

Trained in London

Creating more apprentices to support the London
economy

October 2014

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Economy Committee Members

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Cover photo: The Committee launched its review of apprenticeships in London at the Brigade restaurant on Tooley Street, close to City Hall. Based in the old fire station built in 1865, following a great fire in Cottons Wharf four years earlier, the restaurant is partnered with the Beyond Food Foundation. Working together they give some young Londoners a fresh chance through their apprenticeship programme. This programme leads to an NVQ diploma Level 2 in professional cookery while at the same time working in the kitchen team at the Brigade restaurant. In this photo Diini Ashkir is seen explaining the value of the apprenticeship to his career development.

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Foreword

London's experience with the government's apprenticeships scheme has been a mixed one. While on the one hand the capital has seen a rapid increase in the number of apprenticeships created, and has promising growth potential, it still lags behind other regions of the UK.



This is partly due to London's services-based economy – not a sector we traditionally associate with apprenticeships. However this can also present an opportunity for the capital. Sectors which have a low proportion of apprenticeships compared to their overall workforce size (such as Information and Communication Technology, tourism and the arts) could use the capital's position as a world leader in these fields to attract more and better apprenticeships.

Of course the onus to refine apprenticeships in London should not solely fall on the shoulders of employers. London's government is well placed to facilitate the growth of quality apprenticeships which work for employers and apprentices alike.

The Mayor of London has a wide range of tools at his disposal to do so, both in terms of influence and funding. Indeed two further funding streams have recently become available in the form of the new 2014-2020 round of European Social Fund programmes and the London Growth Deal.

But it's not just about money. Indeed many of our findings focus on what the Mayor can do in terms of his influence, networking and facilitation. Having a 'champion for London' who understands the needs of both apprentice and provider, and who can use the various tools in his arsenal to meet them, would benefit the capital's apprenticeships immensely.

As one of the panellists at our committee hearings noted: "What you have is an aspiration without a strategy at the moment. You have a target to achieve 250,000 apprentices by the end of the Mayor's term of office but you do not have a route map to get you there."

This report shows what such a route map should look like. An Apprenticeship Action Plan, devised by the Mayor and the London Enterprise Panel, should clearly set out what London's government intends to do and how to do it. This should both settle and tie together, into one clear and cohesive strategy, the various components of the apprenticeships debate: apprenticeship pay, quality, incentives for businesses, careers advice and more.

This report is the result of months of hard work and consultation with a wide range of stakeholders. The London Assembly's Economy Committee called before it representatives from academia, government, trade unions, apprenticeship providers and apprentices themselves.

The apprentices we spoke to were happy with their placements and positive about the future. We think the Mayor can and should do more to help even more young Londoners into quality, career-building apprenticeships.



Stephen Knight AM

Executive Summary

The Government's goal is for young people to go into apprenticeships or to university – or in the case of some Higher Apprenticeships, do both. As the Mayor has often noted, providing apprenticeships is a “win-win” for the London economy and he has supported their creation through financial subsidises and marketing and promotional campaigns. In the last two and a half years about 110,000 apprenticeship places have been created in London and the Mayor has set an overall target of 250,000 by the end of the academic year 2016.

However, recent figures published by the Mayor indicate that the target is unlikely to be met. London is falling behind other regions of England in terms of the number of apprenticeships created and the number of new apprenticeships started. Our report highlights the particular challenges that affect the London economy's ability to create and support apprenticeships. These include the predominance of the service-sector which is less aware of the value of apprenticeships and the high-end skill levels needed; which apprenticeships have traditionally been less well designed to meet, though that is changing now.

Our report looks to the Mayor, as Chairman of the London Enterprise Panel, to launch an Apprenticeship Action Plan which will bring together all the various initiatives he has announced so far and augment them with further targeted action to boost numbers of apprenticeships created in the large firms and the key sectors that drive the London economy. It is perverse that in sectors where London is particularly strong such as ICT, travel and tourism that apprenticeship levels substantially lag behind those of other regions.

The Mayor has made support for small and medium sized enterprises (SMEs) the cornerstone of his promotional work and this is to be welcomed. However, our report notes widespread concerns that national changes to the way apprenticeships are provided threatens to deter businesses from taking on new apprenticeships. The changes also potentially threaten the viability of many of the training providers who support the young people with the learning element of the apprenticeship and provide invaluable additional support to the SMEs.

We recognise that as the cost of establishing an apprenticeship in London is higher than in other parts of the UK there should be financial support from the Mayor. Throughout the 2014/15 GLA budget round Assembly

Members continued to press for further support to boost apprenticeship numbers. So we warmly welcome Government announcements that further financial support will be forthcoming though we await clarification on the detail of the help to be provided.

Throughout this review we have heard from many experts concern about the quality of the careers advice support now being provided to students by their schools. Few schools seem adequately sighted on the potential value of apprenticeships and our report sets the arguments for a strategic role for the Mayor in supporting the development of a pan-London careers advice service.

Introduction

As the Mayor has often noted providing apprenticeships is a “win-win” for the London economy. A structured course combining learning on the job with studying for academic qualifications offers a foot on the ladder of career success for the school leaver and those changing career while being hugely rewarding for the companies involved.

The Government’s goal is for young people to go into apprenticeships or to university – or in the case of some Higher Apprenticeships, to do both. In order to achieve this, the Government has proposed a range of reforms which it hopes will modernise the current system of provision and make it more attractive to employers to take on and support apprentices. These reforms will be introduced in stages with the end goal of replacing the current system by 2016/17.¹

In the last two and a half years about 110,000 apprenticeship places have been created in London and the Mayor has set an overall target of 250,000 by the end of the academic year 2016. While London has seen a rapid increase in the volume of apprenticeships created, it still lags behind other regions and the number of apprenticeship “starts” created last year was below the level created the year before.

Recently published data by the Greater London Authority (GLA) demonstrates the substantial challenge that exists to meet the target number of apprenticeships. Data for the first three quarters of 2013/14 shows that while 29,980 apprenticeships were created, a further 26,224 starts are needed to meet the target in the final quarter alone. Overall, we need a 19 per cent year-on-year increase in the number of new apprenticeships created to achieve the Mayor’s manifesto target.²

The Mayor, through his position as Chairman of the London Enterprise Panel (LEP), has sought to reinvigorate the GLA’s support for the creation of apprenticeships through a bid to the Government’s Local Growth Fund, which is designed to support economic growth in the local area. The London Growth Deal, which was announced on 14 July 2014, has secured £236m from central Government with £151.5m of new funding confirmed for 2015/16. These funds will be used to “build London’s skills base and

¹ See Appendix 2 for more detail

² Investment and Performance Board paper – Apprenticeship update, para. 3.14, Sept 2014

support business, help Londoners into sustainable employment and improve housing supply.” As part of the overall package there will be funding for programmes designed to increase the number of apprenticeships. The LEP itself will specifically fund up to an additional £4m over the next two years to support further employer engagement and marketing activity. The Government has also, crucially, indicated an intention to subsidise SMEs that want to take on an apprentice (the SME AGE Grant Incentive), although the total value of that commitment is unclear.

All these commitments are to be welcomed. However, given the magnitude of the task, the Committee considers that a further tranche of sector-specific targeted activity will be necessary. This report sets out the arguments for what those measures should be. In particular, we recommend that the LEP pull together all its activities into an Apprenticeship Action Plan that clearly sets out how the Mayoral interventions will support the creation of apprenticeships in those sectors that drive London’s economy. This will involve generating greater volumes of apprenticeships through the large firms, which employ more than 50% of London’s labour force, expanding SME involvement and ensuring continuity of firm involvement. It is also time for a more developed statement about the role of the LEP in supporting careers guidance and information for young people which we have heard is vital to ensure adequate signposting into apprenticeships. Further work with the Higher Education sector to encourage the Russell Group of universities to offer more Higher-level apprenticeships, which more effectively meet London’s need for higher level skills, is also needed.

London is falling behind

There is strong evidence of widespread support for apprenticeships from employers and from apprentices. A number of Government surveys published by the Department for Business, Innovation and Skills (BIS) demonstrate high levels of business value from running apprenticeships including improved product or service quality, higher productivity, improved staff retention and the introduction of new ideas to the company.

Our investigation has heard similar views from a wide range of experts, including from the Trades Union Congress, Confederation of British Industry and the Federation of Small Business, from enterprises offering or thinking about offering apprenticeships and from apprentices themselves.

“One of the pros of taking on an apprenticeship, particularly in our industry [communications], was having someone with a completely fresh mind ...who brought fresh thinking and really creative thinking with them”
Kate Parker (Forster Communications)

Apprentices themselves are hugely positive about the scheme. Apprentices of different ages and from different trades have told the Committee that apprenticeships provide a wide range of benefits. They can provide a chance to re-train (increasing numbers of apprenticeships are being taken by people over 19 years old)³, or can be seen as a positive alternative to university, providing a clear pathway to work and further qualification. Nevertheless we are keen for the Mayor to seek the expansion of high quality apprenticeships as a firm offer particularly to those young people who leave school without a job or higher education place. This then provides a firm policy response to the persistently high levels of youth unemployment in London.

“One of the reasons why I chose to do this apprentice[ship] was... for me to get practical experience there while doing my course. [Also] there is a career at the end of it with routes into different occupations from an operative level to be a supervisor to a site manager, which I think my family will be very happy for me to be and I said, “Yes, it is for me so I will go for it.” Musa Jallow (Construction Operative Apprentice, Crossrail)

³ <http://www.nao.org.uk/wp-content/uploads/2012/02/10121787.pdf>

Despite this strong support, London lags behind other regions in terms of the number of apprenticeships created. London's number of funded apprenticeships in 2012/13 stood at 77,110, the lowest regional total, bar that for the North East. As a proportion of total employment, London's figure of 2 per cent apprentices for 2012/13 was the lowest in England⁴ and the city's share of the total number of apprenticeships created has slipped from 9.2 per cent in 2011/12 to 8.9 per cent in 2012/13. London is lagging behind in the number of apprenticeship starts too. Table 1 sets out the latest data.

Table 1: Apprenticeship Programme Starts by Region (2009/10 to 2012/13)

Region	2009/10 Full year	2010/11 Full Year	2011/12 Full Year	2012/13 Full Year	% of employment 2012/13
North East	18,510	34,550	38,340	35,870	2.3
North West	47,280	78,660	89,310	84,180	2.6
Yorkshire and The Humber	36,530	55,800	64,200	59,900	
East Midlands	24,620	40,860	46,790	49,010	2.0
West Midlands	31,720	54,290	60,470	62,430	2.6
East of England	23,730	39,760	45,820	46,220	1.6
London	20,350	41,400	47,230	45,070	1.2
South East	39,120	58,340	66,850	68,960	1.6
South West	35,020	49,330	55,950	52,540	2.0
England Total	276,900	453,000	515,000	504,200	
Other	2,790	4,220	5,600	6,040	
Grand Total	279,700	457,200	520,600	510,200	

Source: BIS data store and ONS reference tables

Jon Thorn, Head of Business Development for London and the South East for the Skills Funding Agency and BIS explained that London struggles to create apprenticeships for a number of reasons:

⁴ Source: Skills Funding Agency and ONS Regional employment data

- it has a more service- based economy than the rest of the country and financial and business services are only now catching on to the idea of having apprenticeships;
- jobs in London tend to be at the higher end of the skills range than the rest of the country and until recently apprenticeships were not designed for that level of education; and
- The global nature of the London labour market has meant that it has been fairly easy for employers to go out and buy the skills they need rather than necessarily training their own.⁵

The role of the Mayor in supporting apprenticeships

Since 2010, the Mayor has supported a wide ranging Apprenticeship campaign. This has largely focused in boosting awareness among employers of the value of providing apprenticeship opportunities and subsidising SMEs taking on apprentices. Recently the Mayor has, in response to the fall in numbers of apprenticeships being started in London, sought to revitalise his approach. Specifically, up to £1m will be spent on a new business-to-business campaign to raise awareness within SMEs, there will be a further round of Mayoral letters seeking to engage with and disseminate information to new partners and intermediaries and a further round of subsidies to SMEs for taking on an apprentice.

We welcome a renewed approach from the LEP which focuses on further employer engagement and marketing activity. This is a good way to communicate the value of apprenticeships to employers. However, our analysis of apprenticeship provision suggests that there is a need for a more concerted effort to target specific sectors in order first to understand why firms in particular sectors are reluctant to take on apprentices, to understand what support they might need at the initial stage and then to take on repeat business to generate the volumes of apprenticeships needed to meet the Mayor’s target.

We have also heard concerns that the target driven approach adopted by the Mayor may be masking a concern expressed to us by stakeholders about the quality of the apprenticeships being offered. It is important that the Mayor looks to increase the number of good quality apprenticeships so that apprentices can be quickly matched to available jobs. Many employers would prefer apprenticeships that deliver a Level 3 qualification (rather than a level 2) reflecting the higher-skill requirements of the London economy. As Dr Tristan Hooley told us “at the moment there is a vast number of things which you can describe as apprenticeships... apprenticeships should be a high-quality route which

⁵ Economy Committee transcript, January 2014, page 14

has some parity of esteem with academic routes. [What you need to ensure is that] apprenticeships are training for a career. You do not train someone to stack shelves in an apprenticeship; you train someone to be a shopkeeper.” Ian Ashman, (Principal, Hackney Community College) supported this sentiment and noted that “[it is the] rigour of the training and the respect in which it is held [that] means that it has credibility as a qualification.”

The Mayor pays apprentices at the GLA the London Living Wage, which is significantly above the statutory minimum of £2.68 per hour for those apprentices aged under-19 or in their first year. In doing so he recognises that the higher the wage the better the calibre of candidates the business offering the apprenticeship will attract. While pay for apprentices is an issue for Government, the fact that the Mayor pays apprentices at the GLA the London Living Wage indicates that the Mayor agrees that £2.68 is perhaps not quite enough. We support the Mayor’s example and would urge London employers to look to move towards paying apprentices the London Living Wage.

Targeting the large firms and key sectors that drive the economy

The majority of London's working population is employed in large firms. Large firms have the Human Resource capability to support large volumes of apprenticeships. However, large firms can also often use unpaid internships as an active recruitment tool. Apprenticeships may not always fit comfortably with their recruitment pathways.

Our analysis of firms in London indicates that the largest number of apprenticeships are created in the business, administration and law sector; followed by health, public services and care. These two sector categories generate over half of all the apprenticeships created across the capital. These sectors also have a large proportion, more than 70 per cent, of their employees employed in large firms (ie over 250 people). Firms in these sectors employ nearly 2 apprenticeships per 100 employees (see table 2 below – which shows those sectors not shaded performing above the regional averages and those shaded falling behind). This level of provision is broadly in line with the English average reported by the NAO in 2012 but falls well below rates found in other countries such as Germany, Switzerland or Australia where rates are twice as high.⁶ It is unclear how the LEP is targeting London's large firms to boost apprenticeship starts in firms where some apprenticeships are already being offered. While apprenticeships are mandatory in many sectors in Germany and Switzerland, these international benchmarks indicate that more could be done with specific sectors to drive up the proportion of starts offered in the capital.

Surprisingly, sectors such as construction (where apprenticeships should be well established) and the ICT and leisure, travel and tourism sectors, where London has particular strengths, are among the worst performing sectors in terms of the proportion of apprenticeships created per 100 employees (see table below). Other English regions are generating more apprenticeships in these sectors; for example, provisional data for last year indicates that there were more than 500 extra apprenticeships created in both the South East Region and South West region in ICT firms than in London while in tourism-related enterprises both the South East and North West created an additional 400 to 500 apprenticeships more than in London. We also heard that most UK construction firms do not now directly employ much of their workforce, but instead mainly use

⁶ <http://www.nao.org.uk/wp-content/uploads/2012/02/10121787.pdf>

agency workers, and so have no incentive to invest in apprenticeships or any other forms of workforce development. This must have serious consequences for the long-term health of this sector. We will write to BIS to assess whether there is a need for further government action to ensure that workforce practices across the sector support a healthy future for UK construction.

Table 2: The number of apprenticeships across London’s businesses

Business sector	Apprentice -ships	Sector % of total created	Employees	Sector % of total workforce	Apprentice- ships per 100 employees
Business, Admin and Law	16,240	36.4%	885,100	21%	1.835
Health, Public Services and Care	11,120	25%	638,100	15.1%	1.743
Engineering Manufacturing Technologies	4,190	9.4%	288,300	6.8%	1.453
Retail and Commercial Enterprise	7,240	16.2%	582,700	13.8%	1.242
Construction, Planning and the Built Environment	980	2.2%	140,500	3.3%	0.698
Leisure, Travel, Tourism, Art, Media and publishing	2,290	5.1%	536,900	12.7%	0.427
Information and Communication Technology	1,210	2.7%	308,900	7.3%	0.392
Science and Mathematics, Education and Training	1,240	2.8%	842,300	20%	0.147
Total	44,510		4,222,800		1.054

Source: BIS database

One particular proposal that we have considered is the use of a Kitemark that firms would be able to use to demonstrate that they invest in their workforce by offering quality apprenticeship programmes. We heard for example that BT apprenticeships are highly thought of, and in themselves are seen as, a badge of quality and a signal of BT’s commitment to providing this form of career pathway. For Kevin McLoughlin, owner of a

decorating enterprise that has trained apprenticeships since the mid-1990s, this would be an important incentive for firms in the construction industry to encourage them to look to the local labour market rather than recruit from abroad.⁷ This idea was broadly supported by a round table of stakeholders including the CBI and TUC so long as it was meaningful and voluntary.

Recommendation 1

The LEP should set out an Apprenticeship Action Plan (AAP) that brings together all the Mayoral initiatives in one document.

Recommendation 2

The AAP needs to have measures tailored for different sectors and different sizes of businesses. To inform the AAP, the LEP should seek to establish why some sectors generate more apprenticeships per 100 employees than others (for example business against tourism and ICT) and whether there is a need for targeted initiatives for working with large firms to boost apprenticeship starts to levels typically seen in competitor countries. Retail and tourism are two areas where the LEP should assess why apprenticeship levels are below the London average. The LEP should also establish whether large firms' use of interns or graduate trainee programmes may be impeding their use of apprenticeships.

- The public sector has achieved some success by using its supply chain to drive up apprenticeship numbers. The LEP should determine whether procurement practices could be an effective tool for incentivising firms to take on apprentices and include appropriate measures in the AAP.
- A "Trained in London" branding for firms offering and committing to offer quality apprenticeships in the capital when they work with the Mayor to boost apprenticeship numbers is one possible approach that merits further testing. The LEP should discuss this and include a measure in the AAP to assess the potential benefits of developing this type of brand.

⁷ Economy Committee transcript, February 2014 page 31

Clarity over support for SMEs needed

Undoing the red tape...

The Government proposes three key changes to the way apprenticeships are provided:

- Simplification of the framework that establishes the standard for each occupation area of an apprenticeship. This process of design will be employer-led with the aim to set down the requirements for an apprenticeship to one side of A4. This will make it easier to explain to employers what an apprenticeship looks like and also to the potential apprentice what will be involved. This has been broadly welcomed by employers we have heard from.
- There will be a shift from continuous assessment to the expectation that two-thirds of the assessment process will happen at the end of the apprenticeship and that will culminate in independent assessment of the apprentice against agreed standards. Ministers are keen on grading the outcomes (pass, merit, distinction), but employers see less value in this distinction and the SMEs we spoke to were concerned at having to manage this performance risk.
- Employers will be given a monetary credit in order for them to go out and purchase the training element of apprenticeships that they need in the way they want it from a registered provider, although they will have to make a cash contribution in order to access that credit. How that payment will be made to the employers through HMRC and whether there will be an element of payment-by-results is still unclear.

The current proposal is that all apprenticeships will be governed under the new system in the 2017/18 academic year. The first stage of the Government's implementation plan is to establish a series of 'Trailblazer' organisations to develop new Apprenticeship standards and the high-level assessment approaches that sit alongside them. Leading employers and professional bodies in eight sectors have already signed up to lead Trailblazer projects and the Government has also published the first version of its "Guidance for Trailblazers".

Data and information from the Trailblazer will help Government learn how the changes are affecting the market place and also provide the

potential to help shape any further changes to the policy. We therefore welcome the decision to make Transport for London (TfL) a Trailblazer so that that learning can feed into GLA thinking about whether further intervention in the market is justified. In particular, firms must find the process for creating an apprenticeship as simple as possible so that they are not put off and feel keen to repeat the experience.

The evidence we have received indicates a number of risks associated with the changes to the apprenticeship system. While giving a greater role to employers is broadly welcomed, including by the Federation of Small Businesses and the CBI, there were various views on what level of engagement employers really wanted to have in determining, designing and managing apprenticeship schemes.

We also heard of concerns around the changing role of the training provider. SMEs who will in future have to go into the market place to purchase the training element of the apprenticeship are concerned about how to evaluate the providers, the additional work involved and whether they will get any support from providers as they do now. For training providers, a key concern is how they access the funding and in particular what the cash-flow implications are of getting the contributions from employers, especially SMEs. All of the experts we spoke to agreed that there was likely to be major disruption in the Further Education sector as providers more actively compete with each other for business and with some closures and job losses likely this could reduce the number of apprenticeships that can be created. We share the GLA's concern that "there is a risk that the proposed funding reforms due to begin in 2016/17 will result in businesses deferring from taking any action on apprenticeships now."⁸

There may also be merit in supporting the development of a SME peer learning hub where SME's can go to access support and to learn from others' experiences. Such a hub would according to Ella Sunyer from Forster Communications "break down the kind of barriers of myths and just being able to honestly ask another business how they found it rather than just trying to find information in a very formal way."

⁸ Investment and Performance Board paper – Apprenticeship update, para. 3.14, Sept 2014

Recommendation 3

The AAP needs to be based on a detailed assessment of the impact of government reforms. The LEP should therefore collate data from the London Trailblazers on how the first stage of the reform process is affecting the market, with findings used to inform the Apprenticeship Action Plan.

Recommendation 4

To inform the AAP the LEP should commission a survey of SMEs to identify any issues that have arisen following implementation of the government reforms which are preventing them taking on new or repeat apprenticeships. The LEP should assess the demand and perceived value of the Mayor supporting the establishment of a peer learning hub.

...and boosting the money

Aside from the direct apprenticeship places created by the GLA and TfL, the Mayor has used funding from the Growing Places Fund to boost the number of apprenticeship starts in the capital. He has used £1.5 million to double the Employer AGE (Apprenticeship Grant for Employers) offer from £1,500 to £3,000. Launched in June 2013, the uplift was aimed at SME employers in London to support them with the recruitment of an extra 1,000 apprentices before December 2013. The offer was oversubscribed and was withdrawn on 18 September 2013. This level of financial support has been welcomed by all our experts as the costs of establishing an apprenticeship in London are the highest in the UK and the highest cost of delivery is in a small business.

In the 2014/15 GLA budget round the Assembly voted in favour of freezing rather than cutting the Council Tax precept and using the monies saved to be directed into doubling the apprenticeship grant to create an additional 80,000 apprenticeships. We therefore warmly welcome the commitment from Government to use resource from underspends from the 2007-13 European Social Fund allocation for London to resume the uplift of the SME AGE Grant Incentive to £3,000. However, there is as yet no detail of what conditions might be applied for accessing the grant or as to the total size of the funding stream available.

Recommendation 5

The AAP should set out the total amount of GLA and Government funding available to resume the uplift of the AGE and the timescale over which it is available. The Plan should also set out what conditions will apply to accessing the grant and whether businesses that have already accessed it once will be allowed to access it again.

Support for young people into work and study

Careers advice

The Committee is concerned about the inconsistent quality of signposting by schools for apprenticeships since the removal of the former independent careers advice service (Connexions). Ian Ashman, Principal of Hackney Community College and Co-Chair Association of Colleges London, noted that a recent National Association of Colleges survey found that “only 25% of teachers felt qualified to discuss apprenticeships with their students...”⁹. There is clearly more support that can be given to teachers and schools to help their young people make a successful transition to work.

Dr Tristan Hooley (University of Derby) concurred with those results noting that “if you go into schools and you talk to teachers, teachers typically have come through an academic route, and teachers typically understand the academic route and they do not typically understand apprenticeships.” Without that level of input and support “young people are generally not aware of what apprenticeships are...they do not necessarily have a detailed understanding of the range of options that are available to them.”

Dr Hooley’s concerns about the impact of Government reforms are therefore less around the funding and relations with employers and more that “the pieces of the education system that supported career thinking have been taken out. The Government removed funding from Connexions, it transferred responsibility from local authorities to schools for this area, it removed the duty of the careers education and pre-16 work-related learning, and it has also issued very weak statutory guidance around what schools’ new remit is in this area”.¹⁰

We therefore welcome the comment from Jack Morris (Co-Chair LEP Skills and Employment working group) that “the whole point about careers [advice] across London is absolutely vital. It is certainly something that we are exercising our minds on through the LEP”¹¹. In discussions with the Committee, there were intimations that a more developed piece of work would emerge this autumn. The GLA is going to fund an Apprenticeship

⁹ Economy Committee transcript January 2014, page 21

¹⁰ Ibid, page 8

¹¹ Ibid, page 8

Information Ambassadors Network to promote and raise awareness of apprenticeships in London's schools but we now want to see the LEP bring forward an assessment of what role the Mayor should play in helping to support the delivery of a pan-London careers offer. This service should provide high quality, independent careers advice which gives parity of esteem to vocational training as well as academic training.

Through his work in the education sector the Mayor has supported a pilot careers guidance scheme for young people. In 2010, the GLA awarded funding to Nightingale and Aylward academies to deliver a high quality careers guidance and community learning offer. The Mayor and GLA had two objectives for investing in this programme: to improve education and career outcomes for students attending the academies and members of the local community; and to develop models of best practice that can be shared with London schools and policy-makers. The Bexleyheath and Kingsley academies were awarded funding to deliver the same offer in 2012 and 2013 respectively.

A careers guidance offer has been embedded within the curriculum of each academy from Key Stage 3 to Key Stage 5. The programme's aim is to expose students to all post-16 pathways, including apprenticeships, to ensure students understand the link between their academic studies and a successful future after they leave statutory education. It is this aspect of the offer that we are keen to see developed further.

GLA funding also enables the academies to establish new partnerships with parents, colleges and universities, employers and the wider community to improve the outcomes of their students and increase adult skills. This approach aims to reduce the numbers of students in KS4 and KS5 that end up not in education, employment or training. The Chair of the London Assembly's Education Panel has visited Bexleyheath Academy and has commented favourably on the enrichment work being supported by GLA funds in a recent London Assembly report *London Learners, London Lives*. The GLA has commissioned an evaluation report and we would want that work to input into LEP thinking.

Apprenticeships at the top Universities

One final piece of the puzzle that is missing is evidence of a strong commitment from the Higher Education sector, and particularly the Russell Group universities, to provide Higher Apprenticeships which can lead to a Bachelor or even a Master's degree. Linking the aspiration of a "good university place" with vocational training will bring together schools' desires to be seen to be providing high quality career pathways

for their students with practical job focused training. This is particularly important for London where all the research shows that half the jobs are going to require Level-4 skills and above. According to Jon Thorn, the national figures for last year were just short of 10,000 higher-level apprentices but only 600 London residents actually started one – a depressingly low figure.

Recommendation 6

The AAP should set out initial proposals for an enhance role for the Mayor in supporting the development of a pan-London careers advice service for young people. There should be a clear timetable and enough detail to provide enough material for an effective consultation.

Recommendation 7

The AAP should also set out more developing proposals for engaging with the Higher Education sector, especially the Russell Group, to ensure that more Higher-level apprenticeships are offered in London universities.

Appendix 1 Recommendations

Recommendation 1

The LEP should set out an Apprenticeship Action Plan (AAP) that brings together all the Mayoral initiatives in one document.

Recommendation 2

The AAP needs to have measures tailored for different sectors and different sizes of businesses. To inform the AAP, the LEP should seek to establish why some sectors generate more apprenticeships per 100 employees than others (for example business against tourism and ICT) and whether there is a need for targeted initiatives for working with large firms to boost apprenticeship starts to levels typically seen in competitor countries. Retail and tourism are two areas where the LEP should assess why apprenticeship levels are below the London average. The LEP should also establish whether large firms' use of interns or graduate trainee programmes may be impeding their use of apprenticeships.

Recommendation 3

The AAP needs to be based on a detailed assessment of the impact of government reforms. The LEP should therefore collate data from the London Trailblazers on how the first stage of the reform process is affecting the market, with findings used to inform the Apprenticeship Action Plan.

Recommendation 4

To inform the AAP the LEP should commission a survey of SMEs to identify any issues that have arisen following implementation of the government reforms which are preventing them taking on new or repeat apprenticeships. The LEP should assess the demand and perceived value of the Mayor supporting the establishment of a peer learning hub.

Recommendation 5

The AAP should set out the total amount of GLA and Government funding available to resume the uplift of the AGE and the timescale over which it is available. The Plan should also set out what conditions will apply to accessing the grant and whether businesses that have already accessed it once will be allowed to access it again.

Recommendation 6

The AAP should set out initial proposals for an enhanced role for the Mayor in supporting the development of a pan-London careers advice service for young people. There should be a clear timetable and enough detail to provide enough material for an effective consultation.

Recommendation 7

The AAP should also set out more developing proposals for engaging with the Higher Education sector, especially the Russell Group, to ensure that more Higher-level apprenticeships are offered in London universities.

Appendix 2 The Government's Apprenticeship reform programme

Apprenticeships are currently governed and delivered through a complex national, regional and local framework. The BIS and the Department for Education set broad standards for apprenticeship schemes through the Specification for the Apprenticeships Standards for England (SASE). Once these standards have been set, there are three further key roles:

- **Proposer** - An organisation who has an idea for an Apprenticeship framework but who does not necessarily want to develop one, who is then encouraged to work with the relevant Sector Skills Council (SSC) to develop an appropriate framework
- **Framework Developer** - The organisation who will develop the framework for submission to the Issuing Authority
- **Issuing Authority** - Organisations appointed by the Secretary of State in England to issue Apprenticeship frameworks for a particular sector. The Issuing Authority is responsible for ensuring that only those Apprenticeship frameworks which comply with the SASE are issued as recognised English Apprenticeship frameworks. There is only one Issuing Authority for each sector and they will support framework developers, if they wish to make sure that their frameworks comply with SASE requirements.

The **National Apprenticeship Service (NAS)** supports, funds and co-ordinates the delivery of Apprenticeships throughout England. It is responsible for increasing the number of Apprenticeship opportunities and providing a dedicated, responsive service for both employers and learners. This includes simplifying the process of recruiting an apprentice through Apprenticeship Vacancies, an online system where employers can advertise their openings and potential apprentices can apply. NAS is run through the Skills Funding Agency, which has authority over the wider Further Education and skills remit.

In 2012, the Government established the Richards Review into apprenticeships. Led by businessman Doug Richards, it aimed to set out a long-term vision for apprenticeships which would emphasise a greater role for business as well as make apprenticeships more responsive to a changing business environment. As a result of the review:

- In future, Apprenticeships will be based on standards designed by employers to meet their needs, the needs of their sector and the economy more widely.
- The new employer-led Apprenticeships will need to meet the skills requirements of small businesses and be simple for them to access. This means that such companies will need to be involved in the development of the new standards
- The government will set a small number of criteria that all new Apprenticeship standards will need to meet. It claims that this combination of roles for employers and the government will ensure both the relevance and rigour of Apprenticeships.
- Apprentices will be examined at the end of their apprenticeship programme and will be graded on pass, fail or merit.

In addition to these changes, the Government is also proposing a radical shake-up of how apprenticeships are funded. Under the reformed system, the employer and provider would negotiate the content and price of eligible Apprenticeship training. The Government would fund a proportion of this, up to a maximum amount per learner. Depending on the characteristics of the employer and the apprentice, the government may also provide additional payments, where it would be appropriate to make a higher contribution. Some government funding would be withheld until the learner completes their apprenticeship and achieves the industry standard. These changes mark a significant departure from the current system, where the public contribution towards the cost of training is set by the Skills Funding Agency by a funding formula. The government makes a higher contribution for Apprentices aged 16-18, compared to those aged 19 and over. For Apprentices aged 19 and over, there is an expectation that the employer makes a financial contribution to the training provider towards the cost of training, but this rarely happens.

The Government has proposed three potential ways of delivering funding in future, including:

- A new online system for apprenticeships with payments to employers made directly from the system;
- Reforming the existing provider funding infrastructure; and

- Utilising the PAYE system.

The Committee heard from Ian Ashman, Association of Colleges London, about the potential effect of these funding reforms on the Further Education and training provider section. His main concern was that the changed funding relationship will mean that smaller providers may go out of business and have a detrimental effect on the number of apprenticeships that can be started in London.

How we conducted this review

The Committee's inquiry was launched earlier this year when the Chair worked alongside apprentices from Brigade Restaurant to learn first-hand how apprentices bring value to London's workforce and economy.

Two Committee meetings were held with expert stakeholders:

The first meeting heard from:

- Jack Morris OBE, Co-Chair LEP Skills and Employment working group (and Chairman of the Business Design Centre Group);
- Fiona Fletcher-Smith, Executive Director - Development, Enterprise and Environment, GLA;
- Jon Thorn, Head of Business Development for London and the South East for the Skills Funding Agency;
- Ian Ashman, Principal of Hackney Community College and Co-Chair, Association of Colleges London; and
- Dr Tristram Hooley, Reader in Career Development, University of Derby

The second meeting heard from:

- Matthew Jaffa, Senior Development Officer, Federation of Small Businesses;
- Kevin McLoughlin, owner, K&M McLoughlin Decorating;
- Victor Farlie, Executive Chair, London Work Based Learning Alliance;
- Ella Sunyer and Kate Parker, Forster Communications; and
- Graham Randle, Apprenticeship Development Officer, Trades Union Congress.

The Committee also spoke to a number of apprentices including:

- Austin Clayton, catering apprentice, Beyond Food Foundation;
- Charles Duckworth, higher apprentice, PwC;
- Musa Jallow, construction operative apprentice, London Legacy Development Corporation; and
- Kofi Adu-Boahen, digital media apprentice, Hackney Community College.

The transcript of these meetings is available on the London Assembly website.

A wide range of relevant survey and policy documentation was reviewed.

A further roundtable to discuss conclusions and possible recommendations was held with the following experts:

- Rob Wall, CBI's head of employment and skills;
- Fred Grindrod, Apprenticeships Policy and Campaigns Officer, TUC
- Crawford Knott, Commercial Director, Hawk Training Provider
- Victor Farlie, Executive Chair of the London Work Based Learning Alliance (apprenticeship training provider); and
- Cathy Walsh, Principal, Barking and Dagenham College

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