQs)
- 10. Age barriers

LSC / Apprenticeships – understanding the provider base questionnaire

(e.g. employers’ unwillingness to take on 16-18 year old apprentices; LSC funding rates differing for age groups; employer demand for adult apprentices not matched by funding levels)

2) For the constraints that you have highlighted in relation to your apprenticeship offer, can you explain in more detail why they have restricted your offer:

Interviewer note: please go through each area identified in question 1 and probe/ask in more detail and ask for examples of how specifically these have constrained their offer, using the examples given for each option as a prompt.

.....

3) Thinking more specifically about the following constraints, on a scale of 1-10 with 1 not being a constraint and 10 being a significant constraint, can you tell me how much of a constraint these factors have been in relation to the delivery of Apprenticeship programmes:

(Interviewer note: please read through all options and code between 1-10 for each constraint)

	1 – Not a constraint	2	3	4	5	6	7	8	9	10 – Significant constraint	Don't know
1. Staffing constraints											
2. Learner constraints											
3. Risk burden on your organisation											
4. Capacity											
5. Funding criteria and process											
6. Apprenticeships rates and cost-effectiveness											
7. LSC communication and support											
8. Level of administration (bureaucracy)											
9. Lack of employer interest											
10. Age barriers											

Section D: Solutions

Interviewer to read out:

The final section of this questionnaire is looking to find out about which areas your organisation has employed solutions to overcome any constraints and what changes you would like to see in the future to support your apprenticeship offer.

1) In which of the following areas has your organisation employed solutions to overcome any constraints you have faced in relation to Apprenticeship programmes?

- 1. Staffing
(e.g. bespoke training schemes; financial incentives; clear career paths for better retention, reducing paperwork and providing appropriate technology for better retention)
- 2. Learner support and advice
(e.g. learner preparation programmes / tasters; IAG initiatives; running evening and weekend workshops; use of e-learning and distance learning; workplace sessions)
- 3. Capacity
(e.g. overcoming facility constraints through co-operation with other organisations; joining consortium)
- 4. Risk burden
(e.g. joint developments with other organisations to share quality and financial risk)
- 5. Funding criteria and process
(e.g. sharing funding updates with other organisations; workshops on changes; consultancy support)
- 6. Apprenticeships rates and cost-effectiveness
(e.g. shared processes with other programmes or organisations to help cost-effectiveness; supporting income from employers)
- 7. LSC communication and support
(e.g. local communication solutions)
- 8. Level of administration (bureaucracy)
(e.g. joining consortium to share administration burden; efficiency drives to reduce unnecessary duplication and improve internal procedures; consultancy support)
- 9. Lack of employer interest
(e.g. group training agreements (group of employers jointly taking on apprentices); bespoke offers; marketing tactics to sell benefit; additional support to employers; help with recruitment)
- 10. Age barriers
(e.g. stronger support for employers who take on 16-18 year old apprentices)

2) What are the main changes you would like to see to support your organisation in offering Apprenticeship programmes?

Interviewer note: code all that apply and randomly rotate

- 1. Develop assessor academies to give assessors teaching qualifications and status
- 2. Monetary rewards to new assessors (Golden Hellos), free assessor training to employers
- 3. Provision of bid writing guidance or impartial advice
- 4. Availability of capital funding for private training providers
- 5. Clear appeals procedure for e.g. contract cuts
- 6. Communication of employer demand in regions, which cannot be met from current providers
- 7. Provide long-term (e.g. 3-year) contract with guaranteed value
- 8. Provide support in identifying employers interested in Apprenticeships
- 9. Provide support in increasing learner interest in Apprenticeships
- 10. Make LSC Apprenticeships marketing material available to provider for use with provider's own details
- 11. Provide friendly information sessions to explain funding criteria/changes
- 12. Create simplified and faster processes
- 13. Share growth/innovation risk with providers financially e.g. through joint investment fund (match funding)
- 14. Give employers who take on more apprentices than they need financial help and support in recognition of their positive contribution to the industry workforce
- 15. Provide parity of funding rates for all age groups
- 16. Subsidised consultancy / business support to improve business /delivery model in order to enable expansion.

3) Are there any other issues that you would like to mention of any other solutions that you would like to see in place in order to make the delivery of Apprenticeship programmes easier?
(Open ended text response)

.....

Section E: Thank and close

Finally, we would like to thank you for participating in this research.

1) Before we finish though can I check whether you are happy for us to let the LSC know that you have participated in this research?

Yes
No

2) And can I confirm whether you are happy to have your responses passed to the LSC in connection with your own name and organisation name?

Yes
No

Interviewer read out: As part of this research programme, we are also hoping to conduct some in-depth face-to-face interviews so as to be able to investigate the business models operated by Apprenticeship providers, future challenges, and any opportunities and constraints to expanding Apprenticeships in more detail. This is to provide the LSC with an understanding of the support needed to facilitate an expansion.

3) Would you be happy to have your name included in a list of potential contacts for this phase of the project?

Yes
No

Can I confirm your contact details:

Name	
Position	
Company Name	
Address1	
Address2	
Address3	
Town	
County	
Postcode	
Telephone	

Thank you for participating in this research.

Comments Box:

Appendix D

Discussion guide

Learning and Skills Council

Apprenticeships: understanding the provider base – meeting future demand

PROJECT BACKGROUND

The LSC has commissioned Experian to undertake research into providers' experiences of delivering Apprenticeships and expectations for the future to help understand how providers can be supported in solving barriers to expansion including identifying successful approaches already delivering greater opportunities for all.

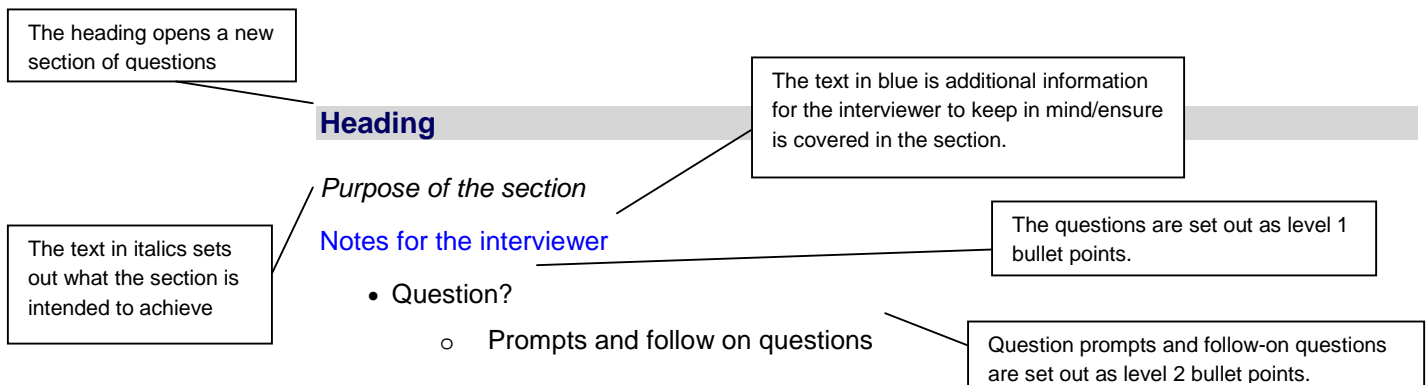
The aims of these interviews are to (in relation to Apprenticeships):

- Understand different business models employed and how successful these are
- Understand in-depth the challenges to, and opportunities for, delivery and expansion
- Understand ways for the LSC to engage with providers to help achieving an expansion

Consultation outline

Section	Purpose	Indicative timings
Introduction and interviewee details	Sets the scene, reassures participants about the interview	5 mins.
Business model and mix and balance of provision	Explores balance between Apprenticeships and other VQs and rationale for business model.	10 mins.
Business growth	Looks at factors impacting on growth.	5 mins.
Challenges/threats associated with apprenticeship delivery	Further explores the constraints experienced to gain detail of impact. Also looks at impact of economic downturn.	15 mins.
Opportunities for apprenticeship expansion	Looks at perceived new markets.	10 mins.
Factors contributing to successful apprenticeship delivery	Establishes what factors contribute to successful Apprenticeship delivery, and solutions applied to issues.	10 mins.
Support needed for apprenticeship expansion	Explores which organisations are perceived to have a supporting role, and what this role should be.	5 mins.
Thanks and close	Closes the interview, offers details for follow up	
		60 mins.

Using this guide



Introduction and interviewee details

Orientates interviewee, gets them prepared to take part in the interview. Outlines the 'rules' of the interview (including those we are required to tell them about under MRS and Data Protection Act guidelines)

Thank participant for agreeing to take part in this interview as well as the survey.

Introduce interviewer(s), Experian, and objectives of the interview.

Emphasise that the interview focuses on Apprenticeships.

Explain anonymity of respondent and Market Research Society (MRS) code of conduct.

Looking for interviewee's opinions, not specific answers.

- Confirm name
- Confirm role
- Confirm organisation
- Confirm database details

Business model and mix and balance of provision

Through this section we establish how the organisation operates Apprenticeship delivery and employer engagement and whether this contributes to successful delivery of the programme. It also explores the reasoning behind the choice of model. This section also establishes whether the organisation is shifting provision towards apprenticeships, focusing on other provision (e.g. Train to Gain), or keeping a balance between apprenticeships and standalone VQs. It also establishes reasons for the profile.

Read provider's responses to section A of survey before interview.

- What is your current mix between Apprenticeships and standalone Vocational Qualifications (and particularly Train to Gain)?
 - What is the rationale behind this mix and balance?
 - Are there any particular benefits or issues with this mix and balance?
 - Has it been internal or external factors that have determined your offer?
- Why have you chosen this way of delivering Apprenticeships?
 - Prompt: Organisational model – In-house/sub-contract/through consortium/other.
 - Prompt: Operational delivery – Programme-led/day-release/all in the workplace/flexible enrolment.
- Do you profit from your business model of delivering apprenticeships? If so, how?
 - (mix and balance; way of delivering – outsourcing/own delivery)
 - Prompt: in financial or other terms
- How has the way you deliver Apprenticeships changed, and do you see it changing in the future?
- Do you see a demand for standalone VQs? If so, why?

- Prompt: for which age group?
- Are you planning any changes to your mix and balance of Apprenticeships and standalone VQs over the next two years?
- Are there any incentives that could support a change towards Apprenticeships? What are these? Who could provide this?

Business growth

Based on survey responses, this section establishes the organisation's rationale behind planned growth/contraction, and establishes the factors that impact on these decisions.

Read provider's responses to section B of survey before interview.

- Are you planning growth for Apprenticeships, standalone VQs or Train to Gain?
 - Which programme do you expect to grow most, and why?
 - Prompt: (If have noted an expected increase in apprenticeships) Why are you expecting to increase Apprenticeships through [response to survey question B3]? What is the rationale behind this, and for not choosing another way of expansion?
- What factors have affected your decision/expectation to grow/contract your Apprenticeship provision?
 - Prompt: Internal/external?
- What impact has the economic slowdown/current financial crisis had on you so far? Do you anticipate any impact in the future?
 - Prompt: what has happened for you to feel it has had an impact? How has it impacted?
 - Prompt: Sectoral or geographical differences?
 - Is there anything the LSC or other organisations could do to alleviate it?

Challenges associated with apprenticeship delivery

Through this section the themes emerging from the open-ended questions in the survey will be probed further in-depth to achieve more detail.

Read provider's responses to section C of survey before interview.

The prompts reflect early themes emerging from survey question C2.

Ask **only** about sections where they have noted constraints in survey responses.

'Soft' prompts such as why, how, how much should be used to get down to tangible examples of how any constraints affect the running of the business; the learner experience; or decisions on expansion.

C2A - Staff issues

- What sort of staff issues have you experienced?
 - Prompt: Finding the right staff (assessors)?
 - Prompt: Staff retention and wages?

- How has this affected your business? Your Apprenticeship delivery?

C2B - Learner issues

- What constraints have you encountered with learners in relation to Apprenticeship programmes?
 - Prompt: Learners' lack of appropriate prior qualifications
 - Prompt: Lack of learner commitment to course
 - Prompt: Competitive labour pool (migrants, commonwealth, graduates)
- How has this affected the Apprenticeship delivery?

C2C - Risk burden

- How do you feel that the risk burden put on you acts as a constraint in terms of Apprenticeship delivery or expansion?
 - Prompt: Entering new areas – all risk on provider?
 - Prompt: Staff associated risks?
 - Prompt: Timeliness of information/funding/contracts/paperwork from the LSC?
 - Prompt: Quality risk; MLP (framework basis; not looking at immature provision <18 months)?

C2D - Capacity

- What types of capacity constraints have you experienced, and what impact have they had?
 - Prompt: Physical facilities?
 - Prompt: Staff related capacity constraints?

C2E - Funding criteria & process

- How do you perceive that the funding criteria and process has affected your Apprenticeship delivery?
 - Prompt: Delays in receipt of contract and funding (into the academic year)?
 - Prompt: Complexity of process and criteria?
 - Prompt: Understanding of MLP impact on funding (framework basis; not looking at immature provision <18 months)?

C2F - Apprenticeship rates and cost-effectiveness

- What types of issues do you experience around the Apprenticeship funding rates and cost-effectiveness?
 - Prompt: Level of funding?
 - Prompt: Lack of expansion funding (e.g. capital)?
 - Prompt: Level of funding for programme (not covering costs)?
 - Prompt: Lack of funding for associated costs (examination, travel etc.)?

C2G - LSC Communication and support

- How does LSC communication and support act as a constraint?
 - Prompt: Understanding of when the LSC wants / does not want them to grow?
 - Prompt: Uncertainty of what system will look like?
 - Prompt: Declining support post-LSC restructure / lack of local support?

C2H - Bureaucracy

- What particular elements of bureaucracy act as a constraint? How is this manifested?

- Prompt: Frequent changes demands a lot of staff time?
- Prompt: Duplication of processes (e.g. paperwork, audits, inspection)?
- Prompt: Lack of use of electronic processes (using paper format too much)?
- Prompt: New programmes / processes (e.g. PLA, EMA) demanding more admin staff?

C2I - Lack of employer interest

- What elements of employer engagement do you feel act as a constraint on your Apprenticeship programme?
 - Prompt: Employers not wanting apprentices (due to age; rather have migrants etc.)?
 - Prompt: Economic downturn impacting take-up?
 - Prompt: Employers do not understand / know about Apprenticeships?
 - Prompt: Employers preferring other qualifications or not the whole apprenticeship?

C2J - Age barriers

- What are the issues around age in relation to your Apprenticeship programme?
 - Prompt: Employers not wanting to take on young people?
 - Prompt: Lack of funding for older (19-24; 25+) Apprenticeships?
 - Prompt: Older apprentices require higher pay/wages?
- To what extent do you think that the constraints you face are faced by all providers delivering Apprenticeships?
 - Prompt: Do you think there is a difference for different provider types?
- Do you think the constraints are equal for all sectors/geographies?
- If you have ever ceased delivering Apprenticeship in an area/sector, what has been the reason for this?
 - Would there have been anything that would have kept you delivering?

Opportunities for apprenticeship expansion

This section will establish in which areas the provider perceives there are potential or real opportunities for expansion of Apprenticeships – ‘new markets’ – and how they are/could be going about achieving expansion.

[Read provider’s responses to section D of survey before interview.](#)

- In general, where do you see the main opportunities for expanding Apprenticeships?
 - New frameworks; new sectors; geographic areas; types of employer etc.
 - Would you see yourself expanding into these areas?
 - Would there be any assistance needed to expand into these areas?
 - Prompts: In what form? From who?

Factors contributing to successful apprenticeship delivery

Through this section, the respondent’s view of the critical factors for successful delivery of apprenticeships will be established.

- What do you feel are the key factors to run your Apprenticeship programme successfully?
- Are these also the key factors for growth?
- What solutions have you put in place to deliver Apprenticeships successfully?
 - Prompt: any solutions applied to in any of the constraint areas?
 - Which ones have been the most successful?
 - Are there any ones you feel may apply well to other organisations as well?
- The key success factors you mentioned, do you feel these would be applicable to other organisations as well?

Support needed for apprenticeship expansion

This section will ascertain the ways in which the respondent feels constraints can be resolved, and which organisations they feel need to get involved to resolve them.

Read provider's responses to section D of survey before interview.

- Which organisations do you think have a role in supporting providers around Apprenticeships?
 - LSC; SSCs; Chambers of Commerce; awarding bodies; other employer bodies
 - Are there differences for different frameworks or sectors, or the same for all?
- What support do you think would be most useful for you to help expansion of your Apprenticeship programme?

Thanks and close

This section concludes the interview, reiterates the main points and clarifies whether the respondent wishes the comments to be anonymised.

Ask if it is possible to contact them via phone or e-mail if you need more detail/clarification.

Check in line with MRS code of conduct whether respondent is happy to be associated with comments:

- Would you be willing to have your and/or your organisation's name passed onto the LSC as having participated in this research?
- Would you be willing to have your and/or your organisation's name passed onto the LSC in connection with your comments?

Thank for participation, and offer contact details if they have any questions.

ENDS.

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