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Committee

Apprenticeships

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Additional written evidence

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Business, Innovation and Skills Committee

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Written evidence

Written evidence submitted by 157 Group

The 157 Group is pleased to respond to the invitation to provide evidence to the select committee inquiry into apprenticeships. We set out below our responses to the specific questions asked by the committee but would make some more general points first.

1. The increased priority being given to apprenticeships at the current time is welcome and colleges in the 157 group are playing a key role in sponsoring and supporting the growth of provision. At the same time however we would caution against having unrealistic expectations as to what the apprenticeship programme can deliver, and warn that an excessive focus on apprenticeships risks neglecting other aspects of vocational education. We see apprenticeships as a very valuable programme for progressing young people into skilled employment. They are however not likely to be appropriate (or even available) to all young people who are not following the A level route, many of whom will be better served by pre-apprenticeship programmes in a college. They are not the answer to the pressing issue of youth unemployment as they do not in themselves create jobs. They are also not necessarily the most appropriate mechanism for up-skilling adults in the workforce.

2. Although there are many high quality apprenticeships delivered by well established training providers there are also areas where clear improvements are needed.

- Growth in the number of 16–18 Apprenticeships is particularly welcomed, especially in the current climate. We would emphasise that provision for this age group however cannot effectively be delivered in fewer than 12 months and if apprenticeships are to contribute to the participation targets under the RPA they will need to be of a longer duration.
- We would like to see a stronger focus on the 19–24 year olds who are struggling to find employment or training opportunities. In particular there needs to be an emphasis on longer programmes and achievement at level 3. Consideration should be given to restricting apprenticeships to under 25s so that providers prioritise this age group.
- We need to see more evidence of recruiting apprentices to “real jobs”; our colleges have evidence of some employers using Apprentices for seasonal work for example. Quality issues have been raised particularly around fast-tracking and there are examples of those whose Apprenticeship is with a newly formed company with no prospect of being employed when they complete.
- There is a need to focus greater emphasis on SMEs and not just on large employers in attracting engagement with Apprenticeships and we need to see better marketing campaigns to boost profile.
- There need to be more options for Higher Apprenticeships and clearer pathways into HE for those who have been successful at level 3.

3. There may be grounds for reform of the funding arrangements for apprenticeships but this needs to be approached with caution. There is evidence that too great a reliance on financial incentives is one cause of some of the poor practice that currently exists as some providers seek to maximise their income rather than the quality of learning. There is also evidence of substantial deadweight, as indeed there has been in other employer focussed programmes such as Train to Gain We would suggest that:

- If there are to be extra payments to employers in this current difficult economic climate it should be made through a rebate on tax or National Insurance rather than a cash payment.
- There needs to be more clarity on what does and does not count as a 50% contribution/charge for 19 to 24 year old Apprenticeships as this is being interpreted differently by different providers.
- If loans are to be the only means of public support for level 3 apprenticeships for over 25s the loan should be to the employer, not the individual.

We have responded to your specific questions below.

1. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

The notion of the National Apprenticeship Service seemed to be a good one and initially they were very proactive, helping to increase Apprenticeship numbers and profile, but in reality it has not delivered all that was previously promised.

Providers expected more business generation but this has not been forthcoming and NAS has served predominantly as an administration tool. The general consensus is that the gap between the funding agencies has not lessened because of NAS.

There does seem to be a further layer of bureaucracy regarding the vacancy matching service. Now that NAS funding has been reduced we do not feel that they are as proactive—focusing on larger employers and with very little advertising to keep Apprenticeships in the media. Overall we are not convinced that they have bridged the gap between BIS and the DfE.

The NAS website appears out of date, their learner services which did have some value have now been abandoned and our colleges often find that their employer services cause more confusion with the employers than they provide benefits and cost time in terms of resolving problems created by their intervention.

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Extra funding is definitely necessary if the provision of apprenticeships is to grow but how it is spent needs further consideration. Incentives to encourage employers to take on apprentices may have a part to play but care needs to be taken to ensure employers do not use and abuse the opportunity. We do not want to go back to the days where employers only retained Apprentices while they were receiving training allowances.

Money would be well spent increasing the opportunities for colleges to deliver pre-apprenticeship programmes that help to ensure that young people are ready for employment when the opportunity arises. In the short term increasing the numbers staying on in such programmes directly reduces the level of youth unemployment.

Moves to increase the “employer ownership of skills” are important. It is likely that employers will place greater value on those programmes that they pay for and help shape. To that end we see a need for further marketing activities predominantly aimed at employers to ensure that they see the worth of Apprenticeships from a quality point of view.

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

If delivered correctly Apprenticeships are of very good quality. The introduction of SASE is welcomed and will help ensure that all providers are delivering qualifications within the framework that add value. The fact that a majority of apprenticeships, even for the 16–19 age group have been delivered in under 12 months has damaged the apprenticeship brand and it is good that action is at last being taken to rectify the position.

However there needs to be more focus on level 3 particularly for those in the 19–24 age group. The rapid expansion of level 2 apprenticeships for over 25s has distracted some providers from the harder task of growing level 3 provision.

Appropriate auditing needs to take place to ensure that SASE specifications are adhered to. There are no guidelines currently as to who will carry that role out, and this could once again jeopardise the Apprenticeship reputation.

4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

We are not convinced that bonuses are the most effective means of improving the apprenticeship programme. Some small and medium enterprises may be encouraged to employ an Apprentice if they receive a bonus/grant. Early indications suggest that a large part of the grant will be paid to employers after the Apprentices finish their qualifications and we support this as it emphasises sustainable employment. This may deter some, as they may not be able to commit to employing a young person on a long-term basis.

Business benefits however rather than bonuses should be the main reason for small businesses to invest in a young person. The most important aspect in encouraging businesses to take on Apprentices is to demonstrate the impact in terms of provision of skills for the business and enabling the business to thrive.

If there is to be payment of any form of bonus in this current difficult economic climate it should be made through a rebate on tax or National Insurance rather than a cash payment. This would need to be heavily promoted, but the actual cost of implementation would be less.

5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

A charge of 50% to an employer for a 19–24 year old apprentice is consistent with arrangements for the co-funding of other programmes. There needs however to be more consistency in terms of collecting the 50% contribution/charge as this is being interpreted differently by every provider. Our member colleges constantly complain that their attempts to collect employer contributions are undermined by other providers. The 157 Group is supportive of the employer ownership agenda believing that employers value most that provision for which they have to pay and which they can help shape.

Public funding should be used, in line with the Wolf Report, to support those activities that are relevant to the wider development of the young person rather than the specific business of the employer. Opportunities for further development in English and mathematics, and to acquire underpinning knowledge and understanding through technical certificates should be supported from the public purse up to the age of 24.

The current proposals are that individuals over the age of 24 wishing to undertake an apprenticeship at level 3 or above should take out a loan. We feel that this is likely to have a negative impact on the numbers coming forward and if loans are to be implemented the loan should be made to the employer.

2 February 2012

Written evidence submitted by A4e Ltd

1. INTRODUCTION

1.1 This response is submitted on behalf of A4e to the Business, Innovation and Skills Select Committee inquiry into Apprenticeships.

1.2 A4e is recognised as a market leader in the design, management and provision of front-line public services. Established over 20 years ago, A4e was set up with the aim of lifting people out of poverty in Sheffield, originally through helping ex-steel workers re-train and find jobs in other industries. We are now a global business, still motivated by a social purpose of improving people's lives.

1.3 Our experience of helping individuals enter sustainable employment has provided us with vital insight into the crucial role that vocational experience and apprenticeships can play in the path onto the development of skills and employment. To that end, the Business, Innovation and Skills committee's interest and inquiry into Apprenticeships is a welcome one.

1.4 We partner with the public, private and voluntary sectors to develop innovative and efficient solutions to the most complex social problems; from entrenched, inter-generational worklessness to poor health in deprived communities. This work brings us into contact with people across the UK who we help to navigate public services, and ensure that they get the support and help they need to help themselves. We therefore have a unique perspective on the ways in which services are delivered.

1.5 A4e helps over 400,000 customers every year and delivers employment and skills services to over 100,000. A4e was a major Train to Gain deliverer and has built a growing apprenticeship training service since 2005. At present, we are working with 1,674 apprentices, delivering training in subjects including Health and Social Care, Hospitality and Catering, and ICT.

1.6 In addition, the business delivers a range of skills programmes to some of society's most disadvantaged individuals on behalf of Local Authorities, focusing on young people not in education, employment or training (NEET). As part of our services, we work closely with over 20,000 employers to recognise needs, design services and deliver skills training.

2. EXECUTIVE SUMMARY

2.1 In our experience, apprenticeships often do not meet their purpose as they can be used as means of converting existing roles and employees into apprentice positions.

2.2 The National Apprenticeship Service must play a marketing and coordination role oriented towards placing apprenticeships on par with other academic routes into work. In this respect, a mediating representative to link small businesses, apprentices and the government should be engaged.

2.3 The apprenticeship system must meet the demands of both employers and users under dynamic economic circumstances for both. In line with this, new high growth sectors should become a greater focus for more apprenticeships. In addition, for young people struggling to reach the position of an apprentice, there must be a bridging programme created to allow effective routes onto apprenticeships. Equally, additional funding should be directed towards apprenticeships for 25+ year olds seeking apprenticeships as useful routes into employment.

2.4 The current funding arrangement for apprenticeships for those aged 19–24 does not recognise that prior qualification attainment, as well as age, will affect the cost of delivering apprenticeship training. We believe that funding arrangements should recognise this through a system based on a combined measure of age and prior attainment. This would make it easier for employers to increase the number of apprentices for this age group including for those with little prior attainment. "Creaming and parking"—selective uptake of qualified apprentices in each age cohort at the neglect of less qualified ones—would be reduced in this nuanced system.

3. HOW SUCCESSFUL HAS THE NATIONAL APPRENTICESHIP SERVICE BEEN SINCE IT WAS CREATED IN APRIL 2009? HAS IT HELPED BRIDGE THE GAP BETWEEN THE TWO FUNDING DEPARTMENTS? (BIS AND DEPARTMENT FOR EDUCATION)?

3.1 *Confusion in initial implementation*

The National Apprenticeship Service (NAS) initially created confusion in the implementation of apprenticeships. Guidance emerging from the NAS was often in conflict with that from the Skills Funding Agency and the Learning and Skills Council. Whilst this confusion has been partly overcome—the website is targeted and the NAS has cemented a helpfully distinct identity—there are still instances of the NAS and SFA providing conflicting information to employers and providers.

3.2 *Overarching purpose not being met*

Even where implementation is on track, though, apprenticeships are not always meeting their purpose. They can best add value by inducting new entrants—school leavers, for example—into the world of work, either generally or specifically in an industry. Too many current apprenticeships fall short of this. Instead, they constitute the mere conversion of existing employees into apprentices. In 2007, nearly half of all apprentices were existing employees.¹ Unlike in the German setting, apprenticeships have not yet come to occupy a position of perceived equity with higher education institutions as progression routes into professional success.

3.3 *Marketing role for NAS*

Vital to the successful delivery of apprenticeships is the need to convince employers and prospective apprentices of the benefits of apprenticeships. Currently, 95% of employers do not have an apprentice—this can and must change.² This is what the NAS should focus most on—a marketing and coordination role oriented towards placing apprenticeships on par with other academic routes into work.

3.4 *Key recommendations: Focus on coordination, long-termism and marketing*

- The NAS and the SFA need stronger coordination to ensure a consistent front in interactions with providers, employers and apprentices.
- The long-term vision of apprenticeships as useful routes into the world of work for new entrants needs to be renewed—conversion of existing employees into apprentices detracts from that vision.
- To achieve that vision, the NAS must focus on a vigorous marketing drive, to convince employers of the value of new entrants, not merely existing employees, as apprentices.

4. IS THE EXTRA FUNDING PROMISED BY THE COALITION GOVERNMENT NECESSARY FOR APPRENTICESHIPS? HOW CAN THIS FUNDING BEST BE SPENT?

4.1 *Economic case*

The pressing need of the moment is for the UK to stand up in an increasingly competitive world labour market. Without a working apprenticeship scheme that provides thorough professional training for employees, we risk the prospect of lagging behind internationally.

Conversely, investment in apprenticeships now can prepare a generation of well-trained work-ready individuals: the precise push needed for lower unemployment, higher output and increasing economic growth. The economic case for the Coalition Government's extra apprenticeships funding is clear and current.

4.2 *Focus on growth employers*

To make additional apprenticeships funding go furthest, it must be administered through a demand-led system, responsive to the needs of employers in varied regional and rapidly changing economic circumstances.

In particular, funding should be focussed on currently expanding and high employment-growth industries, as well as on firms with high replacement demand. In this respect, the government's announcement on the creation of City Apprenticeship Hubs—centres to help small, growing businesses with the administration of hiring an apprentice—is valuable. It identifies the potential for growing businesses to take on apprentices. That focus needs to be extended nationally in the apprenticeships scheme.

Funding allocation also needs to help develop next-generation skills in future growth industries. Working closely with employers and universities, there is a clear need to develop knowledge transfer partnerships and develop skills in order to boost competitiveness in areas such as digital, media and green technologies. This could partly be achieved by introducing freedom for employers and providers to develop new optional units within the training programme.

4.3 *Meeting user need*

Where apprenticeships are created needs to be demand-led. At the same time, how they are designed needs to fit the requirements of prospective apprentices. In looking to grow apprenticeships in new, expanding sectors—childcare, for example—funding needs to be aimed at ensuring high standards of apprenticeship.

At the same time, our frontline staff regularly report that many young people find it hard to get onto an apprenticeship. Further funding needs to be directed towards a wider range of pre-employment pathway programmes which offer a clear path onto apprenticeships.

There is also a real danger of overlooking individuals over the age of 25, for whom apprenticeships can be a vital route into professional work. We work with many adults who could benefit significantly from a Level 2 apprenticeship, but may be dissuaded by funding cuts for their age cohort. Extra funding aimed at this group could be seen as a positive and firm move to help ease unemployment.

¹ NAO report *Adult Apprenticeships* (2012), p 6.

² NAO Report *Adult Apprenticeships* (2012), p 4.

4.4 Adequate representation

A truly employer-led system will depend on appropriate communication between a broad spectrum of employers and training providers. The current system risks giving undue prominence to large organisations which have a greater ability to build traction with Sector Skills Councils. We believe that the system needs to take more account of where future employment growth lies—for example, SMEs and high employment growth sectors such as the business service sector, which are currently underrepresented in the system. Similarly, providers of apprenticeship services have strong relationships with a variety of employers and learners. This gives them a view which can be broader and longer-term than that of employers who will be more focused on the current skill needs of their individual business. We therefore believe that, to be effectively demand-led, the apprenticeship system needs to engage a wider range of employers, particularly SMEs, and providers.

4.5 Demand-supply mismatch: NAS marketing role

Extra resources need to be deployed in bridging the mismatch between employer perceptions of apprentice standards and actual skill levels of learners seeking employer-based programmes. This aspect is where the NAS can and must concentrate its efforts. Providers can often engage and work well with employers on their own account. The NAS must play a strong coordinating role, bringing together national standards in and marketing of the national apprenticeships system. Key to this is the need for persuasive engagement of schools, employers and prospective apprentices to bridge any mismatch between perceptions and reality.

4.6 Key recommendations—funding for growth firms, demand-led training and adequate representation

- Funding should be focussed on high employment-growth industries and on firms with high replacement demand.
- Employers and providers, particularly in future growth industries, should have greater freedom to develop new optional units within the training programme.
- In bringing apprenticeships into new, expanding areas, funding needs to be aimed at ensuring high standards of apprenticeships.
- For many young people, a wider range of pre-employment pathway programmes are needed as clear paths onto apprenticeships.
- Both SMEs and training providers should gain adequate representation in consultations around apprenticeship creation and design.

5. ARE APPRENTICESHIPS OF A HIGH ENOUGH QUALITY TO BENEFIT APPRENTICES AND THEIR EMPLOYERS? SHOULD THERE BE MORE LEVEL 3 APPRENTICESHIPS?

5.1 Focus on personalised provision

Ensuring quality of apprenticeships is about personalised provision—ensuring that the quality appropriate for apprentices and needed by employers is provided. This has repercussions for apprenticeships at both the higher levels and the lower qualification levels.

5.2 High vocational quality in new sectors

In many cases, there are a sufficient number of high quality apprenticeships, but the full benefits of these apprenticeships are not captured. This is because the current Specification of Apprenticeship Standards for England (SASE) framework places, in some instances, excessive weight on testing. By detracting from the authentically vocational spirit of apprenticeships, this can make apprenticeships unattractive to prospective apprentices and employers alike. Sector Skills Councils and the Skills Funding Agency should focus on improving the quality of apprenticeships. The range of skills-testing included in apprenticeship frameworks should be focused on skills most valued by employers, not on a range of other functional skills and theory tests less relevant to the reality of work.

Sharing experience across sectors can provide useful insights into the expansion of apprenticeships into new industries. The engineering industry, for example, has successfully met a high standard of achievement and training through apprenticeships. At the same time, the industry has embedded apprenticeships as a recognised route into higher qualifications and professional training in the industry. These high standards and recognition of apprenticeships must be carried over into high-demand sectors such as childcare and adult social care.

In order to be on equal footing with university routes into work, apprenticeships must offer routes into high level service industries. There is reason to believe there is not employer appetite for this in an industry such as accountancy. KPMG, for example, recently announced in an IPPR report on apprenticeships that it is “looking at the possibility of developing a school-leaver, non-degree apprenticeship programme... initiative across the accountancy profession”.³ More opportunities such as these must be encouraged and pursued through concerted effort by the NAS.

³ IPPR *Rethinking Apprenticeships* (2011), p 69.

5.3 *Pathway to apprenticeship of appropriate quality*

While apprenticeship quality must match employer need, it must also be suitable for prospective apprentices. For many young people in particular, this is not currently the case. They require an appropriate progression pathway onto apprenticeships. For a young person lacking in employable skills and facing broader problems—many young NEETs face housing problems, for example—it is simply not possible to complete existing vocational Access to Apprenticeship programmes. A large number of young individuals would benefit from a focus on more basic, employment-oriented preparation.

Any pathway programme must learn from past experiences. Evaluations of the Learner Agreement Pilots noted consistently their success in providing a routeway onto apprenticeships for young people. This success came, according to an official evaluation, by “breaking down the Apprenticeship offer into smaller accessible parts... (making) the learning more attractive and “do-able” to young people, who very often lacked confidence in their abilities”.⁴ A bridging programme that drives young people to the level of “apprenticeship readiness” would serve the pressing need of prospective young apprentices.

5.4 *Key recommendations—vocational testing, high level industry apprenticeships and bridging routeway onto apprenticeships*

- Skills testing in apprenticeship frameworks needs strong focus on skills in demand from employers, embedding the vocational spirit of apprenticeships in testing.
- To boost the standing of apprenticeships, the NAS should work with high level service industries to create established apprenticeship pathways into professional roles in fields like accountancy.
- An accessible programme needs to bridge the gap between existing skills of young people and the requirements of a full-fledged workplace apprenticeship.

6. APPRENTICESHIP BONUSES—HOW SHOULD THEY FUNCTION? WILL THEY ENCOURAGE THE INVOLVEMENT OF MORE SMALL AND MEDIUM SIZED BUSINESSES TO TAKE ON APPRENTICES? IF NOT WHAT WILL?

6.1 *Wage subsidies provide perverse incentives*

Offering a bonus to small and medium sized businesses presents the risk of creating perverse incentives—it becomes possible that businesses will take on apprentices, extract the bonus and then “churn out” the apprentice without investment in sufficient training. Beyond this perversity, wage subsidies are also highly expensive compared to alternative labour market interventions. The bonus scheme might well encourage businesses to take on apprentices, but it is not a cost-effective way of creating lasting, useful apprenticeships.

The new bonus scheme attempts to overcome incentives for “churn out” by paying the bonus in two instalments, the latter after the apprentice has “progressed into sustainable employment”. While this seems appropriate given the perverse incentive of upfront bonus payments, the bonus scheme effectively becomes a Work Programme alternative. Under the comprehensive Work Programme, expert training providers deliver personalised training to individuals and get paid partly on each individual’s movement into sustained employment. That scheme attempts to achieve precisely the end of personalised training and progression into sustainable employment that the bonus scheme intends to achieve—the two must mutually reinforce each other, rather than provide inefficient duplication.

6.2 *Apprenticeships need to be focused on creating new employment-ready workers, rather than the accreditation of existing skills*

A bonus scheme is likely to not be sufficient in wholly turning the focus of apprenticeships towards the induction of new individuals into the world of vocational training.

At present, the apprenticeship scheme risks repeating the flaws of the Train to Gain programme. One of the main criticisms of the Train to Gain programme was that resources ended up being focused on the accreditation of existing skills rather than delivering a meaningful increases in the skills of the workforce. To ensure that the Government’s focus on apprenticeships does not lead to deadweight spending, it is important that small and medium sized businesses, who have the most potential to create genuine new employment opportunities, are fully engaged in the development of the system. Employers need to be supported to identify their needs, as well as to convey the benefits and lower the administrative costs for them of hiring an apprentice.

A key way to achieve this would be by encouraging the role of a broker—a vital link between SMEs, the government and users. Training providers, Chambers of Commerce and the Federation of Small Businesses could be ideally placed to deliver in this vital role. Building on the Apprenticeship Training Agency (ATA) and Group Training Association (GTA) pilots, a solution oriented towards stronger mediation between employers and learners would be useful.

⁴ *Learning Agreement Pilots—Evaluation of the 2008–09 extension* (2010), CEI and IES.

6.3 Key recommendations—avoid duplication of work programme in bonus scheme and strong broker between users and employers

- The apprenticeship bonus scheme and the government’s flagship Work Programme are similar in intention and so must mutually reinforce each other.
- The Federation of Small Businesses or an organisation similar to the Apprenticeship Training Agency (ATA) should be engaged as brokers between employers, government and learners.

7. IS THE CURRENT FUNDING ARRANGEMENT FOR TRAINING OF APPRENTICES OF 100% FOR 16–18 YEAR OLDS AND 50% FOR 19–24 YEAR OLDS APPROPRIATE?

7.1 Prior attainment, not just age, measure of cost of apprenticeship

The cost of delivering an apprenticeship depends not merely on age, but equally on an individual’s level of prior attainment. The funding arrangement currently in place does not adequately recognise this. An arrangement where funding is based on a combined measure of age and prior attainment would reflect true costs of delivery and training.

A major part of the justification for 100% funding for 16–18 year olds and not for older individuals lies in the existing statutory entitlement to education funding for the former age cohort. This alone cannot be a reason to deny part-funding for 19–24 year olds, many of them leaving statutory education without adequate qualifications. In numerous cases, an increase in apprenticeships funding would bridge the gap in skills that would allow them to take up sustained, productive employment.

The call for extra funding for the older age cohort is loud. In an A4e-run Big Conversation Survey with 612 users, we asked our customers for a single government move that would address their main concern. The largest number of people asked for the government to provide more apprenticeships and, crucially, felt that this training should be free.

7.2 Employer disincentive

Requiring employers to provide 50% of the costs of training in the current difficult business climate provides a disincentive for employers to take on apprentices. Given a choice between a highly qualified graduate and a lower qualified prospective apprentice, there is little incentive for employers to engage apprentices.

Alternative funding arrangements for this part of the funding arrangement need to be reviewed—it might be possible, for example, to extend government proposals for further education loans for apprentices aged over 24 at levels 3 and above to cover more than half of the costs of training. Another potential solution might be the creation of clusters of employers under an Apprenticeship Training Agency (ATA)-type arrangement, pooling to contribute into a set of apprentices in each sector.

7.3 Key recommendations—nuanced funding criteria and alternative funding arrangements for 19+ year olds

- Level of prior attainment, and not age alone, should form part of the criteria for setting funding for an apprentice.
- Individual employer contributions should be reduced—HE-type loans or sector-based employer clusters are two potential alternative sources of funding.

10 February 2012

Written evidence submitted by AAT

1. INTRODUCTION/EXECUTIVE SUMMARY

1.1 AAT is pleased to submit evidence to the inquiry into apprenticeships.

1.2 AAT is a professional body for accounting staff in the UK with 124,000 members. We are a recognised awarding body offering accounting qualifications at levels 2, 3 and a newly launched access qualification at Level 1. AAT has a strong record in developing apprenticeships as a route to professional qualification with over 3,500 apprentice starts in accounting in the first quarter of 2011–12 alone. 60% of these are at level 3 and above.

1.3 Our evidence focuses on one element of the committee’s inquiry, around the issue of quality and progression. In summary the key issues that we would urge the committee to consider are:

- Accelerated apprenticeship programmes can be innovative, of high quality and engage employers to provide new apprenticeship opportunities; and
- Any minimum contract length that is introduced should apply to an apprenticeship contract as a whole not each framework level.

2. ARE APPRENTICESHIPS OF A HIGH ENOUGH QUALITY TO BENEFIT APPRENTICES AND THEIR EMPLOYERS?

2.1. AAT can only authoritatively answer for our own sector and the answer is a definitive yes. The key reason for this is that accounting apprenticeships are built around an established professional qualification framework that is understood and valued by employers. There is also strong evidence of progression. A study by the University of Greenwich¹ showed that over 50% of the 2005–06 accountancy advanced apprenticeship cohort had progressed to higher-level study.

2.2. AAT has always taken the view that the ultimate goal of a professional apprenticeship should be for the apprentice to reach, through a combination of work and training, full professional status. That is why accounting was one of the first sectors to introduce a higher-level apprenticeship. In seeking to promote this ambition AAT has supported a number of providers and employers to develop an innovative 14 month apprenticeship that incorporates a higher level of training, typically 2.5 or 3 days per week with 2 or 2.5 days in the workplace, more akin to the German model. This enables the apprentice to undertake qualifications at level 2, 3 and 4 and be fully AAT qualified as well as having the associated workplace experience in a 14 month timescale

2.3. Detailed independent research² by commissioned by one of the providers delivering this 14 month programme showed that of those surveyed:

- 2.3.1 100% employers surveyed would recommend the model to other businesses;
- 2.3.2 80% of employers had created new opportunities;
- 2.3.3 75% of employers had not considered taking on an apprentice before;
- 2.3.4 80% would not have appointed to a three year programme;
- 2.3.5 95% of employers said the calibre of the apprentice was high;
- 2.3.6 100% of apprentices said they had made the right decision to join the programme;
- 2.3.7 75% of apprentices said that they would not have joined if it had not been the accelerated model; and
- 2.3.8 100% of apprentices would recommend to others.

2.4 AAT believes strongly that, while not applicable to all, this model has much to recommend it, particularly if apprenticeships are to attract high achievers who have the potential and desire to progress more quickly.

2.5 Because of this success story, AAT is concerned that much of the debate about quality has focussed on duration—should there be a minimum length for an apprenticeship? The Government has responded by announcing a 12 months minimum for any apprenticeship. AAT has no objection to a minimum apprenticeship contract of 12 months. However, we strongly believe that it would lead to damaging unintended consequences if, as seems likely, this were to be applied to each level of an apprenticeship rather than an overall apprenticeship contract. If this were the case the innovative accelerated model that we believe to be very well suited to our sector and potentially to others would have to be abandoned and the only way to full qualification in our sector would be over three years. All the evidence that we have shows that this would lead to employer disengagement and a loss of apprenticeship opportunities.

3. CONCLUSION

3.1 This is definitely a case where one size does not fit all and we urge the committee to consider the need for flexibility so that, while protecting quality, innovation can flourish that engages employers and increases apprenticeship opportunities. AAT would be happy to provide any further evidence to the committee if required. A copy of the independent survey report referred to in at 2.3 above has also been submitted with this evidence.

REFERENCES

¹ Longitudinal Tracking of Advanced Level Apprentice Cohorts Progressing into Higher Education 2005–06 to 2009–10, Progression Tracking Research Project, University of Greenwich July 2011.

² Accounting Academy Partnership Independent Apprenticeship Research Survey, Adaptive Business Support, January 2012.

10 February 2012

Written evidence submitted by ADS Group Limited

1. ADS is the trade organisation advancing the UK Aerospace, Defence, Security and Space industries, globally. Farnborough International Limited (FIL), which runs the Farnborough International Airshow, is a wholly-owned subsidiary. ADS has offices in England, Scotland, Northern Ireland, France, the Middle East and India. ADS comprises over 900 member companies within the Industries it represents, of which over 850 are small and medium enterprises (SMEs). Together with its regional partners, ADS represents over 2,600 companies across the UK supply chain.

2. ADS also supports SC21, Sustainable Aviation, Defence Industries Council, RISC, Defence Matters and hosts the Aerospace & Defence Knowledge Transfer Network.

3. *How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)*

3.1 ADS Members report that their experience of the National Apprenticeship Service (NAS) has been positive. Funding for Higher Apprenticeships has issues as it is split between HEFCE and the Skills Funding Agency and claiming money has to be easier.

3.2 ADS's own experience of NAS has also been positive. We have worked with the South East Regional Office of NAS to develop an apprenticeship model that can be used by our Members via our SC21 programme. Major companies in the aerospace industry aim to train apprentices on behalf of their supply chain companies, benefiting smaller companies in a number of ways: firstly they gain from highly skilled apprentices, trained to a high standard on machines that they may not be able to provide themselves; additionally, they benefit from likely future contracts with their customer because the larger company knows that the work produced will be to a high standard, having trained their staff. The NAS model allows companies flexibility to engage with the apprenticeship programme through a number of different routes.

3.3 While BIS is supportive of vocational skills and has made them a priority, the DfE seems determined to prioritise traditional academic subjects. The recent downgrading of the Diploma in Engineering to the equivalent of a single GCSE is disappointing. The Higher Diploma is currently worth five GCSEs at A*-C and is highly valued by the aerospace industry. By downgrading the Diploma, it is likely that schools will no longer offer it and a valuable learning route for prospective apprentices will be lost. In a letter to the *Telegraph* published on the 23 January 2012, major engineering companies including Airbus and Boeing wrote:

"The Engineering Diploma is widely recognised as a significant route to providing the crucial technical and practical skills that young people will need to build a Britain that can compete effectively and internationally where technology can make such a difference to our digital world."

3.4 Downgrading the Diploma to the equivalent to acquiring Grade 6 in a musical instrument is to devalue its worth to advanced manufacturing. The English Baccalaureate's emphasis on purely academic qualifications to the exclusion of Design & Technology and Engineering qualifications, and its inclusion in the school league tables has already resulted in a loss of Design & Technology suites in schools. Focusing on pure academic subjects does not adequately prepare young people for apprenticeships or vocational careers; ADS welcomes the commitment to building the core critical building blocks of academic learning, but vocational pathways must also be on offer, even for those contemplating a university course before working in our sectors.

4. *Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?*

4.1 ADS is aware that Vince Cable and John Hayes have recognised that Higher Apprenticeships raise skills within businesses and provide an alternative route for young people to gain higher education level skills without having to embark on a university education.

4.2 Extra funding is vital for the expansion of apprenticeships that will support BIS and the Treasury's *Plan for Growth*. Funding should be focused on Engineering and Advanced Manufacturing Apprenticeships in order to support the rebalancing of the economy. The UK can only be globally competitive if it has a highly skilled manufacturing workforce. The best way to do this is to support apprenticeships at Level 3 and above, both for new starters and for upskilling existing workers, particularly in the aerospace sector.

4.3 Claiming funding directly from government should be easier for employers. There should be no need to engage an intermediary or for funding to be diverted to a college where the employer is providing the majority of the learning. ADS Members have expressed concern that colleges receive a lot of money for training despite much of the hands-on training actually being conducted in-house. The cost of up to date machinery to train apprentices is generally too high for colleges to keep up with the latest technology, and it is more efficient for employers to train directly on their own machinery, leaving the theory to be taught at colleges.

4.4 Extra funding would especially be welcome as Incentives that can be passed on to smaller companies. Spending extra money on publicity is not seen as the most worthwhile way of getting more companies to participate, but allowing employers to retain some funding once an apprentice has remained in work for six months following the completion of training is seen to be more effective for smaller companies.

5. *Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?*

5.1 Apprenticeships in the aerospace and defence sectors are generally of a very high standard and are commonly set at Level 3. Semta, the Sector Skills Council has drawn up National Apprenticeship Frameworks for the aerospace sector and employers report over 80% satisfaction with the apprenticeships.

5.2 More Level 3 apprenticeships would be welcomed. Currently ADS Members such as BAE and Rolls-Royce experience high numbers of applications at their apprenticeship open days. The interest is to be welcomed, but only a fraction are able to be taken on. If there were more Level 3 apprenticeships, ADS Members could train their own apprentices as well as for supply chain companies who do not have the facilities to train themselves. There are hundreds of young people who are unable to take up an apprenticeship despite

being eminently capable and qualified, because of the limited number of places. Such youngsters are likely to end up working in other sectors, with their potential unmet, at a time when the aerospace and defence sectors are short of skilled workers.

5.3 Within the Maintenance, Repair and Overhaul (MRO) sector, there are concerns that young people are being steered into Higher Education and degree courses in aircraft maintenance that do not deliver the required hand skills, but which then make graduates ineligible for apprenticeship funding. The regulations require that Licensed Aircraft Engineers have recent work experience on the particular aircraft for which they are licensed and graduates can find it difficult to acquire this recency.

5.4 Concerns are also expressed by companies that they have to focus on low level training in order to be eligible for government funding and the higher level training costs to the A Licence have to be borne by employers.

5.5 The Licensed Aircraft Engineer occupation is on the Migration Advisory Committee's Shortage Occupation List, allowing migrant workers from outside the EU to come into the UK to do this job. If there were more support for MRO companies then it would be easier to train UK people to do the work. Lack of training support here is the key reason that the number of MRO businesses are in decline.

6. *Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?*

6.1 It is too soon to say whether incentives will be successful as they have only been in operation since November 2011. However, the barriers to hiring apprentices within the aerospace sector are generally due to a lack of information about the benefits of employing apprentices, funding information for companies and a lack of facilities available to offer a comprehensive apprenticeship.

6.2 The other restriction to hiring in the UK is that English and Maths skills have fallen, despite students acquiring the same grades. A culture of Maths being deemed to be too hard has led to a significant decline in abilities and employers complain about having to offer remedial training in these key skills for engineering.

7. *Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?*

7.1 The response to this question has been unanimous across our Members. Employers do not understand why there are different funding levels for different ages. The cost of training an apprentice is the same whatever age they are. Turnover rates are higher for younger apprentices (though turnover is generally low within advanced manufacturing) and the best prepared candidates are often older.

7.2 Older candidates can see the benefit of the training and that this pays off very quickly. Younger candidates see their contemporaries earning more in unskilled jobs on minimum wage and often don't see that within three to five years they can be on much higher salaries as a result of their training. In this respect, age restrictions or phased funding for different age bands are unnecessary. Apprentices offer the same value to employers, whatever their age.

9 February 2012

Written evidence submitted by Active Technologies Limited

EXECUTIVE SUMMARY

NAS play a vital part in communicating the Apprenticeship structure and potential to employers across all sectors, without which there would be little foundation to build upon.

It is however, vital to establish robust careers guidance within schools and use this as a portal for NAS links and information.

The funding structure should be reviewed in alignment to shifting demographics and current landscape of increasing NEET's and re-direction of some University graduates.

INTRODUCTION

I am Director of an Engineering Company called Active Technologies Limited.

We are passionate supporters of Apprenticeships, not only for our own company but also in generating the skills for the wider supply chain and hence economic growth and to provide the opportunities to our young people.

Our staff numbers 35 within which we have five Apprentices (CNC, Mechanical Fitting and CAD Design) and three graduate positions (two employed, one on placement with a contract guaranteeing his position with us and our full support during his last year at University).

I also am Chair of New Anglia Advanced Manufacturing and Engineering (NAAME) who support the New Anglia LEP, and Chair of Norfolk Apprenticeship Strategy Board.

NATIONAL APPRENTICESHIP SERVICE

1. NAS play a vital part in driving the message home regarding Apprenticeships within a landscape that can be quite confusing for a busy business that needs, and wants, to grow and establish apprenticeship places but can ill afford the time to decipher the requirements, funding, courses etc.

Glen Moore, our regional NAS contact, whilst supporting many companies, has worked considerably hard to communicate the message of Apprenticeships within many different forums, in which some I have supported.

2. From an employer perspective and as Chair of NAAME, it is clear that in these economic times, employers, especially the smaller growing companies (vital for economic growth) need an element of initial help/support financially to encourage them to take on apprentices and which eases the burden. The extra funding the Government is pledging is welcomed by business and should go a long way in overcoming this barrier. Clear and fast communication on this subject is however urgently required that allows for a simple system that busy employers will understand and appreciate.

3. Apprenticeships are valuable. This is validated by each and every story that an Apprentice tells. Quality of the experience and of the qualification level is a responsibility of all involved; Provider, Employer and Apprentice.

I do fear for the dumbing down of core basic skills (take Engineering for example) where individual employers may want their specific slant on a course. This may force a Provider to create a new course which perhaps; cannot be sustained and therefore loses quality, or ceases to exist, or is merged into another course or courses, therefore potentially lowering the quality of each course.

Generally there is a need for qualifications to be taken to at least NVQ Level 3 and for these to be matched in timing to Apprentices who proceed quickly through the course.

4. Due the shift in demographics for the age groups aligned to the funding opportunities for Apprenticeships ie numbers shifting away from 16–18, I would appreciate a review for higher levels of funding for the 19–24 (and even 19–26) age group in considering that previous University graduates are perhaps not able to find work within their chosen educational route but yet demonstrate an eagerness and aptitude for a change in career direction. This would help with the issue of NEET and allow employers to further consider slightly older Apprentices.

RECOMMENDATIONS

A. Based on the re-launch of Apprenticeships by John Hayes at the Houses of Parliament on 8 February, which I attended, there is a definite and urgent need to communicate more clearly within schools. This message being that an Apprenticeship is a route into employment. This is currently severely lacking and results in our young people being unaware of Apprenticeships generally. It is my understanding that despite marketing campaigns, schools are unaware of NAS and NAS do not have the resources to support schools in this way.

It is also essential that robust careers guidance is made available to every young person within and outside of school, within higher education and also for those in search of a career and employment.

Greater Apprenticeship communication and awareness into schools from age 11.

B. I am a champion of U-Explore software that provides such information in a form that matches the branding shown at World Skills and which makes it wholly attractive to young people so as to engage with them. U-Explore is rated “outstanding” by OFSTED.

In discussion with Simon Waugh (Executive Chair, NAS), I proposed that NAS, STEMNET and other partner organisations be represented within U-Explore so that it acts as a portal.

There has been engagement with New Anglia local council authorities, to consider U-Explore and hence ensure our schools benefit from outstanding careers guidance but at a negotiated price which enables the savings to be used elsewhere. To-date it has been stated that each individual school must make its own decision; hence this will result in higher overall costs or that open access is required; meaning this negates the ability to track individual needs and disables the possibility of support.

I need to make it clear that I have no financial gain related to U-Explore, I solely wish our young people to have access to the careers guidance they deserve and for our country to grow through economic development:

Establish a vehicle for Apprenticeship communication within schools as part of careers guidance education, suggested as U-Explore.

C. Increase the age for Apprenticeship funding to 26 and increase the percentage funding for this higher age bracket due to shifting demographics, re-alignment of University graduates and engagement with NEET’s.

Written evidence submitted by the Alliance Sector Skills

EXECUTIVE SUMMARY

1. In order to improve the quality of Apprenticeships, the Alliance of Sector Skills Councils recommends that employers take ownership of Apprenticeships and suggest the following actions.

- NAS to review its funding model in order to reduce the risk to the quality of Apprentices from greater levels of sub contracting.
- BIS and DfE to agree the purpose of Apprenticeships and to agree that in the first instance they be focused on the needs of employers and the economy.
- Government to raise the ambition and vision of Apprenticeships.
- NAS to promote and enforce the NAS Statement on the Quality of “Apprenticeship Delivery Models” with providers.
- Extra funding to go directly into the delivery of Apprenticeships.
- Government to avoid reintroducing programme led Apprenticeships unintentionally.
- NAS to work with SSCs to develop strategies to encourage more employers to use Apprenticeships and offer apprenticeship places.
- Apprenticeships to be based on an occupation and to only be developed where there is a need in a particular sector.
- Government to use bonus payments to help employers develop their capacity to deliver apprenticeships and take ownership.
- Government to fund all Apprentice frameworks to cover 100% of the off the job costs.

2. Further details on the above recommendations are supplied below.

BACKGROUND

3. The Alliance of Sector Skills Councils (Alliance) welcomes this opportunity to provide written evidence to the Business, Innovation and Skills Committee inquiry into Apprenticeships. The Alliance wishes to see Sector Skills Councils (SSCs) fully engaged in Apprenticeship policy and strategy development in order to progress the employer led agenda.

4. In compiling this written evidence the Alliance consulted its Policy Group for Apprenticeships.

THE ALLIANCE

5. The Alliance represents, promotes and supports the work of the 21 Sector Skills Councils (SSCs) across the UK. Established in 2008, the Alliance is the collective voice of SSCs and works to position them within the UK skills system.

6. The Alliance is funded by the subscriptions of its members. It is a company limited by guarantee and a charity with offices in London, Cardiff and Edinburgh.

SECTOR SKILLS COUNCILS

7. SSCs are independent employer-led organisations responsible for tackling the skills and productivity needs of specific economic sectors across the UK.

8. Through their sectoral reach, SSCs:

- analyse what skills are needed;
- articulate the voice of employers on skills;
- develop innovative skills solutions;
- galvanise employer ambition and investment in skills;
- develop national occupational standards that define what someone in a particular occupation needs to do to be occupationally competent;
- work with awarding organisations to develop vocational qualifications; and
- develop and issue Apprenticeship frameworks.

9. SSCs provide employers with a unique forum to express the skills and productivity needs that are important to their sector. By coming together as SSCs, employers have:

- greater dialogue with government and devolved administration departments across the UK;
- greater impact on policies affecting skills and productivity;
- increased influence with education and training partners; and
- benefited from effective public investment.

 RESPONSE TO QUESTIONS AND RECOMMENDATIONS

10. Our response focuses on what can be done to improve the quality of an apprentice's learning and assessment experience.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

11. NAS is a funding body. As such it works on behalf of BIS and DfE and is able to distribute funds. Therefore, it would appear to bridge the gap between BIS and DfE on the funding of Apprenticeships. However, the funding model is potentially weak in that with greater levels of sub-contracting, it is not always clear how the sub-contractor will be managed by NAS. It is essential that NAS is able to ensure that:

- the rules on funding are followed; and
- a framework is delivered as intended by the Issuing Authority.

12. In addition, the expectations of DfE and BIS in Apprenticeships may be causing problems. At the moment the purpose of an Apprenticeship framework and what an Apprenticeship is expected to achieve appears confused and ambiguous. As a result it appears that:

- DfE regard Apprenticeships as learning programmes that will achieve the aim to raise the participation age to 18; and
- BIS regard Apprenticeships as programmes to help employers develop the skills, knowledge and occupational competence of their workforce, in order to achieve economic growth and build successful businesses.

13. Both of these ambitions are valid however these conflicting expectations confuse the purpose of Apprenticeships. This can often result in providers not fully understanding what they are required to do or deliver, which can undermine the quality of Apprenticeship programmes. We believe it is possible to develop frameworks that meet both the ambitions of DfE and BIS. Frameworks can prepare individuals for employment and at the same time provide opportunities for progression into higher education.

14. The Alliance believes that the primary purpose of Apprenticeships must be to focus on the needs of the workplace, new employees, employers and the economy, but at the same time they can meet the needs of young people by creating recognised quality progression routes. They must be developed and owned by employers.

15. We would advise Government clarify and communicate what it wants Apprenticeships to achieve and to focus on the needs of employers and the economy.

16. We believe that Apprenticeships frameworks must be designed and used to help new and existing employees develop new skills and knowledge required for occupational competence by providing them with new learning. Employees developed to this level are more likely to build successful and sustainable businesses that impact positively on the economy. Therefore we urge the Government to raise the ambition and vision of all Apprenticeships by making sure:

- they are aimed at individuals new to an occupational area or existing employees moving into new roles at higher levels;
- individuals take part in new learning;
- they are used to develop employees who are knowledgeable, skilled and occupationally competent;
- they are used to help new employees understand the culture, traditions and history of the sector they are joining so they have the understanding to make the most of the sector in which they will be working;
- programmes are not used with employees to assess what someone already knows and is able to do;
- they are focused on the needs of the workplace and the economy; and
- they are used to help develop employees in order to build successful and sustainable businesses.

17. Working with SSCs and SBs, NAS could do more to make sure that apprenticeship frameworks are delivered in the way they were intended. More could be done to promote and enforce the NAS "Statement on the Quality of Apprenticeship Delivery Models" with learning providers:

<http://apprenticeships.org.uk/Partners/Policy/Apprenticeship-Delivery-Models.aspx>

18. This would clarify further what providers have to do:

- to meet the 30 hour minimum for employment;
- to ensure the employment of apprentices;
- about the length of delivery and meeting the Specification for Apprenticeship Standards (SASE);
- when using training funds to pay apprentice wages; and
- to put in place Apprenticeship Training Agencies.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

19. Funding should go directly into the delivery of Apprenticeships, where it is used to fund additional apprentice places. The challenge here will be to make sure that employers use Apprenticeships as a preferred method to develop new employees so there are sufficient places to meet demand. If not enough employers come forward to use Apprenticeship programmes, the Government must avoid the temptation to fund programmes delivered by learning providers that are not strictly Apprenticeships. If this were to happen, programme-led delivery models could be unintentionally reintroduced. An Apprenticeship must meet a specific design specification which is currently the SASE.

20. If the extra funding is not used, this should not be regarded as an issue or failure because action and patience is needed to encourage more employers to take on apprentices. Every effort must be made to protect and improve the integrity of the Apprenticeship brand and delivery model. More must be done to encourage employers to use Apprenticeships. The Alliance recommends that NAS and SSCs work together to develop strategies to encourage more employers to offer Apprenticeship places.

21. The Apprenticeship brand must not be undermined and when a learning and development programme is delivered it must be seen to be a partnership between the apprentice, employer and learning provider.

22. Too often learning providers dominate how Apprenticeship frameworks are delivered and so the spirit of the framework and what is intended is lost and employers become marginalised. Apprenticeships must be seen to be more than a learning or training programme. Apprenticeship are wrappers that should deliver a rich learning experience to enable apprentices to develop the skills and knowledge they need for an occupation in order to become occupationally competent.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

23. All Apprenticeship frameworks must be of high quality in what they are designed to deliver and how they are delivered regardless of their level. The only people who can ensure the relevance and quality of apprenticeship are employers. High quality will be achieved when each framework develops the people needed to carry out particular occupations. All Apprenticeship frameworks at any level must be quality frameworks.

24. Level 3 Apprenticeship frameworks can only exist where people are employed in level 3 jobs. Apprenticeships must be based on an occupation and must only be developed where there is a need in a particular sector.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

25. The Alliance understands Apprenticeship bonuses to be the same as incentive payments for employers, where the Government will provide up to 40,000 incentive payments to small employers to take on their first apprentice who must be between 16 to 24 years old. If this is the case, we believe there is a risk these payments could be simply be seen as bribes or salary subsidies. The Government will need to make sure that bonus payments do not conflict with any rules governing competition.

26. We would recommend the funds be used to help small employers that employ less than 50 people to develop their capacity and capability to effectively support an apprentice, so they know how to and can:

- recruit the apprentice;
- support and mentor the apprentice;
- encourage the apprentice to put into practice what they learn when they are with the learning provider;
- help the apprentices understand the culture of the sector and how it works and is organised; and
- assess the occupational competence of the apprentice.

27. We believe that this would help employers take ownership of Apprenticeships. It is essential that employers take ownership of Apprenticeships and become far more involved in the delivery of Apprenticeship frameworks. We would like learning providers to develop a different role in the delivery of Apprenticeship frameworks, where they service the needs and ambitions of employers. Learning providers need to work more closely with employers to help them develop their ability and capacity to develop apprentices.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

28. No this is an artificial split. No apprentice is productive on the first day in a new role. It takes time for:
- new employees to develop the skills and knowledge needed for the occupation and to demonstrate occupational competence;

- existing employees moving into new roles at higher levels to develop the skills and knowledge needed for the occupation and to demonstrate occupational competence; and
- employers to see a return on their investment.

29. Therefore, all new learning should be considered an investment and as a result all apprentices regardless of age should be funded to cover 100% of the off the job costs.

30. Apprenticeships are a partnership between apprentices, employers and the Government where:

- apprentices accept lower wages in return for a quality training and development programme;
- employers commit to the development of a competent workforce; and
- Government invests in the future of employees, businesses and the economy.

2 February 2012

Written evidence submitted by the Apprenticeship Ambassadors Network

1. This submission is made on behalf of the Apprenticeship Ambassadors Network (AAN). The AAN is a group of business leaders committed to the development of the Apprenticeship programme. It was formed in 2006 under the chairmanship of Sir Roy Gardner (Chairman, Compass Group plc). The creation of AAN was one of the recommendations made by the Modern Apprenticeships Task Force in July 2005.

2. A bit of background on the Network, it is an independent, employer-led body that promotes the benefits of Apprenticeships to employers by making the business case for them (a list of the membership is shown at Annex 1).

EXECUTIVE SUMMARY

Q1: The National Apprenticeship Service (NAS) fulfils a vital role in promoting apprenticeships to employers and others and helping with their take up. However, there is a need to do more to bring new employers on board and to assist SMEs.

There is some disconnect within the Department for Business, Innovation and Skills (BIS) on higher level apprenticeships and between BIS and the Department for Education (DfE) on apprenticeships for 16 to 18 year olds. It is more for Government to resolve these issues.

Apprenticeships should be the responsibility of a single Government Department.

Q2: The extra funding for apprenticeships is essential. Although employers bear the bulk of vocational training costs their training budgets are under pressure.

Priorities for expenditure might include important growth sectors and support for more disadvantaged groups such as NEETS to access the programme.

Q3: There is general satisfaction with quality which underpins the rationale for employers taking part in the initiative.

There should be more level 3 apprenticeships but not at the expense of fewer at level 2.

Q4: Bonuses should help more SMEs to take part, but any bonus system should be as simple and non bureaucratic as possible.

Q5: The purported 100% funding for 16 to 18 year olds doesn't always reflect the true cost to employers. There should be full funding for 19 to 24 year olds as many are not as job or training ready as their younger counterparts. Consideration might be given to a revised funding system which takes account of such factors.

3. We attach great importance to the brand of Apprenticeships and recognise that they have endured for over 500 years and over that time the economy and structure of work has altered dramatically.

4. We support the work of the National Apprenticeship Service (NAS) and our aim is to promote and champion Apprenticeships and in particular to get more employers engaged. We also provide feedback on policy and other issues affecting Apprenticeships to BIS and DfE.

5. We took the view that there should be a dedicated Apprenticeship Service with a clear focus on Apprenticeships and increasing employer engagement. Further we wanted its leadership to be undertaken by a senior figure from the world of business who would be an influential voice with employers.

6. The NAS was launched in April 2009. Its role and structure was complicated by the machinery of Government changes introduced in 2007 when Apprenticeships became a joint responsibility of two Government departments (Department for Children, Schools and Families and the Department for Business Enterprise and Regulatory Reform). This dichotomy of Government leadership has continued with the involvement of BIS and DfE. We remain of the view that the Apprenticeship programme should be the responsibility of a single Government department and our views correspond with the original vision set out in "World Class Apprenticeships".

7. “World Class Apprenticeships” envisaged the creation of a (new) National Apprenticeship Service (NAS) with end-to-end responsibility for the Apprenticeship programme, including ultimate accountability for the national delivery of targets.

8. In 2010, we commissioned a report⁵ to look at the way the Apprenticeship system worked in a number of European countries and Australia. Dr Hilary Steedman from the Centre for Economic Performance at the London School of Economics and Political Science undertook the research and reported on England’s performance, compared with those other countries.

9. We were interested to see what lessons could be learned. There were some clear differences including the role of employers in the system and their “ownership” of the programmes. A higher proportion of large employers participated in Apprenticeships. Our funding rules were more complex and we were not as effective at getting the benefits of Apprenticeships into schools—an issue that has always been of concern to the Network.

10. English Apprenticeships were significantly shorter than their European counterparts but more highly paid. The striking difference was the size of their Apprenticeship programmes.

11. As a proportion of 1,000 employed persons the apprenticeship numbers were:

- Austria 33.
- Germany 40.
- Switzerland 44.

12. The figure for England was 18 which has now risen to 20 (beating France and Ireland).

13. Dr Steedman has reviewed and updated the study (Annex 2). She has now provided research which shows that 40% of Apprenticeship starts in 2010–11 were adults aged 25 and over.

14. Interestingly, except for Germany where 8% of starts are 24 or over, there are practically no adult apprentice starts in continental European countries.

Q1: How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and DfE)

15. The general consensus of AAN members was that NAS has been successful in its prime role of raising the awareness of apprenticeships with both employers and young people, in promoting the benefits of apprenticeships to employers especially and in influencing the development of policy. Many point to positive experiences in their dealings with local and national NAS staff who are informative, professional and quick to resolve any problems. The benefits of a “one stop shop” were mentioned. NAS’s role in helping resolve any problems between employers and SSCs in relation to framework design and approval was also valued.

16. Those who used the on-line vacancy service found it effective. Reasons for not using it were more because of high volumes of speculative applications from young people direct.

17. However, some members had reservations about NAS’s performance. It was thought that it was becoming too strategic and a more “hands on” approach was sometimes necessary, especially in helping SMEs to become involved. Some larger companies said that SMEs were turning to them for assistance instead.

18. It was also thought that NAS could be more pro-active in marketing and promotion. One of our members thought it might help performance if the system was performance driven with staff receiving financial incentives.

19. There was also some criticism of the overall training, education and “back to work” architecture. Some thought that within BIS there should be greater clarity on the role of NAS and the Skills Funding Agency (SFA) on the funding and oversight of apprenticeships, though it was not clear how many were aware of the Departmental directive of August last year which gave a more independent role for NAS. Some employers have long complained about problems in the funding arrangements for higher apprenticeships where there is some uncertainty about the respective responsibilities of NAS and HEFCE.

20. There was a need for a more “joined up” approach between Departments, especially BIS and DfE in relation to apprenticeships for 16 to 18 year olds. Although BIS had apprenticeship policy responsibility at Ministerial level for this age group and there was a joint BIS/DfE apprenticeship unit it was felt that DfE’s relentless focus on schools and academic learning could be a problem. An example of this is careers advice and guidance where new arrangements might not ensure that young people get the independent and comprehensive advice on vocational options to which they should be entitled.

⁵ *State of Apprenticeship in 2010*, Hilary Steedman, The London School of Economics and Political Science, Centre for Economic Performance.

Q2: Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

21. Perhaps unsurprisingly all respondents thought that the extra funding was necessary. Apprenticeship acquired skills are making a vital contribution to the Government's plans for growth and although employers meet the lion's share of funding the state's contribution is essential.

22. Suggestions for priority expenditure include:

- important growth sectors, such as manufacturing;
- targeting by region, taking account of unemployment and NEETs numbers;
- pre-apprenticeship provision, especially for NEETs;
- more help for SMEs;
- 100% funding for 19 to 24 year olds (see question 5);
- help for employers who train numbers beyond their immediate requirements to support firms in their supply chain and SMEs in the sector; and
- more funding to help address the defects of the education system up to the age of 16, eg for key or functional skills.

Q3: Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more level 3 apprenticeships?

23. There was general satisfaction with quality. Employers saw a sound business case for investing in apprenticeships where retention and completion rates were at an all time high. However, it was thought that more could be done to advertise and promote the success of apprenticeships in order to encourage more employers to come on board. The brand image had suffered recently by adverse publicity about "short duration" apprenticeships.

24. It was thought that there should be more level 3 apprenticeships but not at the expense of fewer at level 2. There was a need for more apprenticeships at all levels, up to and including level 4.

25. The importance of level 2 apprenticeships is not always recognised by Government and others. They are often the appropriate level for meeting many skills needs in sectors such retail and services and although progression to level 3 is encouraged where opportunities arise it can be difficult for young people to meet the supervisory requirements of some level 3 frameworks.

26. Some members outlined difficulties in securing funding for level 4 apprenticeships. There are also problems in finding suitable training providers.

Q4: Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not, what will?

27. It was thought that bonuses would encourage more SMEs to take part, however, it would be useful to see what lessons can be learnt from the current £1,500 SME system introduced last October. Bonuses might also be considered for particular frameworks or regions.

28. Bonus systems, especially for SMEs should be a simple and non bureaucratic as possible. There could be staged payments—for recruitment, completion and continuing employment post completion.

Q5: Is the current funding arrangement for training apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

29. Some thought that the current level of "full funding" for 16–18 year olds fell somewhat short of 100%. There was agreement however that there should be full funding for 19 to 24 year olds as many in this category had left school several years ago with few or no qualifications and had a subsequent poor employment record. They required more help than younger apprentices with the learning process and in meeting for example key or functional skills requirements.

30. Consideration might be given to funding arrangements based more on prior achievement and learning needs than just age.

3 February 2012

Annex 1

APPRENTICESHIP AMBASSADORS NETWORK MEMBERS—FEBRUARY 2012

Sir Roy Gardner, Chairman, Compass Group plc (Chairman).

Sir John Cassels CB, (Special Adviser).

Simon Bartley, President, WorldSkills International.

David Bell, Chief Corporate Development Officer, JC Bamford Excavators Limited.

Phil Bentley, Managing Director, British Gas.

Richard Brasher, Chief Executive, Tesco UK & ROI.

Stuart Britton, Chief Executive, RDL Corporation.

Mark Clare, Group Chief Executive, Barratt Developments plc.

John Cridland CBE, Director-General, CBI.

Martin Donnelly, Permanent Secretary, Department for Business, Innovation & Skills.

Martin Dunford OBE, Chairman, Association of Employment and Learning Providers.

Ian Ferguson CBE, Chairman of Trustees, MetaSwitch Networks & Data Connection Ltd.

Professor Bob Fryer CBE, Chairman, Campaign for Learning.

Christine Gaskell MBE, Member of the Board for Personnel, Bentley Motors Ltd.

Roger Goodman, Group Corporate Development Director, MITIE Group plc.

Richard Harpin, Chief Executive, Homeserve plc.

Rod Kenyon OBE, Director, Apprenticeship Ambassadors Network.

George Kessler CBE, Joint Deputy Chairman, Kesslers International Ltd.

Ian Livingston, Chief Executive, BT Group plc.

Nick Maher, Chief Executive, Industry and Parliament Trust.

Anthony Massouras, Chief Executive, Mimosas Healthcare Group Ltd.

Grahame Millwater, President, Willis Group.

Eddie O'Connor, Chief Executive, Mainstream Renewable Power.

Frances O'Grady, Deputy General Secretary, Trades Union Congress.

David Owens, Chief Executive, EnServe Group Ltd.

Greg Penn, HR Director, Nissan, UK Operations.

Tony Pidgley, Chairman, Berkeley Group Holdings plc.

Martyn Price, Chief Executive, Consign Construction Skills Solutions Ltd.

Andrew Ramroop OBE, Managing Director, Maurice Sedwell Ltd.

Dean Royles, Chief Executive, NHS Employers.

Rear Admiral Al Rymer, Director of Training & Education, Ministry of Defence.

Ian Sarson, Group Managing Director UK & Ireland, Compass Group plc.

Terry Scuoler, Chief Executive Officer, EEF.

Surinder Sharma, National Director Equality and Human Rights, Department of Health.

Simon Swords, Managing Director, Atlas Computer Systems Ltd.

Hayley Tatum, Executive People Director, Asda.

Mike Turner CBE, Chairman, Babcock International Group plc.

Nigel Whitehead, Group Managing Director, Programmes and Support, BAE Systems plc.

Annex 2

APPRENTICESHIP PARTICIPATION BY AGE 2009–10: AUSTRALIA, AUSTRIA, ENGLAND, FRANCE, GERMANY, SWITZERLAND

AN UPDATE ON “STATE OF APPRENTICESHIP” SEPTEMBER 2010

Table O.1 (REVISED 2012) Apprentices per 1000 employed persons 2009, 2010

Australia		Austria		England		France		Germany		Ireland		Switzerland	
2009	2010	2008	2010	2008/9	2009/10	2008/9	2009/10	2007	2009	2008	2010	2009	2010
39	40	33	32	18	20	17	17	40	39	11	10	44	44

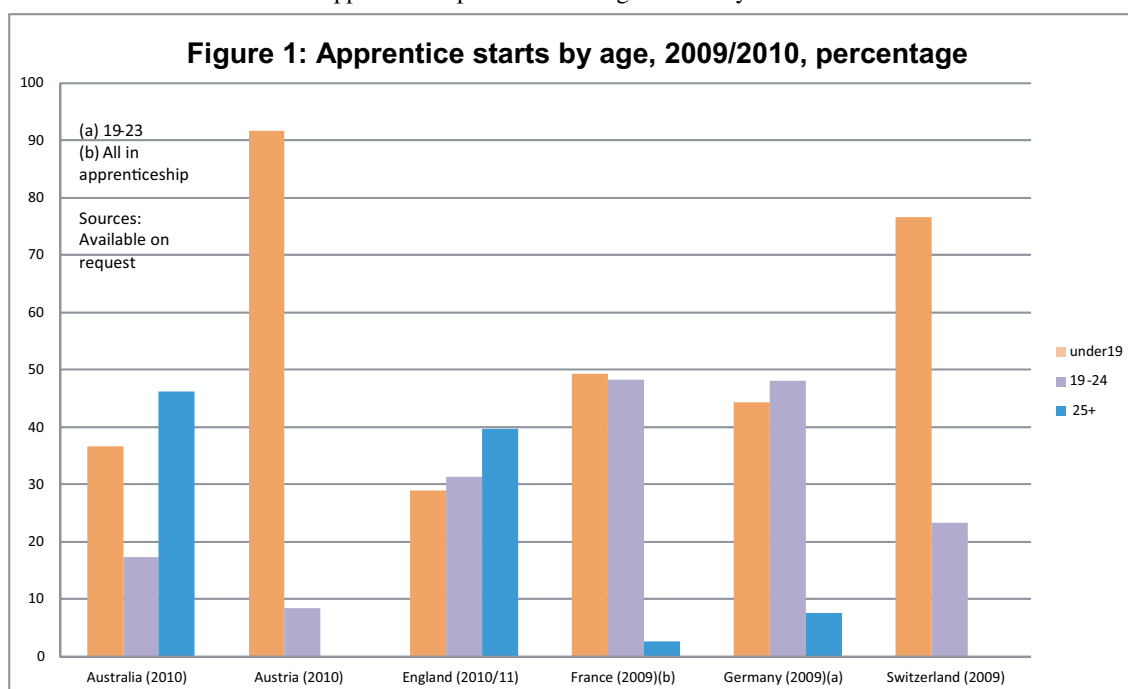
Sources: National statistical publications, available on request

Note: The numbers for England 2008/09 have been revised upwards. This is as a result of a subsequent revision by the Data Service of the numbers in apprenticeship for 2008/09. DS/SFR 4 Table 4 published by the Data Service in October 2009 shows provisional numbers in apprenticeship at 269,700. This was the number used in ‘The State of Apprenticeship’.

Table O.1 published in September 2010. This number was revised upwards by the Data Service in November 2010 to 444,800 (DS/SFR 8 Table 4). This is the number used to calculate apprentices per 1,000 employed in Table O.1 (Revised 2012) above.

In Table O.1 (REV 2012) above, total numbers in apprenticeship in three of the seven countries have fallen slightly in the latest year for which figures are available compared to the previous year. In Austria and Germany this may in part be the effect of continuing falls in numbers in the relevant (young) age groups. In Ireland, where construction took a large share of apprenticeship places, the economic downturn is largely responsible for a slight fall. Numbers in France are unchanged. Both Australia and England have increased the number of apprentices per employed persons between 2008–09 and 2009–10. In the latest year 2009–10, Australia, Germany and Switzerland have twice as many apprentices per 1,000 in employment as England. France and Ireland have somewhat fewer than England while Austria has around 50% more.

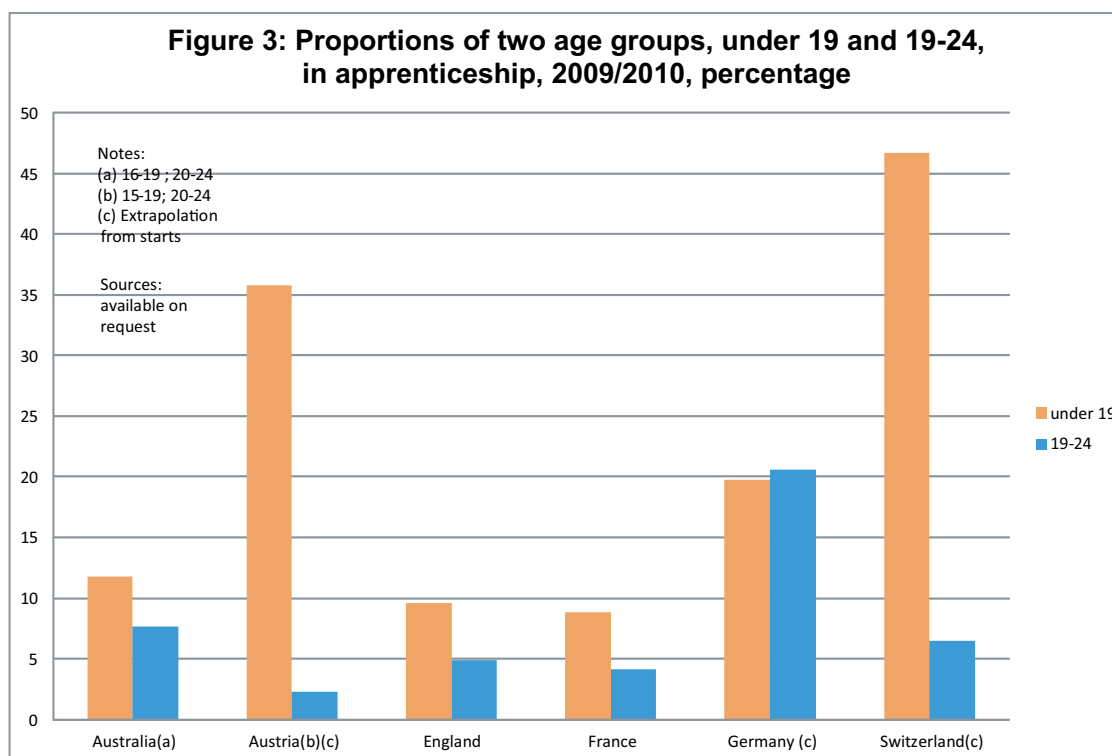
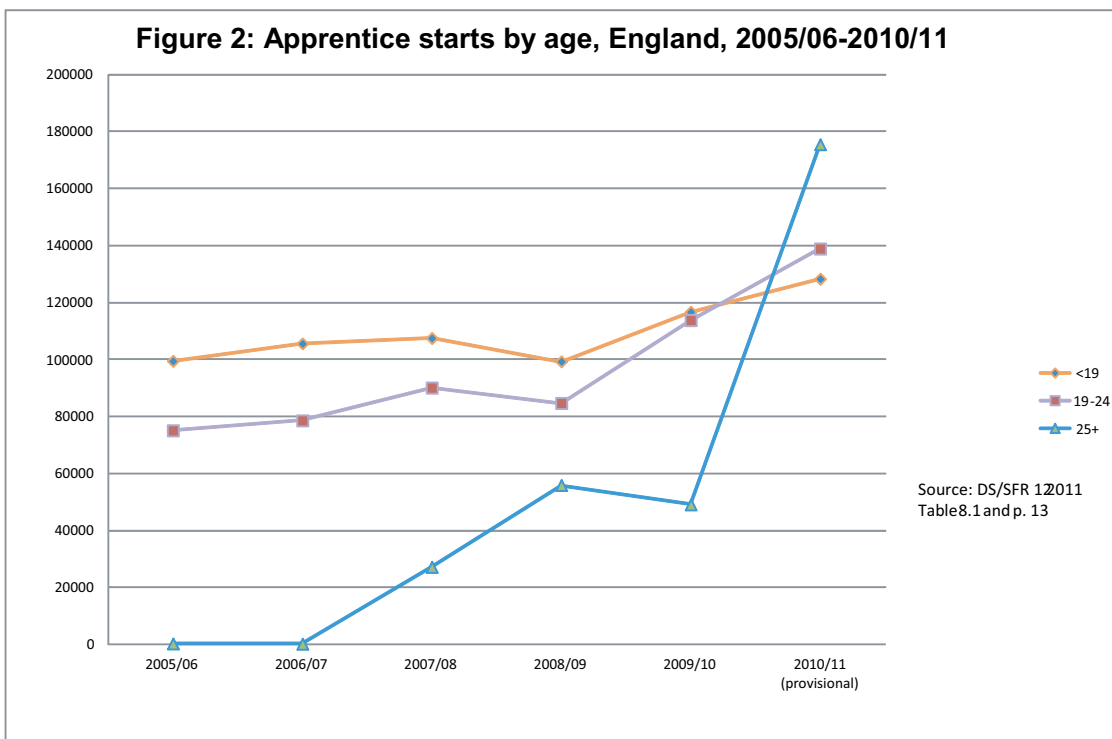
However, the age composition of apprentices is very different between, on the one hand Australia and England, characterised by short (average one year) apprenticeships with less off the job training compared to the other five countries where apprenticeships last an average of three years.



40% of apprenticeship starts in England 2010–11 were adults aged 25 and over. Only Australia has a higher proportion of starts aged 25 and over (46%). Except for Germany where 8% of starts are aged 24 and over, there are practically no adult apprentice starts in continental European countries.

In England, Germany and France, proportions of apprentice starts aged 19–24 (Germany 19–23) are similar to the proportions of 16–18 year olds starting apprenticeship. In Austria almost all (92%) of apprentice starts are under 19, in Switzerland nearly 80% are under 19. England has the lowest proportion (29 %) of apprentice starts aged under 19 (Figure 1 above).

Figure 2 below shows that apprentice starts aged 25 and over are a recent development in England. In 2008–09, for the first time since numbers of apprentices 25 and over were first published in 2005–06, starts aged 25 and above accounted for a quarter of all starts. This dropped to less than 20% in 2009–10 but doubled to 40% of all starts in 2010–11.



As might be expected from numbers in apprenticeship (Table O.1 Revised 2012) and the age of starting apprenticeship, both Austria and Switzerland have high proportions of 16–19 year olds (Austria 15–19) in apprenticeship; in Austria a third of this age group is in apprenticeship and in Switzerland nearly half. England and France have just below 10% of under 19 year olds in apprenticeship and Australia has just over 10%. Germany has one fifth of 19–24 year olds in apprenticeship, in Austria, England and France the figure is 5% or, in Australia and Switzerland it is slightly more than 5% (Figure 3 above).

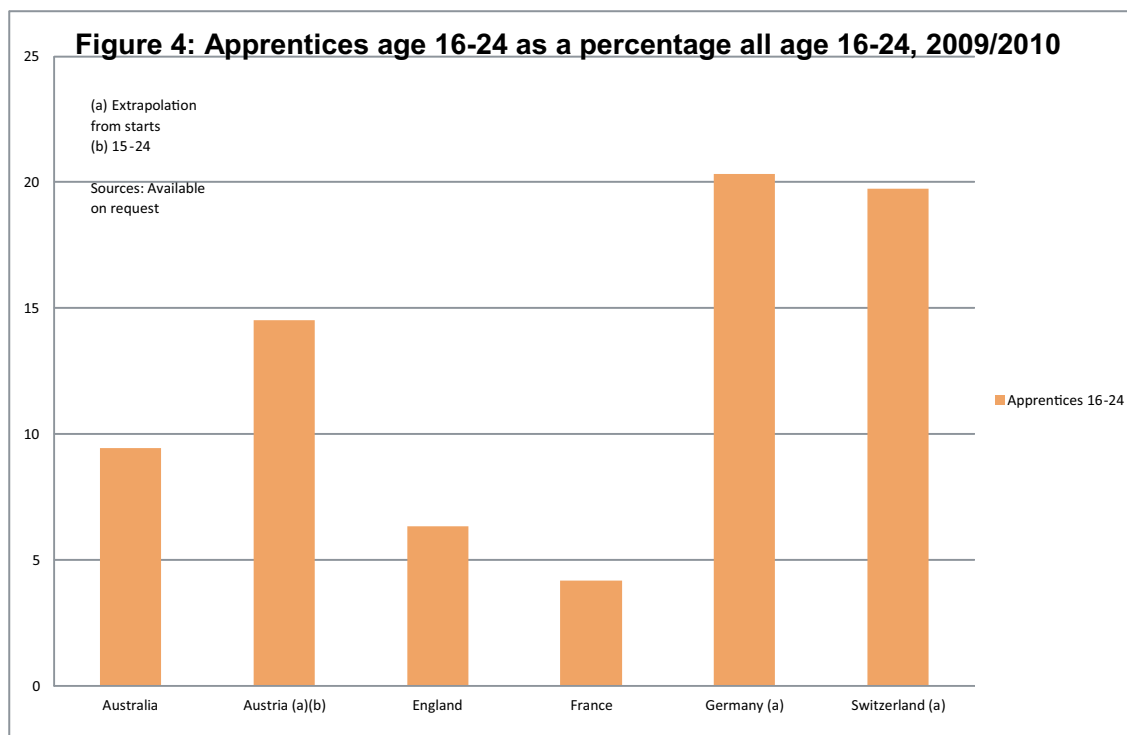


Figure 4 shows the probability for a young person aged 16–24 of being in apprenticeship at any one time. In Germany and Switzerland around one fifth of this group are in apprenticeship and in Austria the figure is just under 15%. Australia, England and France all have less than 10% of the group in apprenticeship.

It can be seen from these comparisons that the reported reluctance of English employers to offer apprenticeships to the under-25 age group and their enthusiasm for older apprentices is not observed in other European countries. The average age of starting apprenticeship has risen in, for example, Germany but the majority still start their apprenticeship before the age of 25. It must be recalled, however, that in continental European countries where most apprenticeships are of a three-year duration the cost of taking on and training a 16 year old can be partially offset by the contribution of a well-trained 19 year old. Furthermore, apprentices in these countries, unlike in England, do not have employed status—in Austria, Germany and Switzerland they have the dual status of learners and trainees. The difficult transition from full-time education to full-time work is less abrupt and managed over a longer time scale. If English employers are to be convinced to employ more 16–19 year olds apprenticeship structures may need to be modified to better accommodate the needs employers and of young sixteen to eighteen year olds.

Hilary Steedman

29 January 2012

Written evidence submitted by Aspire Achieve Advance Ltd

I refer to the forthcoming inquiry into Apprenticeships and your call for written evidence to the inquiry.

We are an established training provider in the sector who are involved in the delivery of apprenticeships, predominantly for 16–24 year olds in a range of sectors. We have addressed your call for evidence against the specific terms of reference. We hope you find our comments to be useful for the inquiry. If appropriate, we would be more than willing to present our views to the committee in due course.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

It is our view that NAS has partly been successful in fulfilling its role since 2009 and indeed it could be argued is presently “finding its feet” in terms of performance. It would be unfortunate if further structural

changes were enforced as a consequence of this review or indeed the departure of both the CEO of SFA and NAS, causing disruption to the momentum developed over the past three years.

Our observations are that NAS predominant role was to encourage employers to embrace apprenticeships and further expand apprenticeship numbers. Whilst apprenticeship numbers have increased significantly during this time, mainly in the 25+ category, it could be argued this could have been caused by some significant distortion in provider behaviour with only a small number of large employers—to which NAS have played little part. It is not our understanding that NAS predominant role was to bridge the gap between the two departments—indeed if this was the intention of its creation, it could be argued this has not been an effective use of public funds.

In our experience, engagement with employers to recruit apprenticeships requires certain skills. Whilst NAS may have these skills in the organisation, it has been our experience that these are not consistent, staff are not rewarded to deliver results in the manner that would be expected in the private sector and has a consequence performance is patchy. Indeed, there is an almost paranoia with counting and tracking vacancies—which could be argued is a way of justifying the existence of NAS.

In addition, NAS now concentrates in our view on capturing the large employers. Whilst indeed, this does potentially deliver large volumes of apprenticeship vacancies, this is partly the role of the National Employer Service of the SFA, resulting in duplication of effort and potential wasted resources. Whilst SME's are harder to reach, it is indeed these employers who would benefit most from the appointment of an apprentice and in our view NAS could do significantly more to support these developments.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

The additional funding promised is welcomed to encourage additional apprenticeship starts and completions. In our opinion, there is a significant disparity in individual funding rates which causes providers and indeed employers to behave in sometimes appropriate ways.

However, to deliver value for money, a considered view of how best to apply resources to apprenticeships needs to be considered. There is a real danger, in protecting the apprenticeship brand, that irrational decisions will be made which may even drive out other in appropriate behaviours.

There also needs to be consistency and pace in the roll out of this additional funding. For example, the announcements to support SME's to recruit apprenticeships with effect from 1 April 2012 is welcomed, but there is little in the way of guidance on how this will come into force.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

In our opinion, the quality of apprenticeships are at the correct quality thresholds with some notable exceptions, mainly providers who have their own direct contracts with SFA which have grown substantially in recent years and appear to have developed models that devalue the brand of apprenticeships but disturbingly appear to have grown in an uncontrolled manner, with little scrutiny, potentially because they have driven growth to support national targets.

Whilst the protection of the Apprenticeship brand should be paramount, in our opinion there is still a very traditional view of apprenticeships and “time served” with little account being taken of the abilities of young people, the manner in which they want to learn, how they function in the workplace and the desires of business to make employees more effective sooner. The world has moved on significantly from the days when an apprentice would be able to absorb knowledge over a significant period of time.

Learners with high ability who are making strategic choices to not go to University and “earn whilst they learn” need an option that is more than a traditional apprenticeship route. With the announcement of a minimum duration of 1 year for apprenticeship frameworks, we are in danger of creating a “one size fits all” approach to apprenticeship delivery.

High ability learners embarking on level iii apprenticeships will typically absorb the underpinning knowledge (off the job) more quickly, and will also be more demanding in the workplace (on the job) and therefore will practice their skills more quickly and consistently. There should be nothing wrong with this approach and provision should be afforded to those that want to fulfil their apprenticeship more quickly. It also ultimately provides the tax payer with improved value for money.

We would urge the inquiry to look at quality of apprenticeships in the context of the views from employers and the views of how apprentices want to learn. Young people gain knowledge in many different ways compared with 30 years ago. However, many apprenticeship schemes are currently delivered in exactly the same way in which they were delivered some 30 years ago, whether it be within the FE sector or private providers.

Apprenticeship programmes should be “appropriate” for learners and a natural consequence of this is that “one size does not fit all”. We are facing the very real prospect of exactly this approach in the future.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

Apprenticeship bonuses may encourage the involvement of small and medium sized businesses but clearly the process needs to be bureaucracy light and achieve the desired outcomes. There is a danger that bonuses will simply form a short term fix resulting in a rapid take up of apprentices in the short term but apprentices not in sustainable employment.

In our practical experience, where we have created over 1000 apprenticeship jobs in the past 12 months, predominantly with SME's across the country, the key is not to offer bonuses but to support them developing how Apprentices can form a valuable part of their overall HR strategy. This role played by providers, both in the FE sector and the private sector should not be overlooked and represents a significant proportion of the overall costs of apprenticeship delivery.

In our experience, businesses have a very traditional view of apprenticeships. Many businesses still see apprenticeships as for “the trades”, that apprentices are generally of “low calibre” and that the resource taken to mentor them and develop does not result in business benefit to their organisations.

We could be so brave to suggest that the “Apprenticeship” name is now outdated and not fit for purpose in the eyes of many employers. It is unfortunate that many of the examples used by SFA and NAS for apprenticeships commitments made by employers still remain with the more traditional engineering. This continues the perception that people hold about apprenticeships and their value.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

We do not concur with the existing view that there should be a co funded rate of 50% for 19—24 year olds for the following reasons.

Firstly, an employer does not relate to position that an apprentice at 16–18 is “free” whilst an apprentice at 19–24 should result in a not insignificant contribution to the cost of training. The maturity differences between say a 17 year old and a 19 year is not significant but many employers will want to recruit apprentices at age 19 for other legitimate operational reason—eg: they need an apprentice who can drive and has a little experience. The 19 year old will deliver the same role, will work as efficiently as the 16 year old but firstly they receive 50% of the funding. This potentially has two consequences, the company will not employ the apprentice at all because they have to make the 50% contribution (a specific issue for SME's) or the 19 year old apprentice may be disadvantaged because the employer will recruit the 16 year old because no contribution is required.

8 February 2012

Written evidence submitted by Asset Skills

1. Asset Skills is the Sector Skills Council (SSC) for property, housing, facilities management, cleaning and support services and parking. It is the Issuing Authority (IA) for all Apprenticeship Frameworks (AFs) relating to these sectors. We respond to the specific issues raised by the Terms of Reference below but also wish to make the following overall comments which we believe the Department for Business, Innovation and Skills (BIS) and the National Apprenticeship Service (NAS) must address as a matter of urgency:

- The Specification of Standards for Apprenticeships in England (SASE) and Wales (SASW) do not accommodate the specific requirements and contexts of different sectors. They impose a standard model which results in employers finding the model constraining which remains a powerful disincentive to their engagement. If apprenticeships are to become the flagship and mainstream vehicle for skills development then SASE and SASW must become more responsive frameworks and allow for sectoral differences.
- Employers have to engage with different SSCs for the many diverse work roles within their organisations resulting in an over-bureaucratic and cumbersome system. This is particularly important for companies which span a wide range of services such as the facilities management industry. Our large employers such as MITIE and OCS are particularly concerned about the burden this imposes upon them and have positive suggestions as to how the operation of apprenticeships can be centralised and streamlined. They would welcome the opportunity to work with BIS and NAS to develop a blueprint for a national system of delivery across all industries.

TERMS OF REFERENCE RESPONSES

2. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

We believe the NAS has not taken a strategic lead in working with Issuing Authorities, employers and providers to develop a practical and responsive interpretation of SASE and SASW. There are no clear lines of

communication between the stakeholders in the system and NAS have not been responsive to requests and suggestions. Clarity as to governance and engagement arrangements within NAS is urgently needed.

In particular the difference between compliance to SASE and SASW and additional quality issues raised by NAS has caused confusion and concern among Issuing Authorities. SSCs have pressed for a full dialogue with NAS to arrive at a clear statement of what constitutes “quality” in a compliant Apprenticeship Framework but have had no response to date. Supplementary challenges to compliant AFs on the part of NAS often appear to be arbitrary and at the whim of individuals rather than an agreed set of criteria. NAS has refused to support the funding of compliant AFs based on challenges as to quality which have not been helpful to good working relationships with all the parties involved in apprenticeship delivery.

We believe NAS should be an independent entity dedicated to the creation and promotion of a national apprenticeship network rather than sitting within BIS with control over funding decision. It should form properly constituted governance arrangements which provide clear channels of engagement and dialogue with IAs, employers and deliverers.

There is a need for greater coordination of employer engagement on apprenticeships as currently employers are being approached by numerous organisations, sometimes with different messages. In our view promotion of apprenticeships should be through a partnership between NAS and the SSCs to ensure consistency of message. Partnerships of this nature currently exist but need to be strengthened and communications improved to ensure effective countrywide coverage.

The cost of delivery of an apprenticeship can vary considerably from provider to provider. Whilst this may bring benefits to some employers it significantly disadvantages others and we question whether this inconsistency of pricing is appropriate for a learning programme of this importance.

3. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Extra funding is crucial to the success of apprenticeships and the securing of high quality provision for young people in the future. Funding is especially required in sectors where there is no strong tradition of apprenticeships and where employers require incentives to take on apprentices. The funding should be focused on encouraging employers through grants and/or tax incentives and the current £1,500 bursary scheme should be expanded. If apprenticeships are to become the vocational training route of choice then spending on the development of a proper and sustainable infrastructure for the future is essential.

4. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

We have already made reference to the issue of compliance as opposed to quality and believe this distinction to be confusing and counter-productive. There is an urgent need to define the quality criteria that will underpin compliant AFs through a dialogue between all stakeholders on a similar basis to the quality criteria developed for National Occupational Standards. We return to our earlier concern that quality does not mean uniformity across all sectors with rigid impositions of on and off job guided learning hours. More hours do not mean a better learning experience and more emphasis on the quality of the apprentice’s total learning experience is required. We believe that there should be more Level 3 apprenticeships to provide progression and to help raise the profile and status of apprenticeships but that they need to complement existing provision rather than compete with it. Greater emphasis needs to be placed on the unique selling points of Level 3 apprenticeships both for employers and potential apprentices as well as ensuring that they are recognised and given credit within the educational system.

5. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

We believe the bonus system will encourage small and medium sized businesses to take on apprentices but it needs to be linked to a compelling argument that apprentices will enhance their skill base and benefit their profitability. Relatively modest bonuses will not in themselves bring about the culture change required at a time of major economic downturn. The skills argument has to be proposed and won in order to gain large scale engagement with the apprenticeship system. A major difficulty facing small and medium businesses is the uneven distribution of delivery of training and more should be done to create a regional infrastructure of deliverers to ensure viable cohorts of apprentices can receive the vocational training they need. Asset Skills has piloted a model for such support through its Academy and we believe this form of brokerage is at least as important as any individual financial incentive such as bonuses.

6. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

Representing sectors with a large number of people over 19 who would benefit from apprenticeships we would argue for a more generous funding of the 19–24 age cohort, whilst recognising the financial constraints we are currently subject to. We understand the concern that apprenticeships should not be used to fund existing

employees but would argue that there are many in the older age range who are being denied the opportunity of an apprenticeship despite the fact that their added maturity might make an apprenticeship the ideal learning vehicle. 16–18 year olds have a wide range of alternative learning opportunities open to them which the older age group do not. Ring-fencing money to support eligible 19–24 year olds would assist many of our employers to take on apprentices.

10 February 2012

Written evidence submitted by the Association of Licensed Multiple Retailers (ALMR)

1. The Association of Licensed Multiple Retailers is pleased to submit written evidence to the Business, Innovation and Skills Committee inquiry into Apprenticeships.

1.1 The ALMR is the only national trade body dedicated to representing the interests of modern bar and pub restaurant operators. Between them, our 103 members operate just under 11,000 outlets and currently employ 21,000 people in all regions and at all skill levels—from bar staff to managers of multi-million pound turnover outlets.

1.2 Hospitality is also one of the UK's primary economic sectors. There are 52,000 pubs and bars in the UK, and between them they have a turnover of some £21 billion, equivalent to just under 2% of GDP. Around half a million people are employed directly in pubs and bars alone, with jobs in all regions for all ages and all skill levels. Crucially, the sector provides the first taste of work for many young people and licensed hospitality is the fifth largest providers of apprenticeships, increasingly a route to training and work in the pub trade too. Overall the sector generated one in ten of all new jobs last year in 2011.

TRAINING AND APPRENTICESHIPS

1.3 Our economy depends on an educated workforce to pull through these difficult times and prosper in the future. The pub and bar industry is no exception and invests heavily in building and maintaining the skills of those that work in the trade across all age groups. The ALMR's most recent survey of its members noted that this investment amounts, on average, to at least £1,000 per employee in ongoing in-work training.

1.4 Modern food led pubs and bars represent the first taste of working in a commercial environment for many young people. Our workplaces are diverse environments, with college students working next to school leavers, and all drawn from different backgrounds and communities. They all receive effective training and equip themselves with basic skills that benefit them in any workplace environment—such as applying basic numeracy skills, teamwork or new ways in which to meet and exceed the expectations of our customers.

1.5 Anyone that works in a pub has to have some professional training to ensure they comply with the legal and regulatory frameworks that govern our sector. This covers the essential requirements of licensing laws, under age sales and food safety. In addition to this our general managers have training to ensure they understand the responsibilities of being a licence holder and our door staff have training to ensure they operate to the best practice standards of the Security Industry Association.

1.6 Our sector takes these professional standards very seriously and invests in training and support as necessary to see that they are promoted and upheld. As these standards are continually being renewed and updated so it is important that our employees keep pace with developments. This might be applying new technology to our food service offers, engaging with our clientele through social media or being inspired by how other retailers have applied innovative practices to grow successful businesses.

1.7 For this reason, many of the larger companies in the sector have developed their own internal apprenticeship programmes or have formalised their in-house training into nationally accredited apprenticeship schemes. We have provided some case studies to exemplify the range and diversity of this investment as Appendix I.

1.5 The ALMR recognises however, that the majority of employers in the modern pub and bar industry are small and medium sized enterprises who do not have the resource available to develop their own schemes or even run government funded schemes.

1.6 Whatever the size and scale of licensed businesses, the ALMR urges the Government and those involved in the design, development and delivery of apprenticeships, to listen to employers as well as participants. This will help ensure that apprenticeships are responsive and fit for purpose and help businesses develop their workforce to help them succeed in challenging economic times.

RESPONSE TO COMMITTEE TERMS OF REFERENCE

2. *How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)*

2.1 Modern pubs and bars are one of 14 industries in the hospitality sector. Overall the sector provides one in 14 of all jobs and the workforce is projected to grow to two million people by 2017.

2.2 It is a diverse sector and until very recently it was covered only by a general catering and hospitality qualification funded by the National Apprenticeship Service. Such a broad apprenticeship failed to meet the needs of many employers and this was reflected in the limited take up and completion of the qualification by employers in the sector.

2.3 The situation is improving however. The Sector Skills Council, People 1st has worked to simplify the qualifications framework over the past couple of years and in partnership with the British Institute for Innkeeping (BII), launched a dedicated apprenticeship for licensed hospitality in August 2011. The qualification covers elements of licensing law, health and safety, first aid, cellar management, and customer service.

2.4 Prior to this “pub” apprenticeship, our members in the licensed trade found that the general catering and hospitality qualifications offered by the National Apprenticeship Service did not really meet their business needs. Consequently, the ability of the National Apprenticeship Service to promote apprenticeships among our members was very limited.

2.5 Even following the launch of a dedicated “pub” apprenticeship, our members are still unclear what the respective roles and responsibilities of the various bodies involved in the branding, management, funding and delivery of apprenticeships are and on what basis they should be liaising with them should they wish to explore apprenticeships further.

2.6 The ALMR hopes that the recently launched Hospitality Guild, funded by the Growth and Innovation Fund will help bring clarity to this landscape as well as disseminate best practice in skills training and apprenticeships in the licensed hospitality sector.

2.7 Another concern expressed by our members is that the development of the apprenticeships framework has largely been focused on the qualifications they provide to participants as a result of this training. Our members are more concerned with the workplace and business skills participants develop in training and how these maximise their contribution to the workplace and provide tangible benefits to employers.

2.8 Greater uptake of apprenticeships in the modern pub and bar sector can be encouraged if central Government recognises and values the skills that underpin commercial success in our modern pub and bar industry.

2.9 The development of apprenticeships has been driven from a desire to provide an alternative to formal education. We agree with the conclusions of the recent NAO report which noted that the Department for Business, Innovation and Skills has not provided sufficient clarity on what success will look like in the medium to longer term. With the Department for Education, BIS can and should do more to define its strategy to deliver the apprenticeship programme and monitor progress against the outcomes it intends to achieve.

2.10 In particular, the Department and NAS have not done enough to explicitly target those frameworks, levels of qualification and age ranges likely to have most impact on the economy. We would urge an evidenced based approach to the development of future strategy, investment and policy.

3. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

3.1 The extra funding promised by the Coalition Government is essential if new bespoke apprenticeships like the one formulated by the BII are to prosper and flourish. It is particularly vital if the take up of apprenticeships amongst smaller employers is to be encouraged. Our members already invest and offer professional training to their employees and benefit from understanding how apprenticeships will complement rather than compete with existing schemes.

3.2 Our members would also welcome the ability to access the additional funding without some of the constraints that are currently imposed on existing support. When accessing funding for apprenticeships there are a number of constraints which are not always clear, and our members find it very difficult to manage their commercial businesses well if they are unable to forecast accurately.

3.3 However, perhaps the most pressing funding issue limiting the take up of apprenticeships in our sector is that the tariff is set at a lower rate for the BII “pub” apprenticeship than for the general catering and hospitality apprenticeship. The difference between the two tariffs is as much as 50% and it is no surprise, therefore, that take up and returns are greatest in the general hospitality programme.

3.4 The NAO report on apprenticeships expressed concern that tariffs were being set without sufficiently robust information on the cost of provision. Whilst funding rates are intended to be sufficient to meet providers’ delivery costs, this is not always the case and the NAS lacks reliable evidence to support their estimates of these. As a result, the Agency and Service are not in a position to judge whether providers are generating a surplus or a loss. We recommended that the NAS and Government should develop a robust evidence base to underpin tariff structures.

4. *Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?*

4.1 Apprentices are valued members of the workforce in our modern bar and pub restaurant industry. Employers in the licensed trade who have developed their own schemes have seen improvements in productivity, staff retention and overall business performance.

4.2 However, some of our larger members who have developed their own schemes express reservations about rolling their initiatives out more broadly due to uncertainties around government funding and support. Others maintain that the standards of their internal training schemes remain higher than those available through those that are publicly funded.

4.3 The “pub” apprenticeship scheme launched by BII in August 2011 provides a Level 2 Qualification and the industry is keen to explore the benefits that it will provide, particularly if the “tariff” issue (above) is resolved.

4.4 However, our members are keen to see Level 3 and 4 apprenticeships made available and await with interest BII plans to launch schemes with these levels in 2012. These apprenticeships are particularly suitable for training the next cadre of business managers who are typically aged between 18 and 24. While there are numerous qualifications currently available in licensed management none are officially accredited or recognised outside of the industry.

4.5 The *ALMR* considers that higher-level nationally accredited qualifications would help to attract more business-minded people to the industry as well as improving the skills base and promotion chances of those already working in the sector.

5. *Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?*

5.1 In November 2011, the Government announced that it would offer employers with 50 employees or fewer up to £1,500 for taking on an apprentice aged between 16 and 24 years old.

5.2 However, most pubs cannot realistically take on anyone full time under the age of 18. There are constraints on working hours/equipment and machinery that 16–18 year olds can use and although some of the larger businesses employ 16 and 17 year-old apprentices working in their kitchens and as waiting staff, most of the smaller pub businesses cannot afford to employ someone who cannot also serve behind the bar.

5.3 While the apprenticeship bonus might have some effect, the *ALMR* urges that the initiative should be extended to cover all the apprentices small employers take on, not just a single apprentice, especially as this is not likely to exceed two or three per business.

5.4 In addition, there are many over-25 year-olds working in our industry that would benefit as much or even more from access to apprenticeship schemes as 16–17 year-olds. Employers in the licensed hospitality sector should be incentivised to take these older employees on.

5.5 There are a number of other initiatives that might have a greater impact and encourage small employers to involve themselves in apprenticeship schemes. These are as follows:

5.6 The *ALMR* have mentioned the importance of resolving the tariff issue for the BII “pub” apprenticeship (above) which would encourage its take up among small and medium sized enterprises in the licensed trade.

5.7 The *ALMR* welcomes measures announced by the Government in September 2011 to introduce a “payment by outcomes” approach and eliminate in-year changes to contract values, a number of data returns and reduce audit requirements needed from employers. The *ALMR* would encourage the Government to remain vigilant on exploring ways to further reduce red tape and bureaucracy for small businesses in this area.

5.8 The *ALMR* would also like to see greater effort made to accredit existing in-house training programmes (providing quality standards in design and delivery can be met) and asks that Government do not adopt a one size fits all approach when developing tighter guidance for those involved in apprenticeship frameworks. One of our larger members noted that the 45 apprenticeships they currently offer within their business would dramatically increase tenfold if the company were able to map and successfully accredit their in-house programmes.

5.9 In addition, the *ALMR* would like to explore whether larger, more experienced businesses might provide mentoring to help SMEs adopt and manage apprentices and deal with the paperwork involved in running the schemes. Alternatively, the *ALMR* considers that SMEs in our industry would benefit from a dedicated support officer in the first phase of setting up an apprenticeship scheme.

6. *Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?*

6.1 As noted above, most bars and pub restaurants do not employ anyone under the age of 18. As part of the process of ensuring that apprenticeships are tailored to meet employer needs, the *ALMR* would like to funding arrangements reflecting the specific dynamic of the industry in which they operate.

6.2 In the case of modern bars and pub restaurants we would like to see fully funded apprenticeships for 19–24 year olds rather than for 16–17 year olds. The *ALMR* also considers that it would be appropriate to offer more funding to over-25s, especially those with no qualifications or who haven't progressed through further education. This may encourage the creation, offering and take-up of management and other higher-level apprenticeships.

7. *Conclusion*

7.1 The licensed hospitality trade values apprentices. Properly configured, the *ALMR* considers that apprenticeships provide our workforce with robust, transferable skills that benefit our industry. This allows employers to build on employees' capabilities with additional training programmes tailored to their own business systems as appropriate.

10 February 2012

APPENDIX—CASE STUDIES

APPRENTICESHIPS CASE STUDY: SPIRIT PUB COMPANY

APPRENTICESHIPS AT SPIRIT PUB COMPANY

- Spirit is a strong supporter of young apprentices currently hiring 199 young apprentices (18–24) compared to just 51 apprentices over the age of 25.
- They are planning to hire more apprentices of all ages and their vision is to have one apprentice in every pub—a total of 890 apprentices.
- Apprenticeships form a key part of training and skills development at Spirit. The majority of young people in their business come through the apprentices programme rather than through a graduate programme.

THE APPRENTICESHIPS PROGRAMME AT SPIRIT

- In response to many of the barriers and difficulties Spirit faced when hiring apprentices, they decided to develop a unique programme to suit their needs.
- All of Spirit's new hires are entitled to apply for an apprenticeship after first completing an initial 13 week in-house induction within the business.
- This is a fairly unusual and unique approach with only two to three other big players in the industry running a similar programme.
- Those who complete the induction will in effect have already done a proportion of the apprenticeship programme through their everyday job before starting the apprenticeship.
- After completing their first apprenticeship employees are offered a number of further apprenticeships or equivalent qualifications for each step in development throughout their career.

Spirit HR Director Karen Caddick said:

“Spirit Pub Company places a great emphasis on supporting and training young apprentices and our business is reaping the rewards—motivated, confident and engaged staff, who stay with us in the long-term. The programme is so successful; our goal is now to have an apprentice at every one of our sites in the future.

“We want to build a reputation of the hospitality industry being a place where people can build a career. Apprenticeships and further qualifications allow people to progress through the organisation in a structured and supportive manner and at a pace to suit their ambition and goals. Apprenticeships have greatly reduced turnover and 83% of our employees who start an apprenticeship are still with the business six months after finishing the programme, meaning stability for learners and the business.

“We welcome the Government's proposal to support businesses to take on young apprentices. Young people are facing a tough time and we believe that apprenticeships can give them the right training and skills for career progression. It is also a valuable investment in the future of our business. However, it can be a complex and daunting process for many businesses and more information and guidance must be provided.”

APPRENTICE CASE STUDY 1

Fay Hargreaves

Fay Hargreaves joined Spirit Pub Company in February 2008 and is one of the company's great apprentice success stories.

Fay had left formal education and started to work in a pub whilst she thought about what she wanted to do. The Apprenticeship in Food and Beverage was offered to her and she decided to undertake this. Fay has since gone on to win national recognition and is an ambassador for the company.

Fay holds Level 2 qualifications in Food and Beverage and is currently a Team Leader. She was Highly Commended in the National Work Based Learners Awards 2010 and has won a Silver Proud Award which is part of the company's own recognition scheme.

Now aged 20, Fay has already moved from her role as a team player to a team leader in just 2 years, is able to hold shifts in a general manager's absence and has been seconded into the company's investment team as a trainer.

In addition, Fay attended the launch of the Apprenticeship Week at the Houses of Parliament in April and has been asked to represent Spirit Pub Company on the panel of judges for the 2012 Work Based Learner Awards.

Fay Hargreaves, Team Leader, Spirit Pub Company says:

"I was invited onto the apprenticeship programme by my general manager at the time. It's definitely delivered my expectations and also exceeded them. I just think it's a brilliant programme and would recommend an apprenticeship to any other young person who is not sure what route to take to get their feet on the ladder.

"If any of my colleagues, or even those outside this business, wanted to enrol on the programme, I'd say just go for it! It gives you an extra skill level and has built my confidence, it would build everyone else's too."

APPRENTICE CASE STUDY 2

Josie Walker

Josie joined Spirit in March 2010 after deciding to leave formal education in favour of a work-based learning approach and has never looked back.

She progressed from her starting role as a team player at the Butley Ash, Macclesfield to a team leader in the space of just 14 months whilst undertaking her level 2 Apprenticeship in Food and Beverage. She is now completing the Team Leader Apprenticeship qualification.

Josie was named the Best Apprentice of the Year as part of Spirit's internal reward scheme and was invited to attend the launch of the Apprenticeship Week at the Houses of Parliament in April.

Now aged 20, as part of her role she holds shifts in the general manager's absence and trains staff and demonstrates best practice at other pubs in the local area.

Josie Walker, Team Leader, Spirit Pub Group said:

"I first heard about the apprenticeship programme through my general manager. I liked the fact that I could learn and earn at the same time, and also felt that I'd come across a lot of life skills that would benefit me in the future.

"The apprenticeship is much more than I expected. It motivates me to come to work. Yes, the workload is hard, but I get to learn all of these new skills, because I'm actually here, learning.

"I feel really valued. From working with the front of house team, to working with the kitchen staff, I get a lot of support—especially from my general manager and the training provider. It brings out the real person in you—you get real, hands-on experience with life skills and it's definitely beneficial, both to you and others. I have no regrets at all about doing an apprenticeship, this is the career path for me—I love it!"

STONEGATE PUB COMPANY

Dawn Vale—Head of Leisure Machines

"I never end a day without the feeling that I have achieved something."

With no two days the same, Dawn Vale finds herself fully immersed in the operation and management of the machine side of the hospitality business. "One day I find myself working through a tender, another I am an interior designer ensuring our investments have the right machine mix and are in the best locations to suit our customer requirements", said Dawn who finds the most satisfying part of her role being out in the pubs and supporting the people who run them. "For me, this is without a doubt where the real rewards and job satisfaction comes. I never end a day without the feeling that I have achieved something."

Dawn started her career with the Rank Group in 1997 as a Customer Service Clerk and through dedication, hard work and a passion for the industry has climbed the career ladder now working with the country's largest privately held managed pub operator in the UK.

"I wanted to join an industry that would enable me to develop my career and offer me opportunities. It has always been my belief that you're a lucky person if you can do a job that you love and combine it with a

passion for the quality of the product and service that you deliver. Well, the leisure and hospitality industry has enabled me to do just that”

Throughout her career Dawn has progressed through training and personal development programmes which have enabled her to gain management qualifications ranging from higher level NVQ's to a Post Graduate Certificate in Hospitality Leadership.

Jim Gray—Area Manager

“Being part of a team with a real sense of camaraderie got me hooked on hospitality.”

From an aspirational 16 year old working in a kitchen to an Area Manager looking after 12 sites contributing £2 million profit to the business Jim Gray has worked his way up in the industry gaining knowledge, experience and qualifications on the way.

“I started as a 16 year old pot washing in my local Harvester” said Jim, “And working in a fast-paced environment and being part of a team with a real sense of camaraderie got me hooked on hospitality.” It was through that introduction to the business that motivated Jim to progress through the ranks whilst undertaking a two and a half year college course.

Jim then spent a spell in the Alps working as a chef and made the decision to further his qualifications undertaking a degree in Hospitality Management. The degree took him to placements in hotels in France and Austria and by the age of 22 he was running a hotel in Chatel, France.

Jim then joined Yates's in 1999 as Deputy Manager and by 2002 he was picking up awards, winning Assistant Manager of the Year within the business. Having spent time in bars in Central and West London Jim then moved to York to manage the Yates's in the city. Under Jim's management the business rocketed to the second highest business turnover in the company.

With consolidation taking place in the industry and the formation of Laurel Pub Company Jim was given the responsibility of looking after seven bars in the North East. He held this position for 18 months prior to being promoted to Area Manager in June 2010.

“It's been an amazing journey. Working in this industry has enabled me to experience many different roles and locations. I've been involved with two new pub openings, multi site management, resolving licensing issues to managing and motivating teams. Throughout that time the companies I have worked with take time to reward their people—I've won awards, enjoyed incentives and even been rewarded with holidays in recognition of the part I have played in the success of the business”, said Jim. “The role I now hold enables me to have the flexibility and the framework to grow a business which is hugely rewarding and it brings the biggest satisfaction to me daily when you see business succeed.”

Lorna Crawford, Holding Area Manager

“I really have not made this journey on my own but have been supported by a fantastic team.”

Lorna began working in pubs in the summer of 2002 prior to heading to the University of Glasgow to study English and Theatre Studies. During her first year Lorna was working in a full-time promotional job but found herself drawn back to the pub industry. “It was when the smoking ban was introduced in 2006 that I decided to move back to pubs”, said Lorna, and I enjoyed the role so much that I opted to continue working in the pub as an alternative gap year and it was during this time that I was promoted to Assistant Manager”.

Lorna graduated with an MA in English and Theatre Studies in 2007 and at the same time was offered a relief management position running bars. “My studies were leading me to my preferred profession, a playwright, however my love of the hospitality business was something that I knew I would enable me to enjoy a challenging and satisfying career in this sector”.

Lorna was appointed to her first bar management position in 2008 following a year holding the position of Assistant Manager. Her career has gone from strength to strength picking up the prestigious accolade of Licensee of the Year in Scotland by the leading trade title *Scottish Licensed Trade News* on the way. “Winning the award gave me the confidence in my ability to continue to strive in this profession and to look to further progress. I really have not made this journey on my own but have been supported by a fantastic team both those in my business and others who work within the company.”

Sarah Barnett, Area Manager

“Three of my managers went on to run their own La Tasca's—developing them was a real passion.”

Sarah got bitten by the hospitality bug at age 14 when she started waitressing at her father's golf club. Throughout her university years she worked part-time in various bars and night clubs part time, loving the work and the social side of the business. Following her graduation Sarah managed a health food café for a friend and whilst in this role she learnt that another friend had been made General Manager of a La Tasca restaurant. “My pal asked me would I go and help her out in the business as an assistant”, said Sarah. “I hadn't had much restaurant experience so thought it would be a good opportunity to work with an experienced

operator and learn everything about this side of the industry.” Sarah started there in 2002 and progressed up the ranks eventually taking over as General Manager at the Glasgow site.

Whilst at La Tasca, Glasgow, Sarah built a great team around her and developed her team enabling three of her managers to move up the ranks and run their own La Tasca restaurants. “I believe it is crucial to develop your team in order to enable you to have time to drive the business forward”, said Sarah.

Sarah’s outstanding performance was recognised and she was given extra business responsibilities and gained status as a centre of excellence. “This role meant I would train new General Managers and occasionally Area Managers. I also acted as a mentor to new managers, and assisted with the business operations to ensure brand standards were met.” Eager to progress Sarah constantly demonstrated her enthusiasm to improve that of her own career progression opportunities but also that of other employees. “I designed a management induction programme for our area to ensure we were professionally inducting our new recruits and giving them the best chance of success.”

Sarah then moved into area management, and was approached by the MD of Slug and Lettuce and offered the opportunity to move into trainee area management for the bars side of the business. “I have now been an Area Manager for Slug for two years. I have seven sites—all in the Manchester area, which has made the trainee role very manageable. It’s challenging, it’s great experience and I feel I have really been invested in and have grown professionally”.

Kerry Rossall—Manager, Yates’s

“A three-week stop in the UK turned into a life changing career.”

In 2006, Yates’s Manager Kerry Rossall was on a short trip to the UK en route to Ibiza when she decided to undertake a few weeks work in a pub. “I handed out my CV in loads of pubs, bars and restaurants in Romford and only two businesses got back to me; one of which was Yates’s, where I took up an Assistant Manager role,” said Kerry, “That three-week stop turned into a life changing career”.

Kerry’s enthusiasm and energy was recognised and she was soon promoted to Deputy Manager and was given the training and development that would help her further to progress her career. Kerry then moved to Leicester Square learning the intricacies of the legal operational side of the business of the flagship Yates’s in the Square. By 2009 Kerry was appointed to her first pub in Cheltenham “It’s great, I love it and I haven’t looked back since.”

Along the way Kerry has received HQ support and training which underpins her professional development, “The great thing about working in this business is not only do you get the support from the HQ teams, but you also get amazing support from the General and Area Managers in the company”.

David Crow—Area Manager

“The hospitality industry is flexible enough to enable you to have an interesting and diverse career wherever you are in the country.”

In 1992 David had a career dilemma—stay on in education or start in the world of work. “I realised that I would struggle to pay for University and so after a few months of starting my A-Levels I started to look for work.”

David joined Scottish & Newcastle Retail on its Youth Training Scheme, gaining excellent insight into the office side of the retail industry as he moved between a range of departments. It was a period of turmoil in the industry but at the end of his training in 1994, David was appointed to an operational admin support role. In 1995 David moved across to the Management Accounts team.

Things moved rapidly for David and by 1996 he was appointed Stock Controller, “I was responsible for ensuring efficient stock control within approximately 30 pubs and ensuring managers adhered to company policies and procedures in relation to cash and stock,” said David. “I worked closely with the Area Managers and Pub Managers in the North East to maximise unit profitability.”

From 2000, David spent 18 months as a trainee Area Manager, learning how to understand the operation side of the business assisted by guidance from experienced peers. By 2002 David was running 20 pubs in and around Nottingham. In 2004, with the sale of the business to Spirit Group other opportunities opened up and David gained more experience moving around the business. “I then decided to step back and take a year sabbatical” said David “And on my return I secured a Retail Business Manager role working with brands that, a role that was new, exciting and challenging. My previous experience and training had put me in good stead.”

In 2010 David moved to Stonegate Pub Company as an Area Manager moving closer to his home roots in the North East. “It’s been a fab journey, and it’s good to be on home turf now I have a family. The hospitality industry is flexible enough to enable you to have an interesting and diverse career wherever you are in the country.”

Written evidence submitted by the Association of Teachers and Lecturers (ATL)

1. ATL—LEADING EDUCATION UNION

ATL, as a leading education union, recognises the link between education policy and our members' conditions of employment. Our evidence-based policy making enables us to campaign and negotiate from a position of strength. We champion good practice and achieve better working lives for our members.

We help our members, as their careers develop, through first-rate research, advice, information and legal support. Our 160,000 members—teachers, lecturers, headteachers and support staff—are empowered to get active locally and nationally. We are affiliated to the TUC, and work with government and employers through partnership and by lobbying.

2. ATL POLICY

ATL's education policy is underpinned by the professionalism of teachers. Teachers should be recognised for their knowledge, expertise and judgement, at the level of the individual pupil and in articulating the role of education in promoting social justice. Development of the education system should take place at a local level: the curriculum should be developed in partnership with local stakeholders and assessment should be carried out through local professional networks. Schools should work collaboratively to provide excellent teaching and learning with a broad and balanced curriculum, and to support pupils' well-being, across a local area. This means that mechanisms must be developed that ensure a proper balance of accountability to national government and the local community, and which supports collaboration rather than competition.

3. EXECUTIVE SUMMARY

- ATL welcomes the opportunity to submit written evidence to the BIS Committee Apprenticeships Inquiry.
- ATL welcomes the establishment of the external review into the standards and quality of apprenticeships, which will report in 2012. This is timely, given the current disparity across apprenticeship programmes.
- ATL is concerned that there are huge discrepancies in the quality of programmes offered. There should be a minimum one year duration for any apprenticeship programme
- ATL agrees with the analysis that an understanding of why apprenticeships work is crucial to the development of the programme. ATL recommends that the lessons of research be taken up and applied to the range of apprenticeship offers. We agree with those who see the European model as offering a more rigorous framework for the apprenticeship programme, particularly the German system which provides high quality technical qualifications with general education.
- ATL believes that there should be a clear distinction between real apprenticeship programmes and work based learning opportunities that may lead to an apprenticeship, as the current variation in offer and subsequently in quality, damages the apprenticeship brand.

4. RANGE OF APPRENTICESHIPS

Education for all is at the heart of ATL's policy principles and it is therefore a concern to us that the current apprenticeship programme lacks consistency and does not provide a coherent or clearly articulated system. Because of the variety of apprenticeship models, there are huge discrepancies in the quality of programmes offered. Currently apprenticeship programmes can range in duration from eight weeks to four years. The introduction of a robust and coherent programme for young people which introduces them to the occupation and leads to a licence to practice is long overdue.

The current number of possible permutations of the framework, with over 180 different career choices on offer in 80 different sectors, does not provide a clear message to young people, parents and school or college staff. Good quality information, advice and guidance are crucial in this respect.

Provisional figures show that apprenticeships starts for 2010–11 rose to 442,700, however, of these there were only an additional 11,700 places created for 16–18 year olds at a time when youth unemployment stands at 1.027 million, with 22.3% of the 16–24 age group unemployed. Government claims that apprenticeship places have been increased across the sector for all age groups, but the majority increase is in the number of apprenticeships for the over 25s.

5. SUCCESSFUL APPRENTICESHIPS

There are successful apprenticeship programmes that work and are rightly given as exemplars to young people and adults, however the reasons for their success is not obvious. The tradition of an apprenticeship system appears to be crucial to successful programmes as is the understanding of the employees who work with the apprentices and the ethos of the company. Such conditions are ideal and are given the name "expansive" (as distinct from "restricted") apprenticeships by Professor Lorna Unwin at the Institute of Education. They provide exemplary programmes of apprenticeships. It is also of note that the UK improvement in the Worldskills competition drew on the notion of an expansive workplace that encouraged the development of team skills and team working.

In expansive apprenticeships the dual status of learner and employee is clearly established and there is a tradition of apprenticeships, whereas in restrictive apprenticeships, the status of the apprentice as employee dominates and there is little or no tradition of apprenticeships within the workplace. The domination of tradition in the apprenticeship programme is beneficial in regards to its status and to the learning and training conditions it provides. Non traditional sectors that do not have “communities of practice” consequently suffer a greater variation of quality and status; for example, the dominance of Construction, Hairdressing, Business Administration and Customer Care, the former having a highly casualised workforce and others being non-traditional occupational sectors, shows that there is a tendency towards more restrictive apprenticeships. This will affect the aspirations of the young people who join them.

Without a clear notion of an expansive apprenticeship and thereby a kite mark of quality, the apprenticeship brand will suffer. It is also probable that non-traditional sectors providing apprenticeship programmes may fail to follow an inclusive agenda and so have a tendency to select trainees by gender or age.

ATL agrees with the analysis that an understanding of why apprenticeships work is crucial to the development of the programme. ATL recommends that the lessons of research be taken up and applied to the range of apprenticeship offers. To this end, SSCs could apply criteria which establish whether or not the apprenticeship meets the requirements of an expansive apprenticeship programme. The restrictive apprenticeships which are focussed on a narrow conception of training should be identified as work based learning opportunities that may lead in future to an apprenticeship award via an “expansive” programme.

6. CONCLUSION

A review of apprenticeships should take account of and build on the learner experience pre-apprenticeship. BIS and DfE should work together as they review qualifications from school to work, to ensure a seamless transition.

ATL wholeheartedly supports the Government intention to raise the status of the apprenticeship programme and its commitment to making apprenticeships the gold standard option for young people. However, this cannot succeed when it is still unclear whether this is a skills policy or a re-employment policy. In order to establish both the credibility and quality of apprenticeship programmes, more places must be made available to the 16–24 age group and the apprenticeship brand must be consistently applied across all programmes.

10 February 2012

Written evidence submitted by Avanta Enterprise Ltd

INTRODUCTION

1. Avanta Enterprise Ltd is a major provider of employability, skills and enterprise services, delivering the DWP’s Work Programme in five out of the nine English regions (we are a Prime contractor in three). We deliver a diverse range of skills and qualifications to young people, all designed to progress them back into the labour market. To add lasting value for our customers and funders we are also active in our local communities to engage employers and provide required skills to the labour market.

NATIONAL APPRENTICESHIP SERVICE

2. Avanta believes that a National Apprenticeship Service (NAS) can provide a prominent national platform for employers and young people. A national public-facing body of this kind with a developed media profile is required for employers of all sizes to be familiar with the concept and thus more likely to be keen to employ apprentices themselves.

3. However, as a national body the NAS will inevitably be less well-equipped to engage with SME and major local employers, many of which do not advertise apprenticeship opportunities through regular channels. Avanta believes that most established skills and employability providers are experienced in forming these kinds of links with business, through mutually beneficial arrangements such as placing appropriately trained and motivated customers into a variety of roles, or providing simulated work environments. These relationships will be instrumental in raising support for apprenticeships at local level.

4. Greater recognition of the NAS amongst employers who are involved in apprenticeship delivery will enable it to be more active in gathering information and data around take-up and outcomes. This in turn will support NAS public engagement and reinforce positive messages about apprenticeships to employers and young people.

5. With regard to young people considering the apprenticeship pathway, Avanta believes the NAS has a crucial responsibility to inform 14–18-year-olds about apprenticeships in their area. This is especially relevant in schools and FE colleges, where other independent careers advice services have been scaled back. Avanta believes we are well-placed to be the first point of contact for young people transitioning into the work of work.

FUNDING

6. Avanta agrees with the majority of the sector in finding that proposed extra funding is required for apprenticeship provision. Youth unemployment has grown to almost 1.5 million NEET and anything aimed at tackling this would be welcomed by the skills sector. There is also a pressing need on the ground: the recent ACEVO report *Youth Unemployment: the crisis we cannot afford* highlighted the lack of signposting towards apprenticeships. As youth unemployment is now a major political issue, the allocation of extra funding will also show employers and taxpayers that Government is keen to tackle this crisis.

7. The focus must be on reacting to employer demand rather than directing funding from the centre towards placements or projects across the UK, especially in a fast-changing economic climate and the likelihood of further devolution of power to cities and regions. Employers are better-placed and more attuned to changes in the local labour market to direct central funding.

8. As a Work Programme and potential Youth Contract provider Avanta is concerned that any apprenticeship funding will not fit with proposed schemes including the Youth Contract, under which employers will be given a wage subsidy to employ a jobseeker. Avanta suggests matched funding to be made available for this provision so as to negate the incentive for employers to employ an 18–24-year-old Work Programme customer for financial gain in preference to an apprentice, to whom no extra wage subsidy is currently attached.

QUALITY

9. In keeping with the commitment to demand-led provision Avanta believes that employers are best placed to determine the appropriate apprenticeship Level and training. This is why Sector Skills Councils are best placed to define the modules and type of provision their members' apprentices undergo.

10. In common with the vast majority of research into the issue, Avanta's own work with employers has found that many value English and maths skills most highly and find that young people they employ tend to be poor in these areas. Avanta would therefore like to add our voice to the calls for these subjects to be further funded and encouraged as part of Functional Skills 1 and 2.

BONUSES

11. Avanta has consistently argued in relation both to apprenticeships and the Youth Contract that any financial incentive for which employers are eligible needs to be administered with paramount care. Anything which adds disproportionately to bureaucracy or offers perverse incentives (eg for an employer to churn apprentices every six months to collect a new attachment payment) must be avoided to maximise value for taxpayers' money.

CURRENT FUNDING ARRANGEMENTS

12. In this regard Avanta concurs with the Association of Employment and Learning Partners (AELP) in that each element of the apprenticeship should be broken down in detail to determine who should fund each. Within this model it should not be forgotten that the employer will often provide various "in kind" benefits to the apprentice.

13 February 2012

Written evidence submitted by BAE Systems

1. *How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Depts? (BIS and DfE)*

BAE Systems experience of the NAS has been positive. Our contract has been managed in the past through the National Employer Service via Hilary Chadwick, but this has now changed and our contract will be managed through an account manager (Mark Donnelly) in the North West regional team. We have met with Mark and are confident of continued good support.

There are still gaps between BIS and DfE. Funding for Higher Apprenticeships is split between the SFA and HEFCE and if we wish to promote HAs and Higher Skills, we need to make the process of claiming for funding easier. In my capacity as a UKCES Commissioner I have written to John Hayes to recommend a single source of funding.

I do feel that there is a discontinuity of commitment to "vocational" skills/education between BIS and DfE. BIS have recognised the priority of skills, but ironically DfE is taking a more "traditional/academic" approach to education which is to the detriment of vocational education. I do support the Secretary of State's commitment to the core critical building blocks of academic learning, but believe this needs to be tempered by an accommodation for vocational pathways as well.

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

BAE Systems agrees with the Coalition Government's commitment to apprenticeships and believes that an expansion of apprenticeships will support the "Plan for Growth" and raising skills in UK businesses. The extra funding is therefore important, indeed vital.

The Government should prioritise funding in the areas that will most significantly impact on economic growth and support the rebalancing of the economy from financial services to manufacturing. The engineering and manufacturing sector should be a priority. To be competitive in the future the UK will need to compete on the basis of high skilled manufacturing. There needs therefore to be a matching prioritisation on Level 3 and above apprenticeship funding.

Through my work in the UKCES I have been supporting the drive to promote Higher Apprenticeships, both to raise skills in business but also to provide an alternative pathway to higher education level skills to university education for young people.

Fortunately, I believe that Vince Cable and John Hayes have recognised and are supporting these priorities for manufacturing and higher skills.

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

In the response to my last question I have indicated that there should be a rebalancing of commitment to higher level apprenticeships.

In the engineering and manufacturing sector I believe we are well served in the main by the quality of our apprenticeship frameworks and programmes. I believe that large employers need to play a key role as the custodians of quality for their sector and take on a leadership role. We in BAE Systems work closely and effectively with Semta and other large employers in our sector to ensure apprenticeship frameworks meet our current and future requirements.

BAE Systems has, for example, been taking a key role in the current review being coordinated by Semta to review and implement changes to the Advanced Manufacturing Higher Apprenticeship framework to ensure apprenticeship training meets the future requirements of manufacturing in a changing world.

Semta has an expert voice on apprenticeships and plays a key role in maintaining quality. Some of the other sectors are not served so well by their SSCs.

4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

The incentive payments of £1,500 for SMEs taking on their first apprentice were only launched last November and it is too soon to say if they will be successful.

I do believe that big businesses have a responsibility to help promote the business benefits of apprenticeships to SMEs in their supply chain. We in BAE Systems ran an event at our Preston Training Centre in January with Semta for our SMEs so they could see at first-hand what is involved and could meet and speak with our apprentices too to see the quality or the output

New approaches to funding are also needed. The UKCES is right to encourage large employers to take a bigger direction in the focus of skills investment. As a UKCES Commissioner I have been involved both in the design and now promotion of the new "Employer Ownership of Skills" funding that was launched before Christmas. I am sure that this will fund some very innovative and exciting partnerships led by big employers, which will provide significant opportunities to expand the take up of apprenticeships in large companies' supply chains. I am very much looking forward to seeing the success of this scheme, which will generate new models from which we can all learn.

5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

BAE Systems recognises that in a tough funding climate Government needs to prioritise its investment. With one million plus young people out of work it is vital that it focuses its support on helping young people into work and providing them with skills for their future careers. Apprenticeships are the key vehicle to provide employability skills to our young people.

BAE Systems believes that it is vital that Government investment should continue to be at the 100% level for 16–18 year olds.

27 January 2012

Written evidence submitted by Barrow Training Partnership

We are a small private training provider and member of AELP who deliver a plastering modern apprenticeship programme for Construction Skills which is unusual in our part of the country as traditionally they deal with colleges. We are too small to have our own contract through the Skills Funding Agency.

I feel that construction apprenticeships are vital but they are not always designed for industry needs. Well established courses in the main trades of joinery, bricklaying, painting, plumbing and electrical are well catered for by colleges but this is all they offer which means that the job market is being flooded with these skills to the detriment of other occupations. Forward thinking would throw up apprenticeships where there are more likely to be jobs. For instance we would love to be able to access funding to deliver an insulation apprenticeship in preparation for the “green deal”.

Achievement of qualifications is driven by funding when they should be driven by competence of the apprentice. Introducing more level 3 apprenticeships will not make any difference.

Apprenticeship bonuses should be paid when the employer confirms that the individual is competent and is receiving the full rate of pay.

Reducing the rate paid to training providers if the apprentice is over 18 makes it harder for that age group and it hurts smaller providers like us as we do not want to and cannot afford to pick and choose.

18 January 2011

Written evidence submitted by Bentley Motors Ltd

EXECUTIVE SUMMARY

- Bentley Motors is one of the world’s leading producers of high luxury vehicles. We employ around 4,000 people in Crewe.
- Bentley has always been strongly committed to skills development and apprenticeships and actively promotes careers in the automotive industry.
- The National Apprenticeship Service (NAS) has been very successful as a “one-stop shop” point of contact for all matters relating to apprenticeships and plays an important role in bridging the gap between the funding bodies. Navigating through the funding process, however, is still a complex and time-consuming procedure.
- Due to the nature of our business we have an on-going need to attract apprentices from a wide range of backgrounds to all of the different levels of apprenticeships.
- We would like to see government funding be less proscriptive in terms of levels of apprenticeships. Our skill needs are not just in higher level apprentices but across the board and we need support to ensure we can fund these recruits.
- The overall quality of apprenticeships is good but that there is always room for improvement. A modular system where apprentices could “pick and mix” their training would help meet our business needs better.
- Whilst we would of course like to see more Level 3 apprenticeships, this should not be to the detriment of Level 2 apprenticeships. We will continue to have an on-going requirement for associates with Level 2 type skills so maintaining and improving the quality of training at this level is important. Level 4 and 5 apprenticeships will also play an important part in our future strategy.
- Increasing support for Level 2 apprentices will also help us to engage with more of the NEETs in our local area. We are currently exploring a number of innovative and promising ways in which our existing apprentices can help engage young people who are currently out of work and inspire or mentor them to make them more readily employable. More details will be available shortly.
- We would also like to see funding for 19–24 year olds offered at the same rate as 16–18 year olds. Whilst Bentley will always recruit the right person for the job, regardless of their eligibility for full funding, a young person with great potential aged 19 or over may perceive that they are a less attractive candidate and be put off from applying.
- Finally, the Government must invest more in the promotion of apprenticeship schemes and independent careers advice in schools. Despite an increase in recent interest in the value of apprenticeships, their role and function are still fundamentally misunderstood by many potential employers and candidates.

BACKGROUND—BENTLEY MOTORS

1.1 Bentley Motors is one of the world’s leading producers of high luxury vehicles. Designed, engineered and manufactured in Crewe, England and exported directly to over 50 markets globally, Bentley cars are amongst the desirable in the world, a symbol of British manufacturing excellence and synonymous with luxury, craftsmanship, quality and engineering excellence.

1.2 Bentley Motors is based in Crewe Cheshire which is home to ALL operations. This includes styling, engineering, production (assembly, wood and leather production, engine manufacture), quality, sales and

marketing, finance, personnel etc. Bentley employs around 4,000 people in Crewe and exports around 80% of what we produce. This means we contribute over £500 million to the UK's balance of trade every year.

1.3 Over £1 billion has been invested into the Crewe site and new model development since the purchase of Bentley Motors by Volkswagen AG in 1998. This enabled production to increase 10-fold from 2003 to 2007 peaking at 10,000 cars per annum and, despite the economic downturn, demand is returning to pre-recession levels. Sales in 2011–12 were up 37% to 7,003 due to strong demand in established markets such as the US, mainland Europe and the Middle East but also increasingly to newer markets in Eastern Europe, South America and especially China.

1.4 Bentley is the third largest investor in R&D in the UK automotive sector and in the top 20 of all companies investing in R&D in the UK (Department for Business scorecard 2011). Given the nature of our product and the commitment we have to engineering, we employ over 1,000 qualified engineers and have a further 500 or so employees directly involved in engineering-related work.

BENTLEY AND APPRENTICESHIPS

2.1 Bentley has always been strongly committed to skills development and apprenticeships and actively promotes careers in the automotive industry. We believe the apprentice system as a way of encouraging young people into the business and developing specific skills through on-the-job training. Bentley also offers adult apprenticeship programmes, available to existing employees seeking to develop their skill set further and progress within the Company. At any given time, approximately 100 apprentices are employed in Crewe.

2.2 In addition, there are always 40 or more graduate trainees participating in a two-year programme and Bentley welcomes around 90 industrial/summer placements and internships each year alongside 150 work experience places.

2.3 Apprentices are seen as future experts. The wood shop apprentice will be a veneer specialist when fully qualified, and will help source the veneers used in our cars from around the world. We also have apprentices in the styling studio, engineering, electrical engineering, press & special, acoustics, quality, trim development, sales & marketing events and public relations, to name a few.

2.4 One of the most attractive aspects of Bentley's apprentice programme is the opportunity to spend time living and working abroad within the Volkswagen Group. In return, Bentley hosts foreign apprentices from Group who wish to gain experience in skills which are unique to the luxury car sector such as wood and leather work.

2.5 The company's commitment to apprenticeships has been widely recognised and rewarded. In 2011 Bentley was named Apprentice Employer of the Year for the North West and finished in the top five places at a national level. Christine Gaskell, Bentley's Member of the Board for Personnel is chairman of the Apprenticeship Ambassador Network for the North West and we actively support the National Apprentice Service.

2.6 The individual success of the apprentices is significant. One of our female apprentices won the Total People Advanced Apprentice of the Year Award and received in December 2010 the Mary George Memorial Prize for Apprentices 2010 awarded by the Institute of Engineering and Technology (IET) honouring the best female apprentice engineers working in the UK today.

TERMS OF REFERENCE

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

3.1 The National Apprenticeship Service (NAS) has been very successful as a "one-stop shop" point of contact for all matters relating to apprenticeships.

3.2 We work closely with the North West team who have been extremely helpful, but we do have concerns that their work has been affected by recent cuts to their budget which means that they are now spread too thinly for the job in hand. One example of this is that companies such as Bentley play an increasing role in marketing apprenticeships within the region because NAS do not have the resources to do this themselves.

3.3 The NAS plays an important role in bridging the gap between the funding bodies. However navigating through the funding process is still a complex and time-consuming procedure. We currently outsource this task to our training provider Total People—as we would need additional resource if we were to take on this responsibilities ourselves, The downside to this model, however, is that the additional costs borne by the provider are passed on to the customer. The process overall is still too bureaucratic and should be made simpler and more efficient.

3.4 One area in which there is room to improve the performance of the NAS would be to review the existing frameworks and establish a more flexible system that works for each industry. The current system is restrictive and doesn't address the needs of individual learners.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

4.1 We are pleased that the Government has recognised the importance of apprenticeships and is increasing the amount of funding available. However, much of the most recent funding has been targeted at Higher Level Apprenticeships and small companies.

4.2 Due to the nature of our business which combines high tech engineering skills with modern manufacturing and traditional handcrafting skills in wood and leather, we have an on-going need to attract apprentices from a wide range of backgrounds to all of the different levels of apprenticeships.

4.3 In terms of keeping our business competitive, we would therefore like to see government funding be less proscriptive in terms of levels of apprenticeships. Our skill needs are not just in higher level apprentices but across the board and we need support to ensure we can fund these recruits. Restricting full funding to higher levels—and to SMEs—will not deliver the people into the jobs we require.

4.4 Making the funding available to larger Companies could enable us to become the provider of qualified apprenticeships for supplier/smaller companies. Larger Companies may have the capacity to train more people but not necessarily the guaranteed jobs we provide on completion. By accessing greater funds, larger Companies could provide the full on-the-job training which sometimes proves too risky for smaller companies. In this way larger companies would be providing more young people with a route to vocational qualifications.

4.5 Further details of our views on the relative levels of apprenticeships are set out in our response to question 3.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

5.1 We believe that the overall quality of apprenticeships is good but that there is always room for improvement. In particular, we would like to see the frameworks for apprenticeship programmes reviewed and improved so they are more flexible for business requirements. A modular system where apprentices could “pick and mix” their training would help meet our business needs better.

5.2 As set out above, whilst we would of course like to see more Level 3 apprenticeships, this should not be to the detriment of Level 2 apprenticeships. As a manufacturer we have and will continue to have an on-going requirement for associates with Level 2 type skills so maintaining and improving the quality of training at this level is important. Furthermore, Level 4 and 5 apprenticeships will also play an important part in our future strategy.

5.3 In addition, increasing support for Level 2 apprentices will also help us to engage with more of the NEETs in our local area. We are currently exploring a number of innovative and promising ways in which our existing apprentices can help engage young people who are currently out of work and inspire or mentor them to make them more readily employable. More details will be available shortly.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

6.1 This is not directly applicable to Bentley as we are a large company. However, we would be interested to explore how we could help support smaller companies, for example those in our supply chain, in recruiting and training their apprentices.

6.2 Another opportunity we would like to explore is the potential for local business groups (eg Local Enterprise Partnerships) to establish companies to train apprentices on behalf of smaller organisations who may not have the resources or finance to commit to an apprenticeship themselves. The Cheshire & Warrington LEP (chaired by a Bentley Director) is looking into such a proposal as a way of stimulating employment.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

7.1 As a strong advocates of the value of apprenticeships, we believe that they should be genuinely be open to all as it is only through encouraging and developing the best candidates that we can maintain our global competitiveness.

7.2 Whilst we understand the importance of focusing on getting young people aged 16–18 into work as soon as possible, from a business perspective we need the flexibility to recruit and up-skill the best people for the job—regardless of their age.

7.3 We would therefore like to see funding for 19–24 year olds offered at the same rate as 16–18 year olds. This is important because whilst a company like Bentley will always recruit the right person for the job, regardless of whether they are eligible for 50% funding or full funding, a young person with great potential aged 19 or over may perceive that they are a less attractive candidate and be put off from applying.

7.4 We also have concerns about the proposed changes to adult apprentices. Up-skilling our existing workforce through adult apprenticeships makes a real difference in our industry and helps us to remain globally competitive. Unfortunately, we believe that the new system which will require adult apprentices to take out an FE style loan to cover the cost of their training would deter many of our staff from applying as they have incomes at or around the payback threshold and the short term financial implication will be significant.

7.5 This is also an issue because we would like to be in a position to recruit 25 plus year olds apprentices, many of whom may at that point in their lives be considering a career change and with more work experience will make good potential employees.

7.6 Once again because we wish to up-skill the right people we would be likely to assist adult apprentices financially to avoid this problem, but this would mean we will have to offer a lower number of places than originally envisaged.

7.7 One final comment we would make in respect of funding is that we would like to see the Government invest more in the promotion of apprenticeship schemes and independent careers advice in schools. Despite an increase in recent interest in the value of apprenticeships, their role and function are still fundamentally misunderstood by many potential employers and candidates.

1 February 2012

Written evidence submitted by Eleanor Moore, Workforce Development Co-ordinator within the Museums Development Unit,⁶ Bristol's Museums, Galleries and Archives, and Hala Osman, Performance and Evaluation Officer, Bristol's Museums, Galleries and Archives

1. Summary: This submission comments on the funding arrangements for apprentices, role of the NAS, the quality of apprenticeship qualifications in the Cultural Heritage and sets out the impact which funded apprenticeships have had in the museums in the South West which hosted them in 2009–11.

2. Eleven Creative Apprenticeships have been employed in museums across the South West of England in 2010–11, using a combination of funding: funding distributed by Creative and Cultural Skills (CCS) on behalf of the Museums Libraries and Archives Council (MLA), together with funding from Renaissance South West. Renaissance South West helped to bring together the participating employers and training providers and co-ordinated a network for the apprentices, the training providers and the employers. As part of the programme a comprehensive evaluation was conducted with the apprentices, the employers and the training providers via in-depth telephone interviews.

How successful has the National Apprenticeship Service been since it was Created in April 2009? Has it helped Bridge the Gap between the two Funding Departments? (BIS and Department for Education)

3. Our experience of the NAS centres around its service listing apprenticeship vacancies for employers. Our college partners helped the participating employers to access this service and this worked well. By themselves, the listings on the NAS website would not have filled the vacancies we were involved in (awareness of apprenticeships in our sector is low; candidates were more likely to pick up on the opportunities through local press/council web site. However the NAS listing ensured clear information about the vacancies was readily available.

The FE training providers we worked with seemed to be well plugged in to the NAS.

Is the Extra Funding promised by the Coalition Government necessary for Apprenticeships? How can this Funding best be Spent?

4. The additional funding is needed given that unemployment rates among those aged 16–24 according to the ONS reached 1.02 million in November 2011.

Funding could be spent in the following ways:

- Fully or partially funding apprenticeship wages in sectors, like Cultural and Heritage, where awareness and uptake of apprenticeships is still relatively low. This would lead to greater employer uptake, with a knock on, significant impact on workforce diversity and impact in terms of ensuring a more appropriate match of skills, aptitudes and qualifications to job role. This investment would enable employers to explore creating more financially sustainable job roles; for example, since this funded apprenticeship programme has come to an end some employers have gone on to employ their former apprentices in roles that relate to income generation, enabling the new job role to continue. Without the initial full funding, these employers said they would have been unable to take part. Therefore initial funding is a prerequisite to enable longer-term sustainability.

⁶ The Museums Development Unit was formerly part of Renaissance South West, central body within the partnership of five hub museums which shared national Renaissance funding distributed by the Museums Libraries and Archives Council. The nationally funded Renaissance programme funds improvements to regional museums to ensure more people can enjoy, learn from and access their collections. Arts Council England is now responsible for the Renaissance programme as part of its expanded remit.

- Fully funding the qualification element, regardless of apprentice age. The move towards only 50% funding for 19–24 year olds is putting apprenticeships further out of reach of employers.
- More money and resources are needed to advocate the benefits of apprenticeships to Cultural Heritage employers, to engage them into a new way of working.
- Funding could be spent on further ensuring qualifications are ready, fit for purpose and that their delivery is of the required standard. Particularly in 2009–10, qualifications did not always appear to be complete or user friendly. This has improved in 2011–12, but in particular there seem to be variations in the nature of information on content and delivery of the qualification, the ways it is shared with employers, and adherence to timetables for sharing and communicating this with employers. We experienced quite significant variations between different training providers.
- Money is needed to implement lessons learnt from the 2009–11 Creative Apprenticeship Programme in order to ensure that future apprenticeship in the Cultural and Heritage sector are of the highest standard. With further awareness of apprenticeships safeguards are needed to ensure consistent quality of the qualification, and that more employers could be brought on board to take part.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

6. Our evaluation leads one to conclude that there is a demand for advanced (level 3) level qualifications. For most of the museums involved, hosting an apprentice had a long-term impact in terms having people who held relevant practical skills and in some cases significant organisational change was experienced. The apprentices to reported long-term impacts on themselves such as being more confident, skilled and qualified and in some cases more engaged with their local community. However, the evaluation also showed that more coordination and more quality control of the qualification aspect is needed. This shows that the Creative Apprenticeship programme was of a very high quality, however improvements are needed in order to maximise the positive aspects for both the sector and the apprentices involved.

7. According to a report published by LSC (learning Skills Council) in 2009 the top 10 sectors for apprenticeships were Construction, hairdressing, engineering, customer service, business administration, children’s care learning and development, hospitality and catering, electrotechnical, health and social care, vehicle maintenance and repair. The Cultural and Heritage sector does not feature in the top 10, it seems that apprenticeships seem to be concentrated in a few sectors. If this trend continues it means that the Cultural and Heritage sector, one that is already typified by employees who hold post- graduate qualifications will become increasingly exclusive to those that have the means to pursue such as route. More funding and more apprenticeships are needed in the Cultural and Heritage sector to diversify its workforce in order to insure that Cultural and Heritage institutions are “fit for purpose” in relation to the communities they serve and that its workforce have the correct skills to ensure they are sustainable organisations

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

8. There appears, anecdotally, to be a preference for recruiting older apprentices in our sector, Cultural and Heritage. This may be because this sector has traditionally employed more graduates and post-graduates, who are older (whilst not necessarily possessing appropriate skills for changing job roles). It seems that making the shift towards new entry routes such as apprentices will be likely to start with older recruits. Therefore, cutting funding of the qualification for older apprentices is likely to have a disproportionately negative effect on employer engagement and uptake.

3 February 2012

Written evidence submitted by the British Chambers of Commerce

ABOUT THE BCC

1. The British Chambers of Commerce is the national body for a powerful and influential Network of Accredited Chambers of Commerce across the UK; a network that directly serves not only its member businesses, but the wider business community.

Representing 100,000 businesses who together employ more than five million employees, the British Chambers of Commerce is The Ultimate Business Network. Every Chamber sits at the very heart of its local community, working with businesses to grow and develop by sharing opportunities, knowledge and know-how.

OVERVIEW

2. The Chamber network is a strong supporter and user of Apprenticeships. Our 2011 workforce survey found that 20% of the Chamber employers surveyed had employed an Apprentice in the past 12 months.

3. The BCC welcomes the increasing focus on opportunities for businesses and individuals to benefit from vocational training. Apprenticeships are most successful where both employers and employees see clear benefits.

4. Apprenticeships become increasingly valuable as the skill level increases and we would particularly support an increase in higher level Apprenticeships.

5. It is important that a single visible point of contact exists in Government for Apprenticeships and more should be done to foster co-operation between DfE and BIS behind the scenes.

6. Our members are deeply concerned about the quality of advice and guidance given to young people in schools about their future careers. BCC would welcome strong guidance to schools and independent careers advice providers about the inclusion of vocational training opportunities in the advice and guidance that pupils receive.

7. We support the targeting of funding at Apprenticeships that most benefit the economy and would support further moves to encourage SMEs (particularly those employing 100–250 members of staff) to take on an Apprentice, to tackle youth unemployment, and to promote progression to high level Apprenticeships.

8. We believe that combining incentives from different initiatives strengthens the ability to achieve the relevant policy goals and strongly encourage DfE, BIS and DWP to explore such opportunities.

9. Providers should be recruited to help tackle the current high levels of youth unemployment. We recommend that the employer contribution should be reduced to 25% where a business recruits an unemployed 18–24 year-old to complete an apprenticeship to recognise that providers have higher costs where an apprenticeship involves recruitment and particularly where they need to persuade employers to take on unemployed young people.

10. There are not enough Apprenticeship frameworks to suit all the businesses who might consider employing an Apprentice. Creating a modular system to allow employers to select skills from more than one framework would make them more attractive to business and therefore increase take-up. Better aligning the Apprentice's training with the activities of their workplace would also increase their transferable skills.

11. The BCC's response to some of the specific questions posed in the consultation document can be found below.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding departments? (BIS and Department for Education)

12. We welcome the focus on Apprenticeships that came with the creation of the National Apprenticeship Service (NAS) and believe it is important that there should be a single contact in Government for all Apprenticeships.

13. The NAS helped to champion improvements to the quality of Apprenticeships, but it is difficult to assess whether those changes might have happened without their input.

14. It is essential that DfE and BIS should work together closely to deliver joined-up, coherent Apprenticeship policy. In particular, DfE must reaffirm its commitment to Apprenticeships for 16–18 year olds. The NAS was not always successful in bringing the two departments together.

15. The respective roles of the NAS and SFA can cause confusion and the BCC would like to see much closer cooperation between them.

16. We remain concerned about the low visibility in schools of Apprenticeships and other vocational training routes. If the NAS does not have responsibility for promoting Apprenticeships among young people, DfE must ensure that careers advice gives adequate weight to vocational opportunities and does not relegate them to a second class option. It must not be left to schools to decide whether vocational training might suit their students.

17. NAS doesn't have the capacity or skills to work with SMEs and we welcome the NAS's focus on large employers and its adoption of the responsibilities formerly covered by the National employer service.

18. The October 2011 BCC report "Skills for Business: More to Learn?" recommended targeting businesses with 100–250 employees to encourage more of them to create apprenticeships. The report found that although these businesses cited barriers to taking on an apprentice in similar numbers to smaller firms, they should have a greater capacity to overcome those barriers. BCC recommends that Government should focus on this opportunity.

19. While Colleges and Providers have a key role working with SMEs we still need a step change in the volume of apprenticeship delivery and SME penetration. The new employer ownership of skills pilot, if focused on SMEs, will be an opportunity to promote Apprenticeships and to understand better the skills needs of smaller businesses.

20. Chambers of Commerce and other employer-led networks should be used fully as a route to SMEs.

Is the extra funding promised by the government necessary for apprenticeships? How can it best be spent? Is it necessary?

21. The UK labour market faces a number of challenges in the short- and medium-term. Additional funding for Apprenticeships is important to tackling both short-term unemployment and the skills gaps that will otherwise inhibit future growth.

22. Although the current levels of unemployment are primarily caused by cuts to the public sector and reduced demand, there are still jobs available and many businesses want and need to recruit. Businesses report a structural skills gap that could be addressed in part by Apprenticeships. Where Apprenticeships are targeted at new hires they can help unemployed people into work.

23. In the medium-term as demand increases, the existing skills gap will reduce the economy's potential for growth. It is essential that more high-level Apprenticeships are created to deliver the high-tech skills that allow businesses to grow and compete internationally.

24. Apprenticeships are most successful where both businesses and employees are clear about how they will benefit from them. Most businesses who take on an apprentice do so to increase the skills capacity within their organisation.⁷ This is reflected by the number of adult Apprenticeships filled by existing employees. Although Apprenticeships are an effective way to help unemployed people into skilled careers, any attempt to reduce their rigour to increase rollout would be self-defeating.

How can it best be spent?

25. Funding should be targeted to make improvements in three areas: encourage more SMEs to take on Apprentices, support unemployed 18–24 year olds into Apprenticeships and increase progression to higher level Apprenticeships as an alternative to Higher Education.

26. One of the most effective uses for financial incentives is to convince businesses that have never hired an Apprentice to do so for the first time. We welcome the incentive payment for businesses with fewer than 50 employees to create their first Apprenticeships and would like it to be extended to include all businesses with up to 250 employees, which we believe have considerable potential to take on more Apprentices than at present.

27. We need to increase incentives to providers and employers to recruit into Apprenticeships rather than using them to develop existing employees, which at present is often the case. Additionally, where an Apprenticeship represents a new job it is not always filled by an unemployed young person who may be further from the labour market than other candidates.

28. The current SFA funding system for 18–24 year-old apprentices assumes a 50% employer contribution, which makes it much more difficult for providers to encourage an employer to take on an unemployed young person.

29. We recommend that the employer contribution should be reduced to 25% where a business recruits an unemployed 18–24 year-old to complete an apprenticeship. This enhanced incentive would significantly increase the number of unemployed young people entering apprenticeships. The BCC believes that it would be a mistake not to incentivise the huge college and provider training system to help reduce unemployment among 18–24 year olds. Providers are used to this sort of incentive and it is what they do for the 16–19 year-old NEET group. This policy change would recognise that providers have higher costs where an apprenticeship involves recruitment and particularly where they need to persuade employers to take on unemployed young people. We believe that providers, particularly those which are locally-based, would support this change.

30. DWP, BIS and DfE should work together to align incentives from different initiatives, such as the Youth Contract, so that funding is amplified to help tackle unemployment in a sustainable way. Helping unemployed people into skilled jobs reduces the likelihood that they will suffer future unemployment and at a macro level increases the skills of the resident workforce. Allowing more than one incentive to apply to a business where their action could achieve several policy aims is not somehow gaming the system, but instead increases the effectiveness of incentives.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

31. The success of Apprenticeships is dependent on the extent to which they benefit both employers and apprentices. The quality of Apprenticeships has improved significantly in recent years, but more could be done to ensure that Apprenticeships enable progression to skilled careers, offer general transferable skills and also meet the specific needs of individual businesses.

32. The greatest threat to the quality of Apprenticeships is the variability in the quality of delivery rather than the content.

⁷ Figure 11, "Skills for Business: more to learn?" (BCC, October 2011.)

33. We welcome the recent NAS announcement that 16–18 apprenticeships will be subject to minimum lengths of duration. Greater flexibility should be maintained for adult apprenticeships, many of whom will have professional experience or aptitude that allows them to progress more quickly.

34. The value of apprenticeships to the economy increases with the level of skills that they teach. Priority should be given to increasing the availability of Apprenticeships at level 3 and above where there is an un-met employer need. Additional focus should be given to facilitating progression from level 2.

35. A more modular approach to apprenticeship frameworks would enable businesses to tailor what their apprentice learns to their particular business needs, while maintaining the transferability of the content. We have received considerable feedback about frameworks being either too slow to respond to business innovation or too rigid to meet the needs of individual businesses. Given that young people often change either their job, their occupation or their sector in the first few years of their working life, a greater flexibility in the content of what they study, aligned with the specific experiences that they gain in the workplace is likely to be just as, if not more relevant to their future career path than a one-size-fits-all framework.

36. Given the vocational nature of Apprenticeships, the new literacy and numeracy requirements for Apprenticeships should be focused on functional rather than academic skills.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not, what will?

37. We do not support the introduction of bonuses as they run the risk of distorting delivery and creating additional bureaucracy. Ensuring that the whole funding system is right is much more important.

38. As explained above we recommend extending incentive payments to all businesses with up to 250 employees.

39. A more modular approach to Apprenticeship frameworks would increase the likelihood that an SME can recruit an Apprentice that meet their needs.

40. The Employer ownership pilot offers a significant opportunity to grow Apprenticeships and for broader workforce development. It is essential that SMEs are able to access the new pilot as they offer the greatest opportunity for Apprenticeships growth and contribution to SME growth as an economic driver. Given that this is a pilot, it should be used to test different models of employer co-operation.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

41. As explored above, we believe that requiring providers to seek a 50% contribution from employers is a major obstacle to securing Apprenticeships for new hires and particularly for unemployed people. We recommend that the employer contribution should be reduced to 25% where a business recruits an unemployed 18–24 year-old to complete an apprenticeship. This would help to recruit providers to create opportunities for this age group.

42. We are concerned about the proposed introduction of loans for 24+ apprenticeships from 2013/14. The true impact of the introduction of loans is unknown across both the HE and FE sectors. Chamber members are particularly concerned about the introduction of loans for 24+ level 3 and 4 apprenticeships and have asked what research has been undertaken to determine the take up and impact. We would strongly advise against any attempt to ask employers to fund the whole cost (including using employer loans) as we firmly believe that there would be little or no take up, particularly from SMEs.

CONCLUSION

43. We would welcome the opportunity to provide oral evidence. The success of Apprenticeships is a key concern to the Chamber network. The BCC hopes to see greater co-operation between the relevant departments to promote Apprenticeships to business and to potential apprentices, with a particular focus on increasing participation from SMEs and increasing progression to high level Apprenticeships.

Dr Adam Marshall
Director of Policy and External Affairs

3 February 2012

Written evidence submitted by the British Constructional Steelwork Association Limited (BCSA)

The British Constructional Steelwork Association Limited (BCSA) is the national organisation for the steel construction industry; its Member companies undertake the design, fabrication and erection of steelwork for all forms of construction in building and civil engineering; its Associate Members are those principal companies involved in the direct supply to all or some Members of components, materials or products. Corporate Members are clients, professional offices, etc which support the development of national specifications, design, fabrication and erection techniques, and overall industry efficiency and best practice.

On 21 December 2011 the Business, Innovation and Skills (BIS) Committee commenced an inquiry into Apprenticeships.

The Inquiry focused on the following five questions and the BCSA response is given after each:

1. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

BCSA—As an industry stakeholder BCSA was not aware that BIS had introduced the National Apprenticeship Service, or the work it was created to address?

BCSA works closely with the Sector Council SEMTA on all training matters and are members of the recently formed Metals Sector Strategy Group and has published a document “Key messages from the SEMTA Employer Engagement Process” which outlines the achievements from the “Train to gain Sector Compact”.

It has been very difficult to ensure the SME employers are engaged with the availability of funding due to the many different Government Departments involvement such as Department of Business, Innovation and Skills (BIS), the UK Commission of Employment and Skills (UKCES), the Learning and Skills Council (LSC) and the Skills Funding Agency (SFA). All of which just add to the confusion and a fear of bureaucracy for SME Employers.

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

BCSA—The funding is necessary and at best will benefit those SMEs that are able to achieve apprenticeships for occupations that can be completed in a short period of time. The technical and craft Apprenticeships take much longer to achieve and the costs associated with the training is much higher. A significant factor to achieving competent employees is the training aligned with the time associated with gaining experience. The earlier stages of this for technical and craft is taken up in training centres and the cost of employing the Apprentice is borne by the employer. SMEs cannot afford to fund individuals when they are not getting any direct return for their employment, therefore the take up of Apprentices is limited to those organisations that are big enough to dedicate their own resources to such training.

The constructional steelwork industry has small numbers of people based all around the UK, this means that their training needs do not attract funding as there is not sufficient volume of candidates and establishing dedicated training centres is not practicable.

This often means the SME may have to fund the apprentice to live away from home during the period of training at the centre and once the training is completed there is always a risk that the candidate will seek employment elsewhere.

Many of the established NVQ courses are now too generic or focussed towards industries that have the larger volumes of employees, the smaller industries cannot get specific relevant courses and often have to settle for “something that is close to what they need” just to get a recognised qualification. This also results in the candidate losing interest in the training as they cannot relate the content of their training to their occupations.

Much more flexibility is needed to ensure the content of the training is relevant and meaningful to the candidate and employer.

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

BCSA—The technical and craft apprenticeships must be to Level 3, and the time allocated to gaining experience during the training period needs to be included in the process. Much more flexibility is needed to enable the employer to assess the progress of an apprentice. The current Assessor Qualification is proving to be very restrictive to gaining access to training ie training centres are not going to invest/recruit in assessors that are only needed for small numbers of candidates that are spread across the UK.

The craft apprenticeships are also in decline due to the nature of the steelwork fabrication processes that have been developed over the recent years, instead of the traditional plater and welder, we now have the role of “fabricator” (does both plating and welding). In addition to the traditional roles greater reliance in technology and the use of multifunction machines is now common place in the constructional steelwork industry, however no formal training is available for these operators.

4. *Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?*

BCSA—Unfortunately the use of “apprenticeship bonuses” is not known to BCSA and therefore we are not able to comment!

Apprentice training needs to be industry led and not training provider led, this may give more focus to the specific needs and less on the volume of generic qualifications.

5. *Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?*

BCSA—The current funding arrangement can result in the selection of an 18 year old being made over a similar candidate that is 19 years old as one attracts 100% funding and the other only 50%. Widening of the bands 16–19 year olds would help reduce this and make more opportunities for 19 years olds.

30 January 2012

Written evidence submitted by British Gas

BACKGROUND

Centrica welcomes the opportunity to respond to BIS consultation on Apprenticeships.

As one of the UK’s largest employers of highly skilled service, installation and smart meter engineers, the National Apprenticeship Service has historically delivered significant assistance in enabling British Gas to recruit and employ Apprentices.

Our creation of thousands of high quality, full time employment opportunities for young people in turn drives economic activity and growth and this has contributed significantly to economic activity both regionally and nationally.

Since 2003, British Gas has trained 3,500 apprentices. We are committed to providing the best quality training for all our teams to meet the current and future needs of the business.

The economic downturn has impacted our recruitment plans as households adjust their expenditure decisions. Going forward, the evolving nature of our business in delivering more diversified energy management and savings solutions will alter the nature of the skills we require. The Apprenticeships programme will require flexibility in order to respond to these changes.

More broadly, investment in green skills development is important if the UK is serious about achieving and maintaining a lead in the emerging green skills sector.

Question 1: How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

No comment.

Question 2: Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

We welcome the extra funding promised by the Coalition Government and view it as being intrinsic to the future success of the economy.

We firmly believe that investment in skills is key to cementing the path to recovery. While we expect funding to be directed into priority sectors such as advanced engineering, we would ask that consideration also be applied to areas such as renewable technologies in which the UK has an opportunity to establish itself as a global leader.

However, we continue to have concerns relating to the way in which extra funding is directed and accessed.

Firstly, it is not always clear to private sector providers what their access points for funding are or indeed what requirement is being addressed through its provision. As an example, we have yet to establish categorically whether employer organisations such as British Gas are eligible for the additional £230 million recently announced by dBIS.

Secondly, we believe there are lessons to be learned in how Sector Skills councils interface with private providers.

Thirdly, there is a potential disconnect between policy intentions and outcomes. On one hand, the objective appears to be the maximisation of funding drawn and placements delivered. On the other, businesses are unable to enrol apprentices with the correct core skills and aptitudes or worse, businesses become engaged in box ticking exercises for apprenticeships which deliver little or no value.

Government has a role to play in setting certain key “baseline” objectives for Apprenticeships to prevent allocation of funding into schemes which are either too low level or designed to provide accreditation for existing skills. Apprenticeships should be measured around outcomes, skills attained and quality, not necessarily according to their duration. For example, British Gas can deliver Smart Metering apprenticeships in 6–9 months where key outcomes and skills are at a high standard and much needed by employers.

Training must mean acquisition of skills and any funding channels or schemes which do not deliver these outcomes should be discontinued.

Question 3: Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

We believe that an efficient allocation of resource results from a detailed understanding of the requirement which is being fulfilled.

It is a perfectly laudable ambition to train the highest possible number of level 3 apprentices. However, it may be the case that a Level 2 apprenticeship is sufficient to meet the requirement of the role (clearly we are not advocating that apprentices have a ceiling of attainment or ambition).

From a business perspective, we need to consider also whether there is a return on investment to our provision of extra training. In summary, we need to make sure that there is a horses for courses criteria applied to the level of training and skills required, without ruling out the possibility of progression and further acquisition of skills in future.

Furthermore, the quality of provision should be considered. A level 3 apprentice could have identical skills to another on paper; however there are other drivers which determine the overall quality and breadth of skills an apprentice may acquire. Ultimately it is competition between providers in a particular sector which, allied to the definition of the skills being taught, play a key role in ensuring continuous assessment and improvement.

The modular approach is something which we support.

This works because it mirrors closely the development model many employers adopt in developing their people. In a rapidly evolving market place, we believe that the modular approach needs to be developed in helping “construct” various levels of Apprentice qualifications.

Question 4: Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

We fully acknowledge the Government’s rationale for targeting the SME sector.

The great majority of businesses are indeed SMEs and face huge challenges in ensuring they are able to succeed during difficult economic times.

However, as with any bonus scheme, it must be a reflection of performance and outcomes—irrespective of sector and business size.

We would therefore harbour reservations about any permanent incentivisation scheme which is not directly related to outputs. If this is tantamount to an additional subsidy, then it should be called a subsidy.

It might be beneficial to re-examine some of the Government’s targets for apprenticeships now being delivered by larger employers. Many of these schemes deliver poor value for money and are not actually of benefit to the employer.

We would contend it would be better to reallocate subsidy to identified SMEs within specific sectors.

Question 5: Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

We acknowledge the rationale for providing extra funding for younger apprentices given the statistics on young people who are not in school, training or employment of any description.

However, purely from the point of view of a business provider and employer, we do not believe the gradation of funding is appropriate.

The investment British Gas makes in individuals is consistent irrespective of their age. We would therefore like to see a level playing field where there is consistent funding for apprentices of all ages.

Further we believe that there is a requirement to ensure that Apprenticeship funding evolves to take account of:

- (a) short term goals to kick-start the economy; and
- (b) Longer term goals to provide the UK with the skills base it requires to compete successfully.

In the current climate we believe that there is a requirement for greater scrutiny of providers, especially where funding is being drawn down by brokers to farm out low quality, short term opportunities which do not provide employers with additional value in terms of their employees skills base.

British Gas understand the Governments plans are under review and would urge the Government to take action to root out those schemes which succeed only in accrediting pre-existing skills or providing entry level skills which are of little value to the employer.

31 January 2012

Written evidence submitted by the British Retail Consortium (BRC)

SUMMARY

1. The retail sector strongly supports apprenticeships, recognising the clear value that they provide to both employees and employers. In the past year, many retailers have committed to increasing the number of apprenticeships they offer; helping give more people the opportunity to gain a recognised qualification and the opportunity to progress their career. Alongside the growth in the number of retail apprenticeships, our members are committed to ensuring the quality of the schemes they offer.

2. The BRC remains concerned however at the complexity of the apprenticeship system. Although the BRC welcomes recent activity to identify ways in which red tape and bureaucracy can be removed from the system, changes must be delivered quickly and more work must be done to ensure employers' concerns are addressed. Specific consideration also needs to be given to the support offered to small and medium size businesses (SMEs).

3. To ensure the greatest possible uptake, apprenticeships must be flexible, fit-for-purpose and be able to adapt to changes in the economy, in technology and in the labour market. It is also vital that funding of apprenticeships is simple, clear and effective. Our members still find that the current funding opportunities and processes can cause significant confusion, which in turn can limit their uptake.

4. Addressing these issues is essential if we are to ensure more employers look to offer apprenticeships or, for those already engaged, seek to grow the number of apprenticeships they offer.

ABOUT THE BRC

5. The BRC represents the whole range of retailers, from independents through to large multiples and department stores, selling a wide selection of products through centre of town, out of town, rural and virtual stores. Membership includes the major multiples, a range of small and medium sized retailers plus various sector-specific and small business trade associations.

BACKGROUND

6. The retail sector is the largest private sector employer in the UK, currently employing 2.9 million people. The sector provides employees with broad career and development opportunities across all levels and parts of the companies concerned. The sector also gives valuable flexible working opportunities to people with diverse requirements. This includes people who have been long-term unemployed, caring for children or other dependents, studying, whose religions require certain hours working, and whose health prevents full-time working and who would in other sectors have been compelled to leave work.

7. Just under a third of employees working in retail are aged between 16 and 24. This illustrates the crucial role which the sector plays in providing first working opportunities for young people, who are generally underrepresented in the UK workforce. This is particularly important at the current time when youth unemployment is a particularly strong concern.

8. Despite the economic downturn, many retailers have maintained their commitment to job creation and providing extensive skills and training opportunities for employees. A significant proportion of retailers have announced further significant intakes of new staff and apprenticeships where circumstances allow.

9. According to the National Employer Skills Survey (NESS), retail and wholesale employers in England spent £4.9 billion on training staff in 2009, accounting for 12% of total training expenditure. Retailers' investment equates to £1,275 per employee.

10. The BRC's publication, *Retail in Society: Britain's Favourite Job*, provides extensive information about the training opportunities offered by the retail sector. A copy of the report is provided with this submission.

FULL RESPONSE

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

11. Feedback from our members on the role of the National Apprenticeship Service (NAS) has generally been positive. One national retailer, for example, has highlighted that they have benefitted from having an excellent account manager who has been invaluable in helping them navigate the funding system and has acted as an effective single point of contact for queries.

12. Feedback also suggests that the NAS has helped bridge the gap between the two funding departments and it is now simpler for employers to have one organisation they can go to on funding matters.

13. However, concern remains in relation to the fundamental issues of bureaucracy and the associated complex, time consuming paperwork. The BRC believes, therefore, that the NAS needs to remain focussed on removing the bureaucracy and complexity which surrounds running apprenticeship schemes so that employers can focus on adding value through these schemes and not be compelled to address unnecessary administration and cost.

14. It is also important the NAS considers the support it offers to smaller businesses that do not have access to the same resources and expertise as large businesses.

15. BRC members have also highlighted the need for a body which operates across all the four nations of the UK and has the ability to provide and build critical strategic insight so that businesses can fully evaluate the long term economic, business and individual benefits of apprenticeships. This insight could also highlight areas which are not adding value and need to be improved.

16. Furthermore, the NAS are not currently in a position to provide much needed insight around the impact apprenticeships have on the retail industry. Our members would like all retail apprenticeships to contribute to an improved perception of professional careers across the retail industry and support the economy.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

17. For many retailers, Government funding plays an important role in allowing them to deliver apprenticeship schemes. For example, one national retailer reported that funding helps towards the cost of key skills training in literacy and numeracy and the administration involved in assessing and certifying the programme as an externally recognised qualification.

18. Our members welcome the extra funding promised by the Government and believe consideration should be given to this funding being used to support the delivery of the Functional Skills syllabus that will replace Key Skills from October 2012. This is significantly more complex and therefore expensive to teach.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

19. The BRC believes that Level 2 apprenticeships provide huge benefits to both apprentices and their employers.

20. For example, for one retailer, the overwhelming feedback they receive from their learners is that the Level 2 programmes they offer are at the right level for them, providing stretch and challenge across both the knowledge and the key skills elements.

21. Level 2 apprenticeships also provide individuals with confidence and help them progress in their careers. For this retailer, everyone participating in their April 2010 intake reported that their confidence had increased as a result of taking part in the programme and 13.5% have already gone on to the company's internal management development programme or been promoted to a team leader role.

22. The decision about whether to increase the number of Level 3 apprenticeships, should be based on the needs of individual sectors. In the retail sector, for example, the majority of employees will benefit from a Level 2 apprenticeship. It is not yet clear that there is a proven case for greater numbers of Level 3 apprenticeships—further evidence around this would therefore be welcome.

23. While we do support the need for additional higher apprenticeship schemes we believe the Government need to carefully consider and plan for the impact of any such changes on all of the higher education routes.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

24. The BRC believes that apprenticeship bonuses may help encourage more SMEs to take on apprentices. However we also believe that a simplified system and a reduction in administration and bureaucracy would further support SMEs to take on apprentices.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

25. BRC members are concerned about the current funding model as they feel funding should be decided on the basis of the skills required and therefore the investment in development from the employer, not the age of the learner.

26. Given the current challenges around youth unemployment, we believe consideration should be given to providing 100% funding to all 16–24 year olds to ensure that all young people can benefit from the enormous positive contribution that an apprenticeship can provide early on in a career.

27. The BRC also believes that the Government should consider part funding apprenticeships for all employees over the age of 25. Many retailers already offer apprenticeships to employees of all ages and it is important that they too have the opportunity to progress and improve their skills.

10 February 2012

Written evidence submitted by Professor Jill Brunt FRSA

1. Too often we have led initiatives by creating new structures, rather than thinking about the outcomes we are trying to achieve. Ensuring high quality, fit for purpose apprenticeships is surely the goal; the infrastructure to support such a goal is therefore the most pertinent question. If there are “gaps” between BIS and the Department for Education, then this should be rectified; using apprenticeships as a tool to achieve synergy between the two Departments is not appropriate.

The success or failure of the NAS can only be measured against the original objectives. The question of whether this was ever the right infrastructure might be answered through comparative analysis of successful apprenticeships both here in the UK and more globally. The evidence from the German and Austrian models is well rehearsed and there are clear indications from employers, education providers and learners that a more streamlined support mechanism, ie one body, would be financially prudent and might encourage more employer participation. The current suggestions of reducing bureaucracy for employers are not far reaching enough, concentrating primarily on process issues rather than the core of the apprenticeship model.

The apprenticeship model is further complicated by a myriad of organisations involved in a regulatory, inspectorial or developmental capacity. Whilst diversity might have added flexibility and creativity, this has not been the case and has actually created more confusion and less opportunity for innovation. The role of the Sector Skills Councils is often contentious, particularly where employers feel they know the needs of their sectors; working between levels and promoting progression can bring all kinds of difficulties in relation to qualifications and awarding organisations, regulatory bodies and quality bodies. The UKCES work on “hiding the wiring” demonstrated the complexity of the system but subsequently very little has changed.

There is a lot of noise in the system but very little of it is from the learner; the absence of a learner voice in the development, delivery and review of UK apprenticeships is contrary to Government policy on consultation and participation. Learners are such a valuable resource and would welcome involvement.

2. Extra funding will be welcomed but there is a tendency of “expectation” from some employers, resulting in a reluctance to train and develop staff unless there is government funding. Various analyses of Leitch and Train to Gain demonstrate that “free provision” has not necessarily increased the skill level and competitiveness of UK industry, nor has it improved public services where level 2 provision has been set as a minimum qualification (eg health and care sector). Where employers fully fund their apprentices, perhaps an analysis of the benefits would assist in our understanding of why some employers are more, or less likely to fund provision.

Work undertaken by NIACE examined the tax relief given to employers to support training and development. At present there is no audit of this public funding; perhaps this is an area that the Government could explore and hopefully strengthen accountability.

3. The question of quality is an interesting one and again, contentious. The indicators and methodology used to measure quality are varied and increasingly questioned in terms of their suitability. This is demonstrated in any attempt to triangulate data from sources such as learner surveys, employer surveys, Ofsted, SFA, FE College data etc. Longitudinal studies are difficult as the policy, infrastructure and frameworks for apprentices tend to change too much for any study of this type. We could however be more receptive to historical analyses of apprenticeship models and have much to learn from the more holistic approaches taken for example by the Friends’ Society and the Co-operative Movement. It should be noted of course that many of these apprenticeships lasted for a minimum of five years, included wider intellectual development and were supported by pastoral care.

When determining the quality of apprenticeships it’s interesting to note the way in which the framework is described: key skills, technical certificate and NVQ. The segmentation is unhelpful and does not indicate a whole process approach; in fact it very much contradicts our understanding of the educational process and does not allow for the creativity and innovation that work-based learning can and should bring. It could also be argued that the tripartite apprenticeship framework is built on a questionable foundation; key skills will be

replaced very shortly and perhaps further enhanced by the Wolf recommendations; the NVQ component is “taught” and assessed in the same way as has previously been the case, despite all the reservations that have been expressed about the quality and value of the qualification; the technical certificate exemplifies the separation of theory and practice—not something you would find in the learning and teaching practice on for example professional programmes.

In determining quality we should be interrogating the content of the programmes. Our whole understanding of apprenticeships has been overwhelmed by funding, structure and process—we have lost sight of content. The key questions for reviewing content should be based around the following questions:

- What kind of person do we want at the end of the apprenticeship programme (ie problem solver, creative thinker, team worker, technically competent, lifelong learner etc)?
- What sort of programme content, work experience and approach to teaching and learning will achieve this?
- How will we (including the learner) know if this has been achieved?

4. Higher level apprenticeships will be welcomed and progression from level 2 to 3 is important. However, level 2 should be seen as a distinct and worthwhile qualification and not just a hoop to jump through. A lot of work needs to be done on level 2 qualifications in order for employers and learners to value them—we need to fix level 2 and ensure the integrity of this qualification, as well as considering the higher level qualifications, otherwise, it’s a “race to the bottom”.

5. The question of SMEs and that of age and funding differentiation seem to me to be issues about nomenclature. We need to be brave enough to say that the label of “apprentice” cannot be a generic one and we should therefore differentiate between apprenticeships, trainees and those on continuing development programmes. In this sense, employers and learners will have a better idea of the content and benefits of the programmes they are funding or undertaking. This is crucial if we are to increase or even maintain levels of participation once the FE loans come in to force.

The final point: there are some exemplars of good practice in apprenticeships—Rolls Royce, Airbus, BT etc and we are pretty clear about the critical success factors. We are less aware of the Co-Operative Society apprenticeships; there is a great history and tradition to these programmes and the contemporary model is equally impressive.

31 January 2012

Written evidence submitted by CFA

1. INTRODUCTION

1.1 The CFA is a government-recognised apprenticeship-issuing authority responsible for pan-sector business skills. This includes skills in the following sectors:

- Business and Administration;
- Customer Service and Contact Centre;
- Enterprise and Business Support;
- Governance;
- Human Resources and Recruitment;
- Industrial Relations;
- Languages and Intercultural working;
- Management and Leadership; and
- Marketing and Sales.

The CFA was formerly known as the Council for Administration.

1.2 The CFA has a remit to define the role of individuals whose job involves business skills and identify the key skills that are essential for success in today’s business environment. We do this through designing and promoting national occupational standards, qualifications and apprenticeships that deliver relevant business skills to those who need them.

1.3 We oversee the development and issue of pan-sector apprenticeship frameworks, which set standards and statutory requirements for apprenticeship design and delivery. A summary of CFA frameworks can be found in Appendix A.

1.4 The CFA has one of the largest organisational footprints of any standards-setting body or Sector Skills Council, representing approximately 11 million UK employees working in pan sector occupations and developing apprenticeship frameworks expected to be started by over 122,000 learners in 2010–11.⁸

⁸ The Data Service, http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current/

1.5 The CFA is the leading apprenticeship-issuing authority in the UK. CFA pan sector apprenticeships account for 28% of all apprenticeship starts and 27% of all apprenticeship achievements.⁹ A full breakdown of apprenticeship starts, achievements and success rates can be found in Appendix B.

1.6 The average apprenticeship success rate for all frameworks in 2009–10 was 73.8%. The two largest pan-sector frameworks based on take-up data are the Customer Service and Business and Administration Apprenticeships. These frameworks both have above average success rates of 77.4% and 81.8% respectively.¹⁰

1.7 The CFA is one of the most important enablers of the Government’s objective to increase apprenticeship numbers. Our response to this inquiry sets out a series of recommendations that we believe should be implemented to ensure the future success of the apprenticeship programme.

2. NATIONAL APPRENTICESHIP SERVICE (NAS)

2.1 NAS has an important function promoting apprenticeships, coordinating funding streams and providing a variety of services such as the online apprenticeship vacancy system. However, there is a significant lack of evidence to demonstrate the success of NAS, particularly with regard to its role in engaging with employers.

2.2 The primary reason for the difficulty in assessing the success of NAS and its impact on apprenticeship trends is the lack of an appropriate performance management regime, which should include a benchmarking and evaluation process. The Committee may wish to recommend that BIS should consider adopting such a system so that NAS can be better monitored and that future performance reviews can be considered in an evidence-based way.

2.3 One of the ways NAS may be able to work better is by improving the way it works in partnership with organisations such as the CFA, who play a major role in delivering high success rates in apprenticeship take-up and achievement. NAS too often maintains a “top-down” organisational culture, whereas a greater emphasis on joint-working and “bottom-up” integration would be beneficial when making strategic and operational decisions.

2.4 NAS are in a position to take a leading role in the national marketing of Apprenticeships and provide information, advice and guidance to a variety of stakeholders, including careers advisors and schools.

2.5 NAS need to prioritise their limited resources towards activities which cannot be effectively undertaken by other bodies, such as coordinated national marketing campaigns. NAS should limit their involvement in activities which are better performed by others, such as the highly technical development of apprenticeships, which is best done by Sector Skills Councils and standard setting organisations such as the CFA, who have the detailed expertise and links with employers to be able to produce employer-led frameworks of value.

3. FUNDING AND VALUE-FOR-MONEY

3.1 The additional apprenticeship funding announced by the Coalition Government is essential if the Government is to meet its target of increasing the number of apprenticeships by 250,000 by the end of the current Parliament. Initial data suggests that the Government is performing well against this objective, however any reduction in funding could jeopardise this upward trend.

3.2 Business skills apprenticeships represent a very cost-effective way of enabling young people to enter the workforce. Evidence from the Warwick Institute for Employment Research suggests that apprenticeships undertaken across the business skills pan-sector represent extremely good value for money and offer a rapid and high return on investment. Additional evidence of value-for-money is provided in the recent NAO report on Adult Apprenticeships.

3.3 Due to the dominance of on-the-job training for Business and Administration apprenticeships, it has been estimated that they make a significant productive contribution to a business in the region of 80–90% of a fully experienced worker.¹¹

3.4 Apprenticeships in Business and Administration have, on average, a short payback period of less than two years of post-apprenticeship employment.¹² Furthermore, 91% of respondents to a CFA survey stated that employing a business and administration apprentice had a positive or greater impact on their organisation. 52% of respondents to the same survey indicated that employing a business and administration apprentice increased company profits.¹³

3.5 Whilst the funding available to deliver apprenticeships must reflect the costs of doing so, the value for money of apprenticeships, including business skills apprenticeships, suggests apprenticeship funding is an efficient Government investment. Any moves towards reducing apprenticeship funding must be weighed against the evidenced value for money of apprenticeships and the ongoing drive for high quality delivery of apprenticeships.

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ Warwick Institute for Employment Research, *The Net Benefit to Employer Investment in Apprenticeship Training*.

¹² *Ibid.*

¹³ CFA, *Business and Administration Apprenticeship Programme Impact Analysis, 2010*.

3.6 Funding for the provision of apprenticeships must also be matched by appropriate funding for the development of apprenticeship frameworks to ensure the final products are of high quality. It is important that future funding of apprenticeship framework development takes into consideration the in-depth framework and standards development work that is required in order to establish an effective apprenticeship programme which meets statutory requirements. The current funding system does not adequately take these factors into consideration and requires modernisation and reform.

3.7 The current process for funding pan-sector standards and apprenticeship frameworks needs to be reformed because it prejudices against organisations such as the CFA who are best placed to satisfy the Government's skills policy objectives. The UK Commission for Employment and Skills (UKCES) is responsible for identifying preferred providers to deliver National Occupation Standards, apprenticeship frameworks and qualification-related products. It does so through the Universal Services commissioning process, which is only open to Sector Skills Councils (SSCs). Although the UKCES works with the CFA to support contractual arrangements for setting standards across the pan-sectors, the CFA is not entitled to tender directly for funding through the Universal Services tender or the Employer Investment Fund.

3.8 The current tendering arrangements were predicated on the basis that the SSCs are the primary vehicle for engagement with employers on skills development. However, the tendering process has never properly recognised the unique role and position of organisations such as the CFA, who do not work in specific sectorial areas but across a range of employment sectors to deliver pan-sector business skills. The future tendering process must be reformed to better reflect the nature of pan-sector skills development so that the CFA can tender for funding in a fairer and more equitable way. The Committee should consider recommending that BIS require UKCES to alter the scope of the Universal Services tender to enable this change.

4. APPRENTICESHIP QUALITY

4.1 There has been a growing debate within employer organisations over a number of years regarding a perceived decrease in the quality of skills and competencies exhibited by trainee workers who join as apprentices or new starters in junior roles. Business organisations and employers have often relied on what could be described as a societal pact with the Government, which provides employers with school-leavers endowed with the basic skills necessary to perform effectively in employment. Despite the increase in academic educational attainment over successive years, this perceived decrease in basic skills continues to be a major source of frustration amongst employer groups.

4.2 It should be remembered however, that in many occupations Level 2 apprenticeships are suitable, reflecting the level of skills needed to undertake specific job roles. The focus on Level 3 apprenticeships and Higher Apprenticeships is understandable, with every opportunity for progression to higher-level skills being applauded. However, this focus should not be to the detriment of suitable, fit-for-purpose Level 2 apprenticeship programmes which offer a valuable, effective foundation of learning (and potential progression) to a high number of users.

4.3 The CFA has attempted to design apprenticeship pathways that provide an integrated pathway of learning from Levels 2–5 in a variety of areas (see *Appendix A*). This provides an important access route for individuals who may wish to grow and develop their learning over time, perhaps starting from a more basic level and advancing to a higher apprenticeship at a later date. This approach offers significant benefits to employers who ideally wish to grow and retain staff for the benefit of their organisation. Therefore the CFA believes that a key issue for the Committee to consider is not whether there should be more or less Level 3 apprenticeships, but the degree to which apprenticeship pathways are managed so that learners are able to advance to higher apprenticeships within their field of learning, and that employers are also able to share in the resulting benefits.

4.4 It is important that apprenticeship development takes into consideration apprentice as well as employer needs. In recent years there has perhaps been too much focus on developing apprenticeships that meet the needs of employers whilst sacrificing quality for the learner. These two inputs should not be mutually exclusive, but mutually beneficial. The Committee should be mindful of the balance that needs to be struck between these two issues.

4.5 Recently the quality of delivery of apprenticeships has come under scrutiny, with very short delivery times for some apprenticeships being highlighted in the media. CFA supports this scrutiny, noting the potential negative impact that “12-week apprenticeships” can have on the apprenticeship brand, and that in reality, there are no bad apprenticeship frameworks, only bad delivery in a very small number of cases.

4.6 We recommend to the Committee that there is a role for organisations such as the CFA in supporting the high quality delivery of apprenticeships. Currently, framework developers and issuers work closely with employers to develop high quality apprenticeship frameworks, but their responsibilities end once the framework is issued. The close links between organisations such as the CFA and training providers and employers should be utilised to support delivery as well as development.

4.7 In noting the requirement for minimum 12-month delivery for 16–18 year old Apprentices, the CFA are concerned that this will adversely impact on exceptional learners who can achieve some Apprenticeships in less than 12 months, and on some high quality delivery methods, which provide relatively intensive levels of training over a 9–12 month period. Applying 12-month delivery rules rigorously is a sledgehammer approach

to a problem which can only be solved by a more genuine assessment of delivery quality. Where provision is judged to be below acceptable quality standards action should be rightly taken, but where an appropriate rationale for short delivery is available, such rationale should be readily accepted.

4.8 Finally, the CFA believes there is a role for NAS and organisations such as the CFA to play in educating and informing employers about delivery expectations; empowering employers to demand high quality delivery for themselves and their learners.

5. APPRENTICESHIP BONUSES

5.1 Apprenticeship bonuses have only recently been introduced, therefore the CFA suggest it is too early to comment on the impact or effectiveness of the bonuses.

5.2 Whilst we know larger employers are more likely to offer apprenticeships, our experience shows that apprenticeships make up a higher proportion of the workforce in small companies than large ones. Evidence from the National Employer Skills Survey for England would appear to support this assertion with apprentices making up 8.6 per 1,000 staff in companies with 5–24 staff compared to 4.0 per 1,000 staff in companies with 200 or more staff. Furthermore, companies with fewer than 25 people account for just under half of all apprenticeships, while companies with fewer than 200 people account for 78% of all apprenticeships.¹⁴ This partially calls into question the need to provide bonuses to SMEs for taking on apprentices.

5.3 Any review of the bonus schemes needs to take into account the impact such schemes have on the implicit contractual links between employers and apprentices, whereby the employer implicitly agrees to develop the skills and competences of an apprentices in return for their hard work. Payments associated with taking on apprentices risk removing this implicit contract, replacing it with an explicit payment for a service. Whether the creation of the bonus system also risks creating a dependency culture attached to taking on apprentices should also be investigated as part of a review of the bonus scheme.

5.4 The CFA recommends that in due course the Committee consider the evidence available on the impact of the bonus scheme, and how these outcomes—together with the research evidence outlined above—are contributing to the Government’s intended policy objectives, but that such a review only takes place once the bonus schemes have been in place long enough for the review to make a meaningful assessment of their impact.

6. FUNDING ARRANGEMENTS FOR 16–18 AND 19–24 YEAR OLDS

6.1 The CFA believes that maintaining 100% funding for 16–18 year olds is vital and must not be changed.

6.2 It is highly likely that increasing funding for 19–24 year olds beyond the current 50% would have a significantly positive impact on the uptake of these apprenticeships. The Committee may wish to consider the cost-effectiveness of increasing the proportion of funding for this group of learners particularly within the context of increasing youth unemployment.

6.3 Furthermore, the CFA believes that apprenticeship funding does not currently recognise the significant financial input of many employers with regards to their pan sector apprentices. If any discussion regarding the alteration of apprenticeship funding of 16–18 or 19–24 year olds is to take place then this subsidisation of apprenticeships by employers must first be recognised.

APPENDIX A

SUMMARY OF CFA FRAMEWORKS

“Pan-sector” or “CFA” apprenticeships include the following frameworks:

- Business & Administration;
- Contact Centre Operations;
- Customer Service;
- Marketing;
- Sales & Telesales; and
- Team Leading and Management.

CFA has also issued the following frameworks in its role as Issuing Authority:

- Level 3 Campaigning;
- Level 3 Enterprise;
- Level 3 Fundraising; and
- Level 3 Volunteer Management.

CFA is currently developing the following Higher Apprenticeship frameworks:

- Human Resources (in development); and

¹⁴ UCKES, *National Employer Skills Survey for England 2009: Main Report*.

- Project Management (in development).

CFA is supporting the following Higher Apprenticeship frameworks in development:

- Innovation and Growth (Business Development)—Lead by the Peter Jones Foundation with CFA in support; and
- Public Relations—lead by Pearson in Practice with CFA in support.

SUMMARY OF CFA APPRENTICESHIP LEVELS AND PATHWAYS

Business & Administration

- Level 2 Business & Administration—generic pathway;
- Level 2 Business & Administration—Legal Administration pathway;
- Level 2 Business & Administration—Medical Administration pathway;
- Level 3 Business & Administration—generic pathway;
- Level 3 Business & Administration—Legal Administration pathway;
- Level 3 Business & Administration—Medical Administration pathway; and
- Level 4 Business & Professional Administration (Higher Apprenticeship).

Customer Service

- Level 2 Customer Service; and
- Level 3 Customer Service.

Team Leading and Management

- Level 2 Team Leading;
- Level 3 Management & Leadership; and
- Level 5 Leadership & Management (Higher Apprenticeship).

Contact Centre Operations

- Level 2 Contact Centre Operations;
- Level 3 Contact Centre Operations; and
- Level 4 Contact Centre Operations Management higher apprenticeship (England only).

Sales & Telesales

- Level 2 Sales & Telesales; and
- Level 3 Sales & Telesales.

Marketing

- Level 2 Marketing; and
- Level 3 Marketing.

APPENDIX B

SHADED AREAS DENOTE CFA APPRENTICESHIPS

TOP TEN APPRENTICESHIP PROGRAMME STARTS BY SECTOR FRAMEWORK (2002-03 TO 2010-11)

Sector Framework	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2010-11
	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year (provisional)	Starts as % of total (2010-11)
Customer Service	14,290	15,210	14,320	15,740	15,250	20,970	22,550	29,410	53,110	12
Health and Social Care	9,680	10,640	9,180	8,150	7,390	12,500	12,270	17,880	50,970	12%
Retail	13,200	12,170	8,950	7,340	8,140	11,840	10,940	16,910	41,390	9%
Business Administration	17,470	18,140	16,210	15,090	15,520	18,100	20,800	27,020	37,980	9%
Hospitality and Catering	20,590	23,760	17,070	15,300	13,230	14,890	16,790	21,470	29,060	7%
Management	1,040	880	1,570	1,850	1,970	6,060	9,930	9,800	28,300	6%
Children's Care Learning and Development	8,640	11,810	13,180	12,330	13,210	15,260	17,250	20,110	26,770	6%
Engineering	11,100	13,250	10,840	11,480	11,600	13,930	15,250	15,000	17,910	4%
Active Leisure and Learning	4,180	5,020	4,490	4,280	3,790	4,320	7,740	11,340	17,290	4%
Hairdressing	13,260	16,070	16,490	14,880	16,980	16,520	16,150	16,240	16,100	4%

TOP TEN APPRENTICESHIP FRAMEWORK ACHIEVEMENTS BY SECTOR FRAMEWORK (2002-03 TO 2010-11)

Sector Framework	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2010-11
	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year (provisional)	Achievements as % of total (2010-11)
Customer Service	3,420	4,340	5,810	8,440	9,350	8,980	13,500	17,300	20,830	11%
Business Administration	6,250	6,610	7,960	10,390	11,340	10,520	13,190	16,400	18,920	10%
Hospitality and Catering	3,690	4,880	6,720	7,440	7,110	7,450	9,030	10,130	13,030	7%
Children's Care Learning and Development	1,740	1,810	3,150	6,230	7,160	7,610	9,610	12,130	12,300	7%
Retail	2,850	2,940	3,300	3,930	3,830	4,310	5,870	7,930	11,410	6%
Engineering	4,010	3,930	5,670	8,090	7,190	7,770	8,490	10,100	9,750	5%
Health and Social Care	1,590	1,550	1,910	3,480	4,140	4,150	6,720	8,540	9,730	5%
Hairdressing	3,660	4,420	5,850	8,250	9,800	9,670	10,180	10,770	9,250	5%
Construction	1,820	2,820	5,680	9,380	12,400	12,850	14,250	11,790	7,700	4%
Management	140	140	200	660	1,030	1,080	3,300	5,800	7,370	4%

APPRENTICESHIP PROGRAMME STARTS BY SECTOR FRAMEWORK (2002–03 TO 2010–11)

Sector Framework	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year	Full Year (provisional)
Business Administration	17,470	18,140	16,210	15,090	15,520	18,100	20,800	27,020	37,980
Contact Centre Operations Management	—	—	—	—	—	—	—	—	90
Contact Centres	900	1,050	1,320	1,150	750	1,450	1,430	1,490	1,070
Customer Service	14,290	15,210	14,320	15,740	15,250	20,970	22,550	29,410	53,110
Management	1,040	880	1,570	1,850	1,970	6,060	9,930	9,800	28,300
Marketing and Communications	—	—	—	—	—	—	—	30	50
Sales and Telesales	—	90	80	140	160	1,490	2,690	2,240	2,010
All apprenticeships total	167,700	193,600	189,000	175,000	184,400	224,800	239,900	279,700	442,700
CFA total	33,700	35,370	33,500	33,970	33,650	48,070	57,400	69,990	122,610
CFA share of total	20%	18%	18%	19%	18%	21%	24%	25%	28%
All apprenticeships: year on year growth		15%	-2%	-7%	5%	22%	7%	17%	*
CFA apprenticeships: year on year growth		5%	-5%	1%	-1%	43%	19%	22%	*

*Note: as 2010–11 data is provisional, we have avoided comparisons with earlier years.

Source: The Data Service, Statistical First Release, October 2011, http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current/.

3 February 2012

Written evidence submitted by CSCS

1. CSCS Background Information

1.1 CSCS was set up in 1995 by the construction industry to maintain a record of construction site workers that achieve (or can demonstrate that they have already attained) an agreed level of competence. The CSCS Card, issued to successful applicants, offers a vital means by which cardholders can record and provide proof of their skills and occupational competence. CSCS card holders are also required to take a health and safety test relevant to their occupation. The aim of the scheme is to help the construction industry reduce accidents and improve competency and safety for individual construction site workers.

1.2 There are currently over 1.7 million cardholders, and CSCS works with 10 affiliated organisations to cover more than 350 construction related occupations. The scheme is now widely used on the majority of construction sites, and all major contractors and homebuilders insist on their usage as it demonstrates their commitment to safe and efficient working. For construction contractors and clients, CSCS cards provide additional security and peace of mind, as a fully carded workforce is a safer and better trained workforce.

1.3 CSCS (core scheme) is managed by CSCS Limited whose Directors all come from the construction industry. It is a Company Limited by Guarantee and therefore has no shareholders. The Board Directors are from:

- Civil Engineering Contractors Association (CECA).
- The Construction Clients Group (CCG).
- The Construction Industry Council (CIC).
- Federation of Master Builders (FMB).
- GMB Union.
- National Specialist Contractors Council (NSCC).
- UK Contractors Group (UKCG).
- Union of Construction, Allied Trades and Technicians (UCATT).
- UNITE the Union.

2. Executive Summary

2.1 Within the construction industry, apprenticeships are the most appropriate way for new entrants to enter this industry to develop their skills, and more good quality apprenticeship programmes are needed. Employers need to be provided with clear messages (and incentivised) regarding the wider benefits of hiring apprentices. More information for employers and general business support would encourage them to also understand the longevity of initiatives such as the Green Deal in terms of it creating future business for them.

2.2 We believe that many employers, who would otherwise be willing to take on an apprentice, are reluctant to do so. This is because they are unable to guarantee full time employment at the end of the programme, or even continued work during the period of the apprenticeship, due to the current economic climate. Again, if employers could understand the wider benefits, and where future business is likely to be generated, they are more likely to be encouraged to take on apprentices.

2.3 We also believe it is important for public sector contracts to demonstrate leadership in this area.

RESPONSES

3. *How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)*

3.1 CSCS has no specific evidence to provide relating to the National Apprenticeship Services.

4. *Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?*

4.1 Additional funding for apprenticeships is always welcomed, particularly within the construction industry to encourage achievement of formal vocational qualifications. This then encourages workers to remain within the industry rather than seeing it as a short term option.

4.2 If additional funding did become available for apprenticeships, CSCS recommends that a proportion of this funding is made available to those over the age of 24. There are many new entrants to the industry who are 24+ years old who may have progressed from the role of site labourer and now wish to specialise in a particular trade, or who have switched industries to work in a construction related occupation. At present there is no apprenticeship funding available to this age group. (See 7.1 below).

5. *Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?*

5.1 Construction industry apprenticeships replicate the National Occupational Standards (NOS) which sets the minimum standard for a particular trade. Apprenticeship frameworks generally lead to a nationally recognised qualification which helps drive forward the construction industry's "Qualifying the Workforce" initiative.

5.2 We strongly believe there should be more Level 3 apprenticeships as this will encourage construction trades people to invest in their careers thereby giving the individual a broader range of skills, a sense of achievement which should in turn persuade these apprentices to remain within the industry to encourage a more highly skilled workforce.

6. *Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?*

6.1 CSCS has no specific evidence to provide relating to how Apprenticeship bonuses should function. We do have a view, however, that government initiatives are needed to incentivise smaller businesses to take on apprentices. Construction primarily comprises SMEs, particularly within the more specialist trades. It is vital that smaller enterprises are encouraged to take on apprentices to avoid skills shortages with the construction industry and to drive forward "Qualifying the Workforce". Construction industry SMEs find it difficult, if not impossible, to fund apprentices therefore any form of funding, bonus payment or incentive is welcomed by CSCS.

7. *Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?*

7.1 CSCS's view is that there should be more focus on providing funding arrangements for apprenticeships for 24+ year olds at 25%. We have anecdotal evidence that many individuals find work within the construction having tried employment in a different industry. They then find it difficult to remain within construction as they are too old to obtain funding to qualify in a particular trade. There are also those who work as casual construction site labourers during their younger years, and then wish to qualify in a particular trade, often during their mid twenties. Those finding themselves in these situations can rarely afford to fund the training they require. They then either leave the industry or obtain work on construction sites where qualifications are left unchecked (usually smaller sites where the majority of fatalities and serious accidents occur.) Philip White, HSE's chief construction inspector, recently commented on the latest HSE incident statistics saying that around 70% of the fatalities in 2010–11 occurred on small construction sites, with half the deaths occurring on refurbishment projects, including roof maintenance.

7.2 We agree that the funding arrangement as outlined in 7.0 above is appropriate, for the age groups mentioned, however, believe there should be an improved pre-selection process to ensure that those opting for a particular apprenticeship are actually suited to the profession or trade. There are currently a substantial number of younger people who fail to complete construction apprenticeships during the first year as it has not met their expectation. Our understanding is that this can be as high as 25%. Improvements to the pre-selection process would hopefully result in greater efficiencies for the employer, training organisation and apprentice, as well as focusing the limited apprenticeship funds more appropriately.

8. *Recommendation*

8.1 CSCS would support any initiative that demonstrated government showing leadership in this area, for example by requiring a proportion of apprentices to be employed on all public sector contracts.

1 February 2012

Written evidence submitted by Centrepoint

SUMMARY

- *Many apprenticeships schemes are not working for disadvantaged young people*—low-income young people are less likely to access apprenticeships and are disproportionately pushed into non-traditional, poor quality placements which can offer little in the way of long-term reward.
- *A new focus on post-apprenticeship progression is needed*—focusing on acquisition of broader skills and knowledge would help young people's employability after completing their apprenticeship.
- *A new drive for quality must not come at the expense of accessibility*—young people of below average attainment must be able to access apprenticeships. Accessibility can be aided additional pre-apprenticeship provision.
- *The government should take a more active role in stimulating demand for apprenticeships*—this should include ensuring that public money always comes with conditions on apprenticeship creation.

INTRODUCTION

1. Centrepoint is the leading national charity working with homeless young people aged 16 to 25. We are a registered social housing provider, a charity enterprise and a company limited by guarantee. Established 40 years ago, we provide accommodation and support to help homeless young people get their lives back on track.

2. The disadvantaged young people that Centrepoint works with can face huge challenges in successfully accessing education and training programmes. This is reflected by the fact that over half (55%) are not in education, employment or training (NEET) when they arrive at Centrepoint.¹⁵ Around one in five young people (18%) at Centrepoint are enrolled in vocational qualifications, including apprenticeships by the time they move on from our services into independent living.

3. A careful analysis of the problems that these young people face can shed light on why the current system of apprenticeships often does not work for disadvantaged young people, and suggest ways to improve the prospects of these and other vulnerable young people who are furthest from the labour market.

The broader picture: an anti-apprenticeships economy?

4. It is important to briefly sketch some of the reasons why in recent history apprenticeships have not delivered for young people in the UK, both compared to our own past and to other neighbouring countries. It seems plausible that it is in part nature of the UK economy, including the flexibility of UK labour market that mitigates against successful take-up of apprenticeships by disincentivising employer investment.

5. This can come about through a variety of mechanisms—one fairly straightforward cause is the loss of industrial jobs in Britain over the last half century, leading to a corresponding lack of demand in those areas of the economy traditionally associated with apprenticeships. Other changes are more complex, but nevertheless important. While a skilled workforce is vitally important in some sectors of the economy, in many—including those which have seen growth in apprenticeship provision recently—other factors are seen as more reliable drivers of profitability, at least in the short term. These include outsourcing labour, offshoring production and preference to rely on “free” basic education and training provision for up-skilling workers.¹⁶

6. While these broad factors affect all potential apprentices, they are particularly likely to disadvantage those young people who are furthest from the labour market. These young people are, for example, those workers who can be most easily displaced by unskilled, migrant or foreign labour. This suggests that in the medium to long term, a successful apprenticeship strategy will rely upon broader macroeconomic and labour market measures, such as government or industry bodies setting mandatory skills levels for a wider range of jobs. It may also require government to intervene to stimulate demand for apprenticeships, for example through rules on public procurement.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

7. The National Apprenticeship Service has been proactive in engaging employers and training providers and managing the increase in investment for apprenticeships. Having a joint Minister for Further Education, Skills and Lifelong Learning between BIS and DfE has also been helpful in ensuring effective joint working between the two departments.

8. However, as outlined below, there are a number of pressing issues to consider. One important issue is the current lack of transparency about routes into and out of an apprenticeship, with the entry requirements for each and clear routes of progressions on to higher level vocational training or into work often unclear. The former Shadow Secretary of State Andy Burnham’s proposal for a UCAS-style system of admission for apprenticeships may be something that NAS, along with Ministers, would like to consider in improving the transparency of the apprenticeship offer for both employers and prospective apprentices.

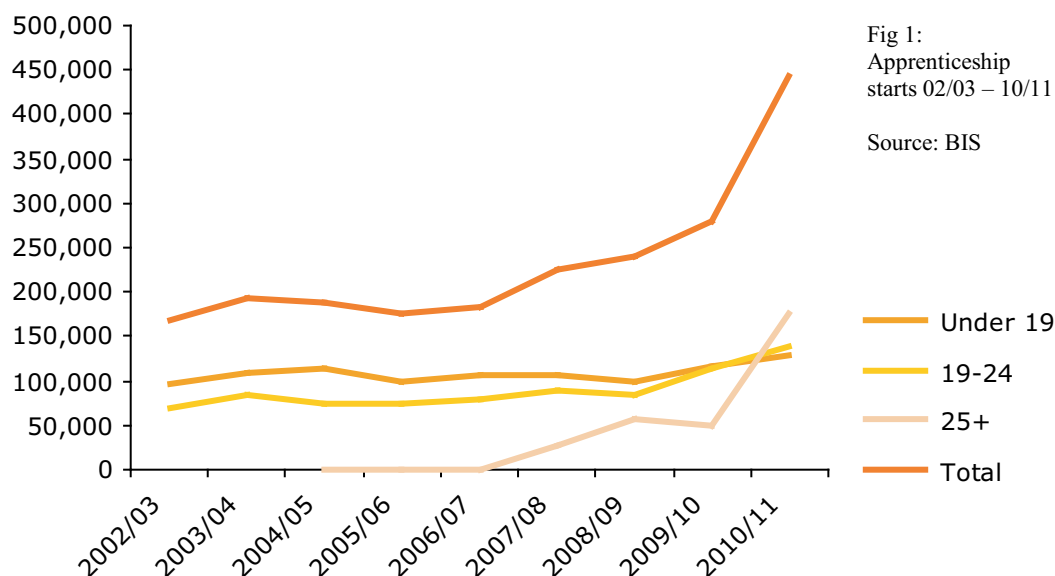
Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

9. As figure 1 shows, the increase in apprenticeships in the 2010–11 academic year has largely been as a result of an increase in 25+ apprenticeships. In the four years to 2010–11, starts by apprentices aged over 25 increased by almost 6,000%. By contrast starts among under 19s and 19–24 year-olds has increased, but at a much slower rate.

¹⁵ By the time they leave, the figure almost halves to 29% thanks to intensive support in accessing educational opportunities, but is still significantly higher than the national average of 19% (Source: <http://www.education.gov.uk/rsgateway/DB/STR/d001040/osr25-2011.pdf>).

¹⁶ This issue is discussed in Ewart Keep and Susan James (2011) “Employer demand for apprenticeships” in *Rethinking Apprenticeships*.



10. The reasons for this are not entirely clear. However, evidence has come to light that this phenomenon is partly the result of an increase in in-work training programmes, with existing employees—who are likely to be older—re-categorised as apprenticeships. Existing lower-level training programmes such as Train to Gain also appear to have been re-branded as apprenticeships in some cases. Indeed, in the first full academic year for which the current government has been in power, eight out of every 10 additional apprenticeships created went to people aged over 25.¹⁷

11. One prominent case that has come to light recently is that of the supermarket chain Morrison's. During National Apprenticeship Week last year, the Minister for FE and Skills, John Hayes, held the number of apprentices being taken up at Morrison's as an example of the success of the Government's policy—with 7,000 new apprenticeships created.¹⁸ However, it has now been suggested that a large majority (85%) of apprentices at the chain are 25+ and part of the existing workforce, and almost all (99%) of the apprenticeships were at level 2.¹⁹ This is a potentially worrying development, with the risk that some independent training providers use the system to offer employers bulk low-quality apprenticeships to subsidise training of existing, older staff.

12. The challenge of providing sufficient apprenticeship places for young people under 25 is particularly acute in light of the squeeze on the youth job market, as well as the raising of the participation age in 2013–15. The government needs to urgently investigate how apprenticeships for the 16–18 group in particular can be grown so that there are sufficient opportunities for young people at this stage. A recent Association of Colleges survey of members found that the number of 16–18s enrolled in level 1 and entry level learners on college courses, declined by, 6.6% and 6.4% respectively over the last year.²⁰ These figures, if they continue, will reinforce the need for a sustained increase in 16–18 apprenticeships, or pre-apprenticeship courses, at a level accessible to these young people.

13. There is also a separate challenge about how well apprenticeships prepare young people for the labour market. We know that young people change their jobs much more frequently than older people, and in quite significant ways. As Alison Wolf has noted “The young person who follows first a level 2 course in a vocational area, then a level 3 one, and then goes on to a long-term career in that sector is the exception not the rule”.²¹ It is therefore important that apprenticeships for young people are general enough to give them a set of transferable skills, which they can use in other areas. Currently, many apprenticeships are too specialised to allow this to happen. We recommend that the government looks at reforming minimum standards to ensure that a more comprehensive general skills component is included in all apprenticeships.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

14. The issue of quality is key to the success of apprenticeship policy moving forward, particularly if employer demand is to increase. A key question here is the following: how can quality standards be improved and maintained while still ensuring that apprenticeships are accessible to young people who may lack even basic knowledge and skills?

¹⁷ Of the 163,000 additional starts (all levels) in 2010–11 academic year, compared to the previous year, 126,400 (78%) were for people aged 25+. Analysis using data from BIS data service, supplementary tables: http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_supplementary_tables/Apprenticeship_sfr_supplementary_tables/ (accessed 30 January 2012).

¹⁸ Speech by John Hayes at BT Headquarters, 7 February 2011. Available at: <http://www.bis.gov.uk/news/speeches/john-hayes-apprenticeships-week> (accessed 30 January 2012).

¹⁹ Keep and James “Employer demand for apprenticeships” in IPPR (2011) *Rethinking apprenticeships*, p 57.

²⁰ FE Week, “AoC survey reveals a ‘worrying’ drop in low level learners”, 26 January 2012.

²¹ Alison Wolf (2011) *Review of vocational education—the Wolf Report*.

15. As raised above, with the example of Morrison's, there is the potential problem of in-work training programmes that should probably not be classed as apprenticeships, but are in fact being categorised as such. While such in-work programmes are valuable, it is possible that such example can serve to tarnish the apprenticeship brand, with the potential of a negative impact on employer demand. It is also important to note that such practices might impact upon analysis of the return on investment offered by apprenticeships.²²

16. Many of the young people that Centrepoint supports disproportionately go into non-traditional apprenticeship sectors, in areas such as retail, business and administration and health and social care. While the quality of some apprenticeships can be good, many young people report to us that the quality is poor, with little provided in the way of actual learning, and few opportunities for progression.

17. The current government's introduction of a statutory minimum number of learning hours (280 hours, with a minimum of two hours per week not provided in work) is welcome for these reasons. Recent regulation on 16–18 apprenticeships, for example, mandating that they must last for at least 12 months will also be useful in providing some guarantee of quality. However, it is worth noting that the minimum standards in this country are low compared to European standards, where apprenticeships standardly include at least one day a week in college.²³

CONCLUSION

18. To ensure that apprenticeship policy works for young people, Centrepoint urges the select committee to impress upon Ministers the need to ensure that apprenticeship provision is better targeted at young people who are out of work. In addition, while improving quality is rightly a central aspiration for the government, this should not come at the expense of accessibility. Particularly in light of the crisis of youth unemployment, and the raising of the participation age, apprenticeship provision must become a viable option for young people who are NEET, or at risk of becoming NEET and studying at a low level.

3 February 2012

Written evidence submitted by Certified Computing Personnel (CCP)

BACKGROUND

Certified Computing Personnel (CCP) has been delivering Apprenticeships/Programme Led Apprenticeships, Foundation Learning and preparatory training since 2001. CCP is based in the London Borough of Brent which in itself presents a challenge of having one of the highest youth unemployment and crime rates when compared against national averages. Most of our young people leave school with no qualifications and we prepare them for apprenticeships and provide work placement. Over 88% of young people who entered an apprenticeship programme from foundation/preparatory learning achieve a level 2 qualification.

Employers in this area are very reluctant to take on young people. From feedback, their understanding of apprentices and apprenticeship are:

- Misconception that Apprenticeships are for school dropouts therefore this is where NAS could do raise better awareness through advertising to stem this apprehension and misinterpretation.
- A lot of hard work training a young person for very little outcome—This is where employers are not educated enough on the skills level that apprentices can really attain through their studies—which otherwise wouldn't have been learned even through college.
- Can't be bothered—Quite honestly, most employers are not that interested in helping young people in their communities.
- Desperation—Businesses, SME's particularly, are obviously looking to get the most cost effective type of employee they can. With such a limited supply of jobs, and such a high demand for them, even highly qualified graduates are willing to take a huge cut in their potential earning just to be in work and gain experience. Therefore in a case of Graduate vs Apprentice in the same wage band—Graduate wins.

Educating the local companies in order that they can benefit, although should be the answer in reality in the current economic climate they are more concern about how to keep their heads above water.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

It was a breath of fresh air when it was announced that young people are going to get the support by NAS providing/recruiting employers. However the reality was that it didn't bring the calibre of employers who would take care of the young people who get left behind because they seem hard work. All employers want to pick the best of the best young people.

²² See eg National Audit Office (2012) *Adult Apprenticeships*, which calculates return on investment on the basis that apprenticeships are not being used merely to replace existing in-work training.

²³ Tess Lanning "Introduction" in IPPR (2011) *Rethinking apprenticeships*.

During this period to date NAS referred only about 5 employers who have not taken any one of young people. Whilst we cannot say how successful it was nationally it hasn't been any support for the kind of young people that we deal with. Having spoken to the London Leads of IT and construction employer engagement team I wasn't convinced that they have the drive or the passion to secure employment for our young people.

As far as integrating NAS with the Department for Business Innovation and Skills, the success of this partnership is as yet unclear.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Whilst we never know if these funds are really extra funding, the employer support fund of £1500 per person does make employers wanting to find out about Apprenticeships. I am not sure if this is going to the new employers or local employers who were going to take on an apprentice anyway.

When we carried out our own research we found that the money influences the decision of only a minute number of employers.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

The simple answer is that the apprenticeships are not high enough quality because young people today may academically excel but they have no business/employer ethics required to secure and retain an employment by being a useful/valuable member to an employer.

Whilst the level of the apprenticeship may increase the knowledge of a young person, the fundamental training on being employable and remain in sustained employment cannot be done in a classroom environment. Young people need to be allowed to be independent yet closely supervised under an umbrella employer where they know that they are not going to be sacked for making a mistake and will receive true employability training.

A guided work experience programme that is aimed at each of the sectors will create a pool of young people who employers can visit and select on the job if need be. Employed Apprenticeship should at least be at L3 and employers should recognise that it is equivalent to 2 A levels. This is where raising awareness as to the value of the qualification through NAS is essential.

The current Apprenticeship model is mainly successfully working with large employers who have their own apprenticeship programme where learners are employed from day one a full wage. That leaves majority of young people not benefiting as the work experience they get is minimal even if an employer decides to take a young person paying just an apprenticeship wage. What is important is not the wage that the young people get but which employers are willing to invest in them that would bring real benefit to an apprentice.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

Apprenticeship bonuses may have a limited interest from employers however they may not have a direct result in making our young person more employable. It's right if the government is expecting now the employers to train the young person, that they should be rewarded for it, however our fear is this will be another scheme that would not create a long term sustained employment opportunity for a young person but rather be a window of opportunity for an SME to gain some easy cash then remove the apprentice from employment once payment is received and then begin the cycle all over again.

Here are few ways supporting employers to create jobs or developing sustainable employment:

This can only be done in our opinion if the bonus/grant being offered is there to help develop the companies business that would enable them to create jobs. So in effect, sponsoring the small business towards becoming a stable platform for them to be a sustained employer.

For example, a small company may be given a grant to develop their overseas business potential when utilising young person that would help them break into new markets there by the potential not only to keep that person fully employed at the end of the Apprenticeship programme but they may also recruit others. Obviously some element of the funding can be linked to permanent employment whether it's with them or other employers, there by indentifying employers to recommend to young people within their network. NAS or the funding bodies have never mention about any job creating programmes.

There should be programme to educate employers who can be entrepreneurial and look at new ways of developing their business by series of workshops. Almost like National Apprenticeship Service but with a team of business minded people with required skills to develop in that area. People who have tried and succeeded or failed but learned from it and not people who can do in theory. This is where BIS really need to get involved.

A supported self employment programme where young people can be taught to become entrepreneurial is also one way of giving young people valuable skills and making them a valuable part of the community. The programme will be run by a dedicated brand name that young people to develop a business idea whilst learning

the skills. Almost like a mini franchise. In the United States it is expected almost most of their employment growth will come from self employment. All businesses, including mine, started as self-employed at the early stages. We should focus on creating a nation of young self-employed even if they are not the ones who created the idea but are willing to take one forward.

They are given a blue print to run a successful business that would take them through valuable skills that would allow them to become an employer should they decided to move away from being employed. We have taken steps to create mini-franchises that would meet such a framework. Such a framework may have an optional element that supports self employment. If Apprenticeships are to be successful with employers and young people it will need to show that it is not just for school dropouts.

Although employment is a valuable part of the apprenticeship, with the best intention in the world, most employers do not have the time to train a young person to become a valuable member of their team or they cannot see the potential in their times investment. They expect the government to be responsible for that element. Structured work experience programme with more than one employer may have much better result to make that young person to make economic sense because the employers who will provide work experience are passionate about young people, their community and supporting our future leaders. That support cannot be bought. We have found all young people who move on to apprenticeship from foundation learning through Access or programme led have more chance of progressing to either further education or employment or apprenticeship. Whilst anyone with low skills, can be qualified for foundation learning by limiting young people who are not ready for that huge leap are being discriminated and not given the chance to achieve a level 2 qualification. Training is the business of training providers. We thrive on pushing learners to aim high whilst they are provided a free education. By having specially designed work experience programmes that allow young people to achieve qualifications means that we not only increase young people's education levels but also may stop them from being another person engaging in the benefit trap. Work experience is a vital part for our foundation learners being in a work environment otherwise only available to learners who can be employed.

There should be technical training companies that are run as a business and train young people in the work place. These are supported jobs but businesses that generate income from the general public paired with some funding. Young people could go through various job roles until deciding their niche and gaining a broader work based experience profile.

All young people aged 16–24 who are not educated up to L3 must go through a mandatory programme to achieve a level 3 qualification, perhaps even via a fast-track route for those with the most initial potential for achievement. We will then have a potential work force that is qualified up to L3.

Developing a network of ethical businesses that support the social responsibility will bring more benefit to young people the local communities. Just like with young people, there needs to be a huge culture change in employers and communities in the way we support our young people to become tomorrow's leaders, plumbers, electricians etc. That can only be done one employer at a time. The country has changed and all of us need to change with it.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

This is not appropriate as up to the age of 24 all people are young and need the support to remove barriers and develop skills. Even employers are put off in contributing 50% their funding as this is considered as a tax on the small businesses to educate young people.

3 February 2012

Written evidence submitted by the Chief Economic Development Officers Society (CEDOS) & the Association of Directors of Environment, Economy, Planning & Transport (ADEPT)

EXECUTIVE SUMMARY

- In the absence of an independent evaluation, it is difficult to assess objectively the extent to which the National Apprenticeship Service (NAS) has been successful. Amongst CEDOS and ADEPT members there are mixed views, which could well reflect differing approaches and levels of involvement of local NAS representatives in different areas. Some specific issues raised were: lack of success in marketing the image of present day apprenticeships; not being prepared to share vital data to support local authorities and local enterprise partnerships; limited support to small and medium sized businesses; support for pre-apprenticeship provision being patchy. There is concern about how much support will be available in the future as a result of restructuring.
- On the issue of bridging the gap between the two funding departments, from the soundings we have taken, the overall view is that not enough has been done to achieve this and where there has been some success, it could be undermined in the future as a result of reduced funding.

- The extra funding for apprenticeships promised by the Coalition Government is considered essential to stimulate the number of apprenticeships. It should be directed primarily to employers for whom the biggest hurdle is the cost of taking on an apprentice.
- There is also a need for investment to: promote the “modern” apprenticeship offer; provide advice and guidance for employers, training providers, potential apprentice candidates and to young people at school; support pre-apprenticeship programmes; and to enable a co-ordinated approach in local areas and support local influence, solutions and campaigns.
- Whilst there are concerns amongst our members about the variable quality of apprenticeship frameworks, there is generally a feeling that apprenticeships are of a sufficiently high quality. There is a clear view not only that there should be more Level 3 apprenticeships but also Level 4 to enable individuals to reach their full potential. However, in achieving this, it will be important not to lose sight of the essential progression routes which enable young people to reach Level 3.
- On apprenticeship bonuses, much will depend on how they operate. If they are paid directly to employers they could provide a real incentive to businesses to support apprentices through to completion and into sustainable employment. Many small and medium sized enterprises (SMEs) are unable to support apprentices due to the financial and “down time” implications involved. Bonuses aimed at directly reducing salary and related costs would be an important way of encouraging more SME’s to participate in future.
- With the growing numbers of unemployed young people in the 19–24 age group, the current funding arrangement for training of apprentices is inappropriate. Extending 100% funding to this age group would be both fairer and a good investment, being likely to give employers greater flexibility in whom they appoint and encourage more SME’s to take on apprentices.

INTRODUCTION

1. This Memorandum of evidence is submitted jointly by the Chief Economic Development Officers Society (CEDOS) and the Association of Directors of Environment, Economy, Planning and Transport (ADEPT).

2. The Association of Directors of Environment, Economy, Planning & Transport (ADEPT) represents local authority Strategic Directors who manage some of the most pressing issues facing the UK today. ADEPT membership is drawn from all four corners of the United Kingdom. The expertise of ADEPT members and their vision and drive is fundamental in the handling of issues that affect all our lives. Operating at the strategic tier of local government they are responsible for delivering public services that relate to the physical environment and the economy.

3. The Chief Economic Development Officers Society (CEDOS) provides a forum for Heads of Economic Development in upper tier local authorities throughout England. Membership includes county, city and unitary Councils in non-metropolitan areas, which together represent over 47% of the population of England and provide services across over 84% of its land area. The Society carries out research, develops and disseminates best practice, and publishes reports on key issues for economic development policy and practice. Through its collective expertise, it seeks to play its full part in helping to inform and shape national and regional policies and initiatives.

4. CEDOS and ADEPT welcome the opportunity to submit evidence to the Business, Innovation & Skills Committee’s Inquiry into Apprenticeships. Our joint evidence, which has been framed in the light of consulting with our members from across the country, focuses on the specific questions being considered by the Committee’s Inquiry.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding departments (BIS and Department for Education)?

CEDOS/ADEPT Views:

5. In the absence of an independent evaluation, it is difficult to assess objectively the extent to which the National Apprenticeship Service (NAS) has been successful. Whilst there are some published statistics, because there are many influencing factors, it is difficult to know how much is down to NAS in promoting apprenticeships and how much to the efforts of other agencies/partnerships.

6. Amongst CEDOS and ADEPT members there are mixed views ranging from: “the National Apprenticeship Service has certainly helped to raise the profile of apprenticeships amongst employers and learners” and “NAS is a particularly helpful organisation which has provided independent advice and guidance to employers, training providers and associated organisations locally” to “little impact from the National Apprenticeship Service seen” and “funding to support NAS could be revised to go directly to employers to incentivise and support on-costs and remove barriers that employers face when recruiting an apprentice”.

7. The differences of opinion could well reflect differing approaches and levels of involvement of local NAS representatives in different areas. The point has been made that a number of reorganisations has led to inconsistent coverage and support to employers, providers and learners, whilst in some areas there is an issue around NAS having regional rather than local/sub-regional targets resulting in its resources being unevenly

spread. Moreover, there is concern about how much support will be available in the future as a result of restructuring.

8. In the soundings we have taken, some specific issues raised concerns:

- NAS not being successful in marketing the image of present day apprenticeships;
- NAS not being prepared to share vital data around employer participation and provider performance to support local authorities and local enterprise partnerships;
- limited support to small and medium sized businesses as a result of a focus on larger employers, with a particular impact on areas whose economies are dominated by SMEs; and
- support for pre-apprenticeship provision being patchy and having the effect of denying potential apprentices the opportunity to reach a suitable level to join the scheme and be ready for work.

9. On the issue of bridging the gap between the two funding departments, from the soundings we have taken, the overall view is that not enough has been done to achieve this and where there has been some success, it could be undermined in the future as a result of reduced funding. Some individual views are:

- there has been no tangible joining up between BIS and DfE—apprenticeships are not widely supported in schools, where there is now no NAS support;
- we see no apparent links back to education. It appears to be more removed from rather than attached to the education agenda and more could be done to bring the two together;
- whilst the Departments both agree on the importance of linking apprenticeships to economic growth, in practice there is too much focus on numbers and a failure to target key sectors and back winners. There is a lack of focus on high level skills eg engineering, IT, logistics;
- not entirely successful—significant issues remain with schools not providing enough independent information, advice and guidance for pupils on apprenticeship opportunities and frameworks; and
- with a local presence in the county, NAS has helped bridge the gap and raise the profile of apprenticeships but in its current format with reduced funding we are concerned that it will not be able adequately to do so in the future.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

CEDOS/ADEPT Views:

10. Having taken soundings from members across the country, there is no doubt that the extra funding for apprenticeships promised by the Coalition Government is widely supported as essential to stimulate the number of apprenticeships. There is a clear view that additional funding should be directed primarily to employers for whom the biggest hurdle is the cost of taking on an apprentice. Specific suggestions include supporting the employment of newly qualified apprentices beyond the apprenticeship programme, targeting key sectors where there is greatest opportunity and need in local areas, increasing the number of frameworks that are regularly rolled out, focusing on apprenticeships where a longer period of training and a bigger investment from the employer is required, and encouraging employers to take on apprentices who are under-represented eg those with a disability.

11. At the same time, there is still much work to do to change the perception that many employers, learners and parents have of the apprenticeship scheme if the Government is to achieve its ambition of increasing numbers. Some of the extra funding could be utilised to help raise the profile and improve the perceived quality and standards of apprenticeship frameworks and qualifications amongst employers. There is a need for increased marketing to promote the “modern” apprenticeship offer and dispel the “traditional” apprenticeship mind-set.

12. There is also a need for investment to:

- ensure the provision of advice and guidance for employers, training providers and potential apprentice candidates;
- provide improved information, advice and guidance on apprenticeships to young people at school; and
- support pre-apprenticeship programmes that will help young people to meet the challenges of an apprenticeship.

13. Finally, there is a need for funding to enable a co-ordinated approach in local areas. Local influence, local solutions and local campaigns are required to increase employer participation in the apprenticeship scheme, meet the needs of young people, meet the skills for growth agenda and ensure best value for money.

Are Apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

CEDOS/ADEPT Views:

14. From the soundings we have taken, whilst there are concerns about the variable quality of apprenticeship frameworks, there is generally a feeling that apprenticeships are of a sufficiently high quality. On the issue of Level 3, there is a clear view not only that there should be more Level 3 apprenticeships but also Level 4. As one of our members said “we are keen to support the development of a greater breadth of level 3 and level 4 frameworks to enable individuals embarking on the apprenticeship routeway to reach their full potential”. Equally, in doing so, it will be important not lose sight of the essential progression routes which enable young people to reach Level 3.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not, what will?

CEDOS/ADEPT Views:

15. Much will depend on how bonuses operate. If given to apprentices on completion of the apprenticeship programme, they would not necessarily encourage an increase in the number of apprentices on the programme. However, a bonus paid directly to employers could provide a real incentive to businesses to support apprentices through to completion and into sustainable employment. This should help to encourage more small and medium sized businesses to become involved but again much will depend on the way they function.

16. Many small and medium sized enterprises (SMEs) are unable to support apprentices due to the financial and “down time” implications involved. In addition to salary costs, direct costs associated with taking on apprentices, such as employers’ liability insurance and personal protection equipment can be a barrier to employers taking on an apprentice. Bonuses aimed at directly reducing salary and related costs could be an important way of encouraging more SME’s to participate in future. In addition to financial help, SMEs often require additional support to employ an apprentice such as advice on specialist employment legislation and HR issues and by streamlining processes regarding the amount of paperwork and documentation that needs to be completed.

17. Whatever the details of apprenticeship bonuses that are introduced, there will be a need to monitor their take up and evaluate their success to ensure that they lead to beneficial and sustainable long-term outcomes.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

CEDOS/ADEPT Views:

18. With the growing numbers of unemployed young people in the 19 -24 age group the current funding arrangement for training of apprentices of 100% for 16–18 year-olds and 50% for 19–24 year-olds is inappropriate. It favours the recruitment of 16–18 year-olds and can be seen as unfair and helping to drive discrimination as for example where an 18 year-old is in direct competition for an apprenticeship with a 19 year-old. In the light of the unemployment profile, 19–24 is clearly a target market which would benefit from additional financial support. Extending 100% funding to this age group would be a good investment. It would be likely to support more apprenticeships for those aged over 18, give employers greater flexibility in who they appoint and encourage more SME’s to take on apprentices.

31 January 2012

Written evidence submitted by Chris Berridge, Stonemason, Sam Fairgrieve, Bricklayer, Hayley Wright, Beauty Therapist, Ben Eaton, F1 Car Painter, Richard Sagar, Electrician and Business Owner, Linzi Weare, Hairdresser, Keith Chapman, Landscape Gardener and Business Owner, Joe Price, Carpenter

As current and former apprentices we are writing to formally express our support for the Apprenticeship programme and the work of the National Apprenticeship Service. We’re all living proof that Apprenticeships lead to successful and fulfilling careers and we’re keen that even more people understand the benefits that Apprenticeships can bring both to young people and to businesses.

The work of the National Apprenticeship Service is essential in growing the number and quality of opportunities available to individuals like us who are looking to take the vocational route. The Apprenticeship programme offers individuals a nationally recognised, high quality qualification whilst gaining essential work and life experience.

Businesses of all sizes realise the potential benefits that apprentices bring to their work, especially during these tough economic times and the work of the National Apprenticeship Service is making it easier and more financially viable for them to make the most of the Apprenticeship programme.

The National Apprenticeship Service support businesses of all sizes all over England to take on young people just like us—to give us a chance to show that we can add value, contribute ideas, and improve performance of those organisations. If there wasn't an organisation like the National Apprenticeship Service young people would not be aware of the many opportunities open to them, businesses would not see the benefits of employing apprentices and Apprenticeships would once again become a thing of the past.

Apprenticeships used to just be about trades like building, carpentry and stonemasonry—now you can do an Apprenticeship in accounting or digital media! We're delighted that new Apprenticeships are cropping up in so many different industries because now more young people will have the chance to learn new skills in a non traditional way-out of the classroom and in the workplace. That is all due to the work of the National Apprenticeship Service.

We're all proud to be apprentices—many of us now even employ apprentices ourselves and we hope that one day they will too. Those young people swinging and missing with their chisels or cutting lopsided fringes today are the leading stonemasons and celebrity hairdressers of tomorrow.

We have to make sure that there is an organisation there who is constantly standing up for apprenticeships, growing them and improving them. Otherwise opportunities will be lost and apprenticeships will once again become the poor cousin to university education.

Here are the views of some other fellow apprentices:

1. "... it's the ideal next step in my career. It's a great way to learn because you are working with different skilled people who can help you to build up your knowledge. It's the best decision I ever made as its opened so many doors".
Anton Samy, John Doyle Construction Ltd
2. "... each day at work is different and there is no monotony in it. It's been hands on from day one and I enjoy learning by actually doing the job rather than just watching".
Stuart Gould, D-Drill (Master Drillers) Ltd
3. "... I can learn on the job. It's good to be part of a team working on lots of interesting projects. My confidence has grown and I'm earning a wage whilst I train which is an added bonus".
Mitchell Sharp, Wilson & Wylie Contracts Ltd
4. "... It's more than a qualification, its experience too which is more valuable".
Kyle Yeomans, Oaklands College
5. "... because I am really enjoying my time on the programme. In the nine months I have been an apprentice, I have gained an NVQ Level 2 and have massively developed my skills and knowledge. It has given me that vital stepping stone to achieve and succeed".
Holly Barratt, London Borough of Newham
6. "... because when I finished school I had lost hope for my future, but this Apprenticeship has helped me gain a qualification and improve my skills, as well as my confidence. I applied to be Newham's Young Mayor and am now a member of the Youth Council".
Faheem Dharma, London Borough of Newham
7. "... I knew I wanted to go into Business and retail and I love the idea of gaining experience and a qualification at the same time".
Victoria Fox, Boots
8. "... Apprentices get great opportunities to better themselves by receiving a good education and the opportunity to study for higher education. I had the decision to go into higher education or go through the apprenticeship, and the Apprenticeship scheme had better prospects and provided me with more opportunities compared to the university route".
Alexander Watkins, Ford
9. "... Apprenticeships give a mature employee the chance to train, and advance themselves by gaining qualifications and experience that could not be got outside of an apprenticeship. Whatever the age of the employee they give full support and encouragement to achieve their goals".
Richard Bridle, Ford
10. "... Apprenticeships are never a wasted experience. Gaining invaluable experience and another qualification can only benefit you in your future career, and getting paid to do it is a big bonus".
Collette Gibson, Barnet and Southgate College
11. "... I feel a lot more independent being an apprentice, I feel a lot more adult. I've been given responsibilities I've never been given before, but also there's something very rewarding about earning money while you're learning".
Sophie Pounce, Barnet and Southgate College
12. "... Being a part of the Apprentice Programme has been a great move into a challenging and rewarding career opportunity, I contribute to the company's success by assisting and supporting my team wherever possible. The best part of being an apprentice is learning in a work based environment".
Ollie Betteridge, CapGemini

13. "... I thought gaining hands-on job experience in a healthcare environment would be more valuable for my future career—working with different people and seeing lots of different job roles. And I'm earning money too. Once my Apprenticeship is completed, I'm keen to stay in the sector".
Abby Mawdsley, Skills for Health Academy North West
14. "... I couldn't thank Brazier Interiors enough for offering me this Apprenticeship. It's a great opportunity for me and will hopefully benefit the company long-term. At work, the tasks I get to do are really varied which I enjoy—everything from liaising with clients and sub-contractors putting together tender documents to working on contracts and undertaking the costs for upcoming jobs".
Mitch Weeks, Brazier Interiors
15. "... From childhood I have always been interested in aircraft, how they work, fly, and are made. So it seemed the obvious choice for me to take an apprenticeship with a leading aircraft manufacturer in the UK—Airbus. Since joining here I have found Airbus to be a very progressive company where hard work is recognised and rewarded. The apprenticeship is highly valued inside this company as many of the senior managers started off as apprentices".
Adam Waldron, Airbus Operations Ltd
16. "... I am currently in the final year of the Higher Engineering Apprenticeship and I work within the Engineering design/stress area of Airbus. This year I will be gaining experience in different design/stress departments working on all the different variants of aircraft. My apprenticeship allowed me to gain first-hand experience, qualifications and to reach my full potential. I feel very privileged to be able to work for and benefit from a company like Airbus, which is one of the leading competitors in the commercial aircraft industry and at the forefront of aviation innovation and technology".
Rhian Perrin, Airbus Operations Ltd
17. "... I was ready to work. I'd had enough of studying—I just wanted to be in a team and learn from other programmers. My Apprenticeship is the first chance I've had to work with people who can teach me all the things I need to know and I am really happy to be here. Now I can see that there is a whole profession out there for what I love doing and I'm looking forward to the future".
Phil Gale, Proctor & Stevenson

14 February 2012

Written evidence submitted by Circle Housing Group

INTRODUCTION

- Circles mission is to enhance the Life Chances of residents and service users through providing great homes, first class services and working in partnership to build sustainable communities. We have a strong commitment to community engagement, employment and skills and local enterprise development. We play an active part in helping both our residents and people living in the communities where we operate to access job related opportunities. We feel that apprenticeships at Circle offer a positive experience for both the apprentice and us as the employer.
- Circle Housing Group works closely with our internal and external partners to promote and create sustainable apprenticeships which provide training and employment for our local community and residents.
- We will be embedding our commitment to promote and create apprenticeships by launching an apprenticeship policy and delivery plan. This policy will ensure a consistent approach and understanding of the recruitment, training, development and exit strategies for apprenticeships within our group and external partners. For example we actively promote apprenticeships within our procurement of services, which encourages our external partners to promote and create apprenticeship positions in line with our policies and procedures. We also provide engagement mechanisms to ensure that large organisations are able to recruit from within the local community and hardest to reach areas.
- Circle Housing Group actively participates in various local and national committees and steering groups to ensure we share and learn good practice. We take a multi-partnered and collaborative approach to utilising resources and to ensure that we encourage small and medium enterprises as well as national organisations to promote and provide apprenticeship.

ABOUT CIRCLE

Circle Housing Group is one of the UK's leading providers of affordable housing. With a dedicated team of more than 2,200 staff, Circle manages more than 63,000 homes, including supported and sheltered housing, for around 200,000 people across the UK. Its mission is to enhance the life chances of its residents by providing great homes and reliable services, and building sustainable communities.

RESPONSE

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education).

1. Circle has worked very closely with the NAS to support the creation of an internal apprenticeship policy and programme which will engage, recruit and train candidates into entry level roles within our group and external partners. This service has bridged a gap but there have been some issues with staffing, as members of staff have been of a variable quality. The NAS have been able to support our organisation with a clearer understanding of what is required from an employer to create apprenticeships and work engage preferred training providers.

2. The NAS has supported Circle to promote apprenticeships within our group and engage our management to understand the benefits of developing and sustaining apprenticeships.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

1. This funding is necessary and can be spent in the following ways:

- (a) Subsidised salaries (similar to the YTS—Youth Training Scheme).
- (b) Partnership building between Registered Providers, Local Authorities and the Private Sector.
- (c) Investment in training provision ie innovation within training.
- (d) Development of Higher Apprenticeships which include levels 3–6 apprenticeship frameworks.
- (e) Further employer incentives including:
 - (i) monetary to support salaries, training and management costs;
 - (ii) support to create pre apprenticeship and pre employment programmes to support apprenticeships;
 - (iii) inclusion of any partnerships groups; and
 - (iv) participation in the creation of hubs to coordinate communication and delivery of service.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

2. No. There is a varying degree of standard of apprenticeships within the UK. There should be a quality mark and a set standard of competencies of standards set by the employers not the training providers who do not have a clear understanding of the role.

3. There should be more Level 3 Apprenticeships. If funding for this was more readily available then Circle would be able to support these frameworks more easily. Circle has run various programme which support entry level 1 and 2 apprenticeships, including a Level 3 and higher apprenticeships which offer a candidate a recognised pathway to through professional development within an organisation and ensure that retention rates are higher which will make apprenticeship programmes more sustainable.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

1. We believe apprenticeship bonuses will encourage the involvement of more small and medium sized businesses to take on apprenticeships and they should therefore be encouraged. We work very closely with SMEs to promote apprenticeships and have found that SMEs need further monetary incentives to build the capacity of their recruitment, training and logistic services to support apprentices within their organisations as this can often be something that does not take priority and can affect the professional development of an apprentice. Although this has to be complemented by engaging SMEs through business networks ie trade associations, British Chambers of Commerce. This will encourage SMEs to share their views but also allow them to do their day to day job. Circle actively supports SMEs, social enterprise, CIC and BMEs to take on apprentices, we support the engagement and recruitment of candidate from the local community through partnership and collaborative working.

2. Within Circle from April 2012 we will ensure that we incentivise apprenticeships with a 10% increase of their salary dependent on the candidate meeting all their work objectives.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

3. No this is not appropriate and leads to discrimination for 19+ ages. As employers who do not have policies in place will only take on 16–18 year olds because there will be no training costs for them.

4. At Circle we promote all of our apprenticeship to all age ranges, 16–65. We do not discriminate against age and all candidates are recruited through a consistent process. If further funding were available Circle would be able to encourage our external partners to develop a similar holistic approach.

3 February 2012

Written evidence submitted by CITB-ConstructionSkills

INTRODUCTION

1. CITB-ConstructionSkills is the Industry Training Board for the construction industry across Great Britain. We are also the licence holder for the Sector Skills Council for construction—a partnership between CITB-ConstructionSkills, the Construction Industry Council and CITB-ConstructionSkills Northern Ireland. Established as a Sector Skills Council in 2003, we use our skills intelligence and insights to ensure “right skills, right place, right time” for the construction industry. We have levy raising powers and invest these employer funds in training grants and the delivery of skills and training solutions.

2. CITB-ConstructionSkills is well qualified to comment on apprenticeships:

- As an *Issuing Authority* we are setting apprenticeship standards, with a high-performing 83% framework achievement rate in England.
- As an *Awarding Body*, certifying over 12,000 Apprenticeship qualifications in 2011.
- At any one time we oversee 15,000 Apprenticeships, through our *Managing Agency* role, many for SMEs who we also help with time-consuming administration.
- Our *National Construction College* is Europe’s largest construction training provider, for over 30,000 people through courses including Apprenticeships in specialist occupations not offered in mainstream FE colleges.
- Our training grants have supported over 51,000 Apprenticeships in the last five years, by incentivising employers to recruit and helping to off-set the costs of taking on an apprentice.
- We also run high-profile *recruitment campaigns* aimed at employers and recruits to promote Apprenticeships, resulting in over 150,000 visits to our careers site B-Constructive in the last three months alone. We also run SkillBuild—the biggest UK wide skills competition for apprentices

3. Our labour market intelligence—the *Construction Skills Network*—predicts that, despite a fall in employment this year of 41,000 people, construction will need to recruit an annual average of 46,000 people to meet industry skills needs from 2012–16. Apprenticeships will be a vital component in the delivery of these skills for local and national growth.

4. CITB-ConstructionSkills response to the BIS Select Committee Inquiry into Apprenticeships reflects the views of CITB-ConstructionSkills members of staff, employers, trade federations and training providers, collated through our national network of Skills for Growth Forums.

5. We would welcome the opportunity to provide further information on the points we have raised in this response.

Q1. How successful has the National Apprenticeship Service (NAS) been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

6. NAS has faced a big challenge in managing the different policy drivers of BIS and DfE. According to a recent National Audit Office report, NAS has “returned good value for money” in delivering apprenticeships. However, working to two Government departments has undoubtedly created tensions. Within the DfE, following the Wolf Review, less priority is seemingly given to vocational education and training for 16–18 year olds, with policy focusing more on broad based education for young people. BIS on the other hand has been keen to promote an expansion of Apprenticeships with employers and in sectors where take-up has been low. The overall result of these different approaches is few additional places taken up by 16–18 year olds and a significant increase in Apprenticeships for those aged 25 plus (68% of the new increase in apprenticeships from 2006 to 2011), at a time when NEETS numbers have increased.

7. NAS has promoted Apprenticeship volumes, irrespective of age and length, but this could potentially damage the apprenticeship brand in the long-term. NAS has had success with the introduction of vacancy matching services, along with the promotion of Apprenticeships, leading to the number of apprenticeships doubling between 2006 and 2011 to nearly 443,000. However, to date, one in five of these Apprenticeships have been short-term six month courses. This compares with our own Apprenticeship frameworks, which are typically 18 months for Level 2 and 12 months for Level 3, following on from a Level 2 course (effectively 30 months). This has led our employers to question if we are seeing a watering down of quality, which will ultimately damage the apprenticeship brand. If the drive is volume, there is always a risk that currently NAS targeting contributes to this problem.

8. NAS involvement in the issuing of Apprenticeship frameworks is causing delays and confusion. It is the role of SSCs as *Issuing Authorities* to ensure compliance under the Qualification Certification Framework

(QCF) and Specification of Apprenticeship Standards for England (SASE). However, in some cases, NAS will not release funding for Apprenticeship frameworks approved by an *Issuing Authority*, if they believe that a particular framework does not meet SASE requirements. This has caused delays and confusion with employers as Apprenticeship frameworks issued to the UKCES and Alliance web-portal by *Issuing Authorities*, remain un-funded by NAS. This process needs to be improved, to ensure employers are able to access the Apprenticeship courses their employees require and they expect will be delivered once announced by an *Issuing Authority*.

9. The NAS Single Certification process is unnecessary and burdensome. NAS have contracted out the process of Apprenticeship certification, as part of change to a *Single Certification* regime under the Apprenticeship, Skills, Children and Learning (ASCL) Act. As a result of certification being taken away from *Issuing Authorities* a new layer of time-consuming bureaucracy has been created—with unnecessary online processes and checking and different approaches across nations. To resolve this issue, powers of certification should be returned to *Issuing Authorities*.

10. Budgets for Apprenticeships should be transferrable across departments. At present, DfE Apprenticeship funding not spent in a given year cannot be transferred to other Apprenticeship programmes requiring additional funding. Improving departmental coordination and flexibility could ensure all Apprenticeship monies are spent as intended. Additionally, across the DfE, SFA and HEFCE there is the opportunity to better join apprenticeship policy and pricing on the range of Apprenticeships offered.

Q2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

11. We agree that Apprenticeships are a very effective vocational route that it is right for Government to invest in. There is a strong case during a recession for the Coalition Government to support the expansion of Apprenticeships. Funding can help incentivise employers to take on young people and offer them structured training, enabling businesses to prepare for future growth and avoid potential skills shortages in the future. Funding, if properly targeted, can also help young people enter or re-enter the labour market. For some it may be a better choice, avoiding the levels of debt that graduates face following the introduction and additional increases in university fees. If the incentives are right, it is possible to encourage SMEs in particular to consider taking on apprentices. However, our experience is that SMEs often require additional support, which is one of the strengths of having a Managing Agency as an option or by introducing “shared apprenticeship” schemes.

12. Apprenticeships in response to 16—24 year old NEETs groups will give a bigger return of investment in the long-term. The Government needs to be clear about its policy objectives for Apprenticeships and may need to vary its approach during different phases of the economic cycle. In recent times the approach seems to have been to increase the numbers with the result (see paragraph 6) that the biggest rises are for those aged 25 plus, in sectors where it could be argued employers are getting a subsidy for training that they would not have expected in the past. Our view is that wherever possible priority should be given to those aged 16–24, even if this means fewer places at higher cost. This is because it is the younger age group that are most vulnerable and all the evidence shows that if the country fails to support 16–24 year old NEETs for long periods of time then they will end up costing the nation significant sums in the future.

13. Quality is more important than quantity and Government needs to invest in “real” apprenticeships. It seems strange during a time when DfE is reducing the value of a large number of vocational qualifications, questioning their rigour, that we have seen the introduction of a variety of short duration Apprenticeships in some sectors, which would not have been considered sufficiently robust in the recent past. Instead, the level and type of training qualification should be demand-led by employers, high-quality and flexible to the different costs of training needed to be provided. For example, in construction the cost of delivery for Specialist Apprenticeships in niche or newly evolving area, such as for steeplejacks, crane operators or steel framing, where demand is low nationally (so needing national residential facilities, or which needs costly equipment or consumables) requires higher funding rates than for other trades. Government could further help sustain the supply of Specialist Apprenticeship places in the next two years, as a special case, permitting Apprentices who complete Level 2 and wish to move on to Level 3 Special Apprenticeship Programmes (but are then aged 19 and over, attracting nearly £5,000 per capita less public support) to access the full rate, if they agree to progress with no break in time.

14. Creative solutions in recessionary times will be vital in combatting employer reluctance to commit to taking on an apprentice. The construction sector will not have achieved pre-recession levels of Apprenticeship recruitment (20,400 for 2007–08) by 2015 without additional commercial activity or funded interventions. The recently announced Apprenticeship bonus is welcome and will complement a wide range of activities we already have underway to encourage new blood into construction including Apprenticeship grants, Shared Apprenticeship Schemes for SMEs, Green Deal Apprenticeships, National Skills Academies for Construction, University Technical Colleges and our “Client-Based Approach” guidance to encourage more Apprenticeships through public procurement. The national roll-out of our Shared Apprenticeship Schemes alone could contribute to a 10–15% increase in construction Apprenticeship numbers over the next three years, working with employers (primarily focused on SMEs) and local authorities.

15. Government must look to discourage pre-Apprenticeship feeder qualifications in areas where demand for skills in current and future years is low. By monitoring FE supply statistics against labour market information an accurate picture of industry demand for apprenticeships can be developed. The *Construction Skills Network* provides forecasts of skills “demand” across construction to 2016 (details can be found at www.cskills.org/csn). When this is matched against accurate “supply” information (see paragraph 8) of current skills and training provision in specific areas of construction, a better understanding of “real” industry skills needs and associated Apprenticeship requirements—as part of the vocational training mix, to meet these needs—can be developed. A lack of data provision on the supply of Apprenticeships across England is further impacting on the planning of skills provision. NAS is in a unique position to offer insights into the supply and demand of apprenticeships but is not currently making this data available in a timely fashion. NAS could regularly share standard and current Apprenticeship data detailing achievement rates by age, geography and occupation, making it easier to detail the “supply” of Apprenticeships into industry. When matched with labour market intelligence on skills “demand”, this would allow for the better management and use of public funds in meeting “real” employer skills needs.

Q3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

16. Issues concerning the quality of Apprenticeships have been covered above.

17. Employers across construction are concerned about Government suggesting that all apprentices should aim to be Level 3. The Construction sector has a long and proud history of offering a significant number of Apprenticeships at Level 2 and indeed there are managers of companies in our sector that have successfully progressed from these Apprenticeships to management levels and above. Level 3 Apprenticeships numbers should only be increased to meet predicted skills demands for the sector—not broad policy drivers on Apprenticeships over all sectors. In construction the key issue is that there should be appropriate progression levels in place and funding regimes should not disincentivise progression from Level 2 to 3, as can be the case under current arrangements. We are also concerned that the new Apprenticeship Certificates in England—offering Bronze, Silver and Gold standards for Intermediate, Advanced and Higher level Apprenticeships—risks de-valuing an Apprenticeship in occupations only offering qualifications up to Level 2. For example, across plastering Apprenticeships third-place (or bronze) is now the best that can be achieved. This will make it harder to attract young people into these occupations which, in this example, will directly impact on the provision of skills in support of key initiatives such as the Green Deal.

18. Flexible contracts should be introduced to increase take-up of L3 Apprenticeships in construction. This would increase provision and boost the volume of higher-level Apprenticeships. SFA contract requirements make raising Level 3 qualification volumes harder and limit growth in training provision. At present, funding at higher 16–18 rates for Level 3 can only be secured by signing an apprentice up to three years from the start. If such a learner then completes Level 2 but is not capable of achieving Level 3, this has a negative impact on a provider’s performance statistics (the learner is classed as an early leaver). So most construction apprentices take a two-year programme; better candidates sign a fresh contract for Level 3. Successful Level 2 apprentices transferring to a Level 3 programme are recorded as an extra start by the SFA, (counting the same person twice). The majority of these apprentices will be over 19 when they start Level 3, meaning that they are only entitled to the reduced 50% rate for 19–24 year olds. Current funding reductions at 19+ impacts more severely on construction Level 3 starts than in other sectors. With a flexible delivery contract the Apprenticeship would be recorded once and exempt from these funding reductions.

19. Funding issues with Higher Apprenticeships in construction should be quickly resolved. Our work on the development of Higher Apprenticeships across the construction sector is currently being made more difficult by the impact of the QCF realignment in September 2010, which moved our Management and Construction Contracting competencies from Level 4 to Level 6. Due to this, the frameworks do not meet SASE requirements, which place Level 6 qualifications beyond the scope of the standard. This popular framework should be allowed to continue within England, as it currently is in Wales.

Q4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

20. The £1,500 subsidy for SMEs taking on an apprentice is welcome. The bonus will complement a range of activities and initiatives that CITB-ConstructionSkills is carrying out to encourage SMEs to take on apprentices including our own apprenticeship grants, Shared Apprenticeship Schemes, Green Deal Apprenticeships, National Skills Academies for Construction and “Client Based Approach” guidance designed to encourage more apprenticeships recruitment through public procurement. We are working closely with the National Apprenticeship Service to see how we can make the grant work best for construction.

21. Incentives for 16–24 year olds should be paid at a flat-rate across age groups, regardless of the existing 19+ funding arrangements. We are supportive of a flat-rate payment of any incentive, as this could partially alleviate inequalities faced by the construction sector under the current 50% training arrangement for those aged 19+. However, this should be harmonised upwards and not downwards.

22. It is important to understand broader “barriers” to SMEs, other than funding, in taking on an Apprentice. These “barriers” range from perceptions of Apprenticeships as being peripheral to a business needs to the fear of apprentices moving on from a business. There are also a range of additional concerns from the unseen costs and commitment of time in training an apprentice—such as putting in place Apprenticeship plans and inductions, reviewing progress and providing hands-on mentoring and support—to questions around health and safety and insurance. Our Apprenticeship products (see paragraph 21) are designed to mitigate against these additional barriers and our digital *Positive Image* campaign is working to dispel myths and encourage the take-up of Apprenticeships in construction by all groups in society. Government funding in support of Apprenticeships should consider all barriers to SMEs in taking on an apprentice.

Q5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

23. As previously stated (see paragraph 19), flexible contracts should be introduced to increase take-up of L3 Apprenticeships in construction. Without these contracts in place we will continue to see current funding reductions at 19+ impacting more severely on construction Level 3 starts than in other sectors. Additionally, at present training providers are reluctant to provide Level 3 construction courses due to the combination of reduced funding levels and higher drop-out rates. Flexible contracts will go a long way to bridge this gap and should be funded by Government. We estimate introducing flexible delivery contracts would cost a maximum of £14m per annum in construction trades.

10 February 2012

Written evidence submitted by City Gateway

ABOUT CITY GATEWAY

1. City Gateway is an established, Ofsted rated “outstanding” education provider in one of the UK’s most deprived areas, Tower Hamlets. Our expertise lies in providing a place for young people who have disengaged from mainstream education to come and have an outstanding experience of learning and development.

2. City Gateway runs training courses for NEET or at risk young people and women, aimed at progressing them into employment by working in partnerships with a wide range of corporates and community partners. Our mission is to bring hope to the community of Tower Hamlets.

3. The majority of our young people undertake Level 2 and Level 3 Apprenticeships, based on an intensive model of Accelerated Apprenticeships that aim to provide work-ready skills and behaviours, followed by entry into employment through a dedicated ATA team. More information about City Gateway can be found at www.citygateway.org.uk.

EXECUTIVE SUMMARY

4. City Gateway’s model has been very successful in reaching some of the most disadvantaged and unemployable young people in the UK. Our model of Accelerated Apprenticeships works to keep young people engaged, committed to their learning and recognises the economic circumstances they face. Classroom elements of the Apprenticeship are more intense, meaning that employers have apprentices that undergo learning and development faster and provide a more professional service to their company in a shorter time frame.

5. The Coalition Government, and its predecessors, have aimed to use Apprenticeships investment to deal with skills deficits and to improve the job prospects of young people. Removing the ability to deliver the City Gateway model would have a negative impact on the latter of these aims at a time when youth unemployment and NEETs rates are at their highest in decades.

6. With youth unemployment so high, we believe that the extra investment from the Coalition Government is necessary, but that it should be targeted at reducing unemployment and facilitating entry into work. Apprenticeships should not be a key feature of in-house training for those already in work now that Train to Gain is being wound down.

7. We believe that with this focus, and in the current economic climate, the funding for 19–24 year olds should start to move incrementally towards the same level as for 16–18 year olds. An equal investment will allow organisations to offer a fully integrated 16–24 service to tackle record NEET levels.

8. City Gateway supports the Government’s crackdown on providers who use short term Apprenticeships to quickly draw down money without providing high quality, work based learning, but Apprenticeships which are undertaken in a shorter period of time that are more intense and employment focused can provide greater economic and social benefit if targeted at the right population.

CONTEXT OF CITY GATEWAY ACCELERATED APPRENTICESHIPS

9. As the third most deprived borough in the country (*IMD 2007*), Tower Hamlets has high levels of worklessness. Economic inactivity is at 31% (*NOMIS Labour Market Profile June 2011*) and 18% of families live on less than £15,000 a year (*LBTH Community Plan 2020*).

10. Skill levels are low with 12.4% of the working age population holding no formal qualifications, against a London average of 9.9% (*NOMIS 2010*). Around 7% of 16–24 year olds in Tower Hamlets are NEET and 16% of 16–24 year olds are claiming unemployment related benefits (*ONS 2009*). All the young people who start courses at City Gateway are NEET or at risk of NEET.

11. The most heavily represented ethnic groups amongst our clients are Bangladeshi (58%) and White British (19.7%). In Tower Hamlets, these two groups suffer from disproportionately poor educational performance (especially White British working class males) and high levels of worklessness. For example, only 31.7% of Bangladeshis (*LEST 2012 Technical Annex p1*) are in employment (GLA analysis of census data).

12. There is significant conflict between different groups of young people in the local community. Postcode gangs operate in most areas of the borough and extremist groups such as Hizb-ut-tarir, BNP and EDL are active amongst young people. Both Asian and White British youth often perceive their culture as under threat from other groups. This creates challenges within mixed groups which City Gateway seeks to address. We are committed to providing training for all ethnic groups within Tower Hamlets and are careful to make sure that any imbalance along ethnic lines is addressed proactively through targeted social marketing. Given the disproportionate number of males amongst the NEET population, there are necessarily more young men than young women on our courses. However, we attempt to keep groups as balanced as possible.

13. The social context described above impacts heavily on City Gateway's work. Driven by our Christian ethos, we focus our work on the most economically excluded members of the community. Learners arrive with low aspirations arising from a cultural norm of worklessness and low aspirations. For many of them paid, structured work is often something that they have not experienced within their family.

14. Many learners' previous experiences of education are predominantly negative; our learners are mostly from those who have been unable to achieve qualifications with other service providers. In the 2010–2011 academic year, estimates suggest that around only one quarter of learners had qualifications on entry into City Gateway courses. As a result, they bring with them a huge range of complex challenges and we work hard to counteract the behavioural and academic consequences of this.

15. Learners we work with often have little experience of interacting with social groups other than their peers, of travelling beyond a few habitual routes, nor of experiencing many of the opportunities which a city like London presents. One of our aims is to change this. Our learners' achievements prove that we consistently succeed where others have failed.

THE CITY GATEWAY MODEL

16. City Gateway has a long record of delivering completions and retentions high above the national average. In 2010–11, City Gateway reported nearly 91% of starts were achieved 14% higher than the national average. A large part of this success is the accelerated model.

17. Our model is geared towards getting apprentices into full time employment after their course is finished. Accelerated Apprenticeships are a key aspect of this—giving young people the skills to be economically active as soon as possible.

18. From our learners' case histories we have seen a continued failure of remain in year-long programs. The slow pace of learning and lack of economic relevance are key complaints expressed. Before applying for our apprenticeship programme, City Gateway trainees often complete 24 weeks of Foundation Learning training and are desperate to achieve an apprenticeship as soon as possible after starting.

19. In response to this learner need, City Gateway offers rapid progression, seeking to accredit apprenticeship achievements and ensuring complete compliance with statutory requirements. Our outstanding 92.2% achievement rate for 16–24 apprentices suggests rapid progression is extremely effective for learner outcomes.

20. Whilst City Gateway claims the apprentices' framework certificate once they have achieved all elements of their framework, this completion does not represent the end of City Gateway's service offer. Apprentices often remain employed with City Gateway's Apprenticeship Training Agency model for some time after completion of their framework and continue to retrieve support, career advice, information advice and guidance from City Gateway.

21. Our ATA team focuses on the creation of new Apprenticeship opportunities with employers who would otherwise be unable to recruit an apprentice. We have continued to place learners from a low starting point with high profile organisations. Ofsted described the economic opportunities available to NEET learners as "breath-taking".

22. City Gateway offers full-time employment of the apprentice as the norm. Part-time employment is only available in limited circumstances based on the apprentice's individual circumstances. Previous City Gateway

Apprentices have been placed at a variety of corporate firms including; Canary Wharf Group, RBS, Lloyds Banking Group, SNR Denton and Phoenix Partners, amongst many others.

23. In our experience, employers favour accelerated apprenticeships, meaning apprentices get their classroom based hours out of the way as soon as possible so they can be more available to their employer thereafter. Rapid completion of the classroom based hours often leads to an extension in their workplace responsibilities.

24. City Gateway Accelerated Apprenticeships are fully compliant to the Specification of Apprenticeship Standards for England (SASE) requirements. Figure 1 below gives a brief overview of the relationship between classroom and work-based elements of Accelerated Apprenticeships.

Figure 1

<i>Framework</i>	<i>SASE hours required</i>	<i>Classroom based</i>	<i>Work based</i>
Customer Service Level 2	455	159	296
Customer Service Level 3	566	171	395
IT Level 2	450	105	210
IT Level 3	460	105	220
Sports Level 2	550	276	274
Sports Level 3	649	310	339
Youth Work Level 2	345	255	90
Youth Work Level 3	468	314	154

25. City Gateway is not accrediting trainees with skills that they had already developed from previous on the job learning. Learners are being trained from scratch in a new field of employment. Employers favour intensive training because of the new skills it equips apprentices with, which can then be applied thereafter in the work place.

26. Accredited achievements assist the search for sustainable employment. Having their training completed quickly enables trainees to focus fully on employment and use the qualifications achieved to apply for further work. This recognises the economic situation the trainee may face and the value that being quickly economically active can bring to their lives. Many of our apprentices have gone on to gain permanent employment with our host employers, while others have taken their experience into other businesses.

27. NEET, or at risk of NEET learners who are taking a Level 2 framework for the first time are offered the opportunity of Accelerated Apprenticeship to enable rapid progression to a Level 3 program. The rapid progression offer contains consistent negotiation with employers focused on extending apprentices' work place duties. This work place negotiation enables apprentices who aren't ready for advanced frameworks an opportunity to acquire the work place responsibility, skills & qualifications during a Level 2 framework to quickly progress to Level 3.

28. A ruling that all Apprenticeships for 16–18 should be 12 months is in contrast to other funding methodologies such as Foundation Learning, which is targeted at an individualised programme for the learner. Not every learner takes 12 months to complete an Apprenticeship, and in a number of cases this holds them back from progressing to an Advanced Level 3 Apprenticeship, and therefore better jobs in the future.

RESULTS

29. Figure 2 shows the overall and timely completion rates for City Gateway over the last 2 years, using the Accelerated Apprenticeships model. An overall completion rate of 90.8% is over 14% higher than the national average in 2010–11, and timely completion rate of 85.7% is 20.4% higher; given that these learners were all NEET or at risk on entry, this highlights the success of the model.

Figure 2

	<i>National 2009–10 P12 %</i>	<i>City Gateway 2009–10 P12 %</i>	<i>National 2010–11 P12 %</i>	<i>City Gateway 2010–11 P12 %</i>	<i>City Gateway 2010–11 Variation % over National 2010–11 results</i>	<i>City Gateway 2010–11 % difference over 2009–10 results</i>
Overall	72.20%	70.70%	76.40%	90.80%	14.40%	20.10%
Timely	56.20%	57.70%	65.30%	85.70%	20.40%	28.00%

30. These high attainment results are coupled with a drive to ensure learners move into sustainable employment after their accreditation. For example, of learners on our Sports and Customer Service programme, 80% of them left into employment, and 82% of Information Technology learners left into employment or further education.

31. Attainment has been spread through the demographic City Gateway has engaged with Accelerated Apprenticeships. Figures 3–5 show the achievement and timely achievement rates across Customer Service, IT and Sport programmes.

Figure 3

Ethnic Groups	Customer Services		Numbers			Percentages		
	Sex	Age Group	Retained	Achieved	Timely	Retained	Achieved	Timely
Asian	Male	16–18	2	2	2	0	100.00%	100.00%
		19–24	1	1	1		100.00%	100.00%
	Female	16–18	2	2	2		100.00%	100.00%
		25+	3	3	3		100.00%	100.00%
Chinese	Female	25+	1	1	1	100.00%	100.00%	
Mixed	Male	19–24	1	1	1	100.00%	100.00%	
White	Female		2	2	2	100.00%	100.00%	
British		19–24						
			12	12	12		100.00%	100.00%

Figure 4

Ethnic Groups	ICT		Numbers			Percentages				
	Sex	Age Group	Ethnic Groups	Sex	Age Group	Retained	Achieved	Timely		
Asian	Male	16–18	8	6	6	75.00%	75.00%			
		19–24			5			5	100.00%	100.00%
	Female	16–18		5	5			4	100.00%	80.00%
		19–24		5	4			4	80.00%	80.00%
	25+	3	3	3	100.00%	100.00%				
Black	Male	16–18	1	1	0	100.00%	0.00%			
	Female	25+	2	1	1	50.00%	50.00%			
White	Male	16–18	1	1	1	100.00%	100.00%			
British	Female	16–18	4	4	3	100.00%	75.00%			
			34	30	27		88.24%	90.00%		

Figure 5

Ethnic Groups	Sport		Numbers			Percentages		
	Sex	Age Group	Retained	Achieved	Timely	Retained	Achieved	Timely
Asian	Male	16–18	5	5	5	100.00%	100.00%	
		19–24	3	3	3			100.00%
Black	Male	16–18	3	3	3	100.00%	100.00%	
		19–24	1	1	1	100.00%	100.00%	
White Non British	Male	16–18	1	1	1	100.00%	100.00%	
Mixed	Male	16–18	1	1	1	100.00%	100.00%	
		19–24	5	5	5	100.00%	100.00%	
White British	Male	16–18	5	5	5	100.00%	100.00%	
		19–24	1	1	1	100.00%	100.00%	
	Female	19–24	2	2	2	100.00%	100.00%	
			27	27	27		100.00%	100.00%

FUTURE FUNDING OF APPRENTICESHIPS

32. The City Gateway model has shown that Apprenticeship frameworks should not be one size fits all, and that flexibility in delivery can be adapted to suit the socio-economic situation of the learners.

33. At the moment, it can be financially difficult to offer a full service 16–24 model, with the funding gap between 16–18 and 19–24 de-incentivising providers from dealing equally with the full range of young people.

34. By incrementally increasing the funding for 19–24 Apprenticeships in line with that for 16–18, the Coalition Government could allow providers to expand their provision and further reduce youth unemployment in an age range that has a lack of specialist training resource. Without this, there is a risk that learners in the 19–24 range may miss out on provision that helps them into work at a pivotal point in their careers.

35. Similarly, funding should be targeted for learners who are unemployed—not those already in employment. Apprenticeships should be a route into employment, rather than a tool of training for those who are already employed with the organisation they are training with. The Coalition Government should make

every effort to collect data on the number of Apprenticeships undertaken by learners who are already in employment with the company at the point they start their Apprenticeship.

6 February 2012

Annex

CASE STUDIES

SOPHIE:

Sophie joined CG, did an IT apprenticeship and through this was successful in securing a placement with Canary Wharf Group—the six month employment placement gave the business time to find the necessary resources to create a permanent role for her. Sophie, the only non-graduate in her team, has outperformed many graduates and is now receiving further CPD training while working for them full time. For the Canary Wharf Group, it was vital she was quickly available to work with the business full time, which our model enabled.

LALIKA:

The NHS Hurley Group decided to try having a young apprentice in their team, and after her employment placement came to an end they did not hesitate to create a full time job for her, despite being uncertain about creating a full time job for her at the start of her employment. The apprenticeship enabled Farjana to prove herself and the NHS Hurley Group found it useful that our frameworks meant she got support at the starting point of her work placement.

JENNIFER:

Jennifer started on a three month work contract with Phoenix Partners, an international derivatives trading business. She was then extended on her placement for another nine months before being offered a permanent contract. Jennifer had various issues to overcome and our model enabled them to support her, they needed someone for her job role 5 days per week so they appreciated that she quickly completed her training. This created the opportunity for them to quickly increase her pay and recognised her as part of their full staff team. Phoenix Partners would never have offered opportunities to young people from non-grad backgrounds without the City Gateway model.

MOHAMMED:

Mohammed was a very shy young person in trouble even during his classes but was given a chance with Lloyds Banking Group—they wanted someone who was available to work in house most of the time so could only work with us because our model enabled this. They found this worked well—the young person was supported by CG in transitioning into work—but at the end of the placement they offered him a contract to stay at the bank. This is their only programme to engage young people from his background and with his level of qualifications.

DAVID:

City Gateway helped David secure a placement with one of the top Fitness Firsts in the country, who would not have engaged with a young person with his background had it not been for the City Gateway accelerated apprenticeship model. This framework worked so well that David was offered a full time position even before his 6 month contract was up, which would have been more difficult to achieve if more time was spent studying. David is now a full time member of staff and they are very keen for him to take an advanced apprenticeship with us and become a qualified Personal Trainer.

ADIL:

Adil came to City Gateway with just three GCSE's in Science, additional science and Media studies. With little chance of getting into full-time work, Adil progressed through his course here in less than six months and after passing an NVQ Level 2 Diploma- this alongside working for Westbury PLC an investment management firm. He was hired full time only once his training was complete. They were pleased his framework could be achieved as an accelerated apprenticeship. Westbury only engaged with him because of City Gateway. This was a low risk way for them to engage with a young person:

“I am now assisting the Fund manager and am really enjoying my time there. Less than two months ago, I was training but was unsure whether I would ever work in an office and now I have a Business card!”

More remarkably still, Westbury have agreed to keep Adil on indefinitely and pay for his financial exams which he is continuing with at present. Adil will soon be qualified and is determined to land a top job in a City Bank:

“I want to work in a big Bank, and thought he seemed so far away I believe I will get there. City Gateway has really helped me succeed”

KAJOL MIAH:

The accelerated apprenticeship framework was ideal for Kajol as it kept him engaged and prevented him losing motivation or falling off the course. He gained a placement at Fitness First and did so well that they offered him a part time position. Kajol has struggled in the past with the theoretical side of his training so the advantages of the City Gateway model was that it was a lot more practical and gave him the opportunity to develop his skills and knowledge from his experience at the gym. There is no way he would have got this job without our accelerated apprenticeship frameworks.

Fitness First really like our model and have apprentices across their city gyms—they provide an employment opportunity for three or four young people from every programme. They frequently offer employment contracts, but only once the apprentices have achieved their framework of qualifications. They value the model as a safe way for them to engage with young employees on a trial basis whilst they train. They can ensure they have the right attitude, commitment and qualifications before they make an offer of employment. The accelerated apprenticeship model creates new jobs for young people in the sports industry.

Names have been changed.

Written evidence submitted by City & Guilds (APP 65)

City & Guilds is the UK's leading vocational awarding organisation for work-based learning. We currently offer access to 84 apprenticeship frameworks at all existing levels. (There are currently 151 frameworks available in total). Across a further 19 apprenticeships, we have qualifications that support these.

This response reflects City & Guilds experience of working with employers, trainers and government agencies to develop content for apprenticeships that directly meets employer and learner needs, and includes the experiences of the Institute for Leadership and Management, which is part of the City & Guilds Group. The response also highlights evidence from our not-for-profit research and development team, the City & Guilds Centre for Skills Development.

Our heritage is apprenticeships. City & Guilds was founded by the livery companies and the Corporation of London in 1878 to ensure high quality provision in apprenticeships and we obtained Royal Charter status in 1900 to continue this work on a national and international basis. We have not forgotten this heritage and last year launched the "Million Extra" campaign which aims to support Government and the National Apprenticeship Service by collaborating with employers, trade and industry bodies training providers and government agencies to help ensure one million people start an apprenticeship between 2011 and the summer of 2013. We have also developed a dedicated team—City & Guilds for Business—which works directly with employers on all aspects of apprenticeships ensuring they are entirely fit for purpose.

Background information on the City & Guilds Group is available in the appendix to this report.

City & Guilds would welcome the opportunity to give oral evidence to the Inquiry should the Committee wish to invite us to expand on any of the points made in this submission.

THE VALUE OF APPRENTICESHIPS

Since the introduction of national apprenticeship frameworks and more particularly since the time of "Modern Apprenticeships" in the 1990s, there has been an ongoing debate as to how apprenticeships are best developed and delivered. The role government and its agencies are taking in supporting framework developments is playing an increasingly central role in these discussions.²⁴

From our perspective, apprenticeships provide an important contribution to UK plc. Our engagement with employers and learners in designing and developing content for apprenticeship frameworks has shown us first hand the benefits, in terms of:

- *A better trained workforce* with the right skills and competencies for businesses. In our survey of 500 employers, where around half them offer apprenticeships, 89% of all respondents said they saw apprenticeships as vital to the future success of their business over the next two years.²⁵
- *A cost effective way of training*—in the same survey, the employers who offered apprenticeships found they were better value for money than recruiting university graduates.²⁶

²⁴ See for example, Fuller & Unwin (2003) *Learning as Apprentices in the Contemporary UK Workforce: Creating and managing expansive and restrictive participation* and Steedman, H (2011) *CEP Policy Analysis—Apprenticeship policy in England: Increasing skills versus boosting young people's job prospects*.

²⁵ City & Guilds (2011) *Building Business Through Apprenticeships*.

²⁶ *Ibid.*

- *Individual salary uplift*—in a review of available research data that will be published by City & Guilds for Apprenticeship Week 2012, we found that the average increase in salary for an individual who has completed an apprenticeship at Level 2 is £1,524 per year and at Level 3 is £1,634 per year (based on 2011 prices).²⁷
- *Returns across the business*—Royal Mail reported savings of £500,000 in absence and staff turnover and estimated that as a result of working with City & Guilds on their Mail Services Apprenticeships programme they would save £1.5 million per 1000 staff. At Tesco, 80% said they had increased job satisfaction as a direct result of their apprenticeship programme and retention amongst participants was 15% higher than the company average. 65% cited career progression as a reason for joining the programme.

For City & Guilds, this confirms what we have always known—apprenticeships work. That is not to say they are the only option. They should not be seen as the solution to spiralling levels of unemployment, nor do they suit all businesses or all types of learners. That is why we work with employers and education experts to develop training provision that works best for them and meets quality standards.

Q1. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

1. For our part, apprenticeships that are designed in clear collaboration between the employers that will use the apprenticeship and the experts in vocational education and training, work best. City & Guilds has a good relationship with the senior executives at the National Apprenticeship Service (NAS) who we find to be helpful, responsive to queries and easy to work with. On occasion, employers have reported to us that they have found it easier to develop their own programmes in-house rather than work with any government agency partner. In our “Building Business Through Apprenticeships” Report (Feb 2011) which surveyed 500 employers, 80% said that there were still barriers to hiring apprentices with 25% citing bureaucracy as the main barrier. We have also experienced the bureaucracy involved first hand when recruiting our own apprentices. This indicates that there is still some way to go in ensuring government agencies are as easy to work with as possible.

2. It is our view that the role of the National Apprenticeship Service and the support it offers to apprenticeship providers, employers and learners could be strengthened by improving the definition of the purpose of apprenticeship in this country and by developing greater support from employers for its work. Like others in our sector, City & Guilds works directly with employers to ensure the training on offer meets their requirements and we are an important conduit for that relationship between employer and government.

3. Defining the purpose of apprenticeship is important for all stakeholders. As stated in our introduction, the focus of recent research and analysis is often on the role Government and its agencies play in supporting apprenticeships. In a truly demand-led system, the government may set the parameters but the day to day management and operation of the system should be directly informed by employers. The longer term needs of the economy and society and how this is best supported by a high quality vocational education and training offer must be paramount—rather than diverting resources to support short-term political objectives. We would caution against any such an approach being taken with apprenticeships. In our view, apprenticeships should not be seen as a cure to rising unemployment—they are right for some people and some employers but certainly not for all. In many ways, the National Apprenticeship Service and others in government have done an excellent job in raising the profile of apprenticeships—and this is to be applauded. What is now required to sustain the interest and standards around apprenticeship programmes is a clear articulation of their purpose.

4. There have been questions about the purpose of apprenticeships for some time. Fuller & Unwin (2008) amongst others have contributed to the debate through their analysis of apprenticeships in other European countries, particularly those that have the dual system of education. In their view, part of the fabric of apprenticeships in those countries is how they prepare young people to be “*active and responsible*” citizens.²⁸ Bynner (2011) continues this line of thought and makes a direct comparison between the German and English systems:

“In contrast, the English system sees no links between the preparation for employment and citizenship”.²⁹

To judge the National Apprenticeship Service and other government support services against how far apprenticeships prepare young people in this country as citizens, is to consider their contribution against factors that are not currently within their remit.

5. The inquiry asks whether NAS has managed to bridge the gap between SFA and YPLA and we question whether it is part of NAS’ direct remit to improve the relationship between YPLA and SFA. Funding passes from YPLA to SFA for apprenticeships for 16–18 year olds and in that sense, there has to be a close

²⁷ SQW for City & Guilds (2012) *The Value of Apprenticeships*. Report to be published in Apprenticeship Week, 6–10 February 2012. The salary uplift quoted above is the net return; greater returns can be calculated where apprenticeships are supplemented by other forms of training and support.

²⁸ Fuller, A. & L. Unwin (2008) *Towards Expansive Apprenticeships: A Commentary by the Teaching and Learning Research Programme*. P 13.

²⁹ Bynner, J. (2011). *Youth Transitions and Apprenticeships: A broader view of skill*. p. 24. Essay in IPPR’s *Rethinking Apprenticeships* (2011).

collaboration between the two funding agencies but we have not seen further evidence as to whether NAS has improved this relationship or if this was the duty of NAS.

6. The Minister for Further Education, Skills and Lifelong Learning, John Hayes MP, bridges the two departments—DfE and BIS—expertly in his role and we welcome this approach to collaboration. Nevertheless, we are often aware that DfE’s focus is often around schools and the national curriculum, rather than apprenticeships for young people. If we are to ensure the interests of young people are safeguarded, it would be advisable to consider how DfE and BIS can work together on apprenticeships more effectively. Closer collaboration between BIS and DfE would undoubtedly enable more “joined up” thinking between the two funding agencies. It is our view, however, that whilst NAS and SFA should work in partnership, NAS should not be part of the SFA and the interests of apprenticeships would be better served by NAS being a distinct agency.

7. This is not to say that greater collaboration between the funding agencies and others would not be welcome. A particular example comes from City & Guilds’ work with ASDA on its apprenticeship programmes. It should be made clear at this stage that these are full apprenticeships, in line with NAS recommendations on the duration of apprenticeships, and the only 12 week programme available is the induction programme for new members of staff. For ASDA, their workforce needs to reflect their customer base and as such apprenticeships are available for a broad range of people and potential employees, including over 25s, as well as young people. In many cases, they find that the over 25s are only at Key Stage 1 (or Functional Skills Level 1) and as such, they would not be capable of taking on a Level 3 apprenticeship. This means a large cohort of potential apprentices cannot join the scheme as there is no SFA funding available for them to take part in the Level 2 programme. Bringing together the requirements of businesses and employers have of apprenticeships, with the availability of funding to support such individuals is a necessity if apprenticeships are to meet the expectations of all parties.

Q2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

UNDERSTANDING VOCATIONAL QUALIFICATIONS

8. Research by the City & Guilds Centre for Skills Development (CSD) indicates that there are some significant concerns regarding young people’s decision-making processes, especially around the vocational route. Only 61% of the young people in education or training interviewed had actually decided on the type of job or career they would like to do. 29% of young people in work took the first job they were offered, and 27% took the only job they were offered. 25% claim to have not received any careers guidance at all, and of those who did receive guidance, 68% received it from parents. However, only 37% of parents said they felt “confident” or “very confident” giving their children advice about vocational routes.³⁰

9. This all adds up to young people often not receiving a clear picture, or “taking ownership” of their career pathways to the best outcome. As a result, this could have a serious impact on the Government’s plans to expand apprenticeships for young people, and is a separate issue to increasing the provision of quality places. For apprenticeship expansion to be successful, both supply of places and demand from appropriate candidates should increase at the same pace.

10. We therefore recommend that additional funding for apprenticeships should not be limited to covering the costs of training provision for providers/employers to create more places, but should also include funding for those activities which young people and their parents identified in our study would encourage more students to understand and choose vocational options, namely:

- Work experience.
- General information and advice about vocational options.
- Information from employers about their sector.
- Taster sessions at college.

11. By improving provision of these four aspects of support for young people, apprenticeships will benefit by:

- An increase in the number of young people interested in vocational and work-based routes to success;
- An increase in the understanding of young people of the requirements and demands of such routes, leading to better retention and completion rates;
- A reduction in the number of young people erroneously choosing vocational pathways which are inappropriate (too demanding/not demanding enough) which will ensure better use of available resources; and
- A reduction in drop-outs from vocational options, which will improve their status and impact with employers.

12. We understand that where there is a demonstrated need, additional funding for the latest policy initiative can be extremely helpful. The way additional funding is released in a piecemeal fashion does, however, have an impact on planning and can lead to a rush to submit tender documents within short timescales.

³⁰ Batterham, J. & T. Levesley (2011) *New Directions: Young people’s and parents view of vocational education and careers guidance*.

13. Nevertheless, extra funding for the areas recently specified by Government is welcome—engaging young people and employers through incentives is important; SMEs need incentives and support to begin to engage with this provision; and our own work with employers has highlighted that higher apprenticeships are a priority and we are therefore working on our own offer in building services/construction, engineering, business, IT and health and social care. Our recent research to be launched in Apprenticeship Week 2012, also confirms that these are some of the sectors where return on investment can be greatest for employers, individuals—and therefore, for government.³¹ The research finds that the Government can recoup its investment in terms of NI and tax contributions following the successful completion of an apprenticeship.

14. Our *Building Business Through Apprenticeships* report (February 2011) found that 89% of employers see apprenticeships as vital to the future success of their business over the next two years so employers understand their importance. However, there is clearly a mismatch between employers recognising this need and their ability to make use of the funding available. In the most recent survey of our customers (January 2012), 76% said the reason their business did not employ apprentices or had taken on fewer than previously expected was because they “could not afford apprentices”. The recession was the most pressing concern amongst these customers and had led to a decline in the numbers offering apprenticeships.³² Funding is, therefore, an important tool in influencing behaviour. We support the recent announcement to incentivise SMEs to take on apprentices and believe this is important step forward if SMEs are to recognise the benefits of apprenticeships and is necessary support to kick start their own programmes. In a survey of Business in the Community members by City & Guilds (to be published Apprenticeship Week 2012), we asked employers if financial incentives would encourage them to take on apprentices. The majority agreed and said that their preference for the allocation of funding would be for more support to employers not currently employing apprentices through a training allowance or national insurance rebate. Only a small number opted for tax credits.

CAREER DEVELOPMENT

Q3. *Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?*

15. Quality is about more than time served but we understand that part of the quality comes from being given the time to practise your discipline and receive support from your trainer and employer. It may be possible for some people to complete components of their apprenticeship more quickly than others. If the qualification element is completed more quickly—dependent on the individual apprentice and employer—we believe there should be a period of indenture where the apprentice is indentured to the company for a stated time period. The length of indenture should be dependent on the sector and level and it should have its own objectives to enhance innovation and practiced occupational competence to raise standards in the sector. This makes the experience meaningful—the apprentice can learn more about their sector’s values, their workplace and relevant job roles and the employer can benefit, as part of their workforce plan, from having the apprentice in place for a structured amount of time. It would also prove that the apprentice is capable of demonstrating, repetitively and consistently, the acquisition of knowledge and application of skills at the benchmark required.

16. City & Guilds works with Tesco to support the delivery of their apprenticeship programme which has been rated as outstanding. 85% of apprentices successfully complete their programme with 30% of last year’s successful apprentices going on to further career development programmes. Similarly, City & Guilds works with Asda’s Skills Academy through which the retailer is committed to giving staff not just a job, but a career. Both of these programmes demonstrate that the quality is right for those employers and the skills are transferable across that industry.

17. Standards embedded in the apprenticeship programme are determined by SSCs in conjunction with employer consultation. “Quality” of technical standards or competence is therefore dependent on the frequency of review for national occupational standards and the definition of capability they describe. Some sectors have determined that the apprentice’s role is appropriate at a specified level, which relates to the wider sector and business job structures—it relates to the *job* content not the *learning programme*. Debate on the subject of “quality” of apprenticeship needs to clarify whether the term refers to standards, learning time or occupational level and what comparative criteria are used to evaluate it.

YOUNG PEOPLE’S PERCEPTION

18. Findings from CSD’s research suggest a real need to improve young people’s perceptions around the quality of the vocational route. Young people interviewed stated they would be keen to participate in challenging, high quality vocational routes. Better guidance would help them choose both the right pathway and the right level for their aspirations and abilities. It is clear many students believe they are capable of more demanding learning, which is a fault of the decision-making process rather than an indication of the quality of the qualifications.

³¹ SQW for City & Guilds (2012) *The Value of Apprenticeships*. Report to be published in Apprenticeship Week, 6–10 February 2012.

³² City & Guilds customer insight panel survey, January 2012 (sample of 253 respondents).

19. The findings of CSD’s research suggest that young people associate certain words more strongly with vocational qualifications, compared to general academic qualifications. This chart shows, for example, how strongly “employment” is associated with vocational qualifications.

	<i>% of young people associating each word with general qualifications</i>		<i>% of young people associating each word with vocational qualifications</i>	
	<i>Young people on VQ route</i>	<i>Young people on GQ route</i>	<i>Young people on VQ route</i>	<i>Young people on GQ route</i>
Most strongly associated with VQs				
Training	33	33	88	92
Practical	31	30	88	91
Skills	47	49	88	90
Job-related	41	42	88	89
Most strongly associated with GQs				
Education	91	92	60	52
Academic	88	92	31	22
University	86	91	38	26
Associated equally with both				
Employment	64	70	83	83
Not strongly associated with either				
Pointless	15	10	17	15

20. The quality of our provision at City & Guilds is consistently well regarded.³³ In many industries, achieving your City & Guilds provides a licence to practise that employers in that sector understand—but for some, they may only find out about this after they have started down another path or, in some instances, already been viewed as a failure in the academic community. To address misconceptions around the quality of vocational programmes and particularly apprenticeships, we urge the Government to invest strategically in careers advice and guidance. The decision not to include face to face careers guidance in the Education Act has been widely debated and we will only know the impact this in years to come. It is our belief that the Wolf Review offered a significant opportunity to address misconceptions around vocational education and training, including apprenticeship routes and we think that this opportunity would have been better achieved with the continued support for face to face careers guidance in schools. We accept that teachers cannot be expected to be experts in all areas of the curriculum and that the notion of “impartial” careers advice and guidance may be difficult to achieve. To add balance, we need to ensure that there are a coherent set of guidelines and trained advisors are available to provide the support young people and their teachers require so that there are fewer “dead-ends” and resources are more efficiently distributed across different pathways.

FLEXIBILITY

21. Business in the Community (BITC) member employers told us that flexibility is one of the most important criteria for apprenticeships and that it is important that quality and flexibility are balanced. Further, a survey by City & Guilds in the last quarter of 2011 of customers offering apprenticeships, found that 85% of respondents cited “flexibility” as the most important element in choosing apprenticeship programmes. This was by far the most popular answer—the next most important factor was “return on investment” for 51% of the interviewees.³⁴ In the same survey, providers said that employers rated quality and flexibility as equally important. This is why we believe it is so important that we can create apprenticeship frameworks with employers that meet agreed quality standards and are directly responsive to their needs.

22. As already discussed, apprenticeships in the UK are different from the European model—here, they are for work training purposes. That’s why they should be available for all ages. So the quality criteria by which we judge apprenticeships needs to be clear—in the UK, it should be about the fact that the apprenticeship provides the skills required to participate wholeheartedly in your industry.

23. We now have apprenticeships at Levels 2, 3, 4 and 5, with the latter offering opportunities not just for 18/19 year olds progressing from Level 3 Apprenticeships or Level 3 vocational qualifications studied full-time at college (a perfectly acceptable route) but also for graduates without a vocational degree, who could also benefit from a Higher Level Apprenticeship. It is this multi-access characteristic that makes the UK apprenticeship model significantly different from others.

24. City & Guilds does, however, support the DfE position that 16–18 year old apprentices should have access to a broad programme of learning within their apprenticeship as they would in full time education. In addition, we believe that continuing to study maths and English post-16 is of benefit to all young people. The

³³ In a survey of our customers offering apprenticeships in January 2012, 31% of respondents said that the assessments are more demanding with City & Guilds than with other awarding organisations and 45% said it tends to be about the same.

³⁴ City & Guilds customer insight panel survey, January 2012 (255 respondents).

argument is clear where someone is looking to move into sectors like engineering and construction where high levels of mathematical ability are a cornerstone of the subject. For this reason, GCSEs may not be the most suitable or the only qualification option available. Not only are they not suited to all learners, they are not right for all industries. The school system has an important role to play in ensuring young people reach adequate levels of literacy and numeracy but additional support is also required to continue to develop these skills in sector-specific contexts.

25. Apprentices can, and in most cases do, develop and use a wide range of mathematical skills and communication techniques as part of their vocational learning. It is clear that when such learning is embedded into a vocational programme and has a “real-life” context that learning is most successful. It is therefore, vital that more emphasis is placed on this form of learning within the school curriculum.

26. Employers tell us that the qualifications that contribute to the make up of apprenticeships are important. In some sectors, National Occupational Standards can be out of date and, therefore, the associated NVQ is outmoded. For example, at roundtables hosted by City & Guilds to discuss apprenticeships as part of our Million Extra campaign, we were told that there is shortage of employers who will recruit apprentices and a concern that in some instances the structure of the apprenticeship needs to change. They specifically felt that the standards on which apprenticeships were based do not always keep pace with developments in the sector, where the requirements for those standards are set by Sector Skills Councils. An example was given where the Specification of Apprenticeship Standards for Wales (SASW) pathways do not fit the apprenticeship work undertaken in industry, particularly for the higher levels 4 and 5 in Craft Engineering. Normally, awarding organisations will adapt their qualifications, as appropriate, in response to such feedback but with apprenticeships this control lies in the hands of SSCs and sector bodies.

APPROPRIATE LEVEL

27. We think creating apprenticeships at the appropriate level is important. That might be at Level 2, 3, 4 and above. The level is dependent on the sector and there is often the requirement for different levels of apprenticeship within an industrial sector. City & Guilds has received significant feedback from industry bodies, Business in the Community members, training providers and employers that higher level apprenticeships are required in a whole raft of industries. In particular, building services, health and social care, business, IT, engineering, hospitality and catering, and hair and beauty. This is why we are investing in products at these levels over the coming years.

28. Our stakeholders tell us that having apprentices at higher levels will help them respond to developments in their industry and ensure that they are ready for technological change. In some instances, the employers we meet say that this will help ensure they can continue to recruit UK-based employees rather than seeking to outsource their services overseas. In the IT sector for example, the short term option would be (and is) to recruit consultants and technicians in other countries. For UK plc, it is important that we have trained individuals and technicians who can keep pace with international competition and manage developments effectively. Within higher level apprenticeship programmes, therefore, we are seeking to provide both high level technical skills alongside management and leadership skills.

Q4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

29. We understand the need to incentivise SMEs to take on apprentices. Employers have indicated that financial incentives would be welcomed but any system of staged incentive such as a bonus must be introduced only if it is clear that it would result in more apprenticeship places being made available. Other incentives, should also be explored—some of them not directly financial but still costly. Support with the administrative burden would be appreciated by SMEs as this is one of the greatest barriers to taking on apprentices. Support should extend to help with recruitment of the most appropriate candidates; thorough and clear scheduling of commitments (from the apprentice and the employer) which helps manage expectations on all sides and thereby improve completion rates and resource allocation; and, simple and standardised arrangements for drawing down funding. These are all elements that would facilitate improved apprenticeship take-up. Incentive bonuses for the apprentices, themselves, could contribute to retention and enhance the attraction of vocational career routes from school.

30. Employers have told us (through a survey of Business in the Community members) that the most appropriate form of financial incentive would be a training allowance or national insurance rebate.

31. Employers have also told us that when looking to employ an apprentice, they would find a cost-benefit analysis of the value of employing an apprentice most useful, as well as information on a detailed training programme. We recognise this is difficult to achieve but better tracking of apprenticeships in a way that supports development would help employers.

32. CSD’s research gave some clear pointers of what activities young people believe would improve understanding and choice of vocational options: Work experience; general information and advice about vocational options; information from employers about their sector; and taster sessions at college. We would therefore recommend that employer incentives include consideration of the costs of providing the following:

33. *Work experience*: for small firms, providing quality work experience can be time consuming and resource intensive. Enhancing an incentive payment related to apprenticeship where the company is also offering work experience would be a mechanism to encourage this.

34. *Information about sectors/vocational options*: SMEs which engage directly with schools, colleges, and careers providers should be rewarded and recognised. This need not be a specific financial incentive, but a meaningful public recognition of their contribution to improving understanding and enthusiasm for careers and qualifications which will result in economic growth and personal fulfilment.

Q5. *Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?*

35. City & Guilds believes that the funding for 16–18 year olds is appropriate as it is comparable with full time education and training. It will become more important as the participation age rises.

36. A 50% funding rate for 19–24 year olds is perhaps misleading if in the future, the support available is only through FE loans. City & Guilds has concerns about whether the system of FE loans is something that can be supported long term and if they will be appropriate in all circumstances. Firstly, it has yet to be tested whether the introduction of loans will inhibit take up of FE amongst young people and secondly, as with HE loans, there is some research that the rate of default on repayment may mean that the Government can never gain back its full investment, making loans a costly option for provision. It may be advisable for Government to provide 50% funding for apprenticeships where there is a proven return on investment and in sectors which are strategic priorities for the UK economy. These would include sectors predicted for growth. More work needs to be done to understand whether employers would be willing to meet half the cost of an apprenticeship for this age group.

37. There are circumstances when people over the age of 25 can benefit from apprenticeships. Last year, Network Rail said that they felt over 25s should receive funding on the same basis as younger cohorts as they found older apprentices a useful addition to their workforce. The provision of apprenticeships for over 25s does not take opportunities away from younger cohorts in our experience. Press reports of the increase in take up of apprenticeships for those over 60 should be seen in perspective (less than 4,000 of the 279,000 apprenticeship starts were over 60 according to the last year of available figures). Evidence shows that over 50s are likely to be unemployed for longer and there is no longer such a thing as a job for life anymore—people can and often do have multiple careers now. For example, by employing older workers, B&Q are providing skills and experience that young people do not have and cannot gain in the same way. The age for participation in the workplace is also set to rise as people are expected to retire later in life. Rapid advances in technology, together with new processes and equipment implemented in the work place, requires up-skilling and re-skilling of current expertise to cope with the changes. Fresh thinking about reinvestment in workplace skills aimed at both ends of the employment spectrum—young and mature—is urgently needed from policy-makers.

3 February 2012

APPENDIX

ABOUT THE CITY & GUILDS GROUP

City & Guilds is the UK's leading vocational awarding organisation for work-based learning, committed to offering high quality standards, qualifications, courses and learning resources in 28 industry sectors, for employer delivery supported by over 8500 colleges and training providers worldwide. Our offer, including the content used within apprenticeship frameworks, is developed through extensive engagement with employers and providers to ensure it is of high quality, meets market needs and enables progression. We currently offer access to 84 apprenticeship frameworks at all existing levels. (There are currently 151 frameworks available in total). In a further 19 apprenticeships, we have qualifications that support these.

City & Guilds' Institute for Leadership & Management is the UK's largest leadership and management body, combining industry-leading qualifications and specialist member services. Two million people every year start courses leading to City & Guilds and ILM qualifications which span levels from basic skills to the highest standards of professional achievement at Level 7, and are designed to help people and businesses achieve growth, prosperity and success.

City & Guilds' Centre for Skills Development (CSD) is our not-for-profit research and development unit for vocational education and training. It works to influence and improve skills policy and practice worldwide through an evidence based approach.

The need to integrate evidence into skills policy and practice sits at the heart of what we do. That's why we work closely with employers, industry bodies, public and private training providers, learners and policy makers to:

- understand current challenges and find evidence based solutions
- provide research findings that are relevant, practical and add value for employers, trainers, learners and government agencies

— link research, policy and practice by sharing evidence and good practice.

CSD recently undertook in-depth research into the views of young people and parents regarding different pathways and routes through learning. This research was published as *New Directions: Young people's and parents' views of vocational education and careers guidance* in September 2011.

Further written evidence from City & Guilds

1. Further to its initial submission to the Inquiry, City & Guilds would like to add the following evidence for the Committee's consideration in its final report.

1.1 City & Guilds is pleased to offer this further submission during Adult Learners Week which is celebrated from 12–18 May 2012, to highlight the importance of apprenticeships being available to older as well as younger learners.

1.2 City & Guilds works with a range of employers who value the contributions made by both their older and younger employees who are trained through a variety of means including apprenticeships to meet business requirements for skills.

1.3 Apprenticeships can give older people already in the workforce the opportunity to participate in a structured, recognised and rigorous programme of study leading to a qualification and career development, benefitting both the individual and the employer.

1.4 The Government is driving a large proportion of its funding for training through apprenticeships and we support this focus, but the opportunity must be available both to younger people to support their entry into the workforce, but also to older workers who may need to re-skill or up-skill to secure the relevance and appropriateness of their skills and future employment prospects.

1.5 Employers tell us that they need to build skills in their existing workforce as well as resourcing new staff. This supports and maintains staff engagement. Investing in existing staff is often the quicker vehicle for businesses to grow.

1.6 Many young people do not establish themselves in careers until they are older, so it is important that opportunities are available to those people who may, for a variety of reasons, not develop or establish their careers until later on. At 25, a worker still has over 40 years of contribution to the workforce to make and it is important that they are able to develop the skills they need in a dynamic workforce which is likely to change significantly over four decades.

1.7 In a dynamic economy such as the UK's, skills needs can change rapidly over time, if we do not train older workers to meet these needs, workers whose roles are made redundant will face additional barriers to re-entering the workforce. In many cases allowing older people to take up an apprenticeship, either as route back into work or to be re-skilled, helps reduce the real or potential dependency that these people may have on the benefits system.

1.8 City & Guilds registered over two million learners over the age of 25 from 2009–2012 so there is very clearly a demand for skills development from older learners and the availability of apprenticeships to this group is vital if we are to ensure we have a workforce with the skills to meet business needs.

1.9 Many employers say that they are keen to take on older apprentices, and older apprentices themselves value the opportunity to develop their skills through the apprenticeship route:

1.9.1 Accent Group for example offers apprenticeships in the construction trades and would take on older apprentices if funding was available because they value a mixed age group for peer mentoring and creating a more balanced group.

1.9.2 A Tesco employee, Wayne Gough, left school without any qualifications and joined the store as a Customer Assistant. After a number of years with the retailer, Wayne decided he wanted to develop his skills and was accepted onto the Tesco apprenticeship programme. As an older learner, Wayne found that the Key Skills sections were challenging, but as a result of the training, his reading and writing skills improved hugely and he felt the benefit in both his working and home life. Wayne felt a huge sense of achievement on completing his apprenticeship and it really boosted his confidence. Wayne's story is reflected in the experiences of many other older apprentices who are given a second chance to develop their careers.

1.9.3 The National Apprenticeship Service has also highlighted the case of Mervyn Knights, aged 29 who undertook a Professional Cookery apprenticeship with Barchester Healthcare, despite starting out with no formal qualifications. Mervyn is now one of several Barchester apprentices who have become Head Chef at their Care Home.

Written evidence submitted by Cogent Sector Skills

EXECUTIVE SUMMARY

1. Cogent Sector Skills Council recognises and supports the Alliance of Sector Skills Councils written submission to the Business, Innovation and Skills Committee inquiry into Apprenticeships. In addition we would also like to make the following recommendations. We urge the Government to use the ambition and vision of Apprenticeships, to ensure accessibility to both new and existing employees. Cogent Sector Skills Council would like to make the following recommendations.

- Apprenticeships are open to all employees' not just new employees.
- Training Providers deliver the correct Apprenticeship Framework for the occupational area.
- A relaxation of Key/Functional Skills requirements in Higher Apprenticeships.
- Apprenticeships bonus/incentives should be made available for all small employers including Apprenticeship Training Associations.
- Clarification is needed around the funding of qualifications in Higher Apprenticeship Frameworks.

2. Further details on the above recommendations are listed below.

BACKGROUND

3. Cogent is the Sector Skills Council (SSC) for the Chemicals, Pharmaceuticals, Nuclear, Oil and Gas, Petroleum and Polymer Industries. We are licensed by Government to help employers in these science-using industries to address their workforce development needs so that they can compete successfully.

RESPONSE TO QUESTIONS AND RECOMMENDATIONS

4. The Cogent response is primarily centred around the needs of employers within our sector.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department of Education)

5. Apprenticeship programmes should be open to all employees and not just aimed at the 16 to 24 year old market. The skills needs of the science based industries are not just restricted to one particular age group. The science based industries require a formal structured programme that provides occupational competence and knowledge right across the industrial workforce.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

6. In some cases Apprentices are signed up to an inappropriate Apprenticeship Framework to ease delivery by the training provider and attract the Apprenticeship funding. These Apprentices do not receive the required occupational competences as the structure of the apprenticeship programme is too general. Consideration should be given to a funding provision to assist delivery of specialised Apprenticeship Frameworks in geographically challenging areas for economically important industries.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more level 3 apprenticeships?

7. A review of the Specification of Apprenticeship Standards England requirement for Key/Functional Skills in Higher Apprenticeships should be undertaken. At present the current requirements are not flexible enough to accredit prior learning in this area.

Apprenticeships bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

8. Apprenticeships bonuses/incentives for employers should be made available for all small and medium sized employers including those working in partnership with Apprenticeship Training Associations.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

9. Urgent clarification is needed on the funding arrangements for Higher Apprenticeships and in particular the current split between QCF qualifications and those funded by the Higher Education Funding Council for England. The current funding arrangements are confusing to all. Higher Apprenticeships should be funded by the same funding agency as the current level 2 and level 3 Apprenticeships. Foundation Degrees that form part of a Higher Apprenticeship should be funded under the same requirements as the QCF qualifications within that Framework.

1 February 2012

Written evidence submitted by The co-operative Group Apprenticeship Academy

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

I feel that NAS have been very successful and a great aide to employers embarking on Apprenticeships. The support that they give freely is of the utmost importance in making employers aware of what Apprenticeships involve and support from the Ambassador network is always available. I feel that it has helped to bridge the gap between BIS and DOE. Since the dispersion of the National Employer Service NAS has become prevalent to fill the needs of employers. There needs to be greater clarity between the role of NAS and the Skills Funding Agency, especially on aspects such as quality and policy enforcement.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Yes it is necessary as funding has been drastically cut over the years, for employers I feel that the funding should be extended to post 25's even if it is sector specific. Within the Co-operative we offer Apprenticeships in both Funeralcare and Pharmacy and these typically seem to attract more mature applicants. Large Employers are perceived as having the funds to contribute to part or all of the funding for an Apprenticeship and it needs to be acknowledged that this is not always the case. To provide an Apprenticeship that gives the learner a complete package of training and development, together with extensive off and on the job training, then the "contribution" from employers of any size is already vast. This needs to be acknowledged in the level of funding offered to each apprenticeship, rather than a one size fits all funding mechanism and an assumption that Large Employers do not need financial assistance when paying for an Apprenticeship.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

Yes they are of high enough quality if the framework is followed fully and delivered well, I do think that there should be more level 3 Apprenticeships that are not necessarily supervision, there seems to be a void in Advanced Craft.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

I think it is more about the employer wanting to support young people than being financially rewarded as long as there is sufficient funding for the learners framework. If a bonus system is to be used then it should offset some of the Apprentices salary which may encourage small and medium businesses to take them on, however with many frameworks looking at only a 12 month delivery I wonder what will happen at the end of the programme! Bonuses are only going to work if they provide permanent employment for a young person. Similar systems in the past have caused a turnover of staff to ensure the employer is still getting their "bonus" or cheap labour. They are a great idea for small or medium size employers that otherwise would not be able to take on an apprentice, but need to be policed to ensure the system is not abused to create cheap labour at the expense of real training and development.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

It would be better to fund at the same level at both ages, there is very little difference in the skills level between a learner who is 18 tomorrow and an 18 to 20 year old as they could well still be embarking on their first careers and therefore need that support and guidance so I struggle to see why they attract 50% less funding! I agree that as they mature the development needs become slightly less but certainly not 50%.

The funding is also reduced for any previous skills or qualifications that learner has. I think just sticking to this is sufficient. The funding is halved when the learner is 19 (and reduced even further if 25) and halved again if they are a large employer and then reduced for any previous skills or experience. This making assumptions on peoples needs based on their age, where as if the funding is just reduced according to skills and experience, then it better reflects the amount of development required to complete the apprenticeship.

9 February 2012

Written evidence submitted by the Crafts Council

INTRODUCTION

The Crafts Council is England's national development agency for contemporary craft. It aims to build a strong economy and infrastructure for contemporary craft, to increase and diversify the audience for contemporary craft and to champion high quality contemporary craft practice nationally and internationally.

As the national development agency, the Crafts Council works to raise the profile of contemporary craft through critical debate and by building an evidence base demonstrating the nature and value of craft. It supports makers' professional development, builds the market for contemporary craft by running fairs and promoting export, and works to encourage participation and learning, promoting opportunities for interaction and informal engagement with craft.

The Crafts Council welcomes the opportunity to contribute evidence to the Business, Innovation and Skills Committee inquiry on Apprenticeships. Our response draws on evidence from our education and Continuing Professional Development (CPD) programmes as well as extensive Crafts Council research investigating patterns of work and education, skills and training issues in the contemporary craft sector.

SUMMARY

- At present around 61% of makers come to professional craft practice from Higher Education (HE) courses. Apprenticeships are one possible means of diversifying routes into the sector and widening participation.
- Craft apprenticeships are currently small in number. The Crafts Council welcomes the recent development of apprenticeships in jewellery and continues to work with Creative and Cultural Skills to develop further craft apprenticeships.
- Apprenticeships could be an important model for formalising existing work experience and increasing levels of business skills in the contemporary craft sector.
- Where apprenticeships, similar or equivalent opportunities are offered, demand demonstrably exists. However small/micro-businesses in the craft sector require flexible apprenticeship models; access to funding; support in identifying the kinds of skills they need to assist them in their practices, and guidance on apprenticeship delivery.
- Many makers come to professional craft practice as a second career and so funding arrangements for apprenticeships which are linked to age could be prohibitive for some people wishing to join the professional sector.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

1. The identification of relevant training opportunities is greatly helped by access to coherent, comparable information, and the National Apprenticeship Service provides an important resource centralising data on apprenticeships. Whilst current links from the National Apprenticeship Service to the AFO online framework library provide access to detailed information on frameworks, additional condensed information covering frameworks, accreditation and content for example, could further support the identification of appropriate apprenticeships, and clarity of what these comprise, for both employers and learners.

2. As Creative and Cultural Skills partner the Crafts Council on the creation and delivery of the Craft Blueprint, we welcome the recent development of apprenticeships in jewellery, through the National Skills Academy for Creative and Cultural with support from the Growth and Innovation Fund. And we also welcome the inclusion of these opportunities on the National Apprenticeship Service database. However, existing craft apprenticeships are small in number and we strongly support increased provision in the sector. Whilst we agree that the National Apprenticeship Service has a role to play in increasing numbers of apprenticeships there should also be due consideration of sectors which are currently under-represented and the development of varying models according to their different needs.

3. Building on the new jewellery apprenticeships described above, the Crafts Council is currently discussing the next stages of this programme with the National Skills Academy with the intention of developing a series of apprenticeships in other craft disciplines.

4. More broadly there remains some disjuncture between the Department for Business and the Department for Education in approaches to practical learning and skills. The Crafts Council strongly supports renewed emphasis on practical skills and commitments to increased apprenticeship numbers. However, we remain concerned that the introduction of the E-Bac; recommendations in the Wolf Review, and declining numbers of arts teacher training places in 2011–12, threaten the provision of practical and cultural education in schools. We hope that the recommendations in the recent report from the Expert Panel of the National Curriculum Review may go some way to redressing this.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

5. Entry to the contemporary craft sector is largely at graduate level. Recent Crafts Council research found that 61% of makers have a first or second degree. This is, in itself, an issue and apprenticeships provide one possible alternative entry route to HE courses and the sector, with a potential role to play in widening participation.

6. In the craft sector un-accredited work-based learning, in the form of work placements, is common—particularly post-degree. The formalisation of work placements would provide structure and recognition for existing training. However, the skills system should prioritise gaining tangible skills over accreditation. The accreditation of qualifications through NVQs, for example, has been too focussed on gathering evidence of competencies rather than gaining relevant skills.

7. Apprenticeships could be an important model for formal work experience in the craft sector. However apprenticeships typically work well in sectors with a preponderance of large employers and less well in sectors comprising smaller organisations. The current emphasis on young people also works against those seeking to enter craft as a second career. The apprenticeship model needs to be more flexible to take into account the structures of different sectors, including craft. One possible way of facilitating apprenticeships appropriate for our sector is through shared apprenticeships split across a number of craft studios and makers. Due consideration should also be made to supporting makers who take on an apprentice, in terms of training, guidance and financial provisions.

8. The Crafts Council continues to advocate for appropriate apprenticeships for the sector and to work with Creative & Cultural Skills on models for the future.

9. As above, there is a need to increase numbers of apprenticeships for the contemporary craft sector and we strongly support funding for the development of craft apprenticeships, as a means to both diversify routes into the sector and to increase access to training.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

10. As above, craft apprenticeships have the potential to provide alternative access routes, in addition to HE and FE, to professional craft practice. However, the two year apprenticeship programme is not sufficient to develop the requisite skills for professional practice. As such, the Crafts Council supports the development of Level 3 and Level 4 apprenticeships in craft, or equivalent to each of the NVQ levels.

11. For example, apprenticeships can provide important business skills which are commonly lacking in HE and FE courses and the contemporary craft sector more broadly.

12. The Crafts Council has worked for over 30 years in this area, offering training opportunities to makers at all stages of their careers, supporting the development of both business and creative skills, our current programme of support is Collective. Increasing the number of craft apprenticeships is one possible way of facilitating the development of business skills in the sector, as these are delivered in employment contexts.

13. Business skills as a component of craft training could be greatly supported by sign-posting to additional or refresher information, through online digital learning. Work needs to be done to develop, trial and bring to market distance and digital learning aids that can deliver the equivalent of current models. This would go some way towards delivering flexible models, appropriate for the contemporary craft sector. For a sector which largely works in isolation, the importance of networking via training should not be under-estimated.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

14. The issue for craft apprenticeships is currently more about supply than demand. A sector composed of sole traders and micro-businesses does not have the capacity or resources to host apprenticeships and interns under current schemes. This is often due to space and time, rather than lack of ability to train or willingness to share knowledge.

15. Most craft makers desire some form of assistance but would find the salary contributions in taking on an apprentice a barrier. Support could also be considered for practical changes to develop suitable studio environments, such as adequate insurance and health and safety measures.

16. A lack of business skills in the sector can also hinder makers in identifying the kind of apprenticeships and assistance they require, such as book keeping or project management, and so further support for makers is needed in this area. There is also a need for business development support for those more established in practice, rather than just concentration on HE/FE or early stage level. Support at 5—10 years will have greater impact in building a stronger sector with particular implications for a broader and more sustainable apprenticeships programme.

17. Where apprenticeships, similar or equivalent opportunities, are offered, demand exists. However small and micro-businesses in the craft sector require support in funding apprenticeships, identifying the kinds of

skills support they need most and guidance on apprenticeship delivery. Financial contributions for employers through apprenticeship bonuses, for example, could facilitate this but need to be coupled with appropriate practical guidance.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

18. Access to work experience in the craft sector, even with graduates, remains a challenge; the work experience market is very competitive and opportunities are commonly found informally. Crafts Council Crafting Futures research indicated that work experience contacts established at university and by word of mouth are essential to starting craft careers. Finding work after graduation was shown to be one of the main challenges facing craft graduates, with only half feeling prepared for work on leaving their courses.

19. As stated above, access to the sector through alternative routes including FE and apprenticeships is poor, although some makers do come to craft as a second career through FE. Recent Crafts Council research has found that 24% of makers have qualifications other than a first or second degree. The potential for “live work” and “modular” experience offered by apprenticeships may be more appealing to these learners.

20. It is also important to recognise that skills training for craft makers already in professional practice, in many cases, does not follow a straight forward trajectory from school age learning through to HE. Rather, makers are lifelong learners commonly building skills throughout their careers, undertaking courses that might be at a lower level in terms of qualification in response to a specific skills requirements. There is a need for funding and support for makers to acquire qualifications for skills at a range of levels, even though earlier qualifications may be of a higher level than subsequent qualifications. Apprenticeships at a range of levels, including postgraduate level, are one possible means to meet this kind of training need.

21. Many current training schemes also overlook the fact that entry into craft is often a second career and, by capping the joining age, exclude people wishing to bring different skills such as manufacturing or service skills into the sector.

22. As such, funding arrangements for apprenticeships which are linked to age could be prohibitive for those wishing to join the professional sector as a second career and could have an impact on widening participation and the diversity of skills in the contemporary craft sector.

Rosy Greenlees
Executive Director

3 February 2012

Written evidence submitted by Creative & Cultural Skills

1. EXECUTIVE SUMMARY

1.1 Creative & Cultural Skills is the sector skills council for the creative and cultural industries. As an organization we have developed Creative Apprenticeship frameworks and pathways, leading to the take-up of over 1000 since 2008 in a sector which has no track record of taking on apprentices.

1.2 How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

1.3 The NAS has been successful in promoting apprenticeships from one specific body, and particularly through the focus on Apprenticeships Week. This will result in a long-term gain in terms of the reputation of apprenticeships. The development of sector-based leads to liaison and work across the NAS and sector-based bodies, such as Sector Skills Councils has also been extremely beneficial.

1.4 Provision of apprenticeships could be tailored towards areas of the economy where occupations will be set to increase over the next ten years. The UKCES, Sector Skills Councils and other organisations hold significant intelligence on where employment growth is forecast to increase.

1.5 Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

1.6 The extra funding for apprenticeships is necessary to rebalance the education system towards an economy with a strong technical category of worker. However, there are some concerns that employers are not being incentivised to take on apprenticeships, while funding is directed solely towards education providers.

1.7 Care should also be taken not to target funding at areas where training would have taken place anyway, particularly in the case of adult apprenticeships, whose numbers have tripled in 2010–11.

1.8 *Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?*

1.9 There are issues around the “brand” of apprenticeships—broadly speaking, an apprenticeship level should last a year—rather than some of the shorter training which has been branded an apprenticeship.

1.10 There is a need for both more Level 3 pathways, and progression routes onto higher level apprenticeships, so that this form of education can supply significant technical skills to employers and learners.

1.11 *Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?*

1.12 Bonuses should be aimed at employers who have not previously taken on apprentices. If employers can take on young people with only a limited amount of risk then they can be encouraged to engage with the system, which will lead to future engagement.

1.13 Funding could also be channeled through employer-led Apprentice Training Agencies (ATAs) and Group Training Associations (GTAs) in order to provide a fully integrated service to employers, offering support through the full cycle of taking on an apprentice.

1.14 *Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?*

1.15 Creative & Cultural Skills believes this funding arrangement is balanced. However, for people who have not received a level 2/3 qualification and are over 18 years old care must be taken to ensure that they are not cut off from taking an apprenticeship.

1.16 Research by Creative & Cultural Skills also suggests that employers in our sectors much prefer taking on apprentices over 19 years old, with the average age being around 22.

2. RECOMMENDATIONS FOR ACTION

2.1 **Recommendation 1:** The NAS should consider how it can work to be more flexible with regards to apprenticeships for micro-businesses and freelancers. Certain areas of the economy work in fluid, interdisciplinary ways for short-term contracts or clients. Apprenticeships need to be able to reflect this, or employers will not engage with the system.

2.2 **Recommendation 2:** BIS, the National Apprenticeship service and the Skills Funding Agency should consider how funding can be redirected to employers who take on apprenticeships, and who currently take the most risk within the system.

2.3 **Recommendation 3:** Efforts should be made to ensure that apprenticeships do not simply take the form of training which employers would ordinarily pay for. The focus on maintaining relevant and high quality apprenticeships for both young and adult apprentices must be maintained to protect the apprenticeship “brand”.

2.4 **Recommendation 4:** Clear guidelines should be established and adhered to in terms of what constitutes a full level of an apprenticeship. While certain learners are able to progress quickly, most levels should constitute one year of high quality learning.

2.5 **Recommendation 5:** A stronger focus should be created across a number of strategic sectors on creating progression routes of higher level apprenticeships (levels 4+) in order to promote apprenticeships as a significant technical alternative to university.

2.6 **Recommendation 6:** Additional funding and incentivisation payments could be used to support employers, and in particular SMEs, to have the knowledge and systems within their organizations to take on apprentices. Some funding could be allocated through employer-led ATAs and GTAs. Funding could also be for in-house training for employers on how to deliver apprenticeships.

2.7 **Recommendation 7:** Any financial incentive scheme for employers should be delivered in such a way as to encourage the involvement of micro-businesses and SMEs. Payment-by-results methods, for example, may be useful for large organisations but are more difficult for businesses with less access to capital to manage.

2.8 **Recommendation 8:** the government should carefully consider providing a safety net of 100% level 2/3 apprenticeship funding through businesses for individuals who are not qualified to this level by 18 years old, in order to ensure that these people have access to further learning opportunities.

2.9 **Recommendation 9:** The government should continue to monitor whether its funding mechanisms have a detrimental effect on the take-up of learners by employers, and also that they ensure a diverse range of apprentices in the workforce.

3. INTRODUCTION TO CREATIVE & CULTURAL SKILLS

3.1 *Creative & Cultural Skills* is the sector skills council for the UK’s creative and cultural industries, including craft, cultural heritage, design, literature, music, performing arts and visual arts. Founded in 2004,

we were granted a new licence from Government to operate in January 2010. Our goal is to enable the creative and cultural industries to reach their economic potential through relevant skills and training. We deliver through the National Skills Academy for Creative & Cultural, a network of 20 Founder Colleges and over 200 employers working in partnership. For further information, please visit www.ccskills.org.uk

3.2 Creative Apprenticeships

3.3 Creative & Cultural Skills developed Creative Apprenticeships in 2008, following research suggesting that while workers in the creative and cultural sector were highly educated, employers were finding it difficult to find the necessary specialist skills. Our research showed that even though graduate recruitment was high, specific technical jobs were not recruiting effectively. There is also, as you know, an over-reliance on graduates taking long unpaid internships, impacting on diversity within the sector.

3.3 There were no relevant apprenticeship frameworks at the time and no history of delivery through colleges. From a standing start in 2008 we have created National Occupational Standards for the sector to develop nine apprenticeship frameworks and fifteen apprenticeship pathways. These pathways have led to the take-up of over 1000 Creative Apprenticeships within the sector since 2008. This is detailed in the table below:

Table 1: Breakdown of Apprenticeship Numbers (as of November 2011)

<i>Pathway</i>	<i>Number Of Apprentices</i>
Level 2 Community Arts Management	94
Level 2 Cultural and Heritage Venue Operations	84
Level 2 Live Events and Promotion	37
Level 2 Music Business (Recording Industry)	253
Level 2 Technical Theatre (Costume and Wardrobe)	3
Level 2 Technical Theatre (Rigging, Lighting and Sound)	58
Level 2 Music Practitioner	0
Level 2 Jewellery, Silversmithing & Allied Trades	16
Total Level 2	545
Level 3 Community Arts Management	64
Level 3 Cultural and Heritage Venue Operations	58
Level 3 Live Events and Promotion	66
Level 3 Music Business (Recording Industry)	42
Level 3 Technical Theatre (Costume and Wardrobe)	5
Level 3 Technical Theatre (Rigging, Lighting and Sound)	72
Level 3 Music Practitioner	84
Total Level 3	391
GRAND TOTAL	936

3.4 The establishment of the National Skills Academy for Creative & Cultural has helped us achieve this step-change. The Skills Academy provides a network linking 20 founder further education colleges to over 200 employers. The Skills Academy also houses an Apprenticeship Training Service (ATS), which specifically aims to address the issue of introducing apprenticeships where there is no record of engagement with non-graduate recruitment. The introduction of Creative Apprenticeships has been a resounding success. Employers in the sector have made a direct financial contribution: by December 2011, employers have contributed a minimum of £4.4 million and a maximum of £7.9 million in salaries paid to individual apprentices.

3.5 The programme also pays dividends to the UK economy as a whole. Our social return on investment study of the programme showed that:

- The Creative Apprenticeship adds significant value to employers, employees and Government. Each cohort of learners (on average 200 Apprentices) is expected to deliver a net gain of c £2.4m to the UK economy over the coming decade, with forecast gains of £16.4 million for the next five cohorts of learners, assuming a gradual increase in the size of the cohort.
- 79% of employers feel that Apprentices made a significant contribution to their business.
- 78% of employers felt that they were more effective in the workplace as a result of the training.
- 70% suggested that they felt they had more appropriate skills.
- Nearly 6 in 10 apprentices remained with their employer post-completion.

3.6 There are still a number of challenges to address for the Creative Apprenticeships programme. We believe that more needs to be done to reduce the administrative and financial burdens on employers. The concept of a “freelance Creative Apprenticeship” employed by providers but hired out to SME employers is attractive to smaller businesses (which make up the majority of the sector). We also need to develop Higher Level Apprenticeships and provide professional development of staff seeking, for example, to move into management roles.

4. RESPONSE TO THE TERMS OF REFERENCE

4.1 *How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)*

4.2 The National Apprenticeship Service (NAS) has been beneficial for apprenticeships as it has provided a single body for all press and media for this type of qualification. The development of Apprenticeships Week has gone some way towards giving apprenticeships a level of exposure in the wider public sphere. The apprenticeship offer is therefore being presented with more clarity to learners, businesses and the wider public which is extremely important. The development of sector-based leads to liaise and work across the NAS and sector-based bodies, such as Sector Skills Councils has also been extremely beneficial.

4.3 Provision of apprenticeships could be tailored towards areas of the economy where occupations will be set to increase over the next ten years. The NAS has perhaps focused too strongly on providing apprenticeships in areas such as manufacturing, rather than realigning provision to areas where Sector Skills Councils, the UKCES and other bodies forecast significant occupational growth.

4.4 Apprenticeship delivery in the creative and cultural industries needs a degree of flexibility to be successful, an area which needs further work from all stakeholders. Within the creative and cultural industries, training opportunities and new technology occasionally become necessary within roles which were not conceived at the start of an apprenticeship. However, with the NAS's "one-size-fits-all" model, there is no scope for adapting apprenticeships to be exactly tailored to learners and employers. This presents challenges to the creative and cultural sector, as work patterns are often shifting, and much of the work is on a project basis, within small teams.

4.5 The creation of the National Apprenticeship Service may have helped to bridge the gap between funding departments at BIS and Department for Education; however this knowledge has not transferred to employers in the creative and cultural sector. Most employers who take on Creative Apprenticeships would not know the difference between 16–18 year old and 19–24 year old funding. This may not be too significant though, as long as the services are still clearly signposted.

Recommendation 1: The NAS should consider how it can work to be more flexible with regards to apprenticeships for micro-businesses and freelancers. Certain areas of the economy work in fluid, interdisciplinary ways for short-term contracts or clients. Apprenticeships need to be able to reflect this, or employers will not engage with the system.

5. *Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?*

5.1 Creative & Cultural Skills believes that the additional funding promised by the Coalition Government is necessary for apprenticeships. Applications to Higher Education have decreased by 8.7% from the 2011–12 academic year, while art and design course applicants have declined further, by 16.3%.³⁵ These figures show that there is a need to supply alternative education pathways for learners, and with the government's commitment to apprenticeships clearly outlined in the Skills for Sustainable Growth paper it is clearly rational to continue to invest in this area.³⁶

5.2 Additional funding for apprenticeships is welcome; however the money needs to be used in part to further incentivise employers. Instead, funding is directed towards education providers, which only make up one part of the triangle between learner, employer and education provider. Apprenticeships at a lower level (2 and 3) may not provide significant productivity gains for an employer while they are training, so in certain instances there is a need to channel funding directly to the employer.³⁷

5.3 Apprenticeship funding currently sits with the learning provider, and is forbidden from being used by employers to put towards the apprenticeship salary or the direct training costs incurred by the employer. While the vast majority of training occurs in the workplace, employers are expected to make the largest contribution to the apprenticeships development—therefore taking on the most amount of risk. This funding methodology needs revisiting in order to facilitate a system where more SMEs and micro-businesses feel supported to take on apprenticeships. Some thought could also be put into the idea of giving bigger incentives to employers who take on apprentices for the first time. Training a young person with no risk to their business would incentivise new employers.

5.4 In terms of opening up new sectors to the idea of taking on apprenticeships, increased funding may have to be used in these areas to act as a catalyst to both employer engagement, and the creation of National Occupational Standards and apprenticeship frameworks. The creative and cultural sector stands as an example of this. Progress has been fairly rapid from 2008 to the present day, with over 1000 creative apprentices taking part in 15 different pathways. However, more could be done to channel funding specifically into high-growth sectors to get apprenticeship schemes running quickly and effectively.

³⁵ See, http://www.ucas.com/about_us/media_enquiries/media_releases/2012/20120130

³⁶ BIS, Skills for Sustainable Growth (2010).

³⁷ See, <http://www.apprenticeships.org.uk/Employers/IER-Research.aspx>

5.5 One of the biggest increases in apprenticeship numbers has come from converting existing staff within businesses to apprentices, rather than creating new roles within businesses which young people can learn within. Figures from the first three months of the 2011–12 statistical release on post-16 education show that the number of adult apprenticeships over 25 has doubled in size from the same period in 2010–11. Meanwhile, the number of 16–18 year old apprenticeships has decreased by 3%.³⁸ This effectively means that, in some instances, the government is subsidising training for older workers which would probably happen anyway, if it was left to the business itself.

5.6 The rise in these adult apprenticeships has two broad impacts. Firstly, the “brand” of apprenticeships is diluted by them becoming too disparate in their conception, with a wide range in quality and delivery. Secondly, re-training existing workers as apprenticeships narrows the options for people looking to start working for an employer through an apprenticeship. This has a particular impact on young people, a group which is currently essential to target due to the high rates of youth unemployment. There are also question marks over the value for money for the government, in terms of these interventions. It would be strategically better to target areas where the apprenticeship can have the most impact on the individual, and where the employer may not have the capacity to provide the training from their own resources.

Recommendation 2: BIS, the National Apprenticeship service and the Skills Funding Agency should consider how funding can be redirected to employers who take on apprenticeships, and who currently take the most risk within the system.

Recommendation 3: Efforts should be made to ensure that apprenticeships do not simply take the form of training which employers would ordinarily pay for. The focus on maintaining relevant and high quality apprenticeships for both young and adult apprentices must be maintained to protect the apprenticeship “brand”.

6. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

6.1 There is an issue around how the quality of apprenticeships is conceived by different people involved with their delivery and those who take them. For example, young people and employers will define an apprenticeship as becoming a trainee “on-the-job”. They will therefore define the apprenticeship and success thereof in these terms. Meanwhile, government agencies define an apprenticeship as a qualification only. This leads to two sets of expectations as to how quality should be defined for apprenticeships. Bringing these two conceptions of what an apprenticeship is closer together will help to drive up standards in the future.

6.2 Creative & Cultural Skills is concerned that in certain areas the “brand” of an apprenticeship has been diminished. Quality is clearly varied across different age ranges and across different sectors. John Hayes’ recent announcement that apprenticeships studied at 16–18 years old should last one year per level is extremely welcome as a standardising measure, although there should be allowances for gifted learners to progress faster if their employer and college feel it is appropriate.

6.3 There is a need for more quality apprenticeships pathways, both at Level 3 and at higher levels. An important aspect of creating a strong and attractive apprenticeship offer to both learners and employers is to create valid progression routes through training, in order for people to become expert through these apprenticeships. The creative and cultural sector are highly educated, with 54% of workers in England holding level 4+ qualifications, it is therefore important that higher-level qualifications are developed in vocational areas to match these levels, and provide alternative pathways that supply the correct technical and specialist skills. The announcement of a second round of fund to extend Higher Apprenticeship provision in 2012 is particularly welcome in this regard.³⁹ Creative & Cultural Skills recognizes that it is a long term process to increase the esteem of apprenticeships with higher education; however this will be achieved only through creating clearly marked progression routes to comparably high levels of expertise.

6.4 With regards to the quality of apprenticeships, we feel that it is correct that rigorous evaluation is conducted into various routes and pathways of different types of apprenticeships. Creative & Cultural Skills commissioned Baker Tilly to conduct a detailed Social Return on Investment (SROI) study of the Creative Apprenticeship programme. The study found that the Creative Apprenticeships programme was extremely valuable both to the individuals taking the apprenticeship, the employer and the UK economy as a whole. The 2010 cohort of 210 learners was estimated to provide a net gain of £2.4 million to the UK economy over the next ten years. Furthermore, 79% of employers felt the apprentices made a significant contribution to their business. 6 out of 10 learners stayed in full time employment with the same employer once the programme was completed, while the majority of others either found work within the sector or went back into full-time education.⁴⁰

Recommendation 4: Clear guidelines should be established and adhered to in terms of what constitutes a full level of an apprenticeship. While certain learners are able to progress quickly, most levels should constitute one year of high quality learning.

³⁸ The Data Service, Quarterly Statistical First Release (2012).

³⁹ HM Treasury, Autumn Statement 2011 (2011).

⁴⁰ Creative & Cultural Skills and Baker Tilly, Assessing the Return in Investment, Evaluation and Impact of Creative Apprenticeships (2011).

Recommendation 5: A stronger focus should be created across a number of strategic sectors on creating progression routes of higher level apprenticeships (Levels 4+) in order to promote apprenticeships as a significant technical alternative to university. However, this should not come at the expense of creating more level 3 pathways, if there is demand.

7. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

7.1 The commitment outlined in the Youth Contract and the Chancellor’s Autumn Statement to provide at least 40,000 incentive payments for small businesses to take on young apprentices is welcome, although more details are required to determine whether it will work for micro-businesses.⁴¹ Businesses in the Creative Industries are often limited in terms of the amount of money they have available to train individuals, and the burden of taking on another member of staff is often a drain on finances and resources. 30% of businesses in the creative and cultural industries state that they do not have the funds to increase training budgets, which would also impact on the ability to take on apprenticeships.⁴² One-off incentive payments could, therefore, make a significant difference within the creative and cultural industries.

7.2 A recent report by IPPR has outlined the need to support employers to a greater extent in starting up apprenticeship programmes within their workplace. The report highlights that this is particularly crucial with regards to employers that have not previously taken on apprentices.⁴³ Creative & Cultural Skills’ own research verifies this argument. In research on Creative Apprenticeships, 39% of respondents disagreed with the statement that “it is easy for enterprises like ours to become involved in the Creative Apprenticeship programme”.⁴⁴

7.3 The support that employers want with regards to taking on apprenticeships in the creative and cultural industries was financial. Being paid to take on Creative Apprenticeships would have motivated 63% to take on an apprentice, with £6,500 being cited as the figure which would be sufficient for taking on an individual.⁴⁵ While this may not be a figure the government can provide, it is worth noting that putting resources into “first-time” employers could lead to long term benefits. Employers who have already been through the system would be more likely to understand, and therefore use, apprentices again. Expanding the pool of businesses that have experience of working with training providers and apprentices would therefore be a good way to attempt to maximize on limited funding for bonus payments.

7.4 Apprenticeship bonuses should not just focus on SMEs, but also on micro-businesses with fewer than ten employees and sole traders. In the creative and cultural industries these two groups make up over 84% of employment, so designing policy to accommodate apprenticeships here is crucial. Creative & Cultural Skills houses an Apprenticeship Training Service (ATS), which acts as a one stop shop for the provision of apprentices.⁴⁶ The ATS can go all the way from giving advice on apprenticeship pathways and paperwork through to actually employing the apprentice, handling all paperwork and charging a small commission to the company using the apprentice (essentially providing a payroll service).

7.5 There are a number of organisations (Apprenticeship Training Agencies and Group Training Associations) which operate in a similar way to the ATS in other sectors. Creative & Cultural Skills believes that these organisations are most effective when they are employer-led, as in the case of the ATS, rather than being housed within learning providers. In these instances, the most benefit for apprentices is derived from significant employer engagement, rather than becoming detached from the whole system completely by learning providers taking on all the funding. In order to secure the quality of apprenticeships, employers need full engagement to create quality working experiences, rather than training providers forcing apprentices through a system in order to maximize the funding they can draw in through a high volume of learners.

7.6 If more money was put into these types of employer-led models for different sectors, engagement with apprenticeships could be expanded without needing to offer employers significant cash bonuses. With the right information and the ability to bypass bureaucracy, employers would be instantly more receptive to working with training providers to take on young people. Anecdotal evidence from Creative & Cultural Skills’ work has suggested that there has also been some lack of knowledge about the Apprenticeship Minimum Wage, with organisations simply assuming it was the same as the National Minimum Wage, and therefore unaffordable.

7.7 Another possible model for using apprenticeship bonuses would be to use the money to provide a development programme for in-house training for employers to deliver apprenticeships. This would therefore give employers the capacity, knowledge and confidence to take on apprentices, and integrate them into their business practices. This will drive up the standard of apprenticeships actually being delivered in the workplace, and encourage participation from employers not previously engaged in the system.

⁴¹ HM Treasury, Autumn Statement 2011 (2011).

⁴² Creative & Cultural Skills, Sector Skills Assessment for the Creative and Cultural Industries: An Analysis of the Skills Needs of the Creative and Cultural Industries in the UK (2010).

⁴³ IPPR, Rethinking Apprenticeships (2011).

⁴⁴ Creative & Cultural Skills and Baker Tilly, Assessing the Return in Investment, Evaluation and Impact of Creative Apprenticeships (2011).

⁴⁵ *Ibid.*

⁴⁶ See, <http://nsa-ccskills.co.uk/apprenticeship-training-service>

7.8 Incentive payments have been proven to be useful in the past for making placements for the creative sector. The success of the Future Jobs Fund, in which Creative & Cultural Skills brokered 114 work placements within creative businesses and organisations shows the willingness of the sector to become involved in initiatives supporting young people, particularly when money is available to support the business. While any incentive payment is likely to be far less than the amount provided by the Future Jobs Fund, a contribution to any business will aid the process of apprenticeship uptake.

7.9 One success of the FJF that can be duplicated is that payments for micro-businesses should be made upfront, rather than on a payment-by-results basis, as is the case with the Single Work Programme. This is due to the fact that funds and additional money may be in very short supply for SMEs, and therefore upfront payments would be most beneficial to involve small employers.

Recommendation 6: Additional funding and incentivisation payments could be used to support employers, and in particular SMEs, to have the knowledge and systems within their organizations to take on apprentices. Some funding could be allocated through employer-led ATAs and GTAs. Funding could also be for in-house training for employers on how to deliver apprenticeships.

Recommendation 7: Any financial incentive scheme for employers should be delivered in such a way as to encourage the involvement of micro-businesses and SMEs. Payment-by-results methods, for example, may be useful for large organisations but are more difficult for businesses with less access to capital to manage.

8. *Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?*

8.1 Creative & Cultural Skills believes that the approach outlined presents a balanced approach to funding apprenticeships. However, it may be important to consider funding in relation to qualification levels. For example, it may in the long term be beneficial for the government to fund 100% of training at level 2 and 3 for those over 19 years old, if they have failed to achieve other level 2 and 3 qualifications. Given research about the impact of higher levels of qualification on future earnings and productivity, it may be worth incentivizing employers to take on people over the age of 19 by funding them up to the maximum amount rather than 50%.

8.2 In the creative and cultural industries, it is worth noting that employers consistently place more value in employing an older age group. For our SROI research into Creative Apprenticeships, the average age was circa 22 years old, which confirms the reluctance within the sector to take younger apprentices on. Focus groups on the subject indicated that employers did not feel that younger apprentices would have sufficient levels of maturity to work effectively within the sector.⁴⁷ This may well be a more isolated point for the creative industries though, where there are less formal working structures and more ad hoc and project-based work, rather than the working practices of other industries in the UK.

8.3 Creative & Cultural Skills would urge the government to continue to monitor what impact the 50% funding arrangements have on learner numbers, in the same way that it is important to track their impact on Higher Education applicants. Detailed destination data from schools will be useful in determining whether funding measures are acting as an impediment to the take-up of apprenticeships.

Recommendation 8: the government should carefully consider providing a safety net of 100% level 2/3 apprenticeship funding through businesses for individuals who are not qualified to this level by 18 years old, in order to ensure that these people have access to further learning opportunities.

Recommendation 9: The government should continue to monitor whether its funding mechanisms have a detrimental effect on the take-up of learners by employers, and also that they ensure a diverse range of apprentices in the workforce.

3 February 2012

Written evidence submitted DCS Europe plc

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Extra funding will be useful if used to help grow the scheme, would be well spent by getting the message directly to potential employers, making it simpler to understand the steps to taking someone on and easier to select local providers as it is currently quite confusing which provider to use as so many private organisations are offering services across wide reaching geographical areas. There is a lot of canvassing for business but not enough focus on finding local people for the schemes, employers need assistance with finding good and interested people. Also important to get the message about apprenticeships to those actually recruiting—ie contact HR. More interaction with local educational establishments directly would be good, this gives you clarity about what will be provided and often they have interested parties already on courses with no placement, these individuals could be canvassed out directly to local employers.

⁴⁷ Creative & Cultural Skills and Baker Tilly, *Assessing the Return in Investment, Evaluation and Impact of Creative Apprenticeships* (2011).

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

Do think important that financial gain for small employers does not overshadow finding real jobs with real development opportunities for employees, as it is where schemes have had no long term posts or benefits for staff have been in operation in previous years that people have lost interest in them and they have had gained a bad name.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

Not in our local area, as there are not enough candidates, therefore our local college ended up with funding left over, and opened it up to interested parties over 24 for that reason... It's quite ageist the way it currently operates. It could be used to help all age groups back to work with training, particularly as our industries are changing in line with the economy and therefore often people need to change career and learn new skills throughout their employment career, therefore age is no longer relevant, people rarely stick to one career path for life from leaving school/college anymore.

10 February 2012

Written evidence submitted by EEF

OVERVIEW

EEF, the manufacturers' organisation, is the voice of manufacturing in the UK, representing all aspects of the manufacturing sector including engineering, aviation, defence, oil and gas, food and chemicals. With 6,000 members employing almost one million workers, EEF members operate in the UK, Europe and throughout the world in a dynamic and highly competitive environment. The manufacturing sector has a long and successful tradition of supporting apprenticeships and EEF members have strongly supported the growth in the number of apprenticeship starts seen in recent years. More, however, needs to be done particularly in the areas of advanced and higher apprenticeships if the UK is to increase its global competitiveness.

1. How successful has the National Apprenticeship Service, (NAS), been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education).

This question can only be answered by considering what the intended functions of the National Apprenticeship Service are. The service is intended to support, fund and grow apprenticeships in England. It has responsibility for growing the number of apprenticeship opportunities and for providing a dedicated service to employers and learners.

There is some evidence of success on the part of the NAS. It provides the National Apprenticeship Vacancy Matching Service (NAVMS). This has had some success in helping to promote and raise the awareness of apprenticeships generally and providing a structure that allows employers and training providers to match specific applicants with apprenticeship vacancies.

There are mixed views from employers upon what they understand the NAS is intended to achieve. This suggests a degree of confusion and lack of clarity in the communication of the NAS's role to employers. NAS is, however, not the only public body to face this difficulty. Some employers believe that the NAS's objective should be to raise awareness of apprenticeships amongst pre-16 year olds. Others believe that the NAS is intended to inform employers of the availability of apprenticeships and to support them in implementing apprenticeship programmes, making links between the web of agencies involved. We believe that the NAS should do all these things, reaching out to the apprentice pipeline, to their potential employers and providing clear and transparent signposting to both groups.

We believe that there is certainly a role for a single independent organisation to provide clear and transparent advice and signposting on apprenticeships. Our concern is that the NAS operates in a space crowded with other bodies seeking to provide this service. The NAS therefore has to create its own identity and achieve uniform penetration amongst employers of all sizes in order to drive demand for apprenticeships across the economy. It needs to clearly express its intended role to employers.

There has in recent years been a significant increase in the number of new apprenticeship starts, now standing at 442,700 in 2010/11. This represents an increase of 140% since 2006–7. The work of the NAS may have contributed to this success by raising the profile of apprenticeships and should be regarded as a significant achievement. Looking ahead, the NAS should provide a greater focus on the creation of advanced and higher level apprenticeships. Of the total number of apprenticeships starts in 2010–11, higher level apprenticeships accounted for less than 0.5%.

Businesses wishing to start or expand apprenticeship programmes still face a complex landscape. Recent years have seen significant reorganisations to the skills and funding systems and changes in eligibility criteria. Identifying a suitable training provider for the specialist training needed within the engineering sector can in itself be difficult.

A 2011 EEF survey of its member companies revealed that nearly 47% of respondents planned on hiring apprentices aged between 16 and 18 in the following 12 months. A further 30% planned to hire apprentices in the 19–23 age group over the same period. These manufacturers will benefit in time from higher productivity, an improved skills supply, reduced labour turnover and a better fit between employer and worker. The NAS needs to clearly articulate these benefits to all employers if the quantity and quality of apprenticeship provision is to be raised in the future.

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Apprentice funding represents significant value for the taxpayer, returning £16 for every £1 spent for intermediate apprentices and £21 for every £1 spent for higher apprentices. This funding should therefore be seen a positive investment, bringing tangible benefits to the UK economy and repaying many times over the initial outlay made from public funds.

Since the publication of the Leitch review of 2006 there have been continually rising ambitions for apprenticeships in England. An increase in the available funding for apprenticeships has not always been matched by demand from individuals or businesses. The adequacy of funding and the potential for progression and alternative training should not be confused with the popularity of the scheme amongst politicians. Indeed, the funding allocated in previous years for apprenticeships has not all been spent.

This may be the result of a number of factors. It may be that there has been insufficient demand for apprentices from business, that employers are unaware of their availability or benefits of apprenticeship funding, a lack of learner awareness or that there have not been a sufficient number of learners with the right attainment levels to enter into apprenticeships. Therefore identifying clearly the reasons why apprenticeship funding in previous years has not been spent, and addressing these factors, is as important as the provision of the funding itself.

The numbers of advanced and higher apprenticeships in the manufacturing sector is still low in comparison to the total of all apprenticeships—they account together for 35% of the total, which is lower than other sectors with large numbers of apprenticeship starts. Additional funding would encourage more employers to undertake what is a significant investment, particularly at higher attainment levels. Employers bear the majority of the cost of engaging apprentices, which far outstrips the available public funding. They take a high degree of risk when hiring apprentices, which in the manufacturing sector are typically of three years duration. Such apprenticeships provide longer and more in depth training than those in other sectors. In contrast, currently 19% of apprenticeships as a whole last less than six months and 3% last less than three months. Increased funding will help to mitigate the risks employers take on when engaging apprentices over lengthy periods of time.

Additional funding then can best be spent on encouraging employers to retain larger numbers of apprentices and more apprentices at higher achievement levels by tackling the barriers highlighted above. Within the manufacturing sector, apprentices achieve higher post qualification salaries than other sectors. This may suggest that apprenticeships within the sector are valued more than in others and the higher achievement levels of manufacturing apprentices result in greater post qualification productivity.

Better targeted funding and a relaxation of eligibility rules would allow employers to hire a potential apprentice for a short period before commencing what may be a lengthy and costly apprenticeship. This would benefit both the potential apprentice and the employer. It would defray some of the risks employers currently endure when hiring an unknown learner and may also lead to an increase in the number of apprentices successfully completing apprenticeships as those commencing apprenticeships are more likely to have the aptitude and commitment to complete the training.

There already exist other initiatives which are targeted at the under 24 year-old age group, such as the youth contract, which has as some of its objectives the provision of large numbers of work experience placements and the provision of wage incentives to employers. Extending this concept and funding employers to provide pre-apprenticeship experience and training would encourage employers to invest in larger numbers of apprenticeships with greater security having seen the individual in the workplace.

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

Apprenticeships within the manufacturing sector are longer than in other sectors and also demand a higher levels of achievement. Within the sector, 34% are at an advanced level. Whilst the number of apprenticeships at a higher level is in overall numbers low, (80 starts in total 2010–11), this compares favourably to all other sectors other than construction and planning, with many other sectors offering no higher apprenticeships at all. The bulk of apprenticeships within manufacturing then are offered at an intermediate level.

Apprenticeship achievements within manufacturing confirm the sector's commitment to providing longer training to a high standard. Achievements within the sector in 2010–11 were close to those in the health and care sector, one which in the same year experienced 45% more apprenticeship starts than in manufacturing. Of those apprentices who started their apprenticeships in 2007, we estimate 62% successfully concluded them.

The value of these attainment levels within manufacturing can be seen by the average net pay of apprentices by sector. Manufacturing apprentices are typically amongst the best remunerated according to research carried out by the then Department for Innovation, Universities and Skills in 2007. This reflects the achievement levels of apprentices within the sector and their contribution to their employers' businesses. Whilst apprenticeships within the sector offer high standards of training over a long period of time, it is questioned whether this is replicated within other sectors and whether as a consequence the benefits and demands of a manufacturing apprenticeship are understood by potential learners.

We therefore welcome the recent announcement by the Minister of State for Further Education, Skills and Lifelong Learning, John Hayes MP, that the minimum duration of an apprenticeship is to be set at 12 months. This should in part reduce fears that the rapid growth in the number of apprenticeship starts may not have been matched a corresponding focus on quality control.

Manufacturing in the UK cannot compete within an increasingly global market on price alone. EEF's report published in July 2011, entitled *Flexibility in the Modern Manufacturing Workplace* demonstrated the need for UK manufacturers to retain a highly skilled workforce to maintain its competitiveness. (The report is available at <http://www.eef.org.uk/publications/reports/Flexibility-in-the-modern-manufacturing-workplace.htm>). Ever higher levels of achievement will be needed in the future, with attainment at levels 3 and higher to compete with lower labour cost economies. Whilst there has been an expansion in recent years of the number of apprenticeship starts at level 3, these have clearly not been sufficient to satisfy the skills needs of UK manufacturers. The occupations shortage list maintained by the UK Border Agency contains 34 categories of occupation which the UK is in need of and cannot satisfy domestically. Of these, 14, or 40% are either within engineering and manufacturing or connected to the sector, illustrating the inability of UK employers to source the talent they require in the UK.

4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

The introduction of apprenticeship bonuses is welcome. Together with other incentives to employers to hire apprentices, they should help persuade some businesses to take on new learners. The incentives provide limited support—£1,500, and come with additional requirements attached. Where the apprenticeships are to last for three years, this equates to a very limited additional incentive when compared to the investment required by the employer, and may be unlikely alone to significantly outweigh the financial risk an employer incurs in training an apprentice over a lengthy period of time. Where apprenticeships are of a short duration, (with lower achievement levels), the incentive will be in proportion to the investment of the employer be larger, and may therefore be more of an inducement to take on an apprentice.

It may then be more appropriate for the incentive to vary according the length of the apprenticeship and be more closely linked to the corresponding level of investment provided by employers.

In contrast to the potential for limited financial incentives to have an impact upon employer behaviour, greater effort should be focussed upon some of the practical difficulties which discourage employers from retaining apprentices. An improvement in the basic functional skills of learners at level 2 (particularly in single sciences, English and mathematics) would improve the quality of the pool of potential apprentices as well as the acquisition of softer workplace skills gained by an early exposure to the workplace through work experience. Effective and timely careers advice to the under 16's, their teachers and parents would also improve the flow and quality of candidates for apprenticeship.

5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

We have previously argued for an equalisation in the funding available for the training of 16–18 year olds and 19–24 year olds. The funding differential between an 18 and 19 year old learner is stark, with little attempt to taper the support provided. The justification for this sharp reduction in funding may be in part an expression of funding provided for 16–18 year olds who choose to remain within the academic education system. The level of funding provided to the age of 18 is also commensurate with the intention to require all those under the age of 18 in the future to participate in education or training.

The practical impact of the funding reduction upon employers can be significant however. There is comparatively little gained by an employer in choosing to train a 19 year old as opposed to an 18 year old in terms of additional education, qualification or maturity, and so the resource needed is the same. Learners will inevitably vary in terms of ability and competence, and a 17 year old may progress more quickly or enter the apprenticeship programme with a higher attainment level than a 19 year old. Whilst part of the rationale behind the funding levels provided was the average cost of delivery, the risks to the employer in engaging an apprentice are undiminished across age bands. The required level of support for learners may not vary in direct proportion to their age and yet the funding provided is cut by half as the learner passes the age of 19.

In relation to the high cost of providing training and employment to an apprentice, which is substantially met by the employer, the reduction in funding is a significant additional hurdle. The cost incurred by the employer in training a 17 year old or 19 year old changes little and does not reduce further as the apprentice

ages. Employers continue to provide support in kind for learners of all ages and of course also remunerate all learners at times when their contribution to the business is low.

Over a quarter (27%) of apprenticeships starts within manufacturing are by the over 25 year-olds as employers look to their existing workforce by upskilling and reskilling to meet their needs. Manufacturers would welcome greater support for apprentices of all ages. We are concerned that the move to loans, whereby this older category of apprentice will be required to part fund their training, will be a disincentive for individuals to pursue continual personal improvement and higher levels of skills. The move from grants to loans is already well established within the higher education sector, but the period of transition for would-be apprentices does not appear to be sensitive to the current economic conditions. Since the time that co-funding was proposed, employers recruitment plans have weakened, and a poorer business climate may have adversely impacted upon employers' willingness to commit to long-term training. We would support a review of the co-funding model and the removal of funding entirely for the over 24 year olds and the retention of the existing rates of support until the end of the Parliament.

10 February 2012

Written evidence submitted by the Edge Foundation

SUMMARY

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

1. It is important to disentangle the threads of this question. Advanced Level Apprenticeships (level 3) are different from Intermediate Level Apprenticeships (level 2). As we explain in this submission, they appeal to different individuals and different employers. Delivered well, both achieve high quality standards and promise good returns on investment. While there is a sound economic case for expanding Advanced Level Apprenticeships (ALAs), it would be a mistake to do this at the expense of good-quality Intermediate level Apprenticeships (ILAs).

2. Secondly, "quality" can be defined in a number of different ways. One approach is to look at the way apprenticeship training is delivered, and at the number of people completing their apprenticeships. On both counts, there has been good progress in recent years. Completion rates for apprenticeships are now comparable to completion rates for full-time degrees.

3. Another approach is to look at the economic returns achieved by employers and individuals. While returns are generally positive, they vary between sectors of the economy. As the National Audit Office has reported, "While the Department [for Business, Innovation and Skills] and the [National Apprenticeship] Service have targeted some specific sectors, this has not been based on evidence of economic returns".⁴⁸

4. The rapid expansion of very short apprenticeships in some sectors of industry has harmed the reputation of apprenticeships. This trend has been encouraged by over-ambitious targets. Charged by Ministers to deliver a large number of new apprenticeship places, government agencies have given large businesses money to convert existing employees into apprentices, even where this leads to little extra training. In some cases the process amounts to little more than awarding qualifications to people who are already skilled: virtually no training is offered at all.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

5. Successive governments have subsidised apprenticeships for two main reasons. First, skills have an impact on productivity and the UK's position in a competitive world: investment in training is an investment in the future success of the UK economy. Second, training can help inexperienced individuals enter (or re-enter) the labour market: this is important for social as well as economic reasons.

6. Funding is necessary because some employers are reluctant to take on apprentices, for a wide variety of reasons including financial uncertainty and the weakness of the economy. Many smaller firms fear that apprentices will leave as soon as they complete their apprenticeship. Others are reluctant to provide more than the bare minimum of training needed to do a particular job, with no regard to the longer-term prospects of the apprentice. Financial support is necessary to help overcome these barriers. However, some current expenditure constitutes "deadweight": that is, payment for training that would have taken place anyway. As noted already, there has been considerable growth in the number of short apprenticeships which offer doubtful value for money, and in sectors which offer relatively low returns to employers and apprentices alike. It is essential that future funding is better targeted, encourages the expansion of apprenticeships in sectors that offer the best returns, and overcomes barriers to take up—particularly among small firms.

⁴⁸ National Audit Office report on Adult Apprenticeships, HC 1787, February 2012.

RECOMMENDATIONS

7. In order to get best value from finite resources, we need to—

(a) *Save money by tackling deadweight*

It makes little sense to pay for training that would have happened anyway—particularly in sectors where there are low returns from investment in apprenticeships, and particularly if the reason for doing so is to help government agencies achieve unrealistic targets. Similarly, people should be labelled as apprentices only if they are getting training and development: there is not much value in paying solely for the assessment of pre-existing knowledge and skills. Money saved here should be redirected to areas of higher priority.

(b) *Give extra support to apprenticeships which bring the biggest benefits to individuals*

Such as Advanced and Intermediate Level Apprenticeships in engineering, manufacturing and construction. Some employers in these sectors are finding it hard to offer apprenticeships because of the state of the economy. Using funds saved by tackling deadweight, we should help them by increasing the training subsidy and offering direct support for apprentice wages.

(c) *Make sure public sector employers provide a growing number of apprenticeship places*

Local authorities, health trusts and a wide range of other public sector agencies provide apprenticeships already, but there is room for many more. Every time there is an entry level job vacancy, public sector employers should consider advertising it as an apprenticeship opportunity.

(d) *Encourage more employers to offer apprenticeships by funding more Apprenticeship Training Agencies (ATAs)*

In this model, the ATA acts as the apprentice's employer and places them with a host employer, in return for a fee. This provides extra flexibility for apprentices and employers alike. If an apprenticeship cannot be delivered entirely by one employer, the ATA makes sure the apprentice gets experience with another. This helps increase the availability of apprenticeships in sectors dominated by small businesses.

(e) *Encourage more employers to offer apprenticeships by funding more Group Training Associations (GTAs)*

GTAs provide shared training and assessment services to member companies. They exist mainly in the engineering and manufacturing sectors. Previous attempts to develop GTAs in other sectors of industry have failed because financial support for running costs has been withdrawn too soon. GTAs take a long time to get going and need much more support than they have been offered in the past.

(f) *Set sensible targets*

Apprenticeship policy should focus on significant gaps in the labour market and on training which delivers a high long-term return on investment. Quality matters more than sheer quantity.

(g) *Accept that there are no quick wins*

If there were, we'd have implemented them years ago. Increasing the supply of good quality apprenticeships takes time, and consistency is better than constant change.

(h) *Take care when adding extra content to apprenticeship frameworks*

If we add too much to existing apprenticeship frameworks, some individuals and employers will walk away—leaving us in a worse position than before. The key is flexibility: the new SASE frameworks (Specification of Apprenticeship Standards for England) are already too prescriptive.

(i) *Make sure new requirements can be delivered*

We want 16–18 year olds to improve their numeracy and literacy, but they will only make good progress if they get the right support from the right people and in the right way. Apprentices understand maths and English better when they are taught in context (eg maths for engineering), but people who are good at teaching a vocational subject may not be comfortable teaching maths. We need to invest in training and development so that (a) vocational teachers improve their teaching of maths and English, and (b) maths and English teachers can teach their subjects in a vocational context. Maths and English qualifications must also be appropriate to the context: for most apprentices, GCSEs are not the answer.

(j) *Encourage progression from Intermediate to Advanced Level Apprenticeships*

Once they have completed an Intermediate Level Apprenticeship, many people have the potential to step up to an Advanced Level Apprenticeship. Likewise, apprentices should be able to progress to Higher Level

Apprenticeships and higher education. If their employers cannot offer immediate progression, they should be entitled to return to learning later.

(k) *Tell young people about apprenticeships*

Many young people hear little or nothing about apprenticeships while they are at school, especially if they are academically able. They need to know that apprenticeships can be a route to a good career, and that a growing number of people go on to higher education after completing their apprenticeship.

(l) *Tell teachers about apprenticeships*

In a YouGov survey commissioned by Edge in 2009, 16% of teachers in state secondary schools said their knowledge of apprenticeships was good or very good; 50% said their knowledge was poor or very poor. Compare this with their knowledge of university degrees: 70% good or very good, 10% poor or very poor. If students are unsure which path to take, teachers can tell them a lot about degrees but hardly anything about apprenticeships. This needs to change.

(m) *Tell MPs about apprenticeships*

In November 2011, Edge commissioned ComRes to survey 150 MPs. Overall, 41% described their knowledge of apprenticeships as excellent or good, while 72% have a good or excellent knowledge of degrees.

(n) *Tell university admissions tutors about apprenticeships*

The Government is right to expand Higher Apprenticeships at level 4 and above, including access to Foundation Degrees. Apprenticeships can be an effective route to higher education, but many admissions tutors hold back (a) because they don't understand what apprentices are capable of and (b) because many ALA frameworks don't attract UCAS points. In addition, apprentices may need extra help with some skills such as essay writing: anyone on an Advanced Level Apprenticeship should be entitled to take an extra "access to HE" unit.

(o) *Celebrate success*

Many individuals and employers benefit from apprenticeships. Completion rates have risen in recent years and are now on a par with completion rates for degrees. We need more people to recognise their success through events such as Apprenticeships Week and VQ Day (an Edge Foundation initiative). As the government has proposed, there should also be apprenticeship "graduation" events to mark individual success.

(p) *Create a bigger evidence base*

While there is evidence that apprenticeships bring benefits for employers and individuals alike, we know remarkably little about the career paths of former apprentices. Anecdotal evidence suggests many apprentices go on to senior positions, including running their own businesses. Further qualitative and quantitative evidence would strengthen the case for expanding apprenticeships in the future.

ABOUT THE EDGE FOUNDATION

8. Edge is an independent education foundation. It is dedicated to raising the status of technical, practical and vocational learning so that all young people have the opportunity to achieve their potential and the UK's future workforce is equipped with the skills to be successful in the modern, global economy. Edge believes that "learning by doing" should be valued equally with academic learning and that all learners should experience a mix of academic and practical learning. Edge believes there are many paths to success.

DETAIL

Why we Subsidise Apprenticeships

9. Successive governments have subsidised apprenticeships for two main reasons. First, skills have an impact on productivity and the UK's position in a competitive world: investment in training is an investment in the future success of the UK economy. Second, training can help inexperienced individuals enter (or re-enter) the labour market: this is important for social as well as economic reasons.

10. Apprenticeships therefore serve three purposes:

- Meeting employers' current and future skills needs
- Providing work-based training and qualifications for young people at the start of their working lives
- Retraining adults for new careers

MEETING EMPLOYERS' CURRENT AND FUTURE SKILLS NEEDS

11. The skills needed for any given job vary very greatly. In some cases, job-specific skills and knowledge are so elementary that they can be achieved literally within days of starting; in others, workers need high-level qualifications before they start, and become fully proficient only after a long period of on-the-job training and development.

12. The UK Commission for Employment and Skills (UKCES) produces forecasts of trends in the labour market. This isn't easy, given uncertainties in the UK and world economy. However, UKCES estimates that the labour market might create an additional 1.96 million jobs between 2010 and 2020. They add that—

The most significant growth (in percentage terms) is anticipated to be in IT services and “other” business services, followed by hotels/catering, health/social work and miscellaneous services with significant growth also in construction and retail. In terms of the absolute number of jobs, the dominant growth sectors are also expected to be in Other business services (over 1.3 million) and health, education and social work (over 570,000) followed by retail, hotels/catering and miscellaneous services (all over 300,000 jobs).⁴⁹

13. A particular challenge will be meeting demand for people with level 3 skills. Looking ahead to 2020, UKCES forecasts that on present trends,

... there will be significant underachievement of the Level 3 Ambition, with 19% qualified at this level compared with the target of 28%.

14. There will also be a huge need to replace people who leave jobs, for example because they retire:

Replacement demand is expected to be around 11.5 million over the next 10 years, nearly six times greater than the net “expansion” demand of around 1.95 million.

15. This means that while there will be a *relative* increase in demand for people with level 3 skills, there will still be a significant *absolute* demand for people with level 2 skills. Both of these challenges can be met, in part, through apprenticeships.

YOUNG PEOPLE AT THE START OF THEIR WORKING LIVES: ADVANCED LEVEL APPRENTICESHIPS

16. When Apprenticeships were developed in the 1990s, it was generally assumed that young people would be recruited at the age of 16–18, and the first route to be developed—Modern Apprenticeship at level 3—was positioned as an alternative to A levels. Ron Dearing said Modern Apprenticeships aimed to—

... to attract able young people to develop their careers through the work-based route on a fast track to NVQ level 3. Subsequent options include proceeding to higher education, perhaps through a sandwich course, or continuing to develop a career through full-time employment. In consultation, employers have underlined their interest in attracting young people who would otherwise have chosen to take A levels.⁵⁰

17. However, Level 3 Apprenticeships—now known as Advanced Levels Apprenticeships (ALA)—have struggled to compete with A levels. Provisional figures show that only 4,200 16 year olds and 9,400 17 year olds were participating in ALAs in 2010. They were easily outnumbered by the number of 18 year olds participating in ALAs—18,900—and indeed by the number of 19–24 year olds starting ALAs in 2010–11—49,900.⁵¹

18. In other words, a growing number of young people choose an ALA *after* rather than *instead of* A levels or equivalent qualifications: in this sense, the ALA has become an alternative to immediate entry to higher education.

YOUNG PEOPLE AT THE START OF THEIR WORKING LIVES: INTERMEDIATE LEVEL APPRENTICESHIPS

19. Advanced Level Apprenticeships are the normal entry point for new recruits in only a limited number of sectors—particularly engineering, where there has been a shift from unskilled/semi skilled operatives to employing fewer but better qualified staff. Elsewhere, level 2—the Intermediate Level Apprenticeship—remains the more common entry level.

20. Today's Intermediate Level Apprenticeships (ILA) can be traced back to the Youth Opportunities Programme, which aimed to combat youth unemployment by giving young people work experience and the opportunity to develop at least some job-related skills.

21. YOP and its successors—the Youth Training Scheme and Youth Training—were heavily criticised. Many young people failed to gain lasting benefit because their training was at best unstructured and uncertified, and at worst non-existent. Some employers viewed trainees as cheap, disposable labour. Others complained that their trainees were not ready for work, citing communication and numeracy skills as particular weaknesses.

22. In 1996, Ron Dearing proposed replacing Youth Training with a new programme of National Traineeships. In his vision, National Traineeships would bring the benefits of Modern Apprenticeships to a

⁴⁹ UKCES (2010), *Ambition 2020: World Class Skills and Jobs for the UK*.

⁵⁰ Dearing, R. (1996) *Review of Qualifications for 16–19 Year Olds: Summary Report*. Hayes: School Curriculum and Assessment Authority.

⁵¹ The Data Service (2011), *Statistical First Release SFR 15–2011, participation in education and training*.

wider audience of employers and young people. They would meet employers' needs for people with level 2 skills, while equipping young people with broader knowledge and skills, including communication and literacy.

23. The development of National Traineeships started in 1996 under the Conservative Government and was completed by the Labour Government after 1997. Within a few years, they were renamed, and became part of a wider Apprenticeship "family".

24. Level 2 apprenticeships (today's ILAs) have always been more popular than ALAs. One reason is that they can be accessed by young people with relatively modest prior attainment—typically, fewer than five GCSEs at grades A* to C. This means they do not compete directly with A levels: rather, they are an alternative to full-time vocational courses in schools or further education, jobs without training, or unemployment. Secondly—and as noted already—level 2 is a more common entry point than level 3 in many sectors.

25. In 2010, 48,100 16–17 year olds and 28,500 18 year olds were participating in ILAs⁵². Overall, therefore, ILAs outnumber ALAs by more than two to one amongst young people aged 16–18. In some sectors an Intermediate apprenticeship is the required "entry level" and allows the young person to obtain employment and carry out the job role to the required standard. This is the case for some construction trades, for example, where practical competence is more important than technical knowledge.

26. In recent years, there has been a rapid growth in the number of 19–24 year olds taking part in apprenticeship programmes. In 2010–11, 87,700 19–24 year olds started an ILA in 2010–11, while 49,900 started an ALA. For many young people, apprenticeships offer a second (or third, or fourth) chance to find the right career path. Equally, there is evidence that employers actively prefer to recruit people in this age group. In her review of vocational education, Professor Wolf said—

As National Apprenticeship Service officials, the Association of Learning Providers and individual providers have confirmed to the Review, it is now much easier to find apprenticeship places for those over 18 than under 18. Most employers interviewed for this Review also confirmed their reluctance to take on 16 and 17 year olds as apprentices, citing health and safety concerns which must also, one assumes, apply to the shrinking number of "normal" hires.⁵³

RETRAINING ADULTS FOR NEW CAREERS

27. In 2006, Lord Leitch published a landmark report on adult skills⁵⁴. He proposed that by 2020, 90% of adults should be qualified to at least Level 2, up from 69% in 2005. He also called for an increase of 1.9 million in the number of level 3 qualifications awarded over the period to 2020.

28. Importantly, Leitch also pointed out that at the time of writing, more than 70% of the 2020 working age population were already over the age of 16. Accordingly, his targets could not be achieved solely by improving success rates amongst young people.

29. The Labour Government responded by rolling out the Train to Gain programme, which focused on helping people achieve a first level 2 or level 3 qualification. After the 2010 General Election, the Coalition abolished Train to Gain in order to make Apprenticeships more widely available to adults retraining for new careers. In 2010–11, 65,000 adults aged 25+ started ALAs and 109,000 started ILAs⁵⁵.

Are Apprenticeships of a High Enough Quality to Benefit Apprentices and Their Employers?

30. This begs several further questions, including:

- What can we say about the quality of current apprenticeship frameworks?
- What do individuals and employers want from apprenticeships?
- Who decides the content and structure of apprenticeships?

QUALITY

31. Quality is sometimes measured in terms of success rates and inspection reports. On this basis, apprenticeships generally shape up well. Success rates have risen to around 75% in recent years, which is similar to average completion rates for full-time degree programmes⁵⁶. And according to Ofsted:

There has been a substantial increase this year in the percentage of independent learning providers judged good or outstanding; from 47% in 2009–10 to 55% in 2010–11.⁵⁷

32. Another way of measuring the quality and effectiveness of apprenticeships is to analyse wage and employment benefits experienced by former apprentices. In 2007, Steven Macintosh reported that:

⁵² The Data Service (2011), Statistical First Release SFR 15–2011, participation in education and training.

⁵³ Wolf A. (2011) Review of Vocational Education (The Wolf Report). London: Department for Education.

⁵⁴ Leitch S. (2006) Prosperity for All in the Global Economy—World Class Skills (the Leitch Report). London: HMSO.

⁵⁵ SFR 15/2011 supplementary table. Provisional figures.

⁵⁶ 79.2% of students starting a full-time first degree course in 2008–09 are forecast to achieve a full degree. Source: Higher Education Statistics Agency Projected Outcomes Table T5.

⁵⁷ Ofsted (2011), The Annual Report of Her Majesty's Chief Inspector of Education, Children's Services and Skills 201011.

... a recognised apprenticeship is associated with a 15 percentage points higher probability of employment amongst young men (17 percentage points amongst young women), with an 18 (19) percentage point effect observed for Level 3 Modern Apprenticeships for young men (women) and 13 (9) percentage points for Level 2 Modern Apprenticeships for young men (women).⁵⁸

33. Macintosh also investigated wage returns to contemporary Apprenticeships—what he called Modern Apprenticeships. He reported:

... substantial wage returns in 2004/5 to Modern Apprenticeships, of around 18% at Level 3 and 16% at Level 2, compared to individuals whose highest qualification is at Level 2, or at Level 1 or 2 respectively.

34. The National Audit Office has also reported positive wage returns:

We analysed data on the wages received between 2004 and 2010 by employees who had completed their apprenticeship. These employees achieved higher wages than similar employees who had not completed an apprenticeship. In particular:

- Completing an advanced apprenticeship was associated with wages that were 18% higher.
- Completing an intermediate apprenticeship was associated with wages that were 11% higher.⁵⁹

35. Benefits are felt by employers, too. In 2008, the Warwick Institute for Employment Research reported on case studies in six sectors: engineering, hospitality, retail, business administration, social care and construction:

Overall, the evidence points to employers obtaining a range of qualitative benefits ... from the Apprenticeship training in which they invest, but importantly that investment is recouped in monetary terms within two to three years in most instances. If the employer can retain the Apprentice for a few years they will obtain a positive return on their investment.⁶⁰

36. Taken together, this evidence suggests that—on average—apprenticeships are of a good quality and provide long-lasting benefits to individuals. However, some apprenticeships provide better returns than others. Steven Macintosh found that wage returns to apprenticeship are generally higher in manufacturing, engineering and construction than in service industries. Similarly, the Warwick report suggests wide variations in the costs incurred and benefits achieved by employers who take on apprentices.

37. With variability comes criticism. If some apprenticeships are over-subscribed and provide outstanding benefits to individuals and employers alike, why can't they all be like that? The answer is, of course, that circumstances differ widely between sectors and indeed, between employers within a single sector.

38. When politicians, academics and journalists praise apprenticeships, they are usually talking about ALAs. This example comes from the Wolf Report:

Places on the best Apprenticeships, such as those provided by Network Rail or Rolls Royce, are highly regarded by both employers, and by potential apprentices. They are more oversubscribed than the most desirable course at the best university.⁶¹

39. Similarly, Professors Fuller and Unwin praise what is clearly an AMA in a large business:

Company A manufactures bathroom showers and has about 700 employees. It has had an extremely well-established apprenticeship programme dating back over 50 years, which has been used to develop successive generations of skilled and qualified engineers and technicians ... In Company A, apprenticeship lasts for four years. It involves engagement in a wide variety of departments within the firm, attendance at college to pursue vocational qualifications, and the opportunity to take part in residential, outward-bound style activities ... Many of the company's former apprentices have progressed to senior management positions.⁶²

40. They compare this “expansive” apprenticeship with the apprenticeship model they saw in Company B, which they describe as “restrictive”:

Company B is a small family-run company with around 40 employees, providing specialised steel polishing services to other businesses. The vast majority of its employees work on the shop floor as semi-skilled machine operators. Recently, the company turned to apprenticeships (in steel processing) for the first time, as a response to difficulties it was having in recruiting adults with relevant experience ... Apprentices learn on the job, by engaging in the practices of the shop floor with more experienced employees. They become fully productive in around six months. The apprentices do not have the opportunity to study for knowledge-based vocational qualifications, which could provide the underpinning theories and concepts of their wider occupational field and would facilitate their subsequent progression to higher-level study.⁶³

41. Fuller and Unwin argue, overall, that—

⁵⁸ McIntosh S. (2007) A Cost-Benefit Analysis of Apprenticeships and Other Vocational Qualifications) RR 834 Sheffield: DES.

⁵⁹ National Audit Office report on Adult Apprenticeships, HC 1787, February 2012.

⁶⁰ Hasluck C, Hogarth T, Baldauf B and Briscoe G (2008), The Net Benefit to Employer Investment in Apprenticeship Training. University of Warwick Institute for Employment Research.

⁶¹ Wolf Review of Vocational Education: Government Response. London: Department for Education, 2011.

⁶² Fuller A. and Unwin L. (2008) Towards Expansive Apprenticeships. London: TLRP.

⁶³ *Ibid.*

... an apprenticeship characterised by expansive attributes will create a stronger and richer learning environment than one with restrictive features.

42. At the risk of over-simplifying, this could be interpreted as praise for “expansive” ALAs and, implicitly, criticism of “restrictive” ILAs. If so, it may lead the reader to believe that ALAs are always preferable to ILAs, whereas in reality, they serve different purposes. In many businesses, level 2 is the standard entry level for new recruits. ILAs provide a good framework for these jobs and are a good match for many young people, especially if they have not previously achieved a level 2 qualification or 5 GCSEs at A* to C. Level 3 is the minimum entry level in fewer occupations, and calls for recruits with higher levels of prior attainment. In addition, employers who expect staff to stay with them for many years are more likely to invest a large amount of time, effort and money in apprenticeships than employers who experience high rates of staff turnover. In other words, (a) ALAs and ILAs serve different purposes and (b) ILAs are always likely to outnumber the number of ALAs offered by employers.

43. We are very concerned that the quality and reputation of apprenticeships has been damaged by the culture of targets. As noted already, Steven Macintosh found that wage returns to apprenticeship are generally higher in manufacturing, engineering and construction than in service industries. However, apprenticeships have grown most rapidly in service sectors. Between 2002/03 and 2010/11, the take up of ILAs by 16–24 year olds grew most quickly in these sectors: leisure, travel & tourism (+249%), health, public services & care (+110%), and business, administration & law (+87%). In addition, retail & commercial enterprise accounted for more than a quarter of all 16–24 starts in 2010–11. These figures partly reflect the art of the possible: it has been easier to persuade large employers in service sectors to provide apprenticeship places than to find new places in engineering, manufacturing and construction, not least because of the state of the economy.

44. More recently, there has been pressure to deliver large number of adult apprenticeships. Faced with stretching targets, the National Apprenticeship Service has—not unnaturally—concentrated on businesses which are capable of delivering high volumes of apprenticeship places, such as large multiple retailers.

45. In addition, the National Audit Office has pointed out that:

A growing area for attention ... is apprenticeships that are delivered very quickly. In 2010/11, 19% of apprenticeships (34,600) lasted less than six months, with 3% (6,200) lasting less than three.⁶⁴

46. There are several problems with this, all of which tend to bring apprenticeships into disrepute:

- public money pays for training that would have happened anyway—so-called “deadweight”
- some employers re-designate existing staff as apprentices instead of recruiting unemployed people
- where apprenticeships take as little as 12 weeks to complete, staff with *pre-existing* skills are being assessed for qualifications solely to enable their employer or training provider to claim public funding.

47. In December 2011, Morrisons group HR director, Norman Pickavance, appeared to confirm that this was happening. According to the Guardian,

While Pickavance says Morrisons has always provided staff training, he makes no bones that the apprenticeship funding isn't paying for much in the way of further skills development. Rather, it pays for assessors who mainly spend their time in-store observing and accrediting employees' existing skills in order to award paper qualifications.

If that funding was removed, he [Pickavance] says, “we would continue with excellent training. But regarding qualifications, they're not necessary for our business, so we would stop and pause on that I think”.⁶⁵

48. Against this background, the government is right to target support to those apprenticeships and sectors which deliver the best returns.

What do Individuals and Employers Want from Apprenticeships?

49. In very broad terms:

- Young people choose an Advanced Level Apprenticeship because they have clear career ambitions and see ALAs as a fast track to level 3 skills, a stable job and good long-term prospects
- Some young people choose an Intermediate Level Apprenticeship because they, too, have clear ambitions and see ILAs as a way of getting entry-level skills and paid work
- Other young people are less clear about their ambitions: they choose an ILA because it's preferable to full-time education or unemployment
- Adults choose an apprenticeship (at any level) because they need to retrain for a new career
- Some employers offer apprenticeships—particularly ALAs—because they want to recruit talented people for long-term careers, not just short-term jobs

⁶⁴ National Audit Office report on Adult Apprenticeships, HC 1787, February 2012.

⁶⁵ Apprenticeships: the long and short of learning a trade, The Guardian, 9 December 2011—<http://www.guardian.co.uk/money/2011/dec/09/apprenticeships-learning-a-trade>

- Other employers see apprenticeships as a means of filling current vacancies, don't think in terms of long-term potential and don't expect apprentices to stay with them for very long.

50. The key point is that apprenticeships operate like a market. There has to be an employer willing to offer an apprenticeship and an individual willing to take it.

51. There is very high demand for some apprenticeship placements. Young people clearly understand the potential benefits of working for—say—Rolls Royce or BT Openreach. Similarly, some occupations are over-subscribed because young people think they offer good long-term prospects, including the opportunity to run their own businesses: an obvious example is plumbing.

52. In other cases, the reverse applies: there are more places available than candidates willing to fill them. Historically, the hospitality industry has struggled to recruit people because of perceptions of long hours, relatively low pay and job insecurity.

Who Decides the Content and Structure of Apprenticeships?

53. Because individuals and employers want different things, apprenticeships involve compromise. An employer may wish to offer a bare minimum of training and development, linked to the current needs of the business. The individual may want more than the bare minimum, because he or she has longer-term ambitions.

54. Because public funding is at stake, the state has become involved in finding a compromise between the wishes of employers and the needs of individuals. Indeed, the state effectively acts on behalf of individuals in deciding what generic learning should be included in apprenticeship frameworks. The state protects the interests of individuals by saying to employers, “we will subsidise the cost of training new recruits, but in return you must work to nationally-agreed standards”. The needs of employers are expressed by their representative bodies—particularly Sector Skills Councils. Standards drafted by SSCs and their partners are subject to approval by government agencies.

55. Some critics of apprenticeships feel the state has not done enough to protect the interests of individuals. Alison Wolf argued that apprenticeships for younger people should offer more in the way of “generalisable” education:

16–19 year olds apprentices are legally full-time employees rather than students; but they should, nonetheless, be primarily engaged in learning—including, primarily, generalisable and transferrable skills. The corollary is that their employers should be operating in part as educators as well as employers ... any apprentice for whom an employer receives funding should, indeed, be engaged in broad learning, and not just on-the-job training or standard training of the type received by regular employees other than apprentices.⁶⁶

56. Professor Wolf may well be right. However, we also have to consider how young people and employers might react to additional requirements.

57. Some young people choose apprenticeships because they are fed up with classroom study. Some take GCSE exams in English and maths several times without achieving the magic grade C: it may not be easy to make them carry on until they are 18.

58. The answer to that particular challenge should be to make maths and English more relevant to the jobs apprentices are being trained to do. Indeed, there are examples where this happens already, with good results. However, it isn't easy to take best practice and implement it everywhere. One barrier is that people with the skills to teach—say—apprentice chefs might not have the skills to teach them maths and English as well: so who will?

59. There is also a tendency to assume that Apprenticeships have to be of a certain duration, when—in their modern form—they were designed to be flexible. Apprentices get their certificates as soon as they have demonstrated competence in the full range of work-based skills, and the required level of underpinning knowledge. A minimum duration is by its nature arbitrary, and may not bring any lasting benefits.

60. We therefore have to be careful not to put young people off the idea of apprenticeships. The same goes for employers. We want more employers to offer more apprenticeships. But if we ask too much of them, some will decide not to offer apprenticeships at all, or to limit opportunities to people aged 19 and over.

2 February 2012

⁶⁶ The Wolf Report, op cit.

Written evidence submitted by the Electrical Contractors' Association (ECA)

EXECUTIVE SUMMARY

1. While there is presently no proper definition of an apprenticeship in the UK, it is generally accepted that it will lead to public recognition on completion that the apprentice has achieved proficiency in a trade, profession or occupation. Short training courses that do not properly ready a candidate for a career in his or her chosen profession should not be treated in the same way as a demanding four year Level 3 apprenticeship. A focus on quantity continues to dilute the apprenticeship "brand", so public funding and Government focus should be targeted at encouraging apprenticeships in the true sense of the term, rather than to subsidise employers and training providers in offering less effective, lower level training.

2. As part of ensuring quality provision, the Government should reverse its idea to "badge" the technical component of an apprenticeship as an apprenticeship in its own right. There is little value for learners in such arrangements, which are commonly called programme-led apprenticeships, because the full apprenticeship is only delivered when the learner has achieved the work-based training component provided by an employer. There is also no value in learners believing they have fully qualified when the relevant industry cannot recognise their achievement and offer them employment. This would create confusion within the apprenticeship framework. Notwithstanding the clear commercial benefit for colleges and training providers, this situation does not serve the employer, learner or the taxpayer.

3. In industries such as construction, where new apprenticeship start figures released by the Government in October 2011 comparing the 2010–11 academic year against the previous year were roughly flat, the availability of contracts is the central factor that determines whether companies will take on and deploy apprentices. With this in mind, certainly in construction, public funding on capital spending is perhaps the best way to boost meaningful apprenticeship numbers. Another move that could have an impact on boosting training in the construction sector would be for Government to promote main contractors and clients to include in their pre-qualification questionnaires (for suppliers to access tender lists) relevant individual qualifications requirements. This would reinforce that relevant skills and qualifications were expected to be present amongst the workforce and help turn the acquisition of skills into a business driver.

4. We advocate Government requiring all public bodies to tie meaningful and appropriate apprenticeship commitments to contracts tendered, ensuring that where there is work, training is taking place.

5. Whilst £1,500 apprenticeship bonuses for SMEs are a welcome measure, a greater level of support is likely to be necessary, particularly in the first year when an apprentice is largely unproductive and needs more supervision. This is particularly the case in more specialised and demanding apprenticeships where the employment costs of a Level 3 aspirant apprentice over a four-year training period might be £80,000. In the electrical contracting industry, where the majority of operators are small firms, SMEs make a very significant contribution to training in the industry. As such, SME disengagement in our industry could have a disproportionate effect.

6. The current funding arrangement of halving public support for apprentices over 19 is arbitrary and does not take into account different industry operating environments. More specific industry involvement in developing apprenticeship budgets for their respective industries might help attract more employer engagement, particularly where new start figures are flat.

INTRODUCTION

7. The Electrical Contractors' Association (ECA) welcomes the opportunity to respond to the inquiry. The ECA is the UK's largest trade association representing electrical engineering and contracting companies. The electrical contracting industry employs 350,000 operatives and 6,000 apprentices. Our 3,000 members range from local electricians to national companies with several branches employing thousands and our members carry out a range of work, from domestic heating and lighting to cutting edge environmental control technology.

8. Skills are a key area of concern for the ECA. The average age of a qualified electrician (NVQ Level 3) in the commercial & industrial (C&I) part of our industry is 45–50 years old. C&I electricians are expected to hold industry recognised qualifications, and the looming skills shortage has been exacerbated by a long-term decline in employers taking on apprentices, partly resulting from a rise in the use of agency labour and partly because of the cost of employing apprentices (given the fluid labour market in the industry where qualified apprentices may move on before the employer can recoup what he/she has invested in training the apprentice over four years).

9. Another aggravating factor has been the proliferation in construction of pre-qualification certification schemes. Operated by the client or main contractor, these pre-qualification questionnaires (PQQs) test suppliers on a range of questions which relate to the corporate competency of suppliers to carry out potential work. Suppliers are then placed on the client's or main contractor's tender list. Whilst these schemes play an important role in giving clients details about company standards, many do not incorporate meaningful references to the qualifications of those employed by the supplier concerned. Many private clients and main contractors operate numerous, often duplicating PQQ schemes. Maintenance by a supplier on numerous tender lists is expensive and diverts companies from investing in their workforce. Put simply, PQQs drive new business, and the decoupling of relevant employee qualifications means that the acquisition of skills does not. Government should

recommend PQQs to require relevant individual qualifications. This move, if followed by private clients and main contractors, could have a powerful effect on boosting training in the construction sector.

10. Whilst economy-wide apprenticeship numbers have increased in the last year with the re-alignment of public funding away from other forms of training, the construction industry has not replicated this trend. Indeed, this is reflected in a June 2011 ECA member survey, where half of respondents stated that they had trained an apprentice in the last 12 months; however, less than a quarter planned on taking on an apprentice in the next twelve months.

11. Despite the decline in apprenticeship numbers within electrical contracting, it is still one of the key industries providing apprenticeships within the craft industries and the wider economy.

ANSWERS TO THE COMMITTEE'S QUESTIONS

(a) How successful has the National Apprenticeship Service (NAS) been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

12. In our industry, where the training infrastructure (established training providers, for instance) has long been in existence, as has a culture of training apprentices, the NAS has not had a significant impact on quality or provision. Industries with nascent apprenticeship offerings may have benefitted more.

13. In the ECA's view, the NAS is more distant from industries and trade bodies than the Sector Skills Councils (SSCs) in terms of responding to enquiries or seeking stakeholder viewpoints. It seems only to recognise employers and potential apprentices and has no effective mechanism to respond to questions or input from organisations such as the ECA, which play a significant part in shaping our industry's engagement in apprenticeships.

14. Additionally, NAS' advice to employers and prospective apprentices is much more general than that available from, say, the SSC, the ECA or specialist training providers serving our industry. The value-added input here is questionable. Both issues are understandable given NAS' difficult task of having to operate across the economy. NAS' role and funding received as a certification body for apprenticeships would be better retained within the SSCs.

(b) Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

15. The ECA welcomes recent government attempts to promote and influence training. However, they have used the apprenticeship "brand" to do so by stretching its definition. This has seen public money being spent on "apprenticeships", which are nowhere near to what an apprenticeship should be. The Skills Minister, John Hayes MP's pre-Christmas declaration that all new apprenticeships must take place over a minimum of 12 months is welcome, as is the Government's proposed review of the quality of apprenticeships and promise to withhold public funding from sub-standard training. (The latter needs to be properly defined in consultation with industry, and then enforced).

16. Public funding should be available for apprenticeships that really do prepare an individual for a career in a chosen profession or trade. Funding, however, should not be made available where firms and training providers have labelled basic training programmes as apprenticeships in order to attract public funding. A rigorous Level 3 apprenticeship should not even be compared to a twelve week training course that, in the ordinary course of events, would be funded wholly by the employer as a basic training and staff induction activity. We need to focus public funding instead on the kind of apprenticeships that can add value to individuals, industry and UK plc in the longer term. This may be through indirect funding of apprenticeships to encourage participation by corporation tax or national insurance breaks, for instance.

17. Looking at indirect funding levers, in the wider construction industry, the ECA believes that increasing capital spending may be the best way to stimulate meaningful training. Work is crucial in order for employers to take on apprentices and give them the ability to deploy the learner.

18. For direct apprenticeship funding to have a greater impact, particularly with a view to re-engaging SMEs, more funding is necessary. The Government may be able to redirect funding towards respected and rigorous apprenticeship training that is of strategic importance to the UK by reducing the support available for training that does not deliver the same quality of output.

19. One way of increasing meaningful training is by tying training requirements to public contracts above a certain value. Plans to tie proportionate training requirements to appropriate public sector contracts could help ensure that all firms tendering for public work operate on a level playing field (ie companies that have withdrawn from training as a business model have lower costs and benefit from the investment of others). This would re-establish the acquisition of training as a business driver—which is of particular importance in parts of the economy where a growing market failure exists because industries are not investing in the next generation of skills (such as electrical contracting). For companies that do currently train, we do not foresee any increase in bureaucracy if the measure is implemented in the right way.

20. Of note, where local authorities are stipulating apprentices in construction contracts they tender, should the apprenticeship last longer than the contract, firms should be allowed to register these apprentices where other local authorities demand similar requirements. Currently, apprentices sometimes hired under one public contract are being “let go” mid-training by firms, with “new” apprentices needing to be registered for another contract.

(c) Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

21. In traditional craft industries where apprenticeships have their roots, it is assumed that an apprentice will, on completion, be able to work effectively and unsupervised in his or her chosen occupation. Since Level 3 is the lowest level vocational qualification that develops and measures the ability to work unsupervised, it is the ECA’s view that the term “apprenticeship” should only apply to frameworks producing Level 3 or better outcomes.

22. Government and industry may choose to recognise and potentially fund lesser frameworks and qualifications where they are seen as useful, but the ECA would ask that these be called something else.

23. There should be a greater focus on encouraging higher apprenticeships. Indeed, On 1 February 2012, the National Audit Office (NAO) published a report, “*Adult Apprenticeships*”, which noted that only 33% of apprenticeships in England are at advanced level (Level 3), compared to 60% in France.

24. Firms such as the UK’s major construction contractors may recruit high-potential apprentices that can move swiftly into junior management and beyond—these are likely to be individuals that possess the capacity to go to university, but have a different set of aspirations. To ensure the development and retention of a technically-literate management base in this country, the apprenticeship route must be capable of appealing to such individuals and the firms that will employ them.

25. The ECA does have serious concerns that the Government intends the college-delivered technical component of a qualification to become a qualification in its own right (aligned with, but distinct from an NVQ). These alone will not leave an individual qualified to enter our industry. The only possible beneficiaries from such a development are awarding bodies, colleges and training providers, which have a simple commercial interest in this activity. We recommend that the Government does not carry forward this change in classification. If the decision has been made, we urge the Government at the very least to require providers to make transparent the real value of such courses to learners and employers, so that no-one mistakes them for full, industry recognised qualifications.

26. The industry is already concerned about the growth of sub-standard training that is taking place outside the apprenticeship framework (particularly where public funds are drawn down), and the confusion created for learners and employers. The re-classification of apprenticeship components, as mentioned above, would simply add another layer of uncertainty, and worse still, would create confusion within the apprenticeship framework.

27. Indeed, the ECA fears that, if unchecked, such training will serve to further weaken the UK’s vocational skills base. In our industry, part-qualified operatives will likely swell the numbers of those already working in the domestic sector and grey economy, rather than fully qualify to be able to enter the C&I sectors, where there is an imperative to qualify and where the industry is experiencing an entrenched skills shortage.

28. This follows the regrettable decision of the Department for Education, in Spring 2012, to extend funding and accreditation for six technical certificates⁶⁷ even though the entire building services engineering sector expressed concern that their continued funding and delivery by colleges and training providers has led to individuals attempting to enter the industry without a recognised qualification. We are convinced that only full, industry recognised qualifications should receive public funding.

(d) Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

29. The £1,500 apprenticeship bonus for companies taking on their first young apprentice is very welcome in the context of an investment in skills. However, for more specific and demanding Level 3 apprenticeships, which are likely to be more expensive and with employment costs over four years perhaps totalling £80,000, this level of support is not enough to exert significant influence over a company’s decision to employ. A greater level of support (or flexibility of funding, as outlined in answer to question “e”) is necessary, particularly in the first year when an apprentice is largely unproductive and needs more supervision.

30. In industries such as ours, which is mostly comprised of small businesses, encouraging SMEs to train in difficult economic times is of particular importance. Currently, SMEs make a very significant contribution to training in the industry, especially given that some of the bigger industry players have chosen to employ an indirect workforce (limiting the training that they can offer).

⁶⁷ The building services engineering qualifications to gain funding and accreditation were: Level 2 Certificate in Electrotechnical Technology (Code: 10035692), Level 3 Certificate in Electrotechnical Technology (Code: 10036027), Level 2 Certificate in Basic Plumbing Studies (Code: 10033567), Level 3 Certificate in Plumbing Studies (Code: 10033579), Level 2 Certificate in Heating and Ventilation (10035126) and Level 3 Certificate in Heating and Ventilation (1003514x)

31. Of course, security and availability of work—particularly in the longer term—is the key factor influencing the decision of any business, but especially that of an SME to invest in an apprentice. Such a decision commits the employer to a three to four year training programme and certainty about the future viability of the business is a central consideration.

(e) Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

32. Arbitrary funding policies can prove inflexible. Whilst the ECA accepts there is a strong social imperative to say that 16–18 year olds should be funded to a higher degree than more mature apprentices, we believe that it would be productive to allow industries the opportunity to feed into Government on the way funding should be spread to suit their particular business environment. By way of example, most apprentices under 18 cannot enter a construction site. This inhibits work-based training and limits the willingness of firms to take on slightly older apprentices when they might lose access to 100% funding. Encouraging industries seeking to tailor funding packages to enter into discussions to better suit their firms' needs might encourage a greater engagement in training.

3 February 2012

Written evidence submitted by Energy & Utility Skills Limited

EXECUTIVE SUMMARY

1. We welcome the opportunity to provide written evidence to this inquiry to contribute to an increase in quality and employer engagement in the Apprenticeship programme.
2. The Energy and Utility Skills Group makes the following recommendations:
 - (a) While there clearly needs to be consistency of standards at a national level to protect the Apprenticeship brand, minimum government requirements for Apprenticeships should be better aligned to sector needs.
 - (b) The role of Issuing Authorities should be extended to give the remit to make a full judgement regarding what is a fit for purpose, quality Apprenticeship in the sector represented.
 - (c) Government should continue to recognise Apprenticeships at level 2 whilst developing the technician class of Apprenticeships.
 - (d) Government to consider the incentives that can be offered to support employers recruiting Apprentices aged 19–24.
 - (e) Government should work closely with Sector Skills Councils, employers and their supply chain networks to understand where and how properly targeted bonuses could enable SMEs to increase their intake of Apprentices.
3. Further detail on these recommendations can be found in paragraphs 4 to 32 below.

INTRODUCTION

4. This evidence is submitted by the Energy and Utility Skills (EU Skills) Group. Operating across England, Northern Ireland, Scotland and Wales, the group comprises EU Skills and, as a wholly owned subsidiary, the National Skills Academy for Power (the Skills Academy).

5. EU Skills is the Sector Skills Council (SSC) for the gas, power, waste management and water industries. EU Skills' purpose is to ensure that our industries have the skills they need now and in the future. As an employer-led organisation with a Board that demonstrates a wealth of experience in the sector, EU Skills has over 95 employer members with representation across the sector and its supply chain.

6. EU Skills is the designated Issuing Authority for Apprenticeships with regard to occupations in electricity, gas and water supply, and waste management (also includes gas utilisation, recycling and waste water collection and treatment)

7. Through collaboration, the Skills Academy will develop the capacity, capability, quality and consistency of training and education to deliver the skills needs of a sustainable UK power sector. The Skills Academy has 28 employer members with representation across power generation, transmission, distribution, metering and the supply chain.

8. The energy and utility sector is critical to the UK economy. As a net importer of gas, with 16 power stations due to close by 2018, security of supply and affordability is critical to future growth, and to ensure UK industries are competitive. This presents major challenges for investment in infrastructure and skills. EU Skills' research⁶⁸ suggests that across the UK there are 561,550 employees operating in the sector within

⁶⁸ EU Skills, Sector Skills Assessment (2010).

60,155 businesses. The total GVA of the sector in 2008 was £26,368 million, representing 2.1% of total UK GVA.⁶⁹

BACKGROUND

9. The key drivers for skills within the sector are:

- (a) Given the safety critical nature of the sector it is of primary importance that all employees are occupationally competent.
- (b) The sector is experiencing an ageing workforce which is forecast to worsen over the next 15 years. Subsequently, a skills deficit exists in craft and technical roles and significant extra investment in attracting and retaining skills is required to refresh the workforce.
- (c) Replacement of ageing infrastructure and the introduction of new technologies is driving the need for significant investment and engineering and higher-level skills across the sector.
- (d) The five year regulatory cycle for the gas (transmission and distribution), power and water industries impacts on recruitment and skills development, with employers having to consider headcount targets over and above retention of key skills and expertise.
- (e) The drive for a UK-wide reduction in carbon emissions to meet climate change commitments is impacting on the sector. The transition from burning gas and coal to generate power towards the increased use of renewable and low carbon technologies (including nuclear and advanced waste treatment technologies) are driving the capability profile of the sector's workforce.

10. The ambition and business imperative for the energy, utility and environmental sector is to recruit the estimated 94,000⁷⁰ new recruits needed in the next five years (over 15% of the current sector workforce) to replace an aging technical workforce and, crucially, to enable the rapid introduction of new energy technologies to fulfil society's expectation of a 'green economy'. At least 8,000 new trainees will be needed.

11. Apprenticeships at level 2 and 3 are historically, and continue to be, a key mechanism of recruitment and training in the gas, power and water industries. The importance of Apprenticeships to the sector is demonstrated by employers below:

"By employing Apprentices, we are able to attract young people into the industry helping raise awareness of the varied and exciting job opportunities available...Apprenticeships are a great way to attract new people who really add value to the business." Viridor, 2010:

"Scottish Gas could not meet their business objectives if we did not have the manpower that Apprentices bring to us. We recognise that there is a skills gap due to the aging workforce so we have accelerated our recruitment drive to plug this gap".Scottish Gas, 2011

"At Welsh Water, our business is built on growing talent from within...bringing Apprentices into the workforce has enabled us to succession plan for the future and grow our workforce, ensuring our very best standards of service continue to be delivered to our customers".Welsh Water, 2011

12. In December 2010, an Apprenticeship in Sustainable Resource Management was introduced to the waste management and recycling industry in England and Wales. In England, 420 starts were registered over the period January—July 2011.

RESPONSES TO THE TERMS OF REFERENCE

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

13. Whilst a joint Apprenticeship unit exists, each department has a different focus. BIS is concerned with the competence and skills required by industry for innovation and growth whilst DfE view Apprenticeships as a learning programme which will help in raising the participation age to 18. This dichotomy of agenda is intended to be complementary but leads to confusion in policy interpretation and delivery.

14. We welcome the purpose of NAS to support, fund and co-ordinate the delivery of Apprenticeships throughout England. We would also welcome greater integration with this service and that of the sector expertise provided by effective SSCs. It is here where greater growth in Apprenticeship numbers will come.

15. NAS has a role to improve the certification arrangements for successful apprentices. As part of this role, NAS has recognised the importance of the sector expertise held by SSCs and now operates a hub and spoke certification model where SSCs lead on evidence checks and certificate issue.

16. EU Skills supports the intentions announced by John Hayes to help ensure that every Apprenticeship delivers world class training for learners and businesses. However, government should be mindful that extending the minimum duration of an Apprenticeship may not lead to an automatic increase in quality in all

⁶⁹ ONS 2010, Regional Accounts.

⁷⁰ Derived from EU Skills' Workforce Planning Model and Working for a Green Britain: volume 2 (EU Skills and Renewable UK, 2011).

cases. In order to achieve the best possible Apprenticeship system, future changes should be subject to employer consultation to ensure that the proposal has their full support.

17. Government should consider that Apprenticeships are designed to deliver occupational competence in a job role. Occupational competence is demonstrated through achievement of the component parts of an Apprenticeship which can be completed by some Apprentices more quickly than by others. Therefore, Apprenticeships should be outcome based and not time served.

18. To achieve a consistent understanding of the new policy requirements and a smooth transition from old to new requirements, Government must ensure that the implementation of these (and future) changes is communicated early in a transparent and consistent manner. To provide an example, In August 2010, EU Skills issued an Apprenticeship which had been developed following a quality assurance process and met the statutory requirements and written guidance provided by BIS. EU Skills was advised in December 2010 that this Apprenticeship could not be funded because it fell short of additional NAS criteria which at that time, had not been formalised or communicated in any way. Funding rules should be aligned to the Specification of Apprenticeship Standards for England which must be more strategic with ownership by employers and a collaboration of interested bodies.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

19. Yes, this funding is necessary to support UK businesses as a whole. What is more of an issue for the energy and utility sector is that government priority age groups do not align with the target age groups for our sector. Further information can be found in paragraphs 26–32.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

20. All EU Skills developed frameworks are designed in partnership with employers following a robust consultation process with all relevant stakeholders to ensure a high quality, fit for purpose framework that meets the needs of employers and Apprentices in the job role, whilst aligning with government policy.

21. Minimum government requirements outlined in the statutory Specification of Apprenticeship Standards for England (SASE) are designed to fit UK businesses generically and not sector specific requirements which may sometimes be compromised in an effort to meet statutory requirements.

22. Issuing Authorities issue Apprenticeship frameworks in their sector against statutory requirements and a quality assurance development process. However, issued Apprenticeships are then judged against additional criteria established by the National Apprenticeship Service which determine whether they are fundable. These criteria are not employer led and have not been formalised or communicated. The role of Issuing Authorities should be extended to enable it to make a full judgement regarding what is a fit for purpose, quality, Apprenticeship in the sector.

23. EU Skills evaluates the quality and effectiveness of our Apprenticeship frameworks and measures their success in helping employers meet their workforce development needs. This evaluation feeds into EU Skills' Apprenticeship strategy and provides evidence to influence external Apprenticeship policy where required.

24. To date, there have been no externally developed Apprenticeship frameworks in the sector. This is primarily because sector employers trust and expect EU Skills to conduct this activity on their behalf.

25. Apprenticeships must be developed around the requirements of competence in a job role. In the sector there are a range of level 2 and level 3 job roles for which Apprenticeship are the appropriate training solution. Additional level 3 Apprenticeship frameworks will only be developed if suitable job roles exist and employer demand is evidenced.

26. Government should not lose sight of the critical role Apprentices at level 2 play in the economy. Research by EU Skills⁷¹ demonstrates the demand for level 2 Apprentices increasing from 723 Apprentices on an annual basis in 2012, to 841 in 2024. These statistics exclude waste management, renewable energy and the supply chain and assume no industry growth. When these statistics are compared to Apprenticeship starts across the sector it is clear that the industry needs to increase Apprentice starts at level 2 to meet the acute skills gaps that exist.

27. We support the governments ambition to develop technician level Apprenticeships (level 3) as the level to which employers and learners aspire, however, government must continue to recognise Apprenticeships at level 2 which are appropriate for some job roles and have a fundamental place in the sector.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

28. We believe that there may scope for targeted bonuses to apply to SMEs. Government should work closely with Sector Skills Councils, employers and their supply chain networks to understand where and how

⁷¹ Energy and Utility Skills Workforce Planning Model, 2011 (unpublished).

properly targeted bonuses could enable SMEs to increase their intake of Apprentices, especially where this could impact on youth unemployment or in disadvantaged areas.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

29. No, the current funding arrangement is not appropriate. Apprenticeship funding should not be age bound; there should be equality of opportunity for all ages where appropriate.

30. The rationale that has been provided for the 50% reduction in funding for Apprentices aged 19+ is that these Apprentices require less input to achieve occupational competence. In the energy and utility sector, the time taken to achieve competence is unique to each Apprentice and is affected by a wide range of factors of which age is just one.

31. In our sector the knowledge input can be cost intensive. To ensure quality training, providers will need to invest in a wide range of equipment to ensure Apprentices are able to practice tasks in a safe environment. This input is equally important regardless of age.

32. Whilst school leavers in the 16–18 are an important source of recruits, there are some job roles where the sector actively seeks Apprentices in the 19–24 and 24+ age groups. The reasons for this include:

- (a) the degree of responsibility and maturity required where individuals work alone and/or in safety critical situations;
- (b) age restrictions for working on site;
- (c) the job involves shiftwork;
- (d) the ability to drive; and
- (e) difficulties in insuring younger employees.

“The nature of the industry (safety first) means the we (Alstom) purposely do not recruit at age 16, or possibly even 17, due to the age restrictions for working on a site.”

ALSTOM, 2012

33. Due to the low numbers for Apprenticeships in niche areas and current funding priority groups, cohorts of Apprentices aged 19–24 will, on occasion, be run at a loss by providers—the costs incurred passed on to the employer. To underpin succession planning, the sector requires a mechanism that supports employers to recruit Apprentices in this age group. We understand that in the current economic circumstances an increase in funding may not be possible, so we recommend that government considers the incentives that can be offered. For example, reducing the cost of employment through tax breaks or a reduction in national insurance contributions.

RECOMMENDATIONS

34. The EU Skills Group makes the following recommendations:

- (a) While there clearly needs to be consistency of standards at a national level to protect the Apprenticeship brand, minimum government requirements for Apprenticeships should be better aligned to sector needs.
- (b) The role of Issuing Authorities should be extended to give the remit to make a full judgement regarding what is a fit for purpose, quality Apprenticeship in the sector represented.
- (c) Government should continue to recognise Apprenticeships at level 2 whilst developing the technician class of Apprenticeships.
- (d) Government to consider the incentives that can be offered to support employers recruiting Apprentices aged 19–24.
- (e) Government should work closely with Sector Skills Councils, employers and their supply chain networks to understand where and how properly targeted bonuses could enable SMEs to increase their intake of Apprentices.

Written evidence submitted by the Engineering Construction Industry Training Board

1. EXECUTIVE SUMMARY

- (a) *How Successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding departments (BIS and Department for Education):*
- i. Feedback from our employers and stakeholders leads the ECITB to believe that there is no evidence to date that NAS has helped to bridge the gap. Feedback is that the funding landscape, processes and organisations involved have become more confused and bureaucratic. There is less visibility and therefore accountability of key figures who lead the country's skills agenda and policy. Some companies have stated that they have a significantly reduced level of engagement and support since the change.
- (b) *Is the extra funding promised by the Coalition Government necessary for apprenticeships:*
- i. Funding is both necessary and welcome, but specific targeting in the use of the funding should be considered.
 - ii. Funding is a very good way to assist employers with the cost of the apprentice in the initial stage of his/her training but needs to be for all apprentices in all areas not just SME and new intakes.
- (c) *Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships:*
- i. The ECITB believes that, in general, apprenticeships are of a high quality and therefore clearly benefit apprentices and their employers. However, there are too many indications that in some areas quality is being sacrificed for the sake of funding. The ECITB is confident that its apprenticeships are of the highest quality and deliver what the engineering construction industry needs.
 - ii. Feedback suggests that some employers would welcome more Level 3 apprenticeships and others stating that there are sufficient to meet current needs. This needs further investigation into individual companies and their needs.
 - iii. Some employers feel that all engineering apprenticeships should be NVQ level 3.
- (d) *Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on an apprentice? If not what will:*
- i. The payment of bonuses is a difficult area. The idea of providing wage subsidy at the start of employment and a bonus on completion has been tried previously with varying degrees of success.
 - ii. Compared with the overall level of investment an employer makes to train an apprentice in engineering, the bonus will only be marginal and therefore benefits may not be significant.
 - iii. Some employers were not aware of the bonuses or what they are.
 - iv. More funding could be made available for when apprentices are non-productive. Reward and recognition is important but rushing to get a bonus is not always productive in the long term.
- (e) *Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate:*
- i. The ECITB firmly believes that there should be no differential in funding rates.
 - ii. Feedback from some employers stated that more funding for the 19–24 year old age group would be more appropriate.
 - iii. Other felt that funding should be equal for all apprentice groups, especially when taking into consideration that the engineering construction industry traditionally looks for slightly older apprentices due to Health & Safety site requirements and the transient nature of the workforce.
 - iv. The cost of training delivery is the same for both age groups, and the differential funding based on age would appear to be illogical.

2. ABOUT THE ECITB

- (a) The ECITB is an approved Statutory Industry Training Board and has been successfully operating for over 20 years.
- (b) Our 100% employer led and funded regional model has successfully supported over 1,000,000 learners in that time
- (c) It is recognised by UKCES as an Issuing Authority.
- (d) It is an Apprenticeship Framework developer.
- (e) Since 2005 the ECITB has increased the number of new apprentices each year by 500%
- (f) In 2010, ECITB supported 2,000 new entrants and 27,000 other learners through on-line programmes and initiatives
- (g) ECITB has trebled annual learners in core skills programmes to 15,000.
- (h) Approximately 45,000 people achieve ECITB safety awards each year.
- (i) We have seen a 15 fold increase in the uptake of VQs annually.

- (j) All this is delivered through a strong network of over 200 assured and licensed providers.

3. THE FACTS

- (a) The ECITB's employer-led model is an exemplar for increasing training outcomes, particularly for apprenticeships, and reducing public expenditure by 15–20%.
- (b) The industrial and energy sectors are particularly important areas that need well advanced science, technological, engineering and project skills to support the delivery of £250 billion of capital investment by 2020. This is in addition to ongoing repair and maintenance investment of £70 billion and decommissioning of £30 billion. Giving a total of £350 billion of investment.
- (c) The vast majority of the investment will be spent in tier 1 and 2 supply chain of engineering and project management contractors, construction and tier 3 equipment manufacturers.
- (d) Around half the investment relates directly to people and skills and will drive the employment of 200,000 people. 150,000 (75%) will be in engineering construction and construction contractors. The rest of the investment is for materials and equipment provided by the manufacturing industries, which in turn will employ another 50,000 people.

4. RECOMMENDATIONS

- (a) The ECITB recommends that BIS is given sole responsibility for Apprenticeships and that NAS is absorbed into the Department.
- (b) The ECITB recommends that employers are given greater control over public funding for apprenticeships. The ECITB is fully supportive of the recent UKCES paper on "Employer Ownership of Skills". Greater control means increased responsibility for public monies and increased accountability, but the ECITB is convinced that a streamlined funding approach will benefit apprentices, employers, providers and the public purse.
- (c) If NAS are to continue and function effectively they need a greater understanding of the sectors in which apprenticeships operate. We would recommend that there are sector specialists employed to advise senior management on framework development and implementation issues.
- (d) NAS has to have greater confidence in the organisations who have been given Issuing Authority status. These organisations are best placed to understand employers and learners needs.
- (e) The ECITB recommends that all funding differentials are removed. This would encourage employers to consider taking on greater numbers of 19–24 year olds, particularly those that have been unemployed for a number of years as a result of the recession, or leaving school with A Levels and rejecting University.

3 February 2012

INTRODUCTION

The following pages represent the views of the Engineering Construction Industry Training Board (ECITB). We have also sought the views of employers and providers in our sector and their feedback is also attached.

If the responsibility for Apprenticeships continues to be split between BIS and the Department for Education, the ECITB would fully support the continuation of National Apprenticeship Service (NAS), as an agency to bridge the gap between the two departments.

However, in our opinion a far more sensible and efficient approach would be to give responsibility to one department only and we would recommend that that department is BIS. NAS could then be absorbed as a division of BIS with responsibility for promoting and incentivising apprenticeships and working with the SFA on funding.

The people who understand what the real needs of learners and employers are, are the employers themselves, and their representative bodies such as the ECITB. The ECITB and SSCs have been given Issuing Authority status and they should be allowed to get on and do their job. There is too much interference from NAS in development and implementation issues, particularly from people who, in our opinion, are not qualified to comment. In some cases we believe policy is being formulated "on the hoof".

The feedback from NAS would be more acceptable if Framework Developers and Issuing Authorities believed that it came from informed sources, individuals with sector and industrial experience.

1. *How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)*

a. Put simply we do not believe NAS has been successful. We see no added value or benefits from the organisation. Feedback from our employers and providers, plus own experiences as a framework developer, support this view. If NAS is to survive it needs to change dramatically.

b. As previously stated, there is too much interference in development and implementation and decisions taken are difficult to understand. For example it should be a source of some discomfort to NAS that the number of Level 2 apprenticeships starts since its inception greatly outnumbers the number of Level 3's and at a time

when the Engineering Construction Industry was being deprived of funding for a framework for which there is proven demand, NAS and the Skills Funding Agency were supporting the funding of apprenticeships lasting 12 weeks. How anyone could consider a 12-week apprenticeship devoid of any real training, on or off-the-job, to be of a better quality than one with employer support and a significant degree of highly technical training is bewildering.

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

a. We fully understand and appreciate the position the government finds itself in with regards to public funding, but the future infrastructure of this country depends, to a significant extent, on the apprentices of today and for the next 10–15 years. They are the designers, engineers and project managers of the future.

b. Any government has a responsibility to share that financial burden with the private sector, therefore, there are sectors such as the engineering sector, the construction sector and our own engineering construction sector for which the extra funding is vital. These sectors, due to their safety critical nature and degree of skill required to be attained by an apprentice BEFORE going on the job, require intensive off-the-job skills training programmes. These programmes have huge, associated costs for consumables, staffing, etc. Consumable costs, such as steel, gas, building supplies will have escalated greatly in recent years with no proportional increase in funding. Extra funding is a necessity.

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

a. For the most part ECITB deliver Level 3 Apprenticeships. ECITB go beyond what is required of the SASE and therefore the “quality” of our apprenticeships is beyond reproach. It is the view of the ECITB that NAS appear to have introduced a “one-size-fits-all” approach to how apprenticeships and their perceived quality are viewed. It has been suggested by NAS that apprentices complete the learning for their competence qualification entirely on-the-job, in other words no prior training in the necessary practical skills. Whilst this may be viable for occupations such as business and administration it is untenable for the engineering construction industry and the ECITB will continue to look to develop frameworks that industry needs and wants, regardless of NAS’s opinion.

4. Apprenticeship bonuses—How should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

a. The ECITB was not aware of the concept of Apprenticeship bonuses, nor it would appear were our employers, and it is therefore unable to comment in any constructive way. However, we do fully support the UKCES report on Employer Ownership of Skills’ and the announcement of a pilot programme giving employers greater control of public funding.

b. If the funding mechanisms are effective and funding is fair and equitable across all age groups, then there is probably no need for bonuses. Employers of all sizes would be content with sufficient support for training and development of their apprentices without the need for one-off payments, or any bias towards SMEs.

5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

a. Clearly this is not appropriate. We can only assume that the Government wishes employers to take more of the financial responsibility for 19–24 year olds than 16–18 year olds, but for what reason we cannot understand. Clearly the level of training and development required in most apprenticeships will be the same for all age groups.

b. Obviously employers will look to the 16–18 age group first. This leaves the 19+ young people, who may have been out of work for some time, or have just left school with A levels and do not want to go to university, with reduced opportunities. In our opinion and from what evidence we have already collected, more and more young people with A Levels are rejecting university in favour of employment and apprenticeships. Higher Apprenticeships will not always be appropriate. Level 3 Apprenticeships could be a fantastic step on their career path.

David Edwards
Chief Executive ECITB

3 February 2012

EMPLOYER FEEDBACK

Colin Myers, Human Resources Manager, Studsvik UK Ltd

1. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education). *Studsvik*

has been fortunate to use funding for its Apprentices. Though we are a small company and our numbers of Apprentices reflect this we would not be able to support Apprentices if funding was not available.

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent? *By giving Companies the opportunity to take on board apprentices with good funding support throughout their apprenticeship.*

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships? *Yes, there are groups of young people who would benefit by hands on skills as against young people with good school grades. Still don't understand why funding for young people going to college was taken away. This leaves some of the poorer families with no alternative of going to college/work placement and learning.*

4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will? *Yes*

5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate? *Absolutely. Training schools should not take on board 1 year apprentices unless they have jobs to go to. Once Companies make commitment they should stick with it.*

Ian Greenbeck, Director, Jacobs LES

1. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent? *The Funding is a very good way to assist the cost of the apprentice in the initial stage of his/her training but needs to be for all apprentices in all areas of the business not just SME and new intakes.*

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships? *All engineering apprenticeships should be NVQ3 level.*

4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate? *No I feel that there are very good candidates who where unfortunate not to get the limited apprenticeships when they where 16/17 and have gone to get an academic level in engineering that have now wasted two years engineering course at college due to the reduced funding available to put them though there apprenticeships scheme. I feel 100% funding should be up to 20 year olds.*

Yvonne Day, HR Director, Fabricom

1. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education). *Very successful for our company but more could be done.*

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? *Yes extremely necessary both for companies and for Catch How can this funding best be spent? Supporting companies to take more apprentices on by increasing grants.*

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? *They can always be improved which is why we take part in any forums, these should happen and more regularly.* Should there be more Level 3 apprenticeships? *Yes and for older apprentices.*

4. Apprenticeship bonuses—how should they function? *Could function but could also give problems, rushing apprenticeships is not a way to be encouraged, time and reevaluation and experience is of primary importance.* Will they encourage the involvement of more small and medium sized businesses to take on apprentices? *Yes possibly* If not what will? *More funding for when the apprentices are non productive. But also agree reward and recognition is important but rushing to get bonus is not always productive in the long run.*

5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate? *No we need to also encourage the 19–24 year olds but the level of funding is not doing this.*

Reg Rudd, Training Coordinator Central Region, Doosan Babcock

1. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)*This does not directly affect me, the Tipton training department handles this area, however we have not experienced any extra funding or relaxed constraints.*

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent? *My question is that if they are funded properly why extra funding and as a large organisation we do not receive extra, we do seem however to feel the reductions.*

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships? *Yes there should be more, they need to be increased in time, the three years is not enough time to ensure quality.*

4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will? *The only issue to increase small and medium sized businesses would be to subsidise or reintroduce the Levy system.*

5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate? *The funding for the 19–25's should be increased, the individuals have a much greater awareness of the career aspirations which they do not possess at a younger age, and they should be funded equally.*

Martyn Fletcher, Chief Engineer—Welding, Doosan Power Systems Ltd

1. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

The funding landscape, processes and organisations involved have become more confused and bureaucratic. There is less visibility and therefore accountability of key figures who lead the countries skills agenda and policy. As a company we have a significantly reduced level of engagement and support since being moved from the old LSC National Employer Service contract.

Sustainability and commitment is not engendered by the continual erosion of training rates, visibility of funding and annual bidding rounds. This is especially difficult where long duration training programs are being delivered (like Engineering Construction) Information is broadcast on a weekly basis with no consideration for the suitability or relevance for the many organisations. It may be useful for commercial training providers or college, but is inappropriate for employer-providers like ourselves.

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? *Current and future government policy on training support has largely focussed on additional money being made available for more learners at the same or lower funding rate per learner. There is a huge disconnect in the strategic value to the UK and the economy and the incentives to train apprentices in these areas.*

At present there is an acceptance that quick turnaround completions are preferred and rewarded. Examples of retain and fast-food programs exist where young employees have been enrolled on apprenticeships whilst vacation workers. Then when enrolling on full training programs for their desired career development, their position is put at risk as significant funding reductions are imposed due to prior learning events during vacation employment.

The relative funding levels provided to large employers has eroded significantly in real terms over the last nine years, and has now reached the tipping point, especially at Level 3 apprenticeships. The proposed £3k reduction in advanced apprenticeship funding detailed in SFA P-110182 (Oct 2011) will lead to the withdrawal of our apprenticeship delivery, as the viability of the program (or reduced quality levels due to cutting content) will be unsuitable for the sector. Despite being the largest apprentice employer in our sector, as an organisation we would withdraw from participation, as the process would be flawed on financially unsustainable.

How can this funding best be spent? *Government departments need to work together to identify strategically valuable training to the UK economy and ensure funding is weighted to promote investment in these learning outcomes. This may be to reduce migration demands, or to ensure provision for skills needed to stimulate FDI (like new Nuclear power generation investment).*

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 Apprenticeships *For our sector Level 3 and the new proposed Higher Apprenticeships are the minimum entry standard for our workforce. L2 apprentices are seen as transient workers or candidates for further training.*

If seeking to reduce financial commitments, then there should be incentives for delivery of the most appropriate training content. One example would be to allow the funding of the craft diploma/certificates/awards only. Many learners do now want or need the technical certificate elements of the apprenticeship framework, yet the policy mandates apprentices follow these courses, at a cost to the SFA in training funds, as well as the company in wages, and the individual in travel expenses and lost production earnings.

There has been a significant amount of “mission creep” applied to the sector that has added to the cost burden on employer providers that do little to add real tangible value to the learning outcome for the individual. Whilst these may be politically appropriate for college providers, it takes money from the key aim of skills delivery to the apprentice. Examples include, Matrix Standard, Every Child Matters, Safeguarding, Ofsted Inspection, Equality & Diversity etc. These courses used to be delivered free to contracted providers. These are now charged at £250+ per delegate per day.

With many apprenticeship structures now defining multiple pathways, and requests for increasing flexibility in working over the life of an individual, consideration should be given to the life long learning costs in broadening skills at a level or at higher levels. It is largely recognised that employers and individuals will be required to pay for training beyond level 3, but the equity of funding up to Level 3 is increasingly unclear.

4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will? *It is alarming to report that this questionnaire was the first indication of the apprenticeship bonus concept. It should be questioned as to the benefit of providing additional financial support to SMEs. SMEs already enjoy significant additional support in their access to development grants. It can clearly be argued that engagement with 10 SMEs taking one apprentice each or one large employer taking 10 apprentices will have a different cost base and administration burden. The risk, sustainability and economies of scale make the larger employer a better value for money impact. With finite funding available, providing disproportionate funding to SMEs is likely to lead to rationing and reduction in funds to large employers who are already committed and engaged.*

5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate? *The percentage funding applied appears to be purely arbitrary. The cost of training delivery is the same for both age groups, and the differential funding based on age would appear to contravene the age discrimination act. In addition, the insistence on apprentices now being employed status and paid a minimum wage significantly increases the employer cost burden in taking apprentices, and further magnifies the funding gap between 16–18 and 19–24 groups.*

With the cost of engineering plant, consumables, instruction/assessor salaries, power, gas, accommodate, transport, the cost of delivering an Engineering Construction advanced apprentice now exceeds £50k per advanced apprentice over their 3.5 year cycle. The funding available from SFA is currently circa £11k and proposed to reduce the £8k per advanced apprentice. With deficits in site placement opportunities to demonstrate their skills, the Engineering Construction sector is looking to simulate site working to accelerate experiential learning. This further reduces the productive working time of the advanced apprentice and will therefore have an associated and significant increase in the net cost per individual. The recent change from key skills to functional skills has also increase training costs and durations, as there are no exemptions for Functional Skills. Even advanced apprentices with excellent GCSEs or A Levels are being made to complete Functional Skills to complete their Advanced Apprenticeship framework, at no added value to the individual, employer or economy.

FEEDBACK FROM COMPANIES WISHING TO REMAIN ANONYMOUS

1. *How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)*

- Have had little direct contact with NAS, so I can't really give an opinion.
- On the whole most employers have not used NAS for any purpose. Training providers may have used NAS to help some companies recruit.
- No evidence to-date of NAS helping bridging the funding.

2. *Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?*

- Extra funding would be welcome. On nuclear sites, apprentices need to be over 18 and we often need to fund travel and accommodation for apprentices away from home. 16 year old apprentices could benefit from two-years, off-the-job training. To summarise, funding older apprentices, longer off-the-job training and travel and accommodation to remote sites.
- Yes the additional funding is necessary and could be used to increase funding for 19 to 24 year olds, also help SME'S with direct payments if the apprentice is away from the workplace for nine to 12 months as this is a heavy cost to them.
- Most training providers make additional charges to companies claiming the funding does not cover their costs. This could be investigated further and if proved correct look at funding levels, especially for high cost off the job training such as welding.
- Training providers who prove success in securing employment and progression onto advanced apprenticeship framework should be allowed 1 group of none employed apprentices.

3. *Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?*

- I would welcome more level 3 apprenticeships.
- The quality of training providers has a significant impact on the apprenticeship scheme, in that the employers on the whole want very little disruption when apprentices are in the workplace. Some training providers take on contracts that they struggle to deliver. There are more than enough level 3 apprenticeships, there could be an increase in the number of higher apprenticeships which should be used as a progression route and centrally supported.

- Large employers should not be penalised for having their own contract if they train apprentices for SME's and not just their own needs.

4. *Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?*

- Difficult Question—I haven't got a good answer.
- Not sure what the apprentice bonuses are.
- A number of SME's currently are not confident to take on apprentices due to current order book; most of the clients have delayed projects or cancelled them completely. For an SME to commit on a long term there needs to be more business confidence.
- There may be some benefits in offering incentives to companies who take on apprentices, but this may only affect a small number. Also it would have to be a SME friendly system to administer and not reliant on completion of excessive paperwork.

5. *Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?*

- More funding for the 19–24 age group would be more appropriate to our industry.
- Funding should be equal for all apprentice priority groups especially when you consider that ECI traditionally looks for slightly older apprentices due to H&S site requirements and the transient nature of the workforce.

PROVIDER FEEDBACK

Frank Ramsay, CEO NETA Training Ltd

1. *How successful has the National Apprenticeship Service been since it was created in April 2009? When the government announced the establishment of the National Apprenticeship Service, the move was welcomed by apprentice training providers, as it signalled the government's commitment to supporting and developing apprenticeship programmes. It also underlined the apprenticeship experience as, possibly, something more valued than general further education provision.*

However, the introduction of NAS has coincided with the worst recession for a generation and it has not had the resources to market, develop and monitor the apprenticeship brand in the way it had been hoped. There is also a problem with the general perception regarding its purpose and powers. As it does not have any direct contractual relationship with providers its activities and influence with the provider base is limited. There is no doubting the commitment of NAS staff at both a local and national level to firmly embedding the credibility and value of the apprenticeship brand, but, due to lack of resources, they seem to have focussed on working with larger employers to establish programmes and, consequently, they have had little impact on most training providers.

The recent, understandable, concerns regarding "short duration" apprenticeships has seen NAS take a role as a definer of quality for the programmes, which has further confused their remit and responsibilities in the eyes of the provider base.

Overall, the concept of a government body with specific responsibility for apprenticeships is good. However, its lack of resources and power has seen its role overshadowed by the SFA.

Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education):

- We cannot see much evidence that NAS has helped bridge the gap between the two government departments. John Hayes is a very good advocate of apprenticeships, but the abolition of the Young Apprenticeship programme and the roll back on the implementation of vocational Diplomas suggests that the DfE still focus on academic subjects.

2. *Is the extra funding promised by the Coalition Government necessary for apprenticeships? Any additional funding that the government can provide for apprenticeships is extremely positive. However, specific targeting in the use of the funding should be considered. It is not well recognised by government that a number of sectors, including engineering/construction, often require significant initial training and development periods prior to apprentices being able to safely enter the working environment. Since the introduction of the Apprenticeship Bill, which requires all apprentices to be employed from day one, the opportunity for providers to recruit unemployed young people onto an apprenticeship programme, provide them with the initial training period and equip them with relevant skills and then encourage companies to employ them has gone. Many SME's cannot afford to commit to employ a young person during this initial period of training and this is preventing a large number of SME/Micro employers from participating in the apprenticeship programme.*

How can this funding best be spent? With regard to SME's, many of them do not have the range of skill activities which would allow an apprentice to achieve competence in the full requirements of the Framework. Funding to support the achievement of units or, perhaps, to enable a third party such as ECITB or a GTA to provide the management of an apprentice delivery model between a number of SME's would be a positive move.

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 Apprenticeships.

4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will? *The payment of bonuses is a difficult area. The idea of providing wage subsidy at the start of employment and a bonus for completion has been tried previously, with varying degrees of success. It could help with the cost of covering the initial training period, as stated above. However, there are a plethora of funding support initiatives currently being undertaken by L.A's, SSC's, Training Boards etc and it is essential that there is a clear understanding, by the employer, of their obligations, which should be to ensure the apprentice achieves the framework requirements.*

5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

Richard Heighington, CEO Southampton Engineering Training Association

1. How successful has the National Apprenticeship Service been since it was created in April 2009?

Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 Apprenticeships *A level 3 apprenticeship is the minimum required by most engineering employers and it is rare for anyone who has completed an apprenticeship at this level to have difficulty maintaining or finding employment. The current range of frameworks is adequate and the flexibilities are sufficient to meet the requirements of most employers.*

4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will? *Compared with the overall level of investment an employer makes to train an apprentice in engineering the value of the bonus will be only marginal and therefore benefits may not be significant. Any payment will be most useful to an employer at the start of training as during the first year there are high outgoings and less opportunity for contribution from the trainee.*

(Apprenticeship bonuses are) unlikely to have a significant effect for employers in engineering.

More financial support for apprenticeships in the 19+ age range (would encourage involvement). Employers tend to select older candidates for apprenticeships as they have concerns about younger applicants moving directly from school who they do not consider "work-ready".

5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate? *The current policy creates a disincentive for an employer to take an apprentice. Typically, they view 16–18 as "high risk" requiring considerable effort on their part to bring them into the workforce and 19+ are more attractive, but too expensive due to the need to make a higher financial contribution.*

3 February 2012

Written evidence submitted by the Federation of Master Builders (FMB)

INTRODUCTION

1. The Federation of Master Builders (FMB) is the UK's largest trade association in the building industry, with national offices in England, Scotland, Wales and Northern Ireland, supported by additional regional offices. Established in 1941 to protect the interests of small and medium-sized building firms, the FMB is independent and non-profit-making. With nearly 10,000 members, the FMB is the recognised voice of small and medium-sized builders.

2. The FMB provides professional advice and support for its members, as well as a range of modern business services to save them time and money. The FMB also offers advice to consumers via its "find a builder" and "check a builder" websites. For more information please visit: www.fmb.org.uk.

3. The FMB's 2010 membership survey results show that around a quarter of FMB members employ at least one apprentice. This is supported by a recent survey of FMB members, in which 25% of firms said they planned to have at least one apprentice on their books in 2012. 75% reported no firm plans to employ any apprentices this year. This recent survey took place between 9 and 20 January 2012. 360 small building firms took part and their responses provide much of the evidence for this submission. (A summary of these survey results can be found at Appendix 1 on page 7).

4. Many small building firms take great pride in providing valuable training opportunities for young people and the FMB believes the Government should continue to focus on making it easier for all small businesses to

hire an apprentice. The FMB is also committed to helping ensure those that do invest in the future workforce are recognised and rewarded for their efforts.

5. Without a continued campaign by employers of all sizes to recruit and train new entrants, the construction industry is at risk of being damaged by a serious skills shortage. In recognition of this risk, the FMB launched the Cross-Industry Construction Apprenticeship Task Force (CCATF) in partnership with CITB-ConstructionSkills, the sector skills council for the construction industry, in December 2007. At the time the Construction Skills Network Labour Market Intelligence report forecast an annual recruitment requirement of 88,000 people to meet the existing demands on the industry.⁷²

6. CCATF members represent employers from all sectors of the construction industry, from SME builders and specialist trades to major contractors. The unions and the FE sector are also represented, and the Department for Business, Innovation and Skills and the National Apprenticeship Service take part in the CCATF meetings (a full list of members can be found at Appendix 2). The CCATF's mission is *"to champion the ethos and culture of training within the construction industry by working with industry peers and stakeholders; to encourage those not training to do so and those that train to do more by promoting the benefits and value that an apprentice can bring to an employer"*.

7. The willingness of these participants to work together signified the emergence of a genuine cross-industry consensus on the need for apprenticeships to maintain a sustainable skills base in the construction industry. The economic recession dealt a serious blow to cross-industry ambitions to increase the number of construction apprenticeships, but the CCATF's objective continues to be as critical as ever to the future of the industry.

8. The apprenticeship challenge in the construction sector has to be about helping the industry to grow its supply of skilled and qualified workers. In the tough economic climate it is more important than ever to find the right approach to tackling this challenge. Therefore, the FMB welcomes the opportunity to submit evidence to this inquiry.

EXECUTIVE SUMMARY

9. Apprenticeships remain the preferred vocational route into the construction industry for most young new entrants and employers, allowing learners to participate in craft training with the benefits of onsite experience.

10. Although the National Apprenticeship Service (NAS) has administered a large increase in apprenticeship starts in 2010–11, it is concerning that this appears to have been at least partly as a result of prioritising volume over quality. The apprenticeship brand must not be put at risk because of an inconsistent approach to the provision of apprenticeships, causing employers to lose confidence in the system.

11. The FMB welcomes the Government's decision to make apprenticeships a spending priority, but it is extremely difficult to anticipate additional growth in construction apprenticeship numbers without growth in construction industry output.

12. Most FMB members believe level 3 should be the standard all construction apprentices aim to achieve (in the trades where level 3 provision exists). However, there is a strong sentiment that the competence and knowledge qualifications should focus much more on craft skills and less on skills more typically suited to supervisory roles.

13. The FMB welcomes the Government's proposal for the Apprenticeship Grant for Employers of 16 to 24 year olds (AGE 16 to 24), but believes the criteria should not be so restrictive that it undermines the objective of the policy. There must be more flexibility in the eligibility criteria so that small businesses with a recent history of employing apprentices are not excluded.

14. Reduced government funding for apprentices aged 19 and over reduces the number likely to progress to level 3. The FMB believes the Government should address this problem by introducing a flexible approach to funding, which would enable all 16–18 year old apprenticeship starters to be fully funded through to level 3, regardless of their age upon converting to from level 2 to level 3.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped to bridge the gap between the funding departments (BIS and Department of Education)?

15. The construction industry has a long history with apprenticeships. Apprenticeships remain the preferred vocational route into the construction industry for most young new entrants and employers, allowing learners to participate in craft training with the benefits of onsite experience. It is also widely acknowledged that small and medium-sized firms provide the majority of apprenticeship opportunities in the construction industry. Approximately two thirds of apprentices in the industry are employed by SMEs and micro businesses.

16. Many of these businesses, therefore, have existing relationships with their local FE colleges or training providers, and most also rely on advice from CITB-ConstructionSkills owing to the construction industry's levy/grant system. As a result there is little direct contact between construction employers and the NAS. In fact, a recent report from the National Audit Office revealed that the NAS is involved in setting up around

⁷² Construction Skills Network (January 2007), *Blueprint for UK Construction Skills 2007–2011*. P.3. Available at: http://www.cskills.org/uploads/UK_LMI_tcm17-5028.pdf

10% of all apprenticeships, the rest being directly arranged between employers and providers.⁷³ Therefore, the NAS may want to consider building better partnerships with trade associations in order to engage with more employers and seek support with sector-specific recruitment goals.

17. Apprenticeships are needed in the construction industry to help grow the supply of skilled workers. When asked about the reasons for employing apprentices, the most popular response from FMB members was “*training as an apprentice is the best way to learn a trade*”. Therefore, given the importance of apprenticeships, the construction industry has worked extremely hard to develop a clear and consistent definition of a construction apprenticeship to try and help maintain the quality of the training.

18. Although the NAS has administered a large increase in apprenticeship starts in 2010–11, it is concerning that this appears to have been at least partly as a result of prioritising volume over quality. The FMB is aware of short duration apprenticeship programmes, which have been approved for government funding, but in the eyes of most industry employers would be more accurately described as training courses for existing employees who already have a certain level of craft skill.

19. Owing to the decline in output in the construction sector employers are already very reluctant to recruit new entrants, preferring instead to retain skilled workers wherever possible. Despite this, the most recent Construction Skills Network Labour Market Intelligence report predicts an annual recruitment requirement for the industry of 46,000 between 2012 and 2016.⁷⁴ It is essential, therefore, that the apprenticeship brand is not put at risk causing employers to lose confidence in the system because of an inconsistent approach to the provision of apprenticeships.

20. This is particularly important as demands on the construction industry change, largely in response to the green agenda and the need to reduce the environmental impact of the built environment. Employers expect the apprenticeship system to keep pace with changes to their skills needs, but the quality of all new apprenticeship frameworks must be consistent. If not, employers will lack the confidence to invest in new skills and, thus, lack the ability to compete for new business opportunities in the low carbon economy.

Is the extra funding promised by the coalition Government necessary for apprenticeships? How can the funding best be spent?

21. The FMB welcomes the Government’s decision to make apprenticeships a spending priority. Apprenticeships can undoubtedly help different sectors of the economy to recruit and train people according to their particular employment and skills needs. In addition, apprenticeships provide individuals with the benefit of a nationally recognised qualification and the prospect of a successful career using the skills they have acquired.

22. Therefore, the Government should provide sufficient funding for all apprenticeship training and should also consider providing financial incentives to employers that provide apprenticeship opportunities. The provision of funding should be based on evidence of the specific employment and skills needs within each sector of the economy.

23. It is important to remember that regardless of the headline announcements about increased funding to support thousands of extra apprenticeships, it is employers that are at the very heart of the apprenticeship system. When there are fewer employers with vacancies, there are fewer apprenticeships. The fall in construction output has, unsurprisingly, resulted in a fall in the number of construction apprenticeships. Demand for apprenticeship places from young people is outstripping supply.

24. It is extremely difficult to anticipate growth in construction apprenticeships without growth in construction industry output. However, according to a number of industry forecasts construction output is forecast to contract between three and five% in 2012. Moreover, when asked to respond to a question about the biggest barriers to hiring an apprentice, FMB members ranked “*a lack of confidence in the economy and future workloads*” higher than all other options. In order to make any difference, therefore, the Government and the industry must continue to make the businesses case for hiring an apprentice.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more level 3 apprenticeships?

25. Apprenticeships are so successful because they are employer led and the qualifications on offer are designed to equip the learner with the skills required by the industry. However, there are concerns among small and medium sized construction firms that apprenticeships do not always offer the right balance of skills.

26. Employers need new entrant trainees to focus on learning the necessary craft skills that will enable them to become a skilled tradesperson. This is particularly important in smaller businesses that rely on high levels of productivity, but have fewer employees to fill supervisory roles. Furthermore, small and medium sized construction firms tend to work on bespoke or one off projects that are often very diverse in nature. These

⁷³ National Audit Office (February 2012), *Adult Apprenticeships*. P.18. Available at: http://www.nao.org.uk/publications/1012/adult_apprenticeships.aspx

⁷⁴ Construction Skills Network (January 2012), *Blueprint for UK Construction Skills 2012–2016*. P.5. Available at: http://www.cskills.org/uploads/CSN-Report-National-Overview_tcm17-28589.pdf

businesses require a level of knowledge and skill from their employees that may not be as important for businesses that work on very large projects.

27. It is important that the apprenticeship system is able to help meet the requirements of small businesses. However, almost 50% of FMB members believe the existing apprenticeship frameworks do not focus enough on craft skills. This is especially true at level 3 when employers are regularly frustrated at the focus on supervisory skills at the expense of time spent improving the apprentices' craft skills.

28. Many employers wish their apprentices to continue to level 3 so they can progress and achieve a high standard in their trade (or trades), but can be put off by the belief that the skills needed might be best learnt by working full time on site. Where appropriate, further opportunities to progress into supervisory and management roles are extremely valuable to business and individuals and should be supported by the training and qualification system. However, the decision about the most appropriate level of apprenticeship and further training should be down to the individual and their employer.

29. While most FMB members believe level 3 should be the standard all construction apprentices aim to achieve (in the trades where level 3 exists), there is a strong sentiment that the competence and knowledge qualifications should focus less on communication, supervisory and project management skills and more on craft skills. Other solutions suggested by employers include extending the length of construction apprenticeships to four or even five years, and increasing the amount of time an apprentice spends with their employer.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not, why not?

30. The FMB welcomes the Government's proposal of an incentive payment of £1,500, payable in two stages, to help businesses employ a new apprentice. When asked what would make them more likely to hire an apprentice, FMB members ranked an incentive payment at the top of a list of possible incentives. However, in the same survey only 18% of firms suggested that the Government's £1,500 Apprenticeship Grant would make them reconsider hiring a new apprentice. 30% of the firms that felt £1,500 wasn't sufficient said an incentive payment of £3,000-£4,999 would be enough to change their mind.

31. Based on the views of our members, the FMB believes the Government must make two important improvements to ensure the new incentive achieves a significant increase in the number of apprenticeship opportunities.

32. Firstly, we are concerned the Government is risking the success of this policy by excluding small businesses with recent experience of training apprentices. These businesses will have a better understanding of what to expect and may, therefore, be able to provide a more suitable training environment. However, this does not mean they are any less discouraged by the cost of employing an apprentice. This is especially true at the current time when most small building firms are struggling to manage falling workloads. Therefore, the Government should introduce more flexibility into the Apprenticeship Grant for Employers (Age 16 to 24) eligibility criteria so that small businesses with a recent history of employing apprentices are not excluded to the detriment of the young people the Government intends to help.

33. Secondly, small businesses continuously report that help to manage the cost of employing an apprentice is needed most urgently in the first year of the apprenticeship. A first year construction apprentice has only just started to learn the necessary craft skills and requires more supervision time from other employees making the team less productive. Therefore, any incentive payment must balance the need to encourage a sustainable employment opportunity with support for the employer when it is needed most.

34. Furthermore, the Government must stick to its promise to prioritise genuinely small businesses with fewer than 50 employees now that the criteria has been extended to allow businesses with up to 250 employees to qualify for the grant payment.

35. The FMB would also support an exemption from employer National Insurance contributions for all apprentices employed by small businesses as an alternative to an apprenticeship incentive payment or bonus.

Is the current funding arrangement for training of apprentices of 100% from 16–18 year olds and 50% for 19–24 year olds appropriate?

36. Employers are often motivated by the benefits of hiring apprentices over the age of 18, which can include a better level of maturity, previous work experience and fewer problems with insurance. However, the reduced funding available for this age group often means provision is harder to find. Furthermore the Government's proposal to make employers fund the remaining 50% will significantly reduce the attractiveness of 19+ apprenticeships.

37. 88% of FMB members agreed that "reduced government funding for apprentices aged 19 and over reduces the number likely to progress to level 3". The current system limits the rate of progression to advanced apprenticeships, and thus has a negative impact on the industry's ability to meet its skills needs. The FMB believes the Government should address this problem by introducing a flexible approach to funding, which

would enable all 16–18 year old apprenticeship starters to be fully funded through to level 3, without having to commit to this qualification level in advance, and regardless of their age upon converting to level 3.

38. This approach would help training providers to record achievement rates more accurately since there would be no penalty for providers if the apprentice chose not to continue after achieving level 2. A single flexible funding contract would also prevent conversions from level 2 to level 3 apprenticeships from being recorded as additional starts, which they are in current system.

10 February 2012

APPENDIX 1

SUMMARY OF SURVEY FINDINGS

APPRENTICESHIP EMPLOYMENT

25% of firms responding said they planned to have at least one apprentice on their books in 2012. 75% reported no firm plans to employ any apprentices in 2012.

REASONS FOR EMPLOYING AN APPRENTICE

The following reasons for employing an apprentice were the most popular among firms:

- “Training an apprentice is the best way to learn a trade” (51.3%).
- “It is important to provide employment opportunities for young people” (50.7%).
- “To ensure my business has people with the right skills” (44.2%).

However, only 8% of firms said employing apprentices helped them to win work.

BARRIERS TO HIRING AN APPRENTICE

When asked about the barriers to hiring an apprentice the economy and cost easily outranked other options, as follows:

- “A lack of confidence in the economy and in future workloads” (55.3%)
- “The cost of employing an apprentice” (46.8%).

26% of firms said employing an apprentice was too complex and bureaucratic, and the same number said not being able to find the right candidate was one of the greatest barriers to hiring an apprentice.

“SMALL EMPLOYER INCENTIVE”

18% of firms suggested that the Government’s £1,500 “Small Employer Incentive” would make them reconsider hiring their first ever apprentice.

30% of firms that felt £1,500 wasn’t sufficient said an incentive payment of £3,000-£4,999 would be enough to change their mind.

OTHER INCENTIVES

An incentive payment still ranked most highly among the respondents, when asked what would make them more likely to hire an apprentice. The following incentives are listed in order of popularity:

- “Incentive payment for hiring an apprentice” (59.9%).
- “Exemption from paying Employer National Insurance for all apprentices” (51.3%).
- “Cut in the rate of employer National Insurance” (23.6%).
- “Transfer of all employment duties (eg payroll) to a separate organisation” (15.9%).

APPENDIX 2

LIST OF CROSS-INDUSTRY CONSTRUCTION APPRENTICESHIP TASK FORCE MEMBER ORGANISATIONS

Bam Nuttall.
Carillion.
Civil Engineering Contractors Association.
CITB-ConstructionSkills.
Consign Construction Skills.
Denne.
Department for Business, Innovation and Skills.

Federation of Master Builders.
 Hotchkiss.
 Leeds College of Building.
 Lend Lease.
 National Association of Shopfitters.
 National Federation of Builders.
 National Federation of Roofing Contractors.
 National Specialist Contractors Council.
 Painting and Decorating Association.
 Seddon.
 Unite the Union.
 UK Contractors Group.

Written evidence submitted by the Federation of Small Businesses

1. I am writing to you in my position as Chairman of the Education and Skills Policy Committee at the Federation of Small Businesses (FSB). The FSB is the UK's largest campaigning pressure group promoting and protecting the interests of the self-employed and owners of small firms. Formed in 1974, it now has 200,000 members across 33 regions and 194 branches.

2. The FSB welcomes the committee's focus on the issue of apprenticeships and looks forward to working with the committee on this inquiry. Below is a brief summary of some of the key issues from the small business perspective. If you need any more information please do get in touch.

THE PERSPECTIVE OF SMALL BUSINESSES

3. Many small businesses place a high value on apprentices. The FSB wants to see an increased emphasis on the value of enterprise, vocational education and in particular the importance of apprenticeships in equipping people with the skills they will need to succeed in business.

4. 47% of apprenticeships are in businesses with fewer than 50 employees.⁷⁵ However only 8% of businesses we surveyed had taken on an apprentice in the last year.⁷⁶

5. Despite this:

- 28% of small businesses said that they would take on an apprentice with a wage subsidy;
- 19% with an upfront payment; and
- 14% with an organisation that would help with the administration and HR aspects.⁷⁷

6. This demonstrates the huge scope for small businesses to boost the number of apprenticeships and raise skills levels. They need help and encouragement to do so.

7. The FSB warmly welcomes the action the Government is taking on apprenticeships. In particular it is good news that businesses will receive a £1,500 incentive payment to help them with the demands of taking on an apprentice. With youth unemployment reaching almost a million, initiatives like this will help the smallest of firms to take on young people. Furthermore the FSB welcomes moves to streamline processes and remove unnecessary health and safety requirements.

Barrier to apprenticeships

8. Nevertheless there remains a need for continued focus on helping small businesses take on apprentices and to break down the barriers they face in doing so. It is vital that the incentives are brought on stream as soon as possible and that they are available to as wide a range of businesses as possible. It is currently not clear how the money will be targeted and what the eligibility criteria will be. Clarity on this issue is crucial.

9. The FSB views apprenticeships as a vital part of skills development. Focus needs to be on creating additional skills within small businesses and where possible creating new employment opportunities.

⁷⁵ Apprenticeships and Small Businesses, House of Commons Library Note SN05997, June 2011.

⁷⁶ Raising the Standard: An FSB skills survey, FSB Voice of Small Business survey, 2011.

⁷⁷ *Ibid.*

Perceived value of apprenticeships

10. The perception of apprenticeships needs to be reformed. Apprenticeships need to be considered a valuable alternative to university and full time further education, and the path to a successful career. Apprenticeships in small businesses also need to be seen as desirable compared to those in larger organisations. For this to happen it is vital to preserve the quality of apprenticeship frameworks (note our emphasis on quality) and maintain the apprenticeship brand. Brand quality needs to be maintained in the eyes of employers and teachers, parents, and families who have such a huge influence on what young people do after leaving school.

RECENT DEVELOPMENTS

11. Government has heralded the huge increase in apprenticeship numbers but such large increases point to fundamental issues with the types of programme being put forward. Apprenticeships starts increased from 279,000 in 2009–10 to over 442,000 in 2010–11. Of these additional apprenticeships over 125,000 came from over 25's.⁷⁸ Government needs to refocus or it is in danger of chasing numbers at the expense of quality and long term brand building.

12. This sort of increase cannot simply be explained by better promotion and administration of the apprenticeship schemes. The FSB believes that there is a risk that a substantial amount of that money will turn out to be dead weight loss, subsidising large “in-house” training programmes that could have been provided without recourse to public funds.

13. FSB has concerns about recent trends, particularly towards schemes measured in weeks and months rather than in years such as those being run by large supermarket retailers. It is questionable whether they should be classified as apprenticeships and therefore attracting public funding.

14. This issue of properly targeting apprenticeship funding and preserving apprenticeship quality was identified by Professor Wolf in her review of vocational education, stating “*It is difficult to see why some employees should have their company specific training paid for, simply because they are designated as apprentices*”.⁷⁹ The FSB would like to see the committee examine closely the nature of these types of apprenticeship programmes and how their funding decisions are made.

15. The FSB believes that resources would be better targeted at quality apprenticeships that genuinely up-skill the country’s workforce, create new employment opportunities and help those businesses which need assistance the most. Government should therefore carefully consider the way the funding of apprenticeships is currently balanced to better reflect these priorities.

The Providers

16. It has also been suggested by some small businesses that the providers of training can at times be reticent about working with micro and rural businesses because they require more attention and time. It has also been suggested that these might be seen as a less profitable option.

17. Members have also commented that providers can at times lack an understanding of how micro firms operate and how an apprentice will fit into the business and receive the on the job training component.

18. Providers also need to recognise that small business that already have employees will already be complying with the H&S regulations for their industry. Providers should not be requiring health and safety requirements above and beyond what the law requires.

19. It is important that providers recognise the potential of small businesses. Collectively, small businesses are the largest private sector employer. Small businesses value apprentices both as a means of growing a business in the short-term but also as possible future owners of the business who will provide employment to future generations.

NEXT STEPS—NON FINANCIAL SUPPORT

20. There needs to be greater support for small businesses to take on apprenticeships—not just financial incentives. Recent announcements on incentive schemes will work for some businesses but others need additional support. There is a potential for a greater support role for Apprenticeships Training Agencies (ATA)s and Group Training Agencies (GTA)s. The FSB would like to see significant expansion of the role of these bodies.

21. The committee should consider the current “Employer ownership” proposals. There is much potential to help deliver apprenticeship frameworks driven more by the demands of the businesses—something larger businesses have been able to do more effectively for some time. However there are challenges for small businesses that want to get involved and so there must be a greater effort to ensure SMEs are able to engage.

22. There is the potential for a greater role of ATAs and GTAs to bring small businesses together and give small businesses collective influence. The current pilot on employer ownerships must look hard at ways to

⁷⁸ http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current.

⁷⁹ Review of Vocational Education—The Wolf Report, March 2011, p123.

bring small businesses within its scope. The FSB would like to see a commitment from government to make this happen.

23. The FSB supports the expansion of the use of ATAs and GTAs. The ability of ATAs to employ the apprentice and deal with administrative and insurance issues and take some risk away from the employer would be a significant attraction to many smaller firms. Australia currently operates such a scheme with success. Small businesses are keen to take on apprentices but they are simply unaware that companies exist to act as a “host” employer.

24. GTAs provide an effective route for small employers to work collectively on training apprentices and existing staff. These systems allow for the sharing some of the burden and responsibility while benefitting from the advantages of working on a larger scale.

25. The Committee may also want to consider the role of Local Enterprise Partnerships (LEPs). There is a key role for LEPs in ensuring that local business and the education sector is brought together. Their role should be to gather local market intelligence on the skills needs of the area, including the type of apprenticeships, and ensure that the training provision available is reflective of that. For example colleges and private training providers should be engaging with GTAs and LEPs to ascertain what the local skills needs of business are and ensure that providers are reactive to that.

David Pollard

Education and Skills Policy Committee Chairman

10 February 2012

Written evidence submitted by the Financial Skills Partnership (FSP)

EXECUTIVE SUMMARY

1. In order to improve the quality of Apprenticeships, the Financial Skills Partnership (FSP) suggest the following actions:

- 100% funding for apprentices aged 19 and above.
- National Apprenticeship Service (NAS) to include Level 6 Apprenticeships.
- NAS and devolved administrations to have UK wide Apprenticeship frameworks.

INTRODUCTION

2. The Financial Skills Partnership (FSP) is an impartial, employer-led organisation, which aims to enhance professionalism and talent for finance, accountancy and financial services across the nations and regions of the UK. It acts as a link between industry, government and education.

3. The FSP articulates the voice of employers on skills in finance, accountancy and financial services, works with awarding organisations to develop vocational qualifications and develops, quality assures and issues Apprenticeship frameworks in the sector we represent. We currently have six Apprenticeship frameworks in England and 6960 starts across our frameworks in 2010/2011—provisional figures from the data service—http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_supplementary_tables/Apprenticeship_sfr_supplementary_tables/

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

4. The appointment of John Hayes MP, Minister of State for Further Education, Skills and Lifelong Learning (jointly with the Department for Education), to the role of minister for apprenticeships across the two funding Departments has helped bridge the gap of apprenticeships for those aged 16–18 and 19+.

5. The National Apprenticeship Service (NAS) has been successful in working with large employers in the sector we represent, particular in terms of engaging them in the apprenticeship programme, in particular with HSBC, PWC and Santander. We have supported the NAS staff so that they fully understand the needs of our sector which we are best placed to articulate.

6. NAS has also been responsible for the creation of the Higher Apprenticeship Investment Fund which has allowed a vocational pathway to be developed which can act as an alternative route into the profession. This allows wider access for individuals to become qualified in a chosen career and also allows employers additional recruitment and training channels for succession planning and the development of productive staff which will contribute to UK PLC.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

7. Yes, extra funding for apprenticeships is necessary to develop new higher level apprenticeship frameworks and support employers, in particular SMEs, who require funding support to contribute towards the training of

their personnel. This funding can best be spent by contracting directly with employers in order for them to become owners of the apprenticeship programme and work in their local communities to promote apprenticeships to all people, especially the young, although the minimum contract values currently set for employers are too high.

8. Funding can also be best spent by centralising the various systems the stakeholders need to use in terms of registering apprentices.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

9. Apprenticeships in the financial services, accounting and finance sectors are of high enough quality to benefit apprentices and their employers as the frameworks have been developed by the Financial Skills Partnership in conjunction with employers. The appropriateness is evidenced by the feedback we have received from employers and apprentices themselves.

10. The apprenticeship programme has resulted in individuals being given the opportunity to train in their chosen career and in the creation of productive employees. Employers are then better placed to implement a strategic approach to succession planning. Each sector has its own needs, therefore apprenticeships at various levels need to be developed according to those sector needs and have a common framework across the UK nations, as many employers operate UK wide.

11. We would also argue for higher than level 3 or even level 4 Higher Apprenticeships to Level 6 for our sector, both in accounting and financial services, as many roles are at this higher level, please refer to our work with UKCES—Building Future Skills for Accountancy—<http://www.ukces.org.uk/publications/building-future-skills-in-accountancy>

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

12. We feel that apprenticeship bonuses will encourage small and medium sized business to take on apprentices, but this support would need to be maintained on an ongoing basis and not seen as a “one off” solution in the current economic climate.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

13. We feel that some individuals aged 19 and above are disadvantaged by not being eligible for 100% of funding due to their age. We feel this opportunity should be available to all who do not hold a degree or relevant qualification at the level of apprenticeship they are interested in undertaking. 97% of HSBC’s current apprentices, (300+) are aged 19 and above and 88% of HSBC’s entire apprenticeship cohort two months into programme already believe the programme will up-skill them.

14. Some apprentices do not come to the decision to train in a particular career, such as accountancy, until 19 or over. It is therefore important that 100% of funding is available for them.

15. Such an example is from the Co-operative Group where it is at this age and above that in general people who either join the company or are existing employees in the finance communities of the different businesses are looking to start developing their career in accountancy and start the accounting apprenticeship.

16. This is also important at a time when individuals have lost their previous jobs and need support to fund them through a work related qualification with a new employer.

1 February 2012

Written evidence submitted by the Food and Drink Federation

INTRODUCTION

1. The Food and Drink Federation (FDF) represents the UK’s food and drink manufacturing industry, the largest manufacturing sector in the country, directly employing some 400,000 people in companies of all sizes with a Gross Value Added of about £20 billion.

2. Food and drink manufacturing looks set to grow quickly as global demand for our products increases. To meet the future challenges of food security and climate change, we will need innovative technologies in engineering, IT and life sciences. The ability to attract talent and upskill our existing workforce will be critical to this.

3. FDF is therefore pledging to double the number of apprenticeships available in the food and drink manufacturing sector in England and Scotland by the end of 2012. We are calling on food and drink manufacturers to sign up to our pledge and contribute in anyway they can which will collectively help us reach our goal. However we recognise that there are existing barriers to implementing apprenticeships or expanding

existing programmes. It is on the basis that we welcome this opportunity to raise these issues for the Select Committee to consider as part of its inquiry.

ANSWERS TO SPECIFIC QUESTIONS

How successful has the National Apprenticeship Service been since it was created in April 2009?

4. The National Apprenticeship Service (NAS) has been successful in raising awareness and working with employers, thus driving up the demand for apprenticeships. NAS is currently working with FDF to help deliver its Apprenticeship Pledge by raising awareness through joint events for food and drink manufacturers about the business benefits of apprenticeships and has committed to joint visits with the National Skills Academy for food and drink to large manufacturers wishing to start or expand Apprenticeship Programmes.

5. FDF fully supports national leads for industry sectors within NAS as it encourages working in partnership with trade associations and Sector Skills Councils (SSCs). In particular, we have found the national lead on food and drink manufacturing valuable. It is critical that strategic and operational arrangements allow the NAS to work closely with SSCs, National Skills Academies and trade associations which would avoid duplication of effort and enable NAS to focus their resource.

6. While NAS has been very responsive and supportive, we are concerned over the implications of focusing on a volume target from the perspective of SMEs. It appears that the focus of NAS is firmly on large organisations having 250 employees or above. However we believe that a government funded organisation should provide a support service to all organisations and in particular address areas of market failure. We believe NAS should be tasked with raising participation with SMEs as a first priority rather than with volumes of apprenticeships from large companies.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

7. We feel that greater (or re-allocated) funding would be useful to support smaller businesses to create new jobs. We would redeploy existing NAS funds and resources to give priority to engaging with small businesses.

8. In addition, from the perspective of food businesses which have an older profile of workers, we would like to see greater support being given to invest in older (adult) apprentices. This approach has been hugely successful and led to a take up of apprenticeships in Scotland proportionally greater than anywhere else in the UK.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

9. FDF considers there are two issues in terms of quality—actual Apprenticeship Frameworks and the delivery of them. On Apprenticeship Frameworks, we are concerned that employers' requirement for flexibility will be compromised following recent announcements about "minimum duration" of apprenticeships to be set at 12 months. New Apprenticeship Frameworks such as Improve's Improve Proficiency Apprenticeship (IPA) are designed to put the learner at the heart of learning according to their specific needs and the specific detail of their job role—not to impose a rigid timescale on delivery. Secondly Apprenticeships suffer from real issues in some sectors around the capability and capacity of delivery. There are particularly issues around visibility of providers and the breadth of delivery. We therefore believe there is a real role for National Skills Academies to be the driver of improved specialist provision for their sectors.

10. Businesses are still faced with high levels of bureaucracy with the need to provide data to Ofsted, the Skills Funding Agency and awarding bodies leading to large amounts of duplication, for example, employers have to provide names of learners nine times. Moreover employers are subject to overlapping audits from multiple organisations consuming large amounts of staff time.

11. Level 3 and 4 Apprenticeships are available in food and drink manufacturing as part of Improve's Food Manufacturing Excellence qualifications. However food and drink employers may prefer to employ graduates rather than provide apprenticeships at higher levels which can be more expensive. We need to encourage greater uptake of these advanced and higher level Apprenticeships. FDF also considers that where these programmes are equal to degree courses then they should be labelled as such to break down the perceived barriers between academic and vocational routes.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

12. In principle, FDF supports bonuses to small companies for taking on young apprentices. But we must encourage smaller businesses to take on apprentices not only through financial incentives but by working together and to maximise their involvement and impact, locally, occupationally and to the needs of the industry. To assist in achieving real engagement with SMEs they need organisations to actively take the information and opportunity to them as they are not generally well informed and thus the support of NAS and the involvement of National Skills Academies and SSCs would be of tangible value and use for them.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

13. We understand the importance of prioritising apprenticeships for under 18s however this does not meet the needs of the food and drink manufacturing industry where less than 2% of the industry workforce are in this group. Greater focus on the 18+ age bracket would support development and indeed recruitment as the complex regulations and perceived health and safety issues around working in food manufacturing make it difficult to employ 16–18 year olds.

14. Recent years have seen significant reorganisations to the funding system and changes in eligibility criteria. Employers still face complex funding rules such as having to draw down funding monthly which involves large amounts of data transfer.

10 February 2012

Written evidence submitted by Professor Alison Fuller and Professor Lorna Unwin

EXECUTIVE SUMMARY

- NAS has delivered on numbers, but at the expense of quality. There is confusion as to who is ultimately responsible for the well-being of apprentices, and the improvement of quality.
- Availability of and access to robust data on apprenticeship participation, employment status (pre and post apprenticeship), achievement and progression remain highly problematic.
- Funding focuses almost exclusively on numbers and targets. The flow of funding cascades through several layers before reaching the employer and the apprentice—how much is really being spent on actual training?
- Because the vast majority of apprenticeship growth has come through “converting” existing employees, the service sectors now dominate. What is being done to boost apprenticeships in high-tech sectors crucial to economic recovery and how many new jobs have been created?
- Apprenticeship Training Agencies (ATAs) have contributed to the growth in apprenticeship numbers, but should we be using the term “apprenticeship” for programmes that only require 16 hours per week in the workplace?
- Our minimalist standards set England apart from leading apprenticeship countries such as Germany, Switzerland, Austria and Denmark.
- To improve quality, Apprenticeship Hubs (connecting employers, FE and HE and specialist providers) should be created to act as guardians of apprenticeship for specific industries based within designated travel-to-work areas.
- “Conversion” should only be allowed if it is clear the employer needs an individual to substantially develop their skills beyond the level of their current job.
- Our best apprenticeships are World Class. They provide a solid platform for occupational and educational progression. We should use their “expansive” features as the standard to which all apprenticeships aspire. Expanding Level 3 without strengthening content will not in itself improve quality.

1. Introduction

1.1 This submission draws on our research into apprenticeship in the UK since the introduction of Modern Apprenticeship.⁸⁰ In 1994, our research had been funded by a range of agencies, including government and the Economic and Social Research Council (ESRC). We have also been involved in international studies for such organisations as the OECD and the European Commission, and consult closely with research colleagues specialising in apprenticeship in many countries. Our Expansive-Restrictive (E&R) Framework is being used by employers and training providers as well as researchers in this country and overseas to support quality improvement in apprenticeship. The Framework comprises a set of characteristics which underpin the organisation of apprenticeship: (i) the relationship of the apprenticeship to the business; (ii) the way an apprentice’s work and training are organised; (iii) the pedagogical approach within the workplace and beyond; and (iv) the use of qualifications as a platform for progression (see Figure 1 at the end of this document).

1.2 In 2008, we were commissioned by the then Learning and Skills Council (LSC) to use the E&R Framework as the basis for a practical guide to support employers and training providers in England.⁸¹ In 2008–09, we acted as Special Advisers to the Innovation, Universities, Science and Skills Select Committee for their Scrutiny of the Apprenticeships, Skills, Children and Learning Bill.

⁸⁰ Our most recent paper was published in IPPR’s ‘Rethinking Apprenticeships’ (November 2011).

⁸¹ The guide is available at: <http://www.excellencegateway.org.uk/node/13267>

2. *How successful has the NAS been since it was created in April 2009? Has it helped bridge the gap between the two funding departments?*

2.1. The answer to this question depends on the criteria used to judge success. On its own website, NAS states that its remit is “to support, fund and coordinate the delivery of apprenticeships in England”. This signals a narrow focus on systems and numbers. We know from the recent statistics on “starts” that the overall goal of increasing numbers regardless of age, level, sector or equity is being achieved. But this begs the question as to whether this is an adequate definition of success.

2.2. The NAS website also indicates that NAS’s role includes simplifying the process of recruiting and helping to match apprentices and employers. Given that the numbers of employers involved remains relatively small and overall the system is still very provider-led, we should ask to what extent NAS is delivering on the aspiration for this to be an employer-led programme. Furthermore, given that the vast majority of people who start an apprenticeship are already employed with the employer with whom they start their apprenticeship (“conversions”), or are “employed” by an Apprenticeship Training Agency (ATA) with placements with a “host employer”, we can question whether NAS has made a meaningful contribution to the creation of new jobs. Clearly given the continued and longstanding concerns about quality, we would argue that government has asked NAS to work with an impoverished vision of apprenticeship and, hence, the criteria for success are largely confined to achieving growth in numbers.

2.3. The task of bridging two departments is not new. Prior to the creation of NAS, the LSC was responsible for apprenticeship and bridged the then departments of DIUS and DCSF, whilst NAS, which focuses only on apprenticeship, bridges the two current departments, BIS and DfE. Addressing whether NAS has helped bridge “the gap” depends on whose perspective is being taken. It also begs the question of what the Joint Apprenticeship Unit (JAU) is for. NAS acts as the sole “face” of apprenticeship so saves employers and other stakeholders having to wrestle with the two departments and machinery of government.

2.4. Knowledgeable outsiders may, however, still scratch their heads as to what status NAS has *vis à vis* the Skills Funding Agency (SFA), the JAU and the two departments. A visit to the SFA website indicates that NAS is “housed within SFA”, and that complaints about NAS go through the SFA, as do Freedom of Information (FOI) requests. The SFA website states that the aim of NAS is “to increase the number of apprenticeships available”. So, when the issue of quality is discussed at government level, are all these agencies involved? Who takes the lead, and who does the Minister listen to? This is important because key stakeholders on the outside of government often find it difficult to know where to direct their opinions and questions. Perhaps the starkest illustration of this confusion about who exactly is in charge comes in relation to access to data on apprenticeship. When the Modern Apprenticeship was introduced in 1994, the then DfEE published publicly available statistics on every aspect of apprenticeship participation and attainment, and there were named officials you could contact to discuss the data and answer queries. This practice continued for some time under the LSC. Now, the only available information is in the SFR which is restricted to a general level of detail insufficient for any detailed analysis.

2.5. To obtain any detailed statistics you have to apply to the Data Service who can be obstructive and treat enquiries with great suspicion. At best, they will take several weeks to provide data. Another strategy is to put in an FOI request, but this also takes considerable time and does not always provide the data requested (data which would previously have been readily available). As researchers, we are regularly contacted by a range of interested parties trying to piece together the hard evidence they need to inform their research, policy and practice, and to substantiate rumours that regularly circulate about apprenticeship performance and the use of public money. To find answers involves trying to speak to unnamed officials in different departments and agencies in the hope of finding someone who can provide robust information that can be quoted. There is no information on the NAS website to indicate who the people are or who to contact, there’s no organisational structure, or indication of who’s on the Board.

3. *Is the extra funding promised by the coalition government necessary for apprenticeships? How can this funding best be spent?*

3.1. It is not clear what “extra funding” really means or what the funding pays for. Currently, there’s a direct link between funding and starts: extra funding is supposed to deliver a number of extra starts, often specified by starts per age group. For example, on 1st December 2011, government announced additional funding for 19,000 Higher Apprenticeships. Every time there’s a statement about funding, it’s always tied to additional apprenticeship numbers and not to improving the quality of training. There’s never a statement, for example, that says there’ll be an allocation of X million pounds to support the training of vocational teachers and trainers.

3.2. Funding for apprenticeship is diluted through multiple steps in the funding allocation chain—BIS→SFA→NAS→Providers→Employers→Apprentices—along the way, other organisations take a slice (eg Apprenticeship Ambassadors Network, Sector Skills Councils, UKCES, Awarding Bodies, ATAs, GTAs). The money pays for a range of administrative tasks, for the cost of qualifications, assessment and accreditation, inspection, and for wages. For example, Awarding Bodies benefit greatly from apprenticeship. In the past, they provided significant levels of curricula and pedagogical support to their “centres” (eg FE colleges), but this has declined in recent years. The key question we wish to raise is: *How much money is actually spent on training as opposed to these other costs?*

3.4. Resources should be focused on apprenticeships that have substantial amounts of training at their heart and not on converting existing employees to apprentices in order to certificate their existing skills without further development. Apprenticeship is a model of learning that takes the form of a journey towards occupational mastery. It can be very important and motivating for employees to be awarded qualifications that recognise their skills, but that is a different matter and should not be confused with apprenticeship.

4. Are apprenticeships of high enough quality to benefit apprentices and their employers? Should there be more L3 apprenticeships?

4.1 The current system is not designed to create consistently high quality provision, but rather to deliver numbers. Whilst there continue to be examples of “world class” apprenticeships in England, too many align with the restrictive characteristics of our E&R Framework (see figure at end of this document). Three key systemic problems need to be tackled:

- The provider-led approach has separated the recruitment of apprentices from long-term business need.
- “Expansive” employers are treated exactly the same as those providing low quality apprenticeships—there is no incentive for maintaining quality.
- Apprenticeship has become predominantly a vehicle for delivering government mandated qualifications, hence “conversions” (of 16–18 year olds as well as 19+) are the easiest way for providers and NAS to meet their targets.

4.2. An increasing number of 16–24 year old apprentices are now employed by an Apprentice Training Agency (ATA), which hires them out to local “host” employers for a minimum of 16 hours per week (the period also required for “full-time study” in schools and colleges), and with limited prospects of a job at the end of the programme. It is unacceptable that data on the proportion of apprentice starts that are “conversions” or who are employed by ATAs are not currently publicly available. In response to an FOI request we made asking if the percentage of “conversions” had changed at all since the LSC told the Select Committee in 2008⁸² that conversions accounted for over 70% of apprentices in all age groups, the answer from the SFA was:

“I can advise that the Agency holds no data on the number of apprentices classed as ‘conversions’ rather than ‘new starts’.”

4.3. A key issue for quality is that apprenticeship frameworks must have a minimum of 280 Guided Learning Hours (GLH) per year, equivalent to about a day a week over 36 weeks, but only 100 hours are required to be actually “off-the-job” (ie 2 hours a week).⁸³ In relation to apprenticeships for young people, this sets England apart from leading apprenticeship countries such as Germany, Switzerland, Austria and Denmark, which specify the content of apprenticeships in some detail, including the proportions of time to be spent in structured on-the-job and off-the-job training in vocational schools (usually two days a week), and the proportions which will be devoted to general education and vocational subjects respectively. In addition, these countries, unlike England, specify the overall length of the programme (usually two to four years depending on the occupation). Any apprenticeship, regardless of the occupational sector, will last a minimum of two years. Unless the content of apprenticeship is strengthened, simply increasing the number at Level 3 will have no impact on quality. In addition, the majority of Level 3 frameworks do not accrue UCAS tariff points, which undermines government’s claim (repeated on countless provider websites) that an Advanced Apprenticeship can lead straightforwardly to a place in HE.

4.4 In the current climate of high unemployment, achieving expansive apprenticeships is very challenging. Our current research in cities such as Southampton and Manchester shows that there is scope to bring resources together from a range of public funding initiatives to create and provide access to apprenticeships for unemployed young people (NEETs) and adults, which also meets the needs of employers.

5. Apprenticeship bonuses—how should they function? Will they encourage the involvement of SMEs? If not what will?

5.1. To enable more SMEs to become involved requires a rebalancing of responsibility and a new commitment to a shared understanding of what counts as a quality apprenticeship. At the moment everything is driven by the State with the focus on targets and political goals. This brings with it a contracting culture whereby all the stakeholders are incentivised to simply fulfil the minimalist requirements of the Specification of Apprenticeship Standards in England (SASE). To overcome this, we propose the creation of Apprenticeship Hubs to act as guardians of apprenticeship for specific industries based within designated travel-to-work areas. At the heart of each Hub would be a group of industry experts from local companies, Group Training Associations (GTAs), and SSCs, together with experts from further and higher education institutions and specialist private training providers. The Hubs would have a public responsibility for moderating standards for apprenticeships in their area and awarding completion certificates. This would position apprenticeship as an engine for economic growth at the local level, enable the showcasing of innovative vocational pedagogy, and provide a focus for the celebration of achievements. The Hubs would provide the mechanism for closer FE/

⁸² See Pre-legislative Scrutiny of the Draft Apprenticeships Bill, Volume Two—
<http://www.publications.parliament.uk/pa/cm200708/cmselect/cmdius/1062/1062ii.pdf>

⁸³ See IPPR chapter for more detail on the way the content and currency of Level 3 frameworks have been downgraded.

HE collaboration to develop the knowledge-based elements of Advanced and Higher Apprenticeship so that the means for progression are firmly embedded in all programmes.

6. *Is the current funding arrangement of 100% for 16–18 and 50% for 19–24 appropriate?*

6.1. The key question is: what is public funding of apprenticeship for? It should pay to support the training costs associated with skill formation in intermediate-level jobs. The State has to contribute because good quality apprenticeships are the vehicle for providing the country with a well-trained adaptable workforce that has the capacity to carry on developing expertise. The “100%” actually means the State pays for training required to complete the framework. Expansive employers then top this up because they know much more is required to reach the standard they need. There is a strong economic and social case for the State to fund apprenticeships across the age range (16–24) at 100%. As we’ve said above, there’s an urgent need to reveal how much is spent on training and how much of the state’s contribution is being squandered.

2 February 2012

Figure 1

THE EXPANSIVE—RESTRICTIVE FRAMEWORK

<i>Expansive</i>	<i>Restrictive</i>
Apprenticeship is a vehicle for aligning goals of individual development and organisational capability Workplace, training provider and (where present) trade union share post-Apprenticeship vision: progression for career Apprentice has dual status as learner and employee	Apprenticeship used to tailor individual capability to immediate organisational need Post-Apprenticeship vision: static for job Status as employee dominates: status as learner restricted to minimum required to meet statutory “Apprenticeship Framework”
Apprentice makes gradual transition to productive worker, gaining expertise in occupational field	Fast transition to productive worker with limited knowledge of occupational field; existing productive workers given minimal development Apprentice treated as extra pair of hands who only needs access to limited knowledge and skills to perform job
Apprentice treated as member of occupational and workplace community with access to community’s rules, history, knowledge and expertise Apprentice participates in different communities of practice inside and outside the workplace Workplace maps everyday work tasks against qualification requirements—qualification valued as extending beyond immediate job requirements Qualifications develop knowledge for progression to next level and platform for further education Apprentice has time off-the-job for study and to gain wider perspective	Participation restricted to narrowly-defined job role and work station Weak relationship between workplace tasks and qualifications—no recognition for skills and knowledge acquired beyond immediate work tasks Qualifications accredit limited range of on-the-job competence Off-the-job simply a minor extension of on-the-job
Apprentice’s existing skills and knowledge recognised, valued and used as platform for new learning Apprentice’s progress closely monitored—regular constructive feedback from range of employer and provider personnel who take a holistic approach	Apprentices regarded as “blank sheets” or “empty vessels” Apprentice’s progress monitored for job performance with limited feedback—provider involvement restricted to formal assessments for qualifications

Written evidence submitted by Fusion21

1. EXECUTIVE SUMMARY

1.1. Greater emphasis placed on raising the awareness and stimulating interest amongst potential employers (particularly SMEs) with regards to the scope and business benefits of the National Apprenticeship Scheme.

1.2. The future role of agencies (or host organisations) that can assist in the advertisement, recruitment and selection process, as well as providing the pay roll function, would, and is, welcomed by SMEs in reducing the burden on them and assisting their commitment to the scheme.

1.3. Any potential expansion of the Apprenticeship Training Agencies (ATAs), or similar models, and the support they provide is welcomed by SMEs. For potential employers (those not currently involved in the apprenticeship scheme) the expansion and utilisation of ATAs could prove the difference in the choice to engage; similarly, for those SMEs engaged with the apprenticeship scheme, ATAs would assist and potentially improve further their commitment to the scheme.

1.4. The role of ATAs would provide the opportunity for SMEs to “talk through” identified problems (associated to the order book or the individual apprentices) and provide a mechanism to mitigate the problems and identify alternative pathways thereby facilitating continuation of the apprenticeship.

1.5. Greater emphasis needs to be placed on raising the awareness of SMEs to current or future incentives, ie the small Employer Incentives associated to apprenticeships, and the employer subsidy to employ a jobless young person. Whilst one accepts that some of the detail associated to these incentives will require further clarification a significant number of SMEs were not aware of government announcement or intention to introduce these incentives.

1.6. SMEs often cite the value of increasing the support period to them and the apprenticeship to ensure compliance and the sustainability of the apprenticeship.

2. BRIEF INTRODUCTION

2.1. Fusion21 is a social enterprise which improves lives and communities through our approach to procurement, and employment.

2.2. Originally formed by a partnership of Merseyside based social landlords Fusion21 now works nationally to promote its business model.

2.3. Fundamental to the original aim of Fusion21 was to ensure that every pound of public spends is circulated to the benefit of the communities. This means that every pound, which is spent on building, improving and maintaining housing, schools, health and other public sector related facilities, has the potential to generate further economic benefits to those people and areas of greatest need.

2.4. The Fusion21 model of linking capital and cyclical projects to job creation, retention and skills training is scalable, transferable and can transcend the boundaries of the social housing sector and can be equally applied to health, education and defence within the realm of public sector.

2.5. The linking of procurement to sustainable job creation and skills training as resulted in 1239 local jobs or individuals trained within the construction sector and associated disciplines.

2.6. Through the training and skills development programme Fusion21 has established an Employer Pool:

2.6.1. Employer Pool is a new social enterprise service that is about bringing employers together to benefit from our community based recruitment approach—tailored to individual employer needs. Employers who sign up to the Employer Pool Charter are demonstrating their commitment to socially responsible recruitment; the more employers who join the greater the community impact.

2.6.2. In the current climate many employers are reluctant to take on new people and are wary of the inflated fees charged by private agencies. Working with local employers, we are able to source local workers for local jobs. We specialise in construction, office admin and other skilled areas, with a strong track record working with hard to reach groups. Cost effective and hassle free, the Employer Pool manages the administration responsibilities for all placements and acts as the employer for the duration of any contract.

2.6.3. Unlike private sector agencies, there are no financial penalties for taking Employer Pool placements as a permanent employees; an element which is very attractive to potential employers.

2.6.4. Employer Pool is a not for profit service that reinvests any surplus back into further training & employment initiatives. This ensures that Employer Pool is a self-sustaining business that does not have any reliance on public funding.

2.6.5. The Employer Pool Service provides:

2.6.5.1. Legacy to Future Jobs Fund by providing placements with continued employment beyond the funded 6 month term

2.6.6. Carefully vetted agency workers to support local businesses

2.6.7. Apprenticeship Placement Service (APS)—a “shared apprenticeship service” to support the sustainable employment of apprentices

2.6.8. Employer Pool is registered with R.E.C. (The Recruitment and Employment Confederation) which is committed to raising standards and highlighting excellence throughout the recruitment industry. As a member, Employer Pool commits to the REC Code of Professional Practice.

3. FACTUAL INFORMATION

3.1. Fusion21 undertook telephone interviews with a small number of SME manufacturers and contractors attached to our procurement framework in order to gain their views on bullet point four of the committee’s terms of reference, which is; *“Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?”*

3.2. The SMEs who engaged had a range of experiences. They included those with no detailed understanding or awareness of the apprenticeship scheme, and those who are engaged and are fully supportive of the apprenticeship scheme.

4. RECOMMENDATIONS FOR ACTION

4.1. Develop localised campaigns specifically targeting SMEs. SMEs that did provide opportunities for apprentices took the view that they had to source the appropriate agencies for further information regarding the scheme; alternatively, they were contacted by private training providers promoting the scheme.

4.2. Given the experience of SMEs we would recommend that there is a balance between the level of bonus and support offered to employers. Whilst the introduction of additional financial incentives is viewed as a positive step this should form part of a support package. Support packages would include:

- 4.2.1. Responsibility for the advertisement, recruitment and selection of apprentices, as well as managing the payroll and HR functions, to reduce the burden on the employers.
- 4.2.2. More frequent contact over a longer period of time providing the opportunity to discuss current or potential difficulties (associated to the apprentice or the order book).
- 4.2.3. Provide alternative placement arrangements for apprentices. Organisations providing the support package would also have established links with local colleges on a shared apprenticeship basis.

4.3. The current social value bill before parliament (Private members bill from Chris White MP, Social Enterprise and Social Value) provides the opportunity to introduce social outcomes or clause into public sector contracts. We believe the introduction of the social enterprise and social value bill provides the opportunity to include requirements associated to apprenticeships. Fusion21 currently utilises procurement and contractual arrangements to secure skills and training outcomes.

10 February 2012

Written evidence submitted by Gateshead Council

1. Introduction

1.1 The following is a submission of evidence to the BIS Select Committee inquiry into Apprenticeships by Gateshead Council and the Gateshead Apprenticeship Partnership. The partnership comprises strategic partners in Gateshead including Gateshead Council, Gateshead Collective (a group of nine local training providers), Local Connexions and National Apprenticeship Service. The partnership has developed an Apprenticeship Plan, which articulates the commitment and approach to achieve economic and skills priorities, as set out in our Sustainable Community Strategy—Vision 2030. The Apprenticeship Plan for Gateshead 2011–14 identifies our aims to:

- Increase the number of apprenticeships available in Gateshead.
- Increase the number of Gateshead residents accessing apprenticeships.

2. Summary of Key Points

- Apprenticeships are a priority area to develop as a progression route to learning, employment and to enable sustainable economic growth
- A locally led approach allows for a strategic focus on priority sectors, leading to economic development for the benefit of local employers and residents
- The focus of apprenticeships should be adding value and achieving outcomes
- Better and more co-ordinated support from Government Departments will enable local areas to fulfil their strategic leadership role
- Apprenticeships are a key opportunity to reduce youth unemployment across the priority age range 19–24. Funding and support to enable this should be appropriate and consistent across different age groups
- Apprenticeship preparation should be valued and resourced to maximise the value and experience of apprenticeships
- There is a need to ensure high quality apprenticeships for sustainable employment and economic growth that is of benefit to learners and employers
- A focus on higher level skills will support economic development and growth
- Better support for employers should incentivise and remove barriers to recruiting apprentices, particularly SMEs.

3. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

3.1 The National Apprenticeship Service (NAS) has been successful in raising the profile of apprenticeships with employers. This has been achieved by directly contacting employers. Likewise with young people, we find that they are generally aware of NAS and its function as well the National Apprenticeship Vacancy Matching (NAVMs) website.

3.2 The Gateshead Apprenticeship Partnership has a strong relationship with NAS and the commitment and support of local NAS staff has been very good. However, there are some concerns with NAS which the partnership feel could be addressed.

3.3 The capacity of NAS teams has become increasingly stretched. NAS staff cover a broad geographical area and the necessary local knowledge is often limited. Gateshead Apprenticeship Partnership has prioritised developing a “Single Offer”, which captures and communicates all of the information relevant for employers to engage with apprentices in Gateshead. The ability of NAS to support the bespoke offer could be strengthened.

3.4 Given the strategic lead Gateshead Council and partners have taken on apprenticeships, greater local discretion on funding priorities is sought.

3.5 There is some lack of clarity as to NAS’s role, which includes procurement, quality control, assurance and marketing.

3.6 The council and NAS could work together to target employers, either by sector or geographical area. Evidence suggests that where there has been success in growing levels of employer engagement and apprenticeship numbers, it has not always focused on those sectors of most strategic importance.

3.7 Policy tensions sometimes exist between BIS and DfE, which could impact on the success of the apprenticeship agenda. In Gateshead we have built one of the largest and most successful Young Apprenticeship (YA) programmes in the country. The programme is a 14–16 programme managed through DfE. The Wolf report suggested this programme was an expensive work experience alternative. There is clearly some variable quality in YA delivery across the country. In Gateshead we have strong evidence that this programme, particularly in certain priority sectors has played a key role in improving the take-up of apprenticeships, increased the awareness of, and respect for the apprenticeship offer amongst schools, young people and parents, and increased the value local employers place on apprenticeships and what young people can offer their business. These are all elements that BIS would support in the priority to drive up demand for apprenticeships, however DfE removed the funding for the programme.

4. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

4.1 The extra funding for apprenticeships is very much necessary. This additional funding should only be used to support delivery that is of proven quality and which is agreed to be of strategic importance by local partnerships. Discretion to flex available funding to local priorities is sought. Priority areas at which funding should be targeted are:

4.2 Young unemployed (particularly 19–24 NEET)

Providing education/training providers with an increased percentage of funding would allow them to support these learners into sustained employment and throughout their learning programmes. Funds should be targeted at economically deprived areas and those with high levels of youth unemployment. Priority target groups such as care leavers could also benefit.

4.3 Employers

There would be real value in providing financial support to employers for the in-house training and mentorship required by young people on the job. Apprenticeships have a much better success/retention rate if the young people have high levels of support at work. Additional financial support would give recognition to employers and also compensate investment in the apprentice in terms of costs/time/staff input etc. This would also enable employers to develop skills in line with business need, and support business growth by focusing on niche sectors and higher level skills as appropriate.

Directing funding such as the £1,500 incentive payments as part of the Youth Charter through employers could enable private sector support for addressing the priority to reduce youth unemployment.

4.4 Apprenticeship awareness and preparation (Young Apprenticeship Programme)

The Gateshead Apprenticeship Partnership believes there is a strong case for funding to support a structured training programme which is on-the-job and focuses around either a business or community based project. This would also support localism and compliment the objectives of the “Youth Contract”. These training programmes could be bespoke depending on the particular cohort, however each could ensure that more young people gain the necessary skills and experience to be job ready and access apprenticeship opportunities. The programme could build on the best practice developed within the Young Apprenticeship programme but broaden the target group to offer high quality work placements and internships for young people who are:

- seeking to become Apprentices, but who are unable to secure full-time positions and are engaged in other training as a “holding” position. This is typically an issue with some 16–18 year olds in Gateshead.
- young people (16 to 24) who are disengaged from employment and training.

- 14–16 year olds who are interested in an Apprenticeship route and would like to engage on a more meaningful vocational experience with a more intensive, high quality work placement.

5. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

5.1 The Gateshead Apprenticeship Partnership believes that on the whole the quality of apprenticeships has vastly improved. However, the delivery across providers is not standardised or consistent. Good providers are delivering excellent apprenticeship programmes which are a solid and useful foundation for young people and their employers. However, it is clear that some providers are simply delivering the bare minimum and are less concerned with future careers or ambitions of their learners. Apprenticeship programmes and the current frameworks are of a high quality if delivered effectively and with the learner at the heart of the delivery model.

5.2 We also believe there is a need for a broader perception of quality beyond narrow success rates. For example, in terms of growth in strategic priority areas there is a mis-match between frameworks in sectors with high growth and those which are local and regional priorities. There has been significant growth in apprenticeship numbers in retail and commercial enterprises, business admin and law. In Gateshead, there is a lot of growth in Warehousing & Storage, and Customer Service. This growth may genuinely reflect learner demand, however they are not key strategic priority sectors with high GVA.

5.3 There is still an issue that much of the 16–18 growth locally is being fuelled by fast-track models with completion of a full framework in sometimes less than 6 months and no real employment outcome. Young people who are completing these programmes, struggling to find employment then looking to retrain in other areas are finding funding an issue as they have already completed an apprenticeship and used up their entitlement.

5.4 Much of overall growth in apprenticeship numbers in Gateshead has been through an increase in adult apprenticeships. For example, 25+ starts have increased by over 3.5 times in Gateshead in the past year. This may be welcomed at one level, but much of this growth is actually a displacement effect from those who would otherwise have enrolled for Train to Gain. Again the quality of this delivery is variable with some providers delivering primarily an assessment based model that is providing qualifications for skills employees already have. In terms of quality for the employer this is not genuinely upskilling or retraining the employee and adds little value to the productivity of the business.

5.5 For some providers, adult apprentices are seen as quick win because they are already in employment so there is an opportunity there for considerable growth. Combine with a low cost assessment based model and the potential revenue is increased for the providers, but quality of experience for the employee and employer is questionable.

5.6 Advanced (Level 3) Apprenticeships are an excellent progression opportunity that can provide learners with a route into University. This is consistent with Gateshead's priorities to increase higher level skills.

5.7 To realise the full value of apprenticeship training for employers and learners, training should be tailored to individual need. Apprenticeship training can be too rigid for some employers, particularly SMEs. Bitesize, modular apprenticeships, similar to degrees, could enable learners to build up credits from a range of modules to complete a full and bespoke apprenticeship.

6. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

6.1 Wages are often the stumbling block for employers to recruit apprentices, and the Gateshead Apprenticeship Partnership supports the introduction of apprenticeship bonuses. It is believed they will play a role in encouraging more SMEs to take on apprentices.

6.2 A simplified procedure for employers would be useful, as at present there is a myriad of funding available, including through NAS, SFA, Young People's Learning Agency and Jobcentre Plus.

6.3 Bonuses should be targeted depending on local need and priorities. For example, local and regional priority sectors, or small companies who are operating in particularly challenging circumstances.

7. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

7.1 50% funding with an expected employer contribution of 50% for a 19–24 year old is a huge challenge. Employers will look at costs and if providers are offering full funding for a 16–18 year old learner they are likely to take this option. The training provider is also more likely to promote the 16–18 option.

7.2 To many employers, a 19–24 year old is a more valuable employee because they are more mature. However, they still require time, and training because they have limited practical experience and skills. Also, there is huge issue concerning unemployment amongst 19–24 year olds and this funding arrangement is likely to hinder attempts to encourage employers to recruit more in this age range.

7.3 There has been a big cultural shift in recent years in which employers do not expect to pay for certain types of training. It is likely to take a few more years for employers to once again come to terms with paying. This is especially the case with older employees following the Train to Gain programme.

7.4 There is evidence of a shift emerging with some providers reporting that more employer contributions are coming in. However, this varies across sectors and is mainly from existing customers who buy into and have seen the benefits of workforce development. Even so, their ability to increase the number of apprentices will be affected by cost implications. It will be far more of a challenge to persuade new employers to support apprenticeships if they have not already seen the value of training. The contribution is therefore likely to create a barrier to growth in employer engagement in apprenticeships.

7.5 The challenges of youth employment incorporate the broader cohort of 16–24 year olds. The approach to funding should therefore be more consistent for all people in this age group.

8. *Further information and representation to the Committee*

8.1 Gateshead Council and the Gateshead Apprenticeship Partnership are happy to provide further information on any of the points raised, and would welcome the opportunity to present the Select Committee if required.

6 February 2012

Written evidence submitted by The Gatsby Charitable Foundation

1. Gatsby is a charitable trust set up in 1967 by David Sainsbury (now Lord Sainsbury of Turville) to realise his charitable objectives. We focus our support on a limited number of charitable areas:

- Plant science research.
- Neuroscience research.
- Science and engineering education.
- Economic development in Africa.
- Public policy research and advice.
- The Arts.

INTRODUCTION

2. The Committee is likely to receive a large number of submissions from a range of interested organisations. We have therefore kept our submission brief, and focused on the Committee’s questions about the quality of apprenticeships and whether more are required at Level 3. Our submission is also restricted to an assessment of apprenticeship provision in science, technology, engineering and mathematics (STEM)—the areas in which Gatsby has a particular interest.

3. Throughout this submission, the term “apprenticeship” is used to refer to the government-funded apprenticeship scheme. We recognise that many employers provide training using the apprenticeship model but choose not to accredit this training as part of the government-funded scheme. Exploring this widespread practice more closely may be beyond the scope of this Inquiry, but we believe it is an area that warrants further investigation in the future.

APPRENTICESHIPS AND TECHNICIANS

4. The UK has a shortage of technicians—people working at qualification Levels 3 and 4 in the high-growth science, engineering and technology (SET) sectors. The 2010 National Strategic Skills Audit forecast problems for employers who are seeking to fill technician roles in a number of sectors, including health care, oil, gas, electricity, chemicals, pharmaceuticals, transport equipment and broadcasting.⁸⁴ Without significant and sustained action, these predicted shortages will worsen in the coming decades.

5. Advanced Apprenticeships (Level 3) in STEM are an excellent way to train people who want to work as technicians. However, in 2009/10 just 14% of apprenticeships were Advanced Apprenticeships in STEM areas.⁸⁵ Furthermore, whilst overall apprenticeship numbers have grown rapidly in recent years, engineering apprenticeships accounted for just 2% of apprenticeship growth since 2006/07.⁸⁶

6. While STEM apprenticeship numbers have been declining, an increasing number of employers have been recruiting graduates to fill their technician jobs. However, recent evidence shows that employers are beginning to re-evaluate this practice. Many organisations have found they now lack sufficient practical understanding and competences within their technician workforce—skills which are best acquired through Advanced

⁸⁴ *Skills for Jobs: Today and Tomorrow*, UK Commission for Employment & Skills, 2010.

⁸⁵ *FE STEM Data Project*, The Royal Academy of Engineering, 2011.

⁸⁶ *Adult Apprenticeships*, National Audit Office, February 2012.

Apprenticeships.⁸⁷ In order to help employers rebalance the mix of skills amongst the technician workforce, there needs to be a significant increase in the provision of Advanced Apprenticeships in STEM.

INCREASING PROVISION OF ADVANCED APPRENTICESHIPS IN STEM

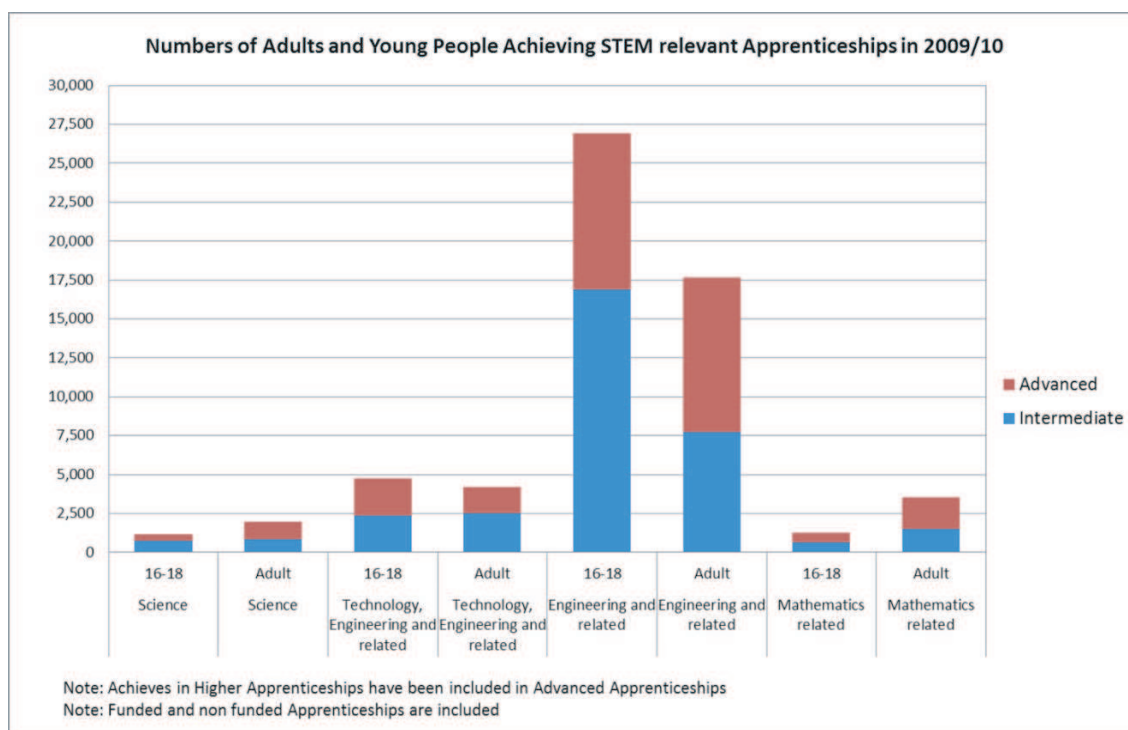
7. Recognising the need to encourage the growth of Higher Apprenticeships (Level 4+), the Government created a Higher Apprenticeship Investment Fund in 2011. We welcome this approach, but believe it is important the Government maintains a strong focus on enhancing quality and quantity at the Advanced Apprenticeship level (Level 3).

8. Gatsby recommends that the Government creates an Investment Fund for Advanced Apprenticeships in STEM, further prioritising apprenticeship funds to increase provision in the economically-important SET sectors. Encouraging employers and their representative bodies to bid for these funds directly will help to maximise employer involvement in the training of apprentices, ensuring a more sustainable model that closely matches the needs of employers.

9. We further recommend that any such fund should seek to halt the current decline in the number of young people training in Advanced Apprenticeships—in 2010 only a third of Advanced Apprenticeship starts were by people under the age of 19. As a recent paper by the Centre for Economic Performance notes:

“The failure to ensure that each cohort of young people gains the skills needed for productive employment ensures that we will continue to struggle to make good this deficiency in their later working lives. Adult apprenticeships may be needed now to make good the deficiencies of the past. But if good quality apprenticeships were also there for young people in the numbers needed, adult retraining would no longer be so necessary.”⁸⁸

10. As we have noted, Advanced Apprenticeship numbers in STEM are declining from an already low base, and, as the chart below shows, science apprenticeship provision is particularly poor. An investment fund, such as the one we have recommended above, could help to break science’s poor record in apprenticeship training. We believe that technician occupations in science are well-suited to the apprenticeship model—incentives from government, which encourage employers to take ownership of apprenticeships, could help to ignite apprenticeship provision in science and thus stimulate a renaissance in the provision of vocational pathways to the science professions.



Source: FE STEM Data Project, Royal Academy of Engineering, 2011.

⁸⁷ *Science, Engineering and Technology Technicians in the UK Economy*, Mason G, forthcoming.

⁸⁸ *Apprenticeship policy in England: Increasing Skills versus boosting young people’s job prospects*, Centre for Economic Performance, 2011.

ADVANCED APPRENTICESHIPS AND PROFESSIONAL REGISTRATION

11. One of the ways in which Gatsby is seeking to raise the status of technicians is through professional registration. We are working with the Engineering Council, the Science Council and the relevant professional bodies⁸⁹ to help increase the number of professionally registered technicians in the UK workforce.

12. To become registered, a technician proves their competence to perform professional work to the necessary standards by, for example, providing evidence that they have certain skills. The individual must also demonstrate their commitment to maintain competence and work within professional codes of conduct. In STEM, the registration framework being developed will provide a vocational ladder to the professions, comprising three “rungs” of professional standards, beginning at Level 3, with “Registered Technician” (EngTech, ICT-Tech, RSciTech) and concluding with “Chartered” status (CEng, CSci, CPhys, etc). Professional bodies will set the benchmarks for these standards and map qualifications against them.⁹⁰

13. One of the main advantages of technician registration is that it enables entry to the professions through an apprenticeship route. For example, as the table below shows, an apprentice can register with their professional body as an Engineering Technician (EngTech) after completing an Advanced Apprenticeship, and then progress on through professional development to become an Incorporated Engineer (IEng) or Chartered Engineer (CEng).

<i>Title</i>	<i>Designation</i>	<i>Threshold</i>	<i>Route</i>
Engineering Technician	EngTech	Level 3	Advanced Apprenticeship
Incorporated Engineer	IEng	Level 6	Higher Apprenticeship
Chartered Engineer	CEng	Level 7	

14. Another crucial advantage to registration is the stability and assurance of quality that it brings to qualifications and training routes. The professional standards, which are set and administered by the professional bodies, are designed and updated in close consultation with employers. Professional registration holds value in the labour market: employers understand and trust registration as a mark of competence. Closely linking technician registration to Advanced Apprenticeships in STEM will help to assure the quality of apprenticeships to employers. It will also make it straightforward for apprentices to register as technicians upon completion of their apprenticeship, thereby engaging apprentices with the principles of professionalism and career progression.

15. At present, only a limited number of Advanced Apprenticeship frameworks have been approved by professional bodies for technician registration. The Government should actively incentivise closer collaboration between sector skills councils and professional bodies to ensure that more Advanced Apprenticeships in STEM meet the standards required for technician registration. Where apprenticeships are approved for registration, it is important that this fact is clearly communicated to both employers and apprentices.

CONCLUSION

16. The UK economy urgently needs more technicians operating at Levels 3 and 4 in high-skilled, growth sectors. Advanced Apprenticeships in STEM are an excellent way to train both young people and adults with these technical skills. However, not enough STEM employers are currently engaged with the apprenticeship system and this situation is unlikely to change unless Government takes positive action.

17. Gatsby recommends that:

- Government prioritises apprenticeship funding towards economically important growth sectors by creating an *Investment Fund for Advanced Apprenticeships in STEM*. This funding model could operate in a similar way to the existing Higher Apprenticeship Investment Fund, although we recommend a firm requirement of the new fund is that at least one professional body is included as a partner in every bid.
- Government, through the National Apprenticeship Service, encourages sector skills councils to collaborate closely with professional bodies to ensure that more Advanced Apprenticeships in STEM match the standards required for technician registration. This will help to assure the quality of apprenticeships, and open up entry to the professions via an apprenticeship route.

2 February 2012

⁸⁹ Eg. Royal Society of Chemistry, Society of Biology, Institution of Mechanical Engineers, Institution of Civil Engineers, etc. etc.

⁹⁰ For further information about technician registration, see the Gatsby website: www.gatsby.org.uk/Education/Focus-areas/Promoting-Technical-Skills.aspx

Written evidence submitted by the Greater Manchester Learning Provider Network

The Greater Manchester Learning Provider Network represents the interests of a range of organisations delivering state-funded vocational learning. Our members operate nationally, regionally and locally. Our members are independent training providers, colleges and local authorities holding contracts with the Skills Funding Agency, with many also delivering Department of Work and Pensions (DWP) provision. We also have Awarding Bodies, Universities and other organisations that support the network as Associate Members. We offer a comprehensive perspective from the Work-Based Learning sector.

1. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

It depends on what the measure of success is. If the measure of success is increasing the number of Apprenticeships then the answer would be yes as the figures suggest. If it is, however, enhancing the Apprenticeship “Brand” then we would suggest not. As an example, NAS is fixed upon chasing and reaching the target numbers that it has been set. In our opinion this is leading NAS to focus more on the larger employers and in many cases using tax-payer money to subsidise the training programmes of the very large employers, thus de-valuing the Apprenticeship Brand. We are also aware that NAS has supported models that promote short-term Apprenticeships and whilst we hope that these will be reserved, we do feel that instances such as this have de-valued the Apprenticeship brand.

Moreover, surely a significant amount of the NAS budget pays the wages of brokers who essentially act in a similar fashion to previous Business Link brokers. Whilst we are not party to the costs of running such a staffing structure, it must be significant—yet the success of this structure is debatable at best.

On the other hand, NAS has brought a renewed vigour, energy and drive into the promotion of Apprenticeships as a national corporate message. This cannot be under-estimated. We feel that the Apprenticeship logo and general message about Apprenticeships is on the whole very clear and very helpful to Work Based Learning Providers operating in the sector.

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

From the outset it must be clear that extra funding is necessary for Quality Apprenticeships. The numbers of people on an Apprenticeship should always be a secondary concern. The principal concern should always be the quality of the Apprenticeship.

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

We believe strongly that quality Apprenticeships bring extensive benefits to both the employer and the apprentice. Whilst we would encourage progression to level 3 Apprenticeships wherever possible it must be recognised that in many occupations and sectors a level 2 Apprenticeship is the most appropriate level of qualification, offering the right quality, skills, knowledge and benefits to the apprentices and their employers.

It is not the case that level 2 Apprentices should progress to a level 3 Apprenticeship—they can only do this if the job that they are in dictates that they need to do it. Let’s get back to the situation when it is the job and employment opportunity that determines the level of skill required.

A Level 2 Apprenticeship is a valuable qualification and, yes, wherever possible lets progress people onto a Level 3 programme, but only if their job dictates that they need a Level 3 Apprenticeship.

4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

As these have only just been introduced it is really too early to comment on how they should function and whether they encourage greater sustainable involvement of more small and medium sized businesses. Bonuses and incentives always lead to changes in behaviour amongst employers and these changes are not always as one might wish for or anticipate and may not represent best value for money.

Also refer to Question 5.

5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

The biggest single brake on using apprenticeships to promote employment in the 19–24 year old age group is the 50% reduction in Government funding for apprenticeships for people in this age group. Far simpler than the current patchwork of grants for employers for this age group would be to fully fund apprenticeships where the apprentice is starting a new job. Funding “job outcomes” in this way is simple and efficient and would enable apprenticeship providers to commit resources to supporting young people into work. They currently do

this very effectively for 16–18 year olds but have no choice but to reduce the level of support for 19–24 year olds (a group which is in equal need of support).

Whilst we welcome the motivation behind grant support for “job outcomes” these schemes are problematic for a number of reasons—in particular, the proliferation of Agency/ESF/local council schemes makes them difficult to understand for all concerned as well as being complex and expensive to administer. By way of example, in some local authority areas in Greater Manchester there are as many as four employment grant schemes for 16–24 year old NEETS. These could be significantly reduced or even dispensed with if apprenticeships (where there is a job outcome) at 19–24 were fully funded.

3 February 2012

Written evidence submitted by Greater Manchester Local Enterprise Partnership

EXECUTIVE SUMMARY

- Greater Manchester is the second largest city-regional economy in the UK whose economic performance is of national importance.
- Economically Greater Manchester “punches below its weight” due to low productivity. Low skills attainment accounts for the bulk of our productivity gap.
- The Greater Manchester LEP supports the drive to expand apprenticeships but is keen to see Government funding for apprenticeships more closely aligned to the skills needs of the Greater Manchester economy, in consultation with the LEP (which has a BIS-defined role to lead job creation and drive growth).
- Linked to the above, to address the mismatch between the current pattern of apprenticeship attainment and the needs of our economy, we recommend the use of apprenticeship funding in partnership with LEPs that:
 - Stimulates the expansion of apprenticeship demand and subsequent provision into a wider range of apprenticeship frameworks and sectors, including higher apprenticeships.
 - Better enables young people, particularly those aged under 19 and NEETs, to compete for apprenticeship opportunities.
 - Supports efficient infrastructure that can enable a much greater number of employers, particularly small and medium enterprises (SMEs), to recruit apprentices.
- Government’s policy intent at times requires clarification between maximising the volume of apprenticeships and linking opportunity to economic need.
- A summary of all recommendations is included at the end of this note.

CONTEXT

1. Greater Manchester is home to the largest city-regional economy in the UK outside of London and the South East. With annual GVA of over £50 billion, the economic performance of Greater Manchester is of national importance.

2. Analysis by a panel of international economic experts via primary research contained in the Manchester Independent Economic Review (MIER) found that economically, Greater Manchester “punches below its weight” due to its low productivity. MIER concluded that three quarters of the productivity gap between Greater Manchester and the UK average is attributable to low skills.

3. As the group responsible for driving private sector growth in Greater Manchester, the Local Enterprise Partnership supports attempts by Government to expand the number and range of apprenticeships available in our area.

4. We regard apprenticeships as a route to better quality vocational skills, ensuring that a greater proportion of our working age population have the skills and experience to meet the needs of constantly-evolving labour demand from employers. This will narrow the gap between the supply of skills and demand from employers, boosting productivity and enabling more residents to share in the benefits of future economic growth.

5. Apprenticeships sit at the heart of Greater Manchester’s approach to tackling the issue of youth unemployment, which seeks to minimise the risk of lasting damage to the labour market prospects of tens of thousands of young people, avoiding repeating cycles of low attainment, low skills and low productivity.

6. Therefore the LEP is working with employer groups, local authorities and providers to introduce a Commitment to Youth Employment in Greater Manchester, building on national incentives and initiatives to work with employers to support thousands of young people in sustained work, mainly apprenticeships.

EVIDENCE

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

7. When measured by apprenticeship starts alone, NAS has achieved considerable success since its launch. Locally, the LEP has a good working relationship with NAS, working together on key local initiatives, such as our Commitment to Youth Employment.

8. However we echo concerns expressed by others that the rapid growth in apprenticeships has, in some cases, undermined quality and diluted the apprenticeship “brand”. Likewise, we note that the bulk of apprenticeship growth has been accessed by those aged over 25—we question whether NAS, BIS and DfE are sufficiently connected to DWP in the drive to reduce youth unemployment. Currently apprenticeship growth rates for those aged under 19 are well below that of older workers, with young people being outcompeted for apprenticeship roles.

9. NAS has succeeded in bringing real energy to drive apprenticeships among larger employers, which is to be commended. However in Greater Manchester:

- 95% of workplaces employer fewer than 50 people.
- 70% of employees work at small and medium enterprises.
- Only about 5% of employers currently recruit apprentices.

10. There is a real need to extend the reach of apprenticeships into SMEs if the kind of step change in vocational skills required by our economy is to be achieved.

11. There is a strong argument for NAS resources to be deployed in a manner that reflects the importance of place and labour market geography, creating an efficient infrastructure to foster a stronger market for apprenticeships based on the requirements of the local economy. The LEP is keen to develop an enhanced approach to engaging SMEs in apprenticeships, in line with the policy direction of recent UKCES/BIS activity.

12. Much greater data transparency is required from Government if employers and employer networks are going to be able to demonstrate more effective leadership on apprenticeships. In particular, the LEP and its partners are keen to better understand how well apprenticeship provision is meeting the needs of employers.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

13. The LEP believes that the impact of Government funding of apprenticeships can only be maximised if funds are more closely aligned to the needs of the economy. The labour market in Greater Manchester—the second largest in the country—operates on city-regional footprint, matching the geography of the LEP.

14. Government funding of apprenticeships currently responds to a limited number of nationally-determined policy goals. While many of these coincide with the needs of our economy, we believe that apprenticeship funding can make a bigger impact on productivity and growth if it is better spent addressing local economic issues. These include:

Frameworks

15. Better value could be obtained from state investments in apprenticeships through a sharper focus on frameworks and sectors where the penetration of apprenticeships is low.

16. Currently around 70% of starts are within 10 frameworks, all of them well-worn ground for apprenticeships. There is a real need to expand the reach of apprenticeships into low-demand sectors, particularly those that are identified as key to future economic growth.

17. These sectors will vary from place to place, so there is an excellent opportunity for LEPs to work with BIS and NAS to shape this activity to best contribute to employer demand and growth.

Apprenticeship access

18. We are concerned that those aged under 19 are being outcompeted for apprenticeship opportunities. The majority of apprenticeship growth has benefitted those aged over 25, with much lower growth rates for 16–18s.

19. Existing Access to Apprenticeship arrangements are failing to adequately respond to this issue. We understand that this is principally an issue of bureaucracy for providers (paperwork must be completed for each individual eligible learner), although we have feedback that the lower success rate of this cohort acts as a further disincentive to providers. Effective, non-bureaucratic pre-apprenticeship activity that does not penalise providers is required if more young people, who could benefit the most from apprenticeships, are to access the benefit of an apprenticeship.

20. The Youth Contract has the potential to improve apprenticeship access to some of this cohort, but its policy intent needs clarity: we recommend that its focus is on ensuring those young people who currently find accessing apprenticeships difficult, as opposed to a more general promotion of apprenticeships per se.

21. Such arrangements will also help to minimise the “deadweight” in apprenticeships, ie. NAS paying for outcomes that would have likely been achieved without Government support. This will also help NAS respond to one of the key findings of the recent National Audit Office report.

Image of apprenticeships

22. We support the work that is already being done with employers, young people, teachers and parents to position apprenticeships as a viable learning opportunity for a broad range of learners.

23. However much more needs to be done to dispel myths about the level and type of learning available via apprenticeships, particularly amongst schools and parents, to promote more young people to opt for an apprenticeship.

Higher apprenticeships

24. The LEP is keen to encourage more employers to offer higher (level 4) apprenticeships, providing a quality vocational routeway for businesses and learners. SFA data indicates that higher apprenticeships make up less than 0.5% of all apprenticeships in Greater Manchester.

25. We recommend that this enquiry looks closely at funding arrangements for level 4+ apprenticeships. We understand that providers have difficulty accessing funding to offer level 4 apprenticeships—those that do often rely on level 3 funding, which is not commensurate with the cost of level 4 provision.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

Quality

26. We welcome moves to make apprenticeships for 16–18 year olds last a minimum of one year, along with activity by NAS to review provider compliance for short-term apprenticeships.

27. However anecdotally, quality remains an issue in some cases, with feedback that some employers may be using apprentices to displace other vacancies and not providing quality on-the-job training, and/or failing to pay contributions.

28. We would therefore welcome more information from NAS on how they plan to safeguard the quality of apprenticeship provision as the number of places (and state funding) continues to expand.

Level 3

29. Greater Manchester is one of the few labour markets outside of South East England that is forecast to see net jobs growth over the next five years.

30. Over half of new job opportunities in Greater Manchester will require skills at level 3 or above. But only 31% of apprenticeships in our area are at level 3 or above—a clear example of skills supply not matching demand. Therefore we would support moves to encourage more apprenticeships to be “level 3 from the start”. The enquiry should be careful not to equate level 3 apprenticeships with quality. Good quality provision is needed at all levels, simply increasing the number of level 3 apprenticeships will not resolve quality concerns.

31. We need to develop more advanced apprenticeships but also higher apprenticeships, which are almost completely absent in Greater Manchester. We therefore welcome initiatives such as the higher apprenticeship fund and we would be interested to find out the impact of this activity on demand and provision of higher apprenticeships.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

32. While employers rarely highlight bonuses and related incentives as a primary motivation for offering apprenticeships, bonuses can help to steer demand to achieve policy objectives. However, as noted in para 18, the policy intent at times appears unclear—are bonuses intended to increase demand for all apprenticeships, or is the priority to secure opportunities for those in greatest need (such as those under 19, or NEETs)?

33. Clear, straightforward bonus systems for employers can be used to:

- Stimulate demand in sectors featuring low apprenticeship penetration and amongst SMEs.
- Generate more higher apprenticeship opportunities and/or apprenticeships with clear progression routes onto higher levels.
- Support more young people who are unemployed into apprenticeships.

34. The current flat rate of bonuses, while minimising bureaucracy, risks creating greater incentives to workplaces where labour costs comprise the majority of the organisation’s cost base, or where any additional costs of supporting apprentices are low. We would welcome the opportunity to explore whether incentives can be weighted to take account of industry costs.

35. Any bonus structure needs to be carefully coordinated with DWP activity, to ensure that incentives are not created for employers or providers that drive perverse outcomes, such as the displacement of other opportunities.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

36. The fact that the vast majority of recent apprenticeship growth has taken place amongst the over 25s indicates that funding is not the primary motivation for employers when deciding which apprentices to recruit.

37. We understand that fewer than 20% of apprenticeships are currently occupied by someone who was previously not in employment or learning—with even fewer unemployed young people able to access apprenticeships.

38. Therefore we recommend 100% funding for 19–24 year olds. Indeed, recent months have seen the launch of additional activity, principally via the SFA—to target additional resources at apprenticeships for those aged under 25.

39. Some of this is supported by European Social Fund (which may be difficult to align to mainstream-funded programmes) but much of it is not. We encourage NAS, SFA, BIS and DWP to seek to align funding streams wherever possible to avoid the risk of piecemeal, competing and confusing provision.

40. Funding could be better targeted on NEETs and other groups who are under-represented in apprenticeships, who are outcompeted for apprenticeships currently. Funding could also be used to flex to better align to local labour market conditions and future employer demand.

RECOMMENDATIONS

In summary, the Greater Manchester LEP recommends that:

- Activity to address concerns over the quality of some apprenticeships is stepped up (paragraphs 8, 28).
- To maximise the impact of Government apprenticeship investment, funding should be deployed in closer alignment to the needs of local economies. This should be based on a shared understanding of economic need and opportunity agreed in partnership with LEPs, which BIS states are responsible for driving job creation and growth in their areas (paragraphs 11, 14, 16, 17).
- Government needs to become far more transparent in sharing data on apprenticeship starts and attainment, so that LEPs and their partners can develop a more detailed understanding of how the supply of skills is meeting demand, including new market opportunities (paragraph 12).
- Access to Apprenticeship funding should be reviewed to minimise bureaucracy and provide better routes to apprenticeships for young people who are currently outcompeted for opportunities by older, better qualified, more experienced individuals (paragraph 18).
- Government’s apprenticeship policy intent needs clarifying—is the priority to expand all apprenticeships regardless of cohort, or is it to support more young people into training and sustained employment thus minimising programme “deadweight”? (paragraphs 20, 32)
- Funding for 19–24 year olds be increased to 100% (paragraph 38) and that funding mechanisms for higher apprenticeships be reviewed (paragraph 25).
- That multiple apprenticeship funding streams be aligned and mainstreamed wherever possible (paragraph 39) to minimise overlap, confusion and complexity for learners and employers.

10 February 2012

Written evidence submitted by Green Lantern Training

I am a training provider who has delivered the Hospitality Apprenticeship programme for 15 years. In the early years I did this through direct contracts with the Training Enterprise Councils and latterly as a sub-contractor of a number of FE Colleges. I am a small provider, who works on my own with occasional input from a number of Associates. I operate primarily in the South West of England. I am an Awarding Centre of City and Guilds.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

I am aware of very little positive impact the NAS has had on my programme or my students. The Apprenticeship vacancy service has been of no benefit to me, my students or the employers that I work with, who are all SMEs. The candidates I take on are currently employed and none of the employers have taken on staff because they will become Apprentices. None of the employers I have worked with were comfortable with paying their staff the minimum wage of £2.50 when they became aware of the possibility. They would not

have used the Vacancy matching service, preferring to take on local people either through word of mouth, direct applicants or through the Job Centre.

I have had contact with the local NAS twice, neither of which was particularly helpful. The first occasion was the “100 for 100” scheme which one of my FE Colleges asked me to be involved with. The NAS stated that my company would not be given any publicity in exchange for the £800 I was asked to contribute to the initiative, as they “could not be seen to be favouring any particular provider”.

The second was when I was asked by the Apprenticeship team in a local council to give them the names of any students I recruited in the area so they could include those candidates in their achievement target. When I asked what I would get in return I was told nothing, as the Borough Council “could not be seen to be favouring any particular provider”. It was suggested that I contact the NAS who might be able to help me with marketing the programme in the local area. I did, but was told by the NAS representative that they could not help me because they “could not be seen to be favouring any particular provider”.

I, my candidates and my employers would not notice any difference if the NAS ceased to exist.

As a footnote, I see some £6 million has been given to People 1st (the Hospitality SSC) to develop vocational programmes—they are using it to set up what looks like a replication of the NAS Vacancy service- why? It hasn't worked for the NAS!

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

The funding currently directed at Apprenticeships is spent in the wrong way. The faults with the current situation are as follows:

1. The concept that is promoted is not what is actually delivered, because that is not what is actually funded. What is currently funded, therefore delivered, is the achievement of four basic qualifications (two if the candidate has Maths and English GCSEs). The funding for these qualifications only covers the most basic delivery of them, once all other operational and administrative costs are taken into account. Once SNAFUs are factored in then the qualification has to be delivered in the shortest time that is appropriate, to avoid the inevitable cash flow crises.
2. The funding should be directed at fewer Apprenticeship frameworks, with fewer candidates but funding longer programmes with virtually all Government Departments and Quango input removed.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

1. You need to decide what the primary objective of the Apprenticeship is before you can judge whether it is of sufficient quality. The Government has allowed the original concept to drift, introduced mission creep and most other sins have been committed in the name of Government procurement:

- starting from a position of distrust (excessive and inappropriate inspection and auditing);
- centrally imposed and inappropriate frameworks (employers and candidates do not value key skills;
- what they want is all children leaving school who can read, write and add up);
- unrealistic targets made worse by a fundamental lack of understanding of what businesses need in terms of skills. GLH and minimum 12 month programmes do not guarantee quality—you know that, we know that and the fact that it will result in higher costs in an already underfunded programme, higher dropout rates and increased irritation from employers and candidates has not stopped you from imposing it for no better reason than it ‘reassures’ people—or MPs anyway; and
- insufficient funding—tell me, how do you deliver a key skill for £130 (what I get) which is supposed to replicate what was supposed to be covered in 10 years of full time education? The amount I get to deliver the NVQ only just covers the direct and indirect costs—it does not cover travel, liaison with the employer and contractor, times spent on audits and inspections and office costs. If anything goes wrong, if there are any delays in payments (which happens regularly) then we are immediately into a loss-making situation.

2. The number of Level 3 Apprenticeships is immaterial—as long as the frameworks are based on NVQs then candidates will be restricted by their job roles anyway—I have candidates who would love to do a Level 3 but can't because that would mean they would need to find another job (impossible right now) and get promoted (difficult right now as people are staying in their jobs because they can't find another one).

3. We have been waiting for over two years for People 1st (the Hospitality SSC) to produce the Higher Apprenticeship and they still have not done that. Quangos slow down or stop innovation, they are not architects of it.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

1. Bonuses will get their attention but I doubt it will dramatically increase the involvement of SMEs. They know that the funding will be withdrawn quickly and that very few of them will get it anyway.
2. See the next question for what will encourage them to take on Apprentices.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

1. It is completely inappropriate. In the 15 years and 500 odd candidates I have taken through the programme I have not noticed any discernible difference in how long the two age groups take to get through the programme. The effect that policy has had is to make it almost impossible to deliver Level 2 programmes for the 19–24 age group without incurring losses.

What an Apprenticeship should be

1. A programme of training agreed between the employer and the training provider—if one is used at all, the employer might use internal resources. It may, or may not, lead to qualifications.
2. SMEs can be paid to over train staff and additional staff they would not normally have taken on. This will create a pool of well trained employees who are more employable and gradually raise standards within the sector. In time employees will expect to be put through a development programme and employers will expect their more senior recruits to have been through one.
3. It is completely employer driven with skills outcomes agreed in return for Government funding. Under this system the SFA, NAS, Ofqual, Ofsted and SSCs are obsolete—the Awarding Bodies will be required to maintain standards and produce qualifications that people and companies want to pay for.

I fully intend to take advantage of the £250 million pilot funding to work with employers I have contact with, to create programmes with them that they want and need, either individually or as a Group. This will prove that the organisations listed above are irrelevant to genuine work based learning.

Trudi Stevens
Director

26 December 2011

Written evidence submitted by HP Consultancy and Training

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

No they have not bridged the gap they have kept separate and there does not seem to be any joined up thinking or approach. In its current format with reduced staffing and resources NAS will not be able to fill this gap adequately in the future. NAS was very effective to start with but with the loss of their Marketing Budget and staffing over the last year they have limited resource to be as effective as they could be. The NAS website is fantastic and has some great resources especially case studies. We only have one person on the ground locally and we are finding more and more that the provider association and its associates are the people promoting Apprenticeships locally for example we are organising three Apprenticeship events over next few months for learners, parents and employers. We need some employer brochures and thought NAS would be able to help but no they have none in stock and are waiting for a re-print. When we asked if they could print them off their site—as that is what they ask employers and providers to do—they again said no. It is frustrating that they really are expecting providers to take on these costs when we are already seeing cuts in funding.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Yes it is definitely needed but it should be aimed at employers, particularly SMEs and improved IAG on apprenticeships. Without impartial IAG there will be reduced growth in apprenticeships. IAG for 16–18 years is crucial and schools will not provide this, no connexions, no Aimhigher, no area wide prospectus, no EBP, no national career advice service for this age group—where will they get this information? Yes funding is necessary but needs to be spent on LOCAL, impartial, advice and guidance young people need to get 1:1 support and this is no longer available through Connexions. Young People want and need 1:1 support to be available locally—see attached case study. A school have told us not to forget about their mainstream students as they feel the focus is on high achievers or potential drop outs.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

There are too many instances where providers have been given big national contracts and played the numbers game this has tried to damage the Apprenticeship brand. LOCAL providers deliver high quality programmes and the difference is that they are part of local communities and you will find that the management and staff are parents, governors and local business people so they care about the programmes they deliver. I am pleased that there is going to be a minimum length of stay but certain providers will still abuse the system and Yes, now that a minimum 12 months has been introduced, quality will improve but there should be a clearer progression from A levels into level 3 apprenticeships. Many learners still start at level 2 when they should go straight to level 3. Yes success rates and OFSTED reports show high quality within work based learning and chief inspectors report highlighted private providers—yes need more level 3 but need to provide IAG to 6th formers who have got work experience to encourage progression.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

This could be a tax exemption/break or similar to the construction industry where employers pay a levy dependant on their size but get money back for taking an apprentice (just like the good old days) or bonus payments they receive when they take on an apprentice and another when they complete their apprenticeship. Incentives paying first years wages is an incentive to SME's in certain sectors but employers would also be encouraged by tax breaks, vouchers to spend on other training for other staff etc. These incentives need to be run by an impartial body eg NAS as some providers are offering grants but increasing their numbers alone and this does not make a level playing field.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate

Yes for 16–18 years but no for 19–24 years. 50% is too big a jump and employers will not contribute. 16–24 years should be 100% with 50% at 25 year+, particularly in light of the rising NEET problem at 18–24yrs NO! NEET 18–24 is rising and Youth Unemployment—employers cannot afford to pay 50% towards the training and this is putting them off recruiting 18–24 year old Apprenticeships.

17 February 2012

Annex

LOCAL SCHOOL LEADS THE WAY WITH APPRENTICESHIPS

In partnership with the Worcestershire Provider Association a local school have taken the opportunity to ensure all of their Year 11 students and 6th formers find out more about Apprenticeships.

Margaret Brown, Head of Work Related Learning & Enterprise at the school says:

“Droitwich Spa High School was keen to participate in the ‘Apprenticeships Made Easy’ workshop sessions to provide up to the minute information and advice for students thinking of this pathway as a post 16–18 option. We were keen to supplement the advice and guidance offered by our former Connexions PA's to enable DSHS students to make informed choices, as well as giving them time to register on the Apprenticeship website and gain a full understanding of what is involved in the application process. It is hoped that the students who decide on an apprenticeship pathway will, as a result of the support from Helena and the Provider Association will be more proactive in researching and making early applications and hence secure a successful outcome for their future”.

Helena Baxter, representing Worcestershire Provider Association says:

“It has been a breath of fresh air working with Margaret and her team. Droitwich High School are the first school to take up this new and exciting opportunity in Worcestershire and to have nearly 50 students eager and keen to learn about the Apprenticeship programme is fantastic! We will now be working closely with local training providers and employers to ensure that these students are supported throughout the next few months in their application process and providing them with advice and guidance on the sector they have chosen plus getting them prepared for the world of work”.

FURTHER DETAILS

The Work Related learning Team at Droitwich High School identified 50 students from the Year 11 cohort (300 students) that had expressed an interest in Apprenticeships as their possible destination choice and the sector they were interested in eg Construction, Hospitality and Catering, Retail.

The school sent letters home to parents and guardians stating that their child had expressed an interest in the Apprenticeship programme and requesting their permission for their child to attend an Apprenticeship workshop. This was to ensure we had parental support and also ensured there was a discussion at home with regard to the students post 16 choices.

On 11 January 2012 43 students attended the “Apprenticeships Made Easy” workshop they found out about what is an apprenticeship, the types of apprenticeships including the various sectors and job roles, the personal benefits, the employer benefits and the most popular Apprenticeships in Worcestershire. We also looked at the City and Guilds Vocational Rich List, discussed ambition and lifestyles and how qualifications lead to jobs. Students also heard what current Apprenticeships say about the programme.

Students will now complete a Common Initial Assessment and Application Form which has been provided to schools by the Worcestershire Provider Association and will attend a further workshop in March 2012 where we will be working with smaller groups on Interview Skills, Application Forms and Apprenticeship Vacancies Online.

We will now be working with these students until they start their Apprenticeship programme and will provide the support necessary to ensure they have a smooth transition into their chosen post 16 option.

Written evidence submitted by the Herefordshire, Worcestershire and Shropshire Training Providers Association

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

NAS has provided a national profile of the Apprenticeship brand which has been successful—their support in organising local and regional events for the Real Apprenticeship Event has created an annual calendar event that has been well received.

The website is informative and comprehensive as a central resource for employers, providers, learners and parents.

The Vacancy Matching Service, AVOL has had limited impact and has had some criticism about its effectiveness. It has been a useful tool for schools to help target leavers to job opportunities.

In terms of bridging the gap, the two departments have very different objectives for the brand—BIS for job creation and DfE for educational choice. The Apprenticeship brand has been widely promoted as being the solution to many issues from worklessness to Higher Education, but does one brand fit all.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Yes, the extra funding is necessary—considering the number of 18–24 NEET incentives are required to refocus or support learners to make a positive impact on the job market.

The best thing to do would be to encourage employers to take on 16–24 year olds by giving them an incentive, possibly through tax benefits for SMEs or similar so that an apprenticeship is an attractive proposition.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

Apprenticeship Providers have responded to changes in Framework requirements to ensure that quality is maintained. Unfortunately, the relaxation of auditing has enabled some providers to skimp on quality which has been highlighted in recent press coverage regarding accelerated apprenticeships and some poor quality provision.

Recent specifications for the length of stay for 16–18 year olds and guided learning hours have helped to create a standardised model. However, the auditing of these is still a grey area.

For 18+ Apprenticeships, the ability to be employer responsive through tailored training is becoming restrictive if the flexibility of delivery becomes more prescriptive. The requirement for more knowledge and Functional skills may make the brand less “fit for purpose” for a vocational work related route.

Funding methodology, MLP and OFSTED have often led a Provider to maximise funding through Level 2 entry and progression to Level 3—as we move forward, there will be more Level 2 qualifications with direct Level 3 entry.

Whilst key skills have had some bearing on the work place, Functional Skills are perceived as being school/college based qualifications with little bearing on work.

As there are more 18–24 year olds with good A level qualifications that would be attracted to Advanced Apprenticeships, this cohort lack the employability skills to command a job role with responsibility or supervisory skills in order to start an Advanced Apprenticeship.

This cohort probably has very good skills in Personal Learning and Thinking but lack the employability skills of: communication; initiative; reliability; commitment. In this way the key skills are the right parameters for employers but the assessment may need rethinking.

Level 3 apprenticeships often require a job role with some responsibility either for supervision or departmental responsibility—these can sometimes be a barrier for young people—The system would benefit from Level 3 Apprenticeships that are less focussed on management skills and more in line with technical competence.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

Not necessarily, Small to medium businesses do not necessarily see a golden hello as a significant enough bonus when they seek long term economic confidence for the future of their business to invest in a young person for the next two to three years—this could come about by tax incentives or reduced bureaucracy to convince SMEs to take on apprentices.

Any bonus should ensure an element is paid upon completion to meet a successful outcome.

Also, any bonus scheme should be administered centrally and not through a delegated provider.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

No, in order to get more 18–24 year old NEETs into employment, 100% funding should be provided for level 3 qualifications. Could there be a two tier system—those in employment, the employer contributes 50% or for a new recruit 100% funding is available. This may encourage some employers to take on an unemployed young person.

26 January 2012

Written evidence submitted by the Heating and Ventilating Contractors' Association (HVCA)

The Heating and Ventilating Contractors' Association (HVCA) welcomes the opportunity to submit evidence to the inquiry.

HVCA is the UK's leading trade association for building services engineering contractors and represents the interests of over 1,500 firms active in the design, installation, commissioning and maintenance of heating, ventilating, air conditioning and refrigeration (hvacr) products and equipment.

Founded in 1904, the Association adds value to members' businesses by providing quality services, promoting excellence and shaping the commercial environment through representation and leadership.

The Association will change its name to B&ES on 1 March 2012.

Our subsidiary company Building Engineering Services Training (BEST) is a leading UK training provider for the Building Services Engineering (BSE) sector, covering heating, and ventilating, air conditioning, refrigeration, plumbing and electro-technical industries.

BEST has successfully managed the training of over 10,000 apprentices and introduced them as skilled personnel into the building services industry.

In addition, it has up-skilled the industry's existing workers, allowing them to gain a recognised qualification to reflect their many years of experience.

This document has been discussed and shared with our Association Members and our industry partners including the United Kingdom Contractors Group (UKCG) and the Electrical Contractors Association (ECA).

SUBMISSION

The Association's views may be summarised as follows:

1. An ageing workforce

Skills are a key area of concern for the Association. The average age of a qualified Craftsman in our Industry (NVQ Level 3) is 45–55 years old. Industry Craftsmen are expected to hold industry recognised qualifications, and the looming skills shortage has been exacerbated by a long-term decline in employers taking on apprentices, partly as a result of a rise in the use of agency labour which is borne from uncertainty of their future workload and the rising costs of employment overheads.

There is now a serious risk that an ageing workforce and the removal of the default retirement age, coupled with fewer employers feeling able to offer apprenticeship placements, will impact on the workforce demographic and available future apprenticeship placements leading to a skills and manpower shortage in the future.

2. Current Economic Climate

The building services engineering sector has been hit hard by the current recession but remains well placed to help kick start economic re-growth. When that happens, our sector is labour intensive and will be able to generate a large number of employment opportunities.

The Association supports the Government's efforts to increase the numbers of apprenticeships, but wishes to point out that the key component to a successful apprenticeship is a committed employer. In industries such as ours, which is mostly comprised of small businesses, encouraging SMEs to train in difficult economic times is of particular importance. Currently, SMEs make a very significant contribution to training in the industry, especially given that some of the bigger industry players have chosen to employ an indirect workforce (limiting the training that they can offer).

Of course, security and availability of work—particularly in the longer term—is the key factor influencing the decision of any business, but especially that of an SME to invest in an apprentice. Such a decision commits the employer to a three to four year training programme and certainty about the future viability of the business is a central consideration.

All employers, whatever their size, can only commit to a four year apprenticeship programme if they are confident that there is an adequate forward workload to underpin that commitment. In the current climate, there is no certainty of a sustainable workload in the pipeline. However, despite a sharp fall in the number of contracts being carried out across the country, investment in apprenticeships has not fallen proportionately within our sector. This demonstrates employers' commitment to the long term future of our industry.

With this in mind, certainly in construction, focussed public funding is perhaps the best way to boost meaningful apprenticeship numbers. Government must recognise that capital investment is the only way to stimulate growth and thus employment.

3. Funding Issues

Government and industry need to work together to overcome the barriers our industry faces in providing apprenticeship opportunities, the biggest of which is the reduction in funding for 19+ apprenticeships. The current age-dependent funding rules for apprenticeships (100% for 16–18 year old and only 50% for 19+ year olds) limits a firm's ability to progress their apprentice onto Level 3 programmes which is our industry standard for a craftsman. Most apprentices are likely to be 19+ before progressing onto Level 3 courses and therefore a flexible delivery contract covering full funding for both Level 2 and Level 3 is required. In the HVCA's view, the current rapid reduction in funding for over 19+ apprentices is arbitrary and does not take into account different industry operating environments.

Our industry is not asking for more funding, just the ability to use it more flexibly allowing the employer to train the person that best suits the organisation rather than the person that they are able to obtain funding for. Whilst current bonuses for SMEs to employ an apprentice are a welcome measure, a greater level of support to the apprentice is likely to be necessary in the first year when an apprentice is largely unproductive and needs more supervision.

The £1,500 apprenticeship bonus for companies taking on their first young apprentice is very welcome in the context of an investment in skills. However, for more specific and demanding Level 3 apprenticeships, which are likely to be more expensive and with employment costs over four years perhaps totalling £80,000, this level of support is not enough to exert significant influence over a company's decision to employ. A greater level of support and/or flexibility of funding is necessary.

In the building engineering sector where the majority of operators are micro-businesses and small firms operating in niche markets, SMEs make a very significant contribution to training in the industry as a whole. More specific industry involvement in developing apprenticeship budgets for their respective industries might help attract more employer engagement, particularly where new start figures are flat. It is welcoming to see similar thoughts within the Department of Business, Innovation and Skills document "*Employer Ownership of Skills*" which we will be reviewing and contributing to at a later date.

We need to focus public funding instead on the kind of apprenticeships that can add value to individuals, industry and the UK economy in the longer term. This may be through indirect funding of apprenticeships to encourage participation, such as by corporation tax or national insurance concessions.

One way of increasing meaningful training is by tying training requirements to public contracts above a certain value. Plans to tie proportionate training requirements to appropriate public sector contracts could help ensure that all firms tendering for public work operate on a level playing field (ie companies that have withdrawn from training as a business model have lower costs and benefit from the investment of others). This would re-establish the acquisition of training as a business driver—which is of particular importance in parts of the economy where a growing market failure exists because industries are not investing in the next generation of skills (such as environmental technologies). For companies that do currently train, we do not foresee any increase in bureaucracy if the measure is implemented in the right way.

Finally, there is currently a funding lottery, based on a wide range of variants such as the apprentice's postcode, the employer's postcode or the contract's postcode through to regional variances, especially

in the devolved administrations. This results in inconsistencies in the amount of funding available per apprentice and creates a complex framework to work within especially for national employers.

4. *The devaluation of the apprenticeship “brand”*

The word apprentice seems no longer to be something young people, or their parents, value the same way they did 10 to 15 years ago. Today the term is in common use across many industries and the government are encouraging more to undertake apprenticeship placements than ever before. But maybe that is the problem?

The Association believes the term apprenticeship has been “dumbed down” by applying it to short courses and training schemes/opportunities rather than to a robust training framework such as that adopted in our industry. The word now represents quantity rather than quality, as evidenced by reports that the Government is hoping to create one million new apprenticeships over the next 18 months.

By contrast, our European counterparts, in Germany for example, maintain the relationship between apprenticeships and high standards of skills and training.

Our sector has invested and developed the brand of the apprentice over many years to mean a well rounded individual, trained in both the theory and practical aspects of a role, to a recognised standard, which is rigorously assessed. Apprentices are trained to a minimum of Level Three and shown a variety of pathways to further develop their skills to a higher level. Apprentices are employed and make a valued contribution to that employer for the duration of their apprenticeship which is on average a minimum of four years.

This far exceeds the definition of apprenticeships currently being developed and implemented by well known retailers and fast food restaurants. (Currently Asda have more apprentices than the whole construction industry). We can prove that more apprentices remain longer in our industry post apprenticeship than in other sectors where these lesser apprenticeships are deployed. Furthermore in our sector completion of an apprenticeship is an almost certain guarantee of employment.

HVCA feels that here should be a greater focus on encouraging higher apprenticeships. Firms such as the UK’s major construction contractors prefer to recruit high-potential apprentices that can move swiftly into junior management roles and beyond—these are likely to be individuals that possess the capacity to go to university, but have a different set of aspirations. To ensure the development and retention of a technically-literate management base in this country, the apprenticeship route must be capable of appealing to such individuals and the firms that will employ them.

5. *Change of influence over Apprenticeships*

Apprenticeships should always be employer driven and yet training providers seem to be becoming the more dominant partner in the arrangement. Training providers appear to be dictating what courses are being delivered and how many apprentices are being trained for our industry, not the employers. Evidence of this is the Government’s decision to continue supporting the standalone technical certificates which cover the purely theoretical component of an apprenticeship and contain no practical site-based element. These full time “programme led” apprenticeships see training providers profiteering in the short term from the large numbers of young people “not in education or employment” to the detriment of the long term future of the industry. Holders of these “apprenticeships” are not employable in our sector, where all apprenticeships must have the learner achieving a work-based training component provided by an employer. There is no economic value in learners believing they have fully qualified when the relevant industry cannot recognise their achievement or offer them employment.

In the HVCA’s view the planned move towards student loans will make this situation worse.

6. *Structural issues*

The recent changes to the approval process for qualifications and frameworks means that our sector skills council, Summit Skills, now competes with other awarding authorities for revenue and has lost the ability to ensure relevance and quality of frameworks and qualifications being developed and offered to the building engineering services sector.

The social policy agenda is and always will be in conflict with the business agenda. Industry feels that ministers are not looking at the long term, (eg what skills shortages our industry will have in 10 years time) but rather at the short term unemployment figures for the next few months.

In our sector, where the training infrastructure (established training providers, for instance) has long been in existence, as has a culture of training apprentices, the NAS has not had a significant impact on quality or provision. However roles of the NAS and of Sector Skills Councils (SSCs) are blurred in terms of responding to enquiries or seeking stakeholder viewpoints especially when looking at their relationship with industry trade bodies. Whilst recognising the need to engage with employers and potential apprentices, NAS appears to have no process to engage with trade associations and their managing agents, who play a significant part in shaping and influencing our sector’s engagement in apprenticeships. There is also a lack of differentiation between NAS’s role as an externally facing careers adviser and its internally facing role as a certification body for apprenticeships.

HVCA members would welcome the opportunity to give oral evidence to the inquiry.

10 February 2012

Written evidence submitted by Improve Ltd and the National Skills Academy

EXECUTIVE SUMMARY

1. This document considers the five questions in the BIS Enquiry “terms of reference” from the perspective of organisations involved in representing the views of the Food and Drink Manufacturing sector.

2. Section A describes our views on the successes and areas for consideration with regard to the National Apprenticeship Service (NAS). Bureaucratic issues delayed introduction of apprenticeships and the focus on high volumes results in a lack of focus on SME’s. We hold the view that NAS does a good job at raising the profile of apprenticeships from a generic perspective and works well in partnerships *but* does not and should not develop detailed sector specific capability as this merely duplicates and directly competes with other sector focused businesses to which they are better referring such requirements.

3. Section B suggests how extra money could be spent in terms of supporting over 18s who are a key group in our workforce and redeploying NAS to focus on SME’s.

4. Section C considers what quality is and what it means suggesting there is a difference between the quality of the actual Apprenticeship products and the quality of delivery of them. There is a real role for National Skills Academies to be the driver of improved specialist provision for their sectors.

5. Section D supports the concept of a bonus for small businesses providing they have access to support to understand the details and to be engaged with professionally.

6. Section E requests consideration for a greater proportion of funding for over 18s as the food sector offers most job opportunities to those who are over 18 (due to risk and compliance requirements).

INTRODUCTION

The following views are those of Improve Ltd, the Sector Skills Council for Food and Drink, and the National Skills Academy for Food and Drink which together represent the interests of the UK’s largest manufacturing sector turning over annually in excess of £80 billion. The sector’s industries have over 11,000 businesses that employ a calculated 400,000 people. However, around 48,000 (12%) of these people possess no formal qualification with skill gaps also existing at a higher level. Employers need training that directly impacts on business performance as well as improving efficiency and effectiveness of their workforce. The take up of sector and occupationally specific Apprenticeships have a substantial and long term impact on business performance and consequently the Food and Drink Industries have a huge potential to maximise the benefits to be gained from our newly introduced, sector specific Apprenticeship Frameworks. It is on the basis of this opportunity that we would like the issues raised here to be considered and brought to the notice of the Select Committee’s Enquiry into Apprenticeships.

A. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

1. In considering the success of NAS in fulfilling these questions there are two areas we feel are relevant:
 1. Their success in ensuring that Apprenticeship frameworks were successfully brought “to market” with appropriate funding.
 2. Their success in raising awareness and take-up of apprentices by businesses.

1.1 Bringing apprenticeship frameworks to market

Sector Skills Councils (SSCs) develop compliant Apprenticeship frameworks, to strict quality guidelines and provide information (activity costing models) to NAS/SFA well in advance of their launch.

It is the job of the NAS and SFA to consider these and apply funding following a stringent quality review. We accept the importance of this, however we believe certain inconsistencies need to be addressed, namely:

- (a) A reduction in what appears to be unnecessarily protracted periods before reviews are initiated by NAS/SFA during which time the framework is unfunded with resultant dissatisfaction amongst employers.
- (b) Better communication regarding the reasons for rejection. We and other SSCs have experienced rejection of what are fully compliant “in demand” frameworks for reasons which appear to be outside of any guidelines or specification and not relevant to funding matters. Communication of the precise rationale for rejection would greatly assist in rectifying any issues as quickly as possible.

- (c) Resubmissions to have review at point of rejection and not go back to the start of the process whereby it experiences a further waiting period before reconsideration.
- (d) Frameworks being rejected for subjective reasons and the introduction of factors which are not published.

The result of the above has been businesses in our sector have been left without an in-demand and funded compliant framework for a prolonged period while waiting for NAS to conduct its review. During this “unfunded” phase apprenticeships were being strongly marketed and employer commitment promoted with resultant raising of expectation. We find that the manner of the review and imposed delays continues to be a major problem.

This notwithstanding the above we have a good working relationship with NAS and would like to see its functions and activities more aligned with the knowledge and expertise of the National Skills Academy and the SSC and as such;

We propose:

- *Use appropriate criteria for funding reviews*
These should be published and not overlap with the licensed responsibilities of the Issuing Authorities. Such criteria should not duplicate or the sector expertise of the SSCs but act as a facilitator as well as a quality/compliance control (see 1.2.2 below).
- *Conduct timely reviews*
Reviews should be planned and conducted within the constraints of a published quality control Service Level Agreement between NAS and employers/SSCs.
- *Implement an “employer focused” process*
The purpose of the apprenticeship framework submission and assessment process is to provide the right product for use by employers, participants and providers. As an employer led organisation we advocate an employer focussed approach where if funding for an in-demand framework is declined then there should be an arbitration process in place with the facility to provide a temporary funding status while the matter reaches a fair and proper conclusion. This would avoid the prolonged waiting period for resubmission and assessment preventing the registration of apprentices and the engagement & involvement of employers.

1.2 Their success in raising awareness and take up of apprentices by businesses

NAS’s original purpose appeared to be to provide all employers with a service to support them, thus driving up the demand for apprenticeships with *all* employers. They appear to have been successful largely with raising awareness and there are some examples of good practice by NAS working with employers. They are very responsive and keen to support trade associations and other employer organisations and NSA’s and SSC’s in broadcasting the benefits and positives about apprenticeships and for that they are to be commended.

However we have a concern over the implications of focusing on a volume target from the perspective of:

- Neglecting SME’s.
- The quality and relevance of the service offered.

1.2.1 SME’s

It appears that the focus of NAS is firmly on large organisations having 250 employees or above. However, it is our opinion that a government funded organisation should provide a support service to all organisations and not focus on the “big volume” employers.

Larger employers are advantaged because they have the internal resources and expertise to recruit and run apprenticeship programmes. Also they are in a stronger position to access this support from other sector experts such as National Skills Academies, Sector Skills Councils, awarding organisations or providers.

SME’s in comparison generally require much greater in depth support and this is generally considered to be an area of market failure as SME’s undertake less training and find it harder to access provision and support.

1.2.2 Generic Support

NAS offer a service to market the benefits of Apprenticeships at a generic level to businesses. At a generic level this campaigning and raising of awareness is very positive however NAS and the specific employer engagement teams do not possess the necessary sector specific knowledge to be effective. In order to circumvent its lack of sector knowledge NAS relies on organisations such as National Skills Academies and SSCs to provide the vital link. Where there are examples of NAS undertaking a less than satisfactory employer support activity it is invariably where the requirement is for really specific sector knowledge and understanding; for example undertaking a provider tender on behalf of a company which refer to expired qualifications and obsolete Frameworks.

The passing of referrals by NAS to sector bodies to follow-up is a positive way of supporting businesses. But rather than NAS attend an initial visit to the employer a more effective method would be to give this task to the sector experts, ie NSA or SSC who would then involve NAS on behalf of employers with a greater focus on sector specific outcomes.

It may be that NAS are undertaking initial visits to employers because it wishes to develop a greater understanding of sectors and subsectors. If this is their purpose we feel it is unrealistic. The sectors and subsectors are complex and dynamic, SSCs and NSAs are the organisations tasked with keeping up-to-date with the intricacies of sectors and subsectors and this wealth of expertise should be tapped into by NAS rather than engage in wasteful duplication. For instance, NSAs and SSCs currently link well together to provide this employer service without the need for any initial NAS intervention. NSAs have already formed strong business relationships with employers and actively “add value” when fulfilling their needs. SSCs have responded to the message from UKCES of the need to adopt commercial business practise and are fulfilling this, but it is unhelpful having the critical areas described that overlap with NAS.

At a time when the Coalition Government is signalling that the private sector and not for profit organisations should be encouraged to take greater responsibility for delivery it would seem very strange if the state (NAS) expands to offer services already being provided by private or third sector organisations.

We propose:

- *NAS future focus on areas of market failure*
NAS should be tasked with raising participation with SME’s as a first priority rather than with volumes of apprenticeships from large companies.
- *Strategic and operational arrangements should be made to provide larger employers with support from their NSA or their SSC*
This would enable NAS to focus their resource.

B. *Is extra funding necessary? How can it best be spent?*

We feel that greater (or re-allocated) funding would be useful when targeted to support smaller businesses to create new jobs based on entry through an apprenticeship.

We would therefore redeploy existing NAS funds and resources to give priority to engaging with small businesses, individually and collectively, whether that be regionally/locally or industry/sector based.

In addition, from the perspective of food businesses, which have an older profile of workers we’d like to see greater support being given to supporting an older (adult) apprentice—this approach has been hugely successful and led to a take up of apprenticeships in Scotland proportionally greater than anywhere else in the UK.

C. *Are apprenticeships of a high enough quality to benefit apprentices and their employers?*

We believe there are two key issues:

- The quality of Apprenticeships Frameworks.
- Delivery of Apprenticeships to a high quality.

C.1 The quality of Apprenticeship Frameworks

New Apprenticeship Frameworks have been developed according to specifications provided by government. The core themes were to ensure the Frameworks were “fit for purpose” and offered flexibility with delivery mechanisms. Improve engaged in extensive consultation with sector employers to ensure our Frameworks were fit for purpose along with entirely meeting the requirements of the specifications.

Following recent announcements about “minimum duration” of apprenticeships we are concerned that our employers’ requirement for flexibility with delivery will be compromised. New Apprenticeship Frameworks (such as Improve’s Improve Proficiency Apprenticeship) are designed to put the learner at the heart of learning according to their specific needs and the specific detail of their job role—not to impose a rigid timescale on delivery. Learners can follow entirely different learning journeys by selecting from a wide range of units (sometimes over 200) according to precise needs. Whatever best-suited journey is chosen for the apprentice we have ensured it will fully comply with the strict requirements set by the government’s specifications. In our view it would be counterproductive to now impose a variation on these requirements that somehow restricts or tarnishes the achievement of say a gifted, ambitious or more experienced individual who has made speedier progression to completion of his/her apprenticeship.

C.2 Delivery of Apprenticeships to a high quality

Apprenticeships suffer from real issues in some sectors around the capability and capacity of delivery. There are particularly issues around visibility of providers and the breadth of delivery.

C.2.1 *Visibility*

NAS and the SFA use data from Awarding organisations and returns on the SFA data systems to identify who is delivering specific apprenticeships. However often this data is misleading as it describes the organisation which is “claiming” the funding or completion rather than actually doing the delivery. This is as a result of huge amounts of subcontracting taking place—in effect the actual delivering being done by a niche specialist who is paid a reduced rate by the college or SFA fund holder who provides access to government funding. In the past the main contractors have taken up to 30 or 40% of the funding passing on small levels to the actual business undertaking delivery.

There are many implications of this:

- No one has a clear view of what delivery capability actually exists; in our sector we have developed our National Skills Academy who are experts at identifying and building a core of capability for the sector and at brokering fair subcontracting rules between them to ensure that providers receive a fair amount for a fair job.
- In some colleges therefore the priority of niche delivery is low as colleges would rather maintain delivery in house for other large volumes courses and not subcontract if they can avoid it.
- NAS recommend providers to food businesses on the basis of the data and thus may actually refer to a college that does not prioritise or have sufficient in house experience; at worst they may be persuaded to do an alternative course that the college can easily provide.

C.2.2 *Breadth of delivery*

Many providers cannot offer all the units contained within the highly flexible pathways in an apprenticeship. As an example the IPA framework for our sector contains specific pathways for fish, meat, bakery etc. and within any one of these routes there can be 200 different units that an apprentice along with their business can choose, to undertake. Only very specialist providers are able to offer the breadth within even a single pathway and so often providers focus on a core set of units that reflect “the norm”. This norm soon can become the only units supplied and thus despite hugely flexible apprenticeship design, delivery becomes very narrow. Again our NSA works with specialist providers to support raising the bar on provision specifically relevant of each subsector of the industry.

D. *Apprenticeship Bonus*

We believe that financial incentives should be targeted for impact and not simply offered on a generic basis. The target in our sector would be to encourage smaller businesses to take on apprenticeships and to work together to do so and maximise their involvement and impact, locally, occupationally and to the needs of their industry. To assist in achieving real engagement with SME’s they need organisations to actively take the information and opportunity to them as they are not generally well informed and thus the support of NAS and the involvement of NSA’s and SSCs would be of tangible value and use for them.

E. *Funding Arrangements*

We understand the importance of prioritising apprenticeships for under 18s however in the food and drink sector, where less than 2% of the industry workforce are in this group it is not helpful in maximising potential impact and added value. Greater focus on the 18+ age bracket would support development and indeed recruitment as the complex regulations and perceived health and safety issues around working in food manufacturing make it difficult to employ under 18s.

We hope that the Select Committee enquiry will find this submission of help and assistance in their information gathering and consideration and we would welcome the opportunity to elaborate on these remarks further to the Committee.

Jack Matthews
Chief Executive Officer

10 February 2012

Written evidence submitted by Institute for Learning

1.0 INTRODUCTION

1.1 The Institute for Learning (IfL) is the professional body for teaching and training professionals in the further education and skills sector.

1.2 IfL welcomes the opportunity to contribute to this important inquiry into apprenticeships. We are keen to ensure that the voices of teaching professionals in the sector are heard in this process owing to the crucial contribution that they make day by day. This contribution is a significantly understated one. This is coupled with our commitment to promoting and developing world class teaching and training.

1.3 It is a crucial time for the National Apprenticeship Service in particular as the results promotional campaigns and services it offers begin to come to fruition. We will explore this further in our full response below.

1.4 We will also be suggesting strongly that the Committee leads and ignites a new debate. For far too long, we have been making judgements about apprenticeships using terminology of ‘quality’ and ‘standards’, mainly in the context of numbers and qualifications; strikingly devoid of the language of teaching, training and learning experience.

1.5 IfL believes there is too little debate about pedagogy in a workplace setting, we want to hear more from apprentices themselves and tutors, trainers and assessors about the conditions needed to enable them to explore and develop their practice and be truly excellent for apprentices.

1.6 As success rates continue to rise we must understand why and how the very best training works, and the professional development needed for trainers and teachers.

1.7 Those teaching, training and assessing have always been at the front line of an apprenticeship policy agenda focussed on infrastructure. On issues such as functional skills and qualifications policy, we believe the professional views and judgements of teaching and training practitioners have largely gone unheard. We would like the Committee to recognise the significant contribution that can be made by the voice of practitioners—the professional teachers, trainers and assessors.

1.8 We explore what role the National Apprenticeship Service, and others in the sector, should play in this response.

1.9 IfL welcomes the opportunity to give written evidence to the BIS Committee and would very much welcome an opportunity to give oral evidence to expand on the evidence below drawing the experience of over 14,000 teachers, trainers and assessors in the work based learning sector alone who are IfL members.

2.0 How successful has the National Apprenticeship Service been since it was created in 2009? Has it helped bridge the gap between the two funding Departments?

2.1 A key role and function of the National Apprenticeship Service is to support the delivery of apprenticeships. There are strong arguments to suggest that the National Apprenticeship Service has been successful in this respect, supported by strengthened government policy and increases in the funding available for apprenticeships. This has resulted in an increase in the number of engaged employers and, as a result, an increase in the number of apprenticeship starts.

2.2 According to information from the National Apprenticeship Service, 130,000 work places had apprentices in 2008. In 2010, this figure had risen to 160,000. Given the social and economic context, an extra 30,000 workplaces in an achievement despite the country still rating comparatively poorly when employer engagement is compared internationally.

2.3 Within each of these workplaces, some employees become trainers as well as trainees and new relationships are formed between businesses and further education college and training providers. In this market-led system, it is important that the quality of teaching and training is paramount for apprentices and their success, not only as a marketing tool to attract new apprentices. Learners will rightly expect the employers to deliver a programme with high quality teaching and training, supportive and co-operative assessment and accessible routes to raise issues and seek support.

2.4 In acting as a “broker” service between employers and the further education sector, there is a key role here for the National Apprenticeship Service to protect the learner experience by making teaching, training and learning issues more prevalent in its work.

2.5 One way in which we believe the National Apprenticeship Service could have an impact in increasing apprenticeship and training opportunities is by working with IfL and the broader further education sector on a campaign to encourage employees to train as trainers. We believe that becoming a trainer or teacher in one’s own workplace should be an attractive and accessible career progression route for all employees at a point in their career they are suitably skilled and confident.

2.6 Increasingly, organisations are including a commitment to training and development, and apprenticeship schemes, as part of their Corporate Social Responsibility agenda. This is one area of practice that we believe could bear significant results should the National Apprenticeship Service promote it further.

2.7 The Department for Business Innovation and Skills (BIS) announced in *New Challenges, New Chances: Further Education and Skills System Reform Plan*, published in December 2011 that an independent commission in to adult education and vocational pedagogy is to be established. IfL is pleased to be taking a lead role in preparatory work on vocational pedagogy and hopes to be able to encourage involvement from the National Apprenticeship Service as part of making world class teaching and training a more high profile objective.

2.8 The Department have stated that a clear objective of this independent review will be to, “*set out the standard expected of a good learning opportunity for an adult and an apprentice, and define a range of effective pedagogical approaches.*” We believe the National Apprenticeship Service has a powerful role to play.

3.0 *Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?*

3.1 The Government have recently announced £250 million of public investment for the Employer Ownership Fund and the UK Commission for Employment and Skills (UKCES), in partnership with BIS and the Department for Education, have published a prospectus inviting proposals from employers for the first phase of the pilot amounting to £50million for projects commencing in August 2012.

3.2 We particularly welcome the emphasis in the prospectus of increasing the numbers of people participating in training and on improving the quality and relevance of training. From our perspective, this can be best delivered through employers delivering training programmes by highly qualified and professionally registered teachers, trainers and assessors.

3.3 Further guidance issued to employers should include a recommendation that teaching and training practitioners hold a current training qualification, hold current membership of the Institute for Learning (IFL) and have reached, or are working towards, achieving the teaching and training industry licence to practise ATLS (Associate Teacher in Learning and Skills) or QTLS (Qualified Teacher in Learning and Skills).

3.4 The very highest standards of training in the workplace are crucial to the success of apprenticeships.

3.5 Through the Employer Ownership Fund, employers will be expected to show accountability for the use of public funds and this recommendation is one way that employers should be encouraged to demonstrate this.

4.0 *Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more level 3 apprenticeships?*

4.1 The Institute for Learning, as the professional body for teaching and training practitioners, provides support and professional development opportunities which enable our members to excel in their roles and provide the best teaching, training and learning experience. Businesses should be encouraged to recognise this as a significant contractual influence in order to demonstrate a commitment to delivering high quality training and learning.

4.2 In the paper *The Importance of Teaching—The Schools White Paper* published by the Department for Education in November 2010, the Prime Minister and Deputy Prime Minister said, “*The first, and most important, lesson is that no education system can be better than the quality of its teachers.*” We must assert this principle in to all forms of education and training including within the apprenticeships system.

5.0 *Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not, what will?*

5.1 We believe that apprenticeship bonus schemes can encourage the involvement of more small and medium sized businesses. In order to secure a consistent high quality teaching and training workforce, the government must recognise where financial constraints, such as enrolling staff on train the trainer programmes for example, can be overcome and provide the right support to allow SMEs to overcome this barrier. This will be a positive and proactive step by the government directly investing in quality through professional trainer development.

10 February 2012

Written evidence submitted by the Institute of the Motor Industry

EXECUTIVE SUMMARY

1. The Institute of the Motor Industry (IMI) believes that there is a role for the National Apprenticeship Service (NAS), in particular in the marketing of Apprenticeships, where they can play a valuable role in raising awareness in schools, explaining to young people, their teachers, parents and careers advisers and practitioners alike, that Apprenticeships offer a high quality vocational training programme that offers young people an alternative to the traditional academic route after the age of 16. It is important when talking about Apprenticeships to reach a common definition on what it represents as well as clear understanding of its intent and purpose. There are competing expectations across DfE and BIS with regards to what an Apprenticeship should achieve—for DfE, a learning programme that will raise the participation age to 18 and, for BIS, a programme to develop the skills, knowledge and occupational competence needed for work. Both of these ambitions are valid and we believe it is possible to develop frameworks that meet both. Frameworks can prepare individuals for employment and at the same time provide opportunities for progression into higher education. In the first instance, the IMI believes that Apprenticeships must be focused on the needs of the workplace, new employees, employers and the economy. They must be developed and owned by employers. Funding should go to employers in supporting the delivery of Apprenticeships, where it is used to fund additional apprenticeship places and is used as a preferred method to develop new employees.

INTRODUCTION

2. The Institute of the Motor Industry (IMI) is the Professional Body and Sector Skills Council for the individuals and businesses operating in the automotive retail sector. The workforce currently stands at around 506,000 with over 81,000 businesses. 85% of those businesses are micro-businesses, employing 38% of the workforce. A further 14% of businesses are small to medium enterprises employing 57% of the workforce. Less than 1% of businesses are large businesses employing the remainder of the workforce.

3. IMI welcomes the opportunity to respond to the Business, Innovation and Skills Select Committee's inquiry into Apprenticeships. IMI itself is responsible for developing and issuing frameworks for the automotive retail sector and, as such, has first-hand experience of the National Apprenticeship Service (NAS) with regard to development of apprenticeships; however we have no direct experience of working on a contracted basis with NAS. This response outlines their importance to the sector and is based on input from a range of companies within the automotive retail footprint.

APPRENTICESHIPS—RESPONSE TO QUESTIONS AND RECOMMENDATIONS

4. The automotive retail industry in the UK depends heavily on having access to a large, highly-skilled, and flexible talent pool, due to its complexity and new technologies. Ensuring the mechanisms are in place to meet the ever-changing skills requirements that these new technologies and activities demand is of vital importance to exploit the UK automotive industry's opportunities for growth. Apprenticeships have proven to be an invaluable tool for industry to address these issues and recruit and train its own workforce, ensuring that there is a consistent supply of skilled, ready to work individuals for a variety of needs, within the automotive retail sector.

5. The automotive industry is one of the largest providers of apprenticeships in the UK, with 11,860 apprentices starting their Apprenticeships in the automotive retail sector alone in year 2010–11, of which over 4,500 were Advanced apprenticeships.⁹¹ The automotive industry also provides extensive apprenticeship opportunities in engineering, highlighting the breadth of impact a concerted government focus on apprenticeships can have to this vital sector for the economy. Industry's commitment to the apprenticeship scheme is further illustrated in the NAS list of Top 100 Apprenticeship Employers, where a number of automotive companies are featured, from high-volume manufacturers and luxury brands, to companies in the supply chain and retail.

6. Specifically on NAS, industry has had mixed experiences. There is wide agreement on their lack of visibility as a body, and those with direct experience of NAS have received inconsistent quality of communication and advice. However, those who have utilised the Apprenticeship vacancies recruitment system were mostly very positive on the service.

7. IMI and industry welcome recent government announcements committing additional funding to NAS. Government's stated ambition to rebalance the economy towards the manufacturing sector requires significant long-term investment, and we believe that developing and expanding apprenticeships in the UK is vital in achieving this aim. The recent investment announcements also reaffirm to industry that government is committed to growth of the UK's manufacturing industries, which in turn impact retail and supply-side. Targeting this extra funding is essential to ensure it is effective for business, learners and the wider economy. There are a range of perspectives on where this funding could be best spent; however, supporting the learning and improving of functional skills to ensure all those involved in apprenticeships can best benefit from them, is universally agreed upon.

8. Businesses stress that increased or different approaches to funding should not lead to increased bureaucracy. The automotive retail sector is a global industry; companies operate in many countries, and many locations within those countries. Businesses in the retail and service side of the industry have particularly noted differing experience in ease of funding access in different areas of the UK, which leads to inconsistency and can be confusing and complicated.

9. Apprenticeship bonuses are viewed positively by business, but as with funding approaches, consistency and continuity is essential. More communication is needed on how such bonuses could operate and best benefit learners and businesses.

APPRENTICESHIPS—QUALITY, FUNDING, ACCESSIBILITY AND PERCEPTIONS

10. Industry is keen to address the image of Apprenticeships, which at present are perceived as a less robust alternative to academic study in further education. Industry believes that long-term and whole-hearted government commitment to apprenticeships can go a long way in addressing this issue, which, at present, acts as a brake on the appeal, and consequently the expansion and development of the scheme. In addition focusing apprenticeship funding on the most stringent and productive frameworks will assist in raising the profile and prestige of apprenticeships. This focus on the long-term, through prioritising Apprenticeships which produce the most skilled workers, will result in a virtuous circle of better qualified individuals entering the workforce throughout the economy, helping raise the profile of the scheme, thus encouraging individuals from a wider diversity of backgrounds to study for an apprenticeship. The inquiry specifically seeks views on Level 3

⁹¹ Statistical First Release, October 2011.

apprenticeships and the quality of them. Industry is very positive on the quality of Apprenticeship frameworks, and Level 3 as a minimum ambition is widespread, particularly in service and retail.

11. Ensuring that careers advisors are well-informed about Apprenticeships is crucial in reaching out to prospective employees for the automotive sector. Apprenticeships are, and need to be seen as, a real route to professional progression and success in the industry. The automotive sector is committed to improving the image of industry through the “Headlight”, “Autocity” and other careers and IAG initiative promoted and supported by the IMI where automotive employers can link with students and careers advisors to showcase the breadth of career opportunities available in the retail sector.

12. The accessibility of funding for Apprenticeships is a key concern for industry, and in particular SMEs who have restricted parameters of what they can afford and what they require for their business. Ensuring that funding for Apprenticeships is available across the board, from 16–24 year olds to adult learning, and intermediate level Apprenticeships to higher, is crucial in guaranteeing that additional government investment in the Apprenticeship scheme reaches all areas of the economy. Companies often see age-linked funding as a barrier to training and upskilling, and therefore maximum flexibility is essential. In addition, well-known global brands often have very different experiences of attracting apprentices and engaging with schemes and funding than companies in the supply-chain. Industry calls on government to be proactive in seeking to address this issue, and flexibly support collaboration across the supply-chain.

13. To ensure that additional government investment in apprenticeships is fully utilised, it is vital to improve the communication and dissemination of funding options open to business. Action and sustained effort is needed to encourage more employers to take on apprentices. Again this is particularly crucial for SMEs who may not have the resources to investigate such opportunities, but who conversely will derive the most benefit from any government funding. IMI would recommend that NAS work with SSCs to develop strategies to encourage more employers to offer Apprenticeship places.

14. Higher Level Apprenticeships are also welcome by the industry and the IMI has received extremely positive feedback throughout the development phase of the Higher Level Apprenticeship framework it is currently developing. Accessibility and funding of this framework is key to its success and industry are keen to work with Government to ensure appropriate levels of funding are secured from April 2012 onwards.

3 February 2012

Written evidence submitted by The Institution of Engineering and Technology (IET)

ABOUT THE IET

The IET is one of the world’s leading professional societies for the engineering and technology community, with more than 150,000 members in 127 countries and offices in Europe, North America and Asia-Pacific. The IET provides a global knowledge network to facilitate the exchange of ideas and promote the positive role of science, engineering and technology in the world.

In the UK, the IET supports science, technology, engineering and mathematics (STEM) education and training at all levels. At FE and HE level, the IET approves/accredits apprenticeships and degree programmes and also provides student bursaries. The IET is licensed by the Engineering Council to register engineers and technicians at Technician, Incorporated and Chartered levels.

APPRENTICESHIPS

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

1. The objectives of the National Apprenticeship Service (NAS) include increasing the number of Apprenticeship opportunities and providing a dedicated service for very large employers. At the IET we are primarily concerned with the apprenticeship opportunities in the engineering sector.

2. Considering engineering apprenticeships, we support the service that NAS provides for large employers but we feel that NAS involvement with small and medium employers (SME’s) and individual learners has been of questionable value. This is particularly relevant for engineering where the vast majority of employers within the Building Services Engineering (BSE) sector are SME’s. For this particular sector, the role of NAS would be most effective in supporting training providers who have a wealth of experience and have built trusted relationships engaging with appropriate employers.

3. Another area where the NAS has been weak is through matching potential apprentices with appropriate vacancies. The matching service the NAS provides has had minimal impact in the creation of employer placements and has forced additional bureaucracy onto training providers who have also had to cope with funding reductions.

4. On a more positive note the Skills Funding Agency (SFA) on behalf of providers provides a seamless service to training providers. Whilst the NAS may have had some part in this, we suggest that perhaps now is

a pertinent time to fully amalgamate the NAS with the Skills Funding Agency both to simplify bureaucracy and to reduce costs.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

5. Financial incentives are certainly needed to attract more employers. The extra funding for apprenticeships is welcomed but without the corresponding uptake from employers it may prove ineffective.

6. In our opinion, funding can best be spent on full-time employed-status Apprenticeships, led by successful training providers, underpinned by an effective FE College partnership. This method of delivery offers excellent value for money in both the short- and long-term for the economy.

7. However, there is the risk that the proposed funding may be misused by some training providers. Recently there has been considerable media attention on certain training providers who have allowed short-term poor quality placements to happen. This has an adverse effect on the reputation of apprenticeships and will dissuade uptake from both industry and students. In their capacity, training providers should take measures to ensure that unscrupulous employers are prevented from delivering poor quality apprenticeships.

8. Additionally, at a time of great financial constraints funding must not be directed to “potential work” in a sector where there is no realistic long-term relationship between an individual and a specific employer in that sector.

9. Having sustainable, industry-recognised qualifications such as Apprenticeships is vital for up-skilling young people with the crucial technical and practical skills required for a technology-based economy which the government is striving towards. This is particularly relevant in the current climate of record unemployment and economic difficulties.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

10. It is more important than ever for the UK to have an appropriately skilled workforce in order to compete globally. Within the engineering sector, this must be industry-led to match employer demand, whilst also being robustly regulated.

11. There is potential threat to the Apprenticeship brand from training providers who offer poor quality short-term Apprenticeships which do not lead to employment. As suggested in paragraph 7, such placements undermine the overall reputation of apprenticeships and will lead to the de-valuation of the qualification in the minds of industry and students.

12. The UK is currently experiencing acute shortages in technician skills stemming from a serious shortage in Higher Technician/Level 4 supply. Increasing the number of Level 4 Apprenticeships, across appropriate occupational areas, would provide a good route to help alleviate the shortage of technicians.

13. To this end there should be more emphasis on Higher Level 4 Apprenticeships than there is currently. The framework for Level 4 Apprenticeships should be grant supported by Government, but not attract learner funding as there are clear business benefits for employers who are willing to participate at this level. The current low volume of individuals involved prevents anyone investing in the framework, thus the need for outside support.

14. We advocate that there should be an equal distribution of all apprenticeship levels, with special focus on the opportunities to further progress on to higher level qualifications. Up-skilling the nation should be a key priority for the government and so all apprenticeship schemes should encourage individuals to progress to higher levels from whichever point they start.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

15. Apprenticeship start bonuses can have a small impact on the take up of apprenticeships, however, experience from JTL (a training provider which offers Advanced Modern Apprenticeships in the building engineering services industry), shows that on-going wage subsidies, managed by training providers has been more successful. Completion bonuses have little impact on start numbers. JTL obtained this evidence though running their own Apprenticeship Grant Scheme in 2011.

16. What is more likely to assist small and medium sized business’s involvement in Apprenticeships is via a legal obligation to do so within the awarding of public sector procurement contracts. These should specify a specific number of intermediate and advanced apprentices, each contributing at least 35 hours per week, to the delivery of that contract, irrespective of whether or not they are employed by the main contractor or a sub-contractor. Furthermore, employers who do not employ apprentices should be excluded from public sector procurement. This would have just as much effect as apprenticeship bonuses, whilst also supporting the employers who train only to have their skilled staff “poached” for their efforts.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

17. In our opinion, it is illogical to have this funding discrimination against 19–24 year old apprentices when the training costs and wages involved are the same and employers/providers are expected to fund or absorb the difference. We advocate there should be a level playing field for training apprentices of all ages as they all will contribute to a skilled population.

18. 16–18 apprentices have great potential for progressing towards higher level apprentices and providing an up skilled workforce. The 19+ cohort generally has a clearer plan for their career, meaning that for the provider, success rates are higher due to fewer leaving. Evidence for this comes again from JTL, from their everyday contact with the employers they work with. Their employers have reported that an increased uptake of 19–24 Apprenticeship starts which have been supported by additional funding from Government. It would appear logical for funding to mirror what employers want and an increased level of funding for 19+ age ranges could help to reduce the growing number of people not employed in education and or training (NEET) within this age range.

19. As a result of this insufficient 19+ funding, some providers subsidise their 19+ provision from their 16–18 provision, but this is becoming increasingly difficult as the requirements of the contracts (such as the Apprenticeship Vacancy Matching Service) increase. Bridging the funding gap for 16–18 and 19+ would help to overcome this issue.

*Paul Davies
Head of Policy*

3 February 2012

Written evidence submitted by Ixion

Ixion's views are set out below in contribution to BIS's request for written evidence in response to the BIS Select Committee Points of Reference and the BIS enquiry announcement.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding departments (BIS and Department for Education)

1. NAS has contributed to narrowing the gap between BIS and DfE. We support collaborative efforts for a transparent, accountable and supportive attitude to Apprenticeship providers.

2. We welcome further opportunities for communication between NAS and Apprenticeship providers: discussion forums, roundtables etc.

3. It is vital that NAS play an impartial role in defining policy and providing advice and feedback to Apprenticeship providers.

4. NAS is still a young organisation and we support continued efforts to define NAS objectives and clarify its status as a promoter (in raising the profile of Apprenticeships) visa-versa its role as a regulatory body (monitoring and evaluation the quality of Apprenticeship delivery).

5. We welcome further clarification of the role of NAS in relation to SFA—a clear line should be drawn between the role of these two organisations to ensure that NAS's role is distinct and complementary to the SFA's role with regard to Apprenticeships.

6. Currently NAS only access lead provider data held by SFA and this hampers a full understanding of delivery provision and mechanisms for delivery on the ground—this hides the role that providers such as Ixion play in supporting employers and day-to-day Apprenticeship delivery.

7. There is a need for greater transparency, accountable and data-sharing between NAS and all parties involved in the facilitation, delivery and evaluation of Apprenticeships.

Is the extra funding promised by the government necessary for apprenticeships? How can it best be spent?

8. Additional funding should involve Local Enterprise Partnerships (LEPs) and support the matching of Apprenticeships with local labour market needs defined through LEP regional priorities. The role of LEPs should not be underestimated—they play a key role in defining regional employment needs and can link effectively with local SMEs in addressing skills needs

9. Funding can usefully be spent on subsidising wages—current provision for SMEs with less than 50 employees should be extended to businesses that employ up to 250 employees—to support the provision of the on-the-job/workplace Apprenticeships. This is key in view of the current financial climate and the need to boost the economy.

10. Extra funding will help providers maximise quality delivery of services and provide a value-added service to support apprentices and development of apprenticeships leading to sustainable work opportunities.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

11. Apprenticeships provide a high quality vocational route into employment—through competence based qualifications/units, basic skills (key/functional skills), technical, transferable and generic personal learning skills—that benefit apprentices and meet employer needs.

12. In many sectors a level 2 Apprenticeship is the most appropriate level of qualification to meet the local labour market need. We therefore argue that the current balance of available Level 1, 2, 3 and 4 is satisfactory.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not, what will?

13. Apprenticeship bonuses will incentivise greater participation of SMEs—we know this through feedback from our Future Jobs Fund contract which provided evidence showing that 90% of apprentices subsequently sustained in-work post-completion for at least 26 weeks.

14. Apprenticeship bonuses should target businesses delivering Apprenticeship to +19 age group to support continued progression.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

15. Current funding arrangements do not take into account the true costs of delivery nor additional expenses incurred by Apprenticeship providers. Real costs are underestimated eg costs relating to registration, certification of apprentices.

16. In instances where providers cannot afford to pay the 50% cost for training 19–24 year old apprentices continued investment in this age group should be encouraged by allowing companies to claim back their investment in apprentices through corporate tax refunds (this will enable a lowering of the threshold for tax liability).

17. We suggest 75% funding for training of 19–24 year old apprentices with the additional 25% being paid on completion of each apprenticeship to incentivise Apprenticeship completion and reduce drop-out rates.

7 February 2012

Written evidence submitted the JHP Group

INTRODUCTION

JHP Group is a leading provider of training and employability services across England, Scotland and Wales. Established in 1983, today JHP Group has offices in more than 60 towns and cities and more than 30,000 jobseekers and learners engaged on programmes every year.

We are the second largest provider of Apprenticeships in England and hold major funding contracts totalling in excess of £60 million per annum with the Skills Funding Agency, the Department for Work and Pensions, Skills Development Scotland, and the Welsh Assembly Government; as well as commercial contracts with clients including the Ministry of Defence and Sainsbury's.

JHP Group's comprises of JHP Training and JHP Employability which integrate seamlessly to provide a tailored portfolio of quality products and services to enhance careers and businesses: JHP Employability provides value-added recruitment and employment support and JHP Training delivers vocational training and professional qualifications and is the second largest provider of Apprenticeships in England.

Consistently high standards of delivery result in above-average achievement rates which exceed targets: in 2010–11 our Apprenticeships delivered achievement rates of 79.5%.

EXECUTIVE SUMMARY

- NAS should complement not contradict training provider's existing and extensive employer engagement and messaging, instead focussing on Apprenticeship brand promotion/education at a national level and to schools and parents.
- NAS should increase marketing/education to increase AVOLs as currently many Apprenticeships go unfilled despite record levels of youth unemployment.
- Extra funding is necessary for Apprenticeships but this should also be focused on: increased quality and marketing of the brand to increase engagement by all stakeholders; increased rates for 19–24 year olds who are increasingly presenting similar needs/barriers to 16–18 year olds; defining a new priority group for those with no work experience or who are recently unemployed to ensure support is provided to allow participation and sustainability in work.

- There should be more level 3 Apprenticeships. Level 3 Apprenticeships contribute to developing a much more skilled—and globally competitive—workforce.
- JHP Group is an advocate of the highest quality delivery that justifies the value and benefits of Apprenticeships; we believe minimum programme durations should not be a determining test of quality; instead existing measures should be utilised to prevent bad and/or non-compliant practice (such as guided learning hours and employment legislation) before any changes in programme duration are implemented beyond the 16–18 apprenticeship change already announced—especially when any such changes reduce flexibility of and therefore the ability of Apprenticeships to be both demand and employer-led.
- Apprenticeship bonuses are potentially a useful tool but without tangible and demonstrable evaluation, there is risk of wasting funds on an initiative that doesn't significantly increase participation and also leads to perverse behaviours from employers, such as delaying planned placements to wait for bonus eligibility or terminating apprentices' employment at the end of the subsidy. Bonuses should be linked to wider and related initiatives such as job sustainability and progression.
- The funding of 100% is correct for 16–18 year olds but 50% for 19–24 year olds is not correct. Increasing numbers of 19–24 year old learners require more support and training than ever before and this is a result of more and more 19–24 year olds having no or little education and/or work experience. Rates should reflect this and similarly for those recently unemployed.

TERMS OF REFERENCE

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

1. The importance of marketing the Apprenticeship brand and programme should be the focus of NAS. It has never been more important to market Apprenticeships and there is additional and ongoing work to be undertaken in this area, including the documentation of the added value to employers. Additional and broad ranging case studies and the marketing of both the availability and the breadth of Apprenticeships is needed.

2. We recommend that government be more ambitious for its highly successful Apprenticeship programmes and quite apart from the obvious additional funding challenges here there are the critically important aspects of marketing and education/careers advice.

3. A further focus should be the education agenda especially at a time when Connexions are to be replaced by a national careers service in April 2012. Advice and guidance to schools of the merits and options of vocational training must be improved as recent provision is poor and deteriorating further.

NAS and Employers

4. NAS' success lies in filling the gaps of activity in the current marketplace. Training providers already invest significantly in attracting and engaging employers with consistent, clear messaging to promote Apprenticeships and therefore any activity by NAS with employers needs to be coordinated and aligned to this activity—contrary messaging to employers confuses the marketplace and mitigates the efforts/progress being made by training providers.

5. Where NAS do engage with large employers, we strongly recommend that there is greater awareness and operational understanding by NAS personnel of the concerted efforts already in place from training providers; such that they do not set unrealistic expectations of what employers should expect of their training provider supplier or indeed on how “easy” it is to self deliver. As a major provider we appreciate and value the opportunities that are channelled via NAS but observe that a more realistic view of the challenge, scope and commercial realities would benefit all parties and ultimately protect and build the Apprenticeship brand.

6. High level promotion of the Apprenticeship brand should include communication of its values to help build a “moral responsibility” for employers to training the workforce of tomorrow to contribute to building the UK economy. The difficulties in getting employers to contribute towards the cost of an Apprenticeship are further evidence that the brand is now not as strong as it could be.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

7. Extra funding is definitely necessary however it should be spent in the right areas. Funding for Apprenticeship programmes will remain important, as will ensuring they remain demand-led, and the enhanced priority afforded to these programmes of the last two years is valued and welcome. However, with better education and significantly higher profile marketing the UK economy would benefit (including promoting the concept, benefits, how to apply, success stories etc). These are successful programmes which should be built upon.

8. Funding would also be valuably directed at increased rates for 19–24 year olds. Increasing numbers of 19–24 year olds are requiring more support, similar to 16–18 year olds, due to no/little education or work experience. Similarly, those recently unemployed or with no experience should attract higher rates (the current

problem being acute in respect of 25+ where funding is poor) as the barriers presented are not indifferent and still need to be addressed in order to sustain both participation and jobs.

9. A focus on quality and not simply quantity/volume should be maintained. Apprenticeship places are required to fulfil demand, but demand will be generated and increased through ensuring Apprenticeships are being delivered effectively, with worthwhile, sustainable benefits to the learner, especially for those using Apprenticeships to make the journey into the world of work for the first time.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

10. Funding is important in determining the quality of Apprenticeships. Rates paid to training providers affect the balance between volumes and tailored, quality programmes. Any changes should be of an increase rather than a decrease as recent patterns suggest programmes becoming too volume driven and not tailored and contextualised to the individual needs of the learner or their employer.

11. There should be more level 3 Apprenticeships, facilitated by no barriers to progression to support younger learners who enter the workforce with minimal work skills and start at level 2. It should however be possible to “fast track” to a level 3 if a level 2 has previously been completed without fear of this being regarded as low quality—what is appropriate for the individual’s skills levels and development should determine the starting level.

12. Level 3 Apprenticeships contribute to developing a much more skilled, and globally competitive, workforce. The challenge is ensure a balance that encourages the development of world class skills but not at the detriment of reducing supply at the beginning of that journey.

Minimum programme durations

13. Setting minimum lengths of stay should not be the test. The quality of the actual programme delivered should be or there is risk of achievement rates dropping as a result of decisions to slow progress to comply with minimum durations. One of the qualities of vocational training compared to traditional academic routes is the greater flexibility to commence, progress and complete programmes at the pace that suits, and is right for, the individual. Learners’ (or indeed employers’) motivation and participation on programme should not be mitigated by forcing a one-size fits all duration.

14. The underlying causes behind the current focus on what is or is not deemed to be acceptable duration periods of Apprenticeship programmes should be considered to ensure changes are for the right reasons and do not cause adverse affects. There are already measures in place that address these matters in terms of guided learning hours and the equivalent in respect of work based learning and the conditions that must attach to all apprentices (in effective, legitimate employment). JHP Group is an advocate of the highest quality delivery that justifies the value and benefits of Apprenticeships; we believe that the aforementioned existing measures should be utilised to prevent bad and/or incompliant practice before any changes in programme duration are implemented—especially when any such changes reduce flexibility of and therefore the ability of Apprenticeships to be demand-led.

15. The concept of minimum duration periods for Apprenticeships is also contrary to the advocated need for increased ownership of vocational training by employers—Apprenticeship frameworks, in all sectors at levels 2, 3 and higher, are owned and designed by employer groups and sector skills councils.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

16. Apprenticeship bonuses require a considered evaluation to truly determine their effectiveness in encouraging involvement of SMEs to take on apprentices. Without tangible and demonstrable evaluation, there is risk of wasting funds on an initiative that doesn’t significantly increase participation.

17. Targeted bonuses have a role to play but their form and function should be informed following evaluation of the current activity. For example, perverse behaviours need to be understood, anticipated and mitigated—employers delaying starts that they had already planned in order to benefit from bonuses which are announced too far in advance is not supportive of the overall intention behind such incentives.

18. If bonuses are to be an effective use of public monies, while still ensuring benefit for the learner, rather than being paid start and end of the Apprenticeship framework part of the payment could be used to ensure job sustainability past an agreed date otherwise another example of a perverse behaviour could manifest itself as employers taking on an Apprentice at a hugely subsidised rate and once the subsidy ends, so does the apprentice’s employment.

19. The overall intention, ie increased participation, could also be achieved via increased marketing and education provided by NAS of the Apprenticeship brand and measures that drive the integrity of the brand with all stakeholders.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

20. The funding of 100% is correct for 16–18 year olds but 50% for 19–24 year olds is not correct. More and more of the learners we are engaging with between the ages of 16–24 require more support and training than ever before and this is a result of more and more 19–24 year olds having no or little education and/or work experience. For funding rates of apprentices aged 19–24 to be so similar to 25+, but so reduced from 16–18 has no real logic and is a clear imbalance.

21. Funding for 19–24 year olds should be scaled with an increase to, say at least, 75%. Due to the surge in unemployment the service we offer around job matching for 16–18 year old apprentices is seeing more demand from those aged 19–24, so it is not just about delivering training to someone who is already employed, but also helping them find and secure that job in the first instance, in turn achieving more outcomes for the individual and UK economy such as reduced dependency on benefits, increased employment levels and a more productive and competitive workforce.

22. Those lacking education/work experience or those recently unemployed should be considered a priority group and attract full funding. Many of those who have been unemployed for some period will actually be harder to training and may have far greater barriers than those who are simply “young”. With record levels of (youth) unemployment, the cost of the welfare bill and the knowledge that skills support helps individuals sustain work and stay off benefits, it is of greater benefit to the UK economy to acknowledge this priority group and provide according funding arrangements.

3 February 2012

Written evidence submitted by Richard Jenking

1.0 SUMMARY

1.01 This memorandum will highlight an anomaly within the benefit system and seeks to describe a course of action that will (a) save the taxpayer money, (b) encourage more SMEs to take on apprentices and (c) increase the household incomes of low income households.

2.0 SUBMITTER'S BACKGROUND

2.01 I owe my first job to the now defunct Youth Training Scheme (YTS), and since then I have owned and managed several companies within the construction and property development sector with varying degrees of success and have taken on and worked with apprentices.

2.02 I have also helped set up and run a local youth club; organised a youth drama club; chaired my children's school's PTA; organised a games club; set up a not-for-profit company promoting young artists and volunteered for the CAB.

2.03 My middle child is leaving school this year and wishes to be a plumber, a bricklayer or an electrician. This memorandum is submitted from a father's perspective.

3.0 FACTUAL INFORMATION

3.01 During my visits to college open days with my son, it became apparent that building trade apprentices are being taught alongside students that have not been able to get taken on by an employer. They are taught the same skills in the same classrooms and workshops but that is where the similarity ends.

3.02 The apprentices receive at least the National Minimum Wage (NMW) for attending; paid for by their employer. They receive recognisable qualifications and they practice their skills in the workplace when they are not at college.

3.03 The non-apprentices receive qualifications that one lecturer described as being “not worth the paper they are written on”. They receive no wages and they don't get the opportunity to hone their skills in the workplace.

3.04 But the biggest difference is that the taxpayer could be contributing as much as £4,290.60 per year more towards the non-apprentice than the apprentice.

3.05 If a student is the only qualifying child of a family earning less than £15,860.00 per year his/her family will receive a Child Tax Credit (CTC) award of £3,235.00 and Child Benefit of £1,055.60. The family of the apprentice is not entitled to these benefits.

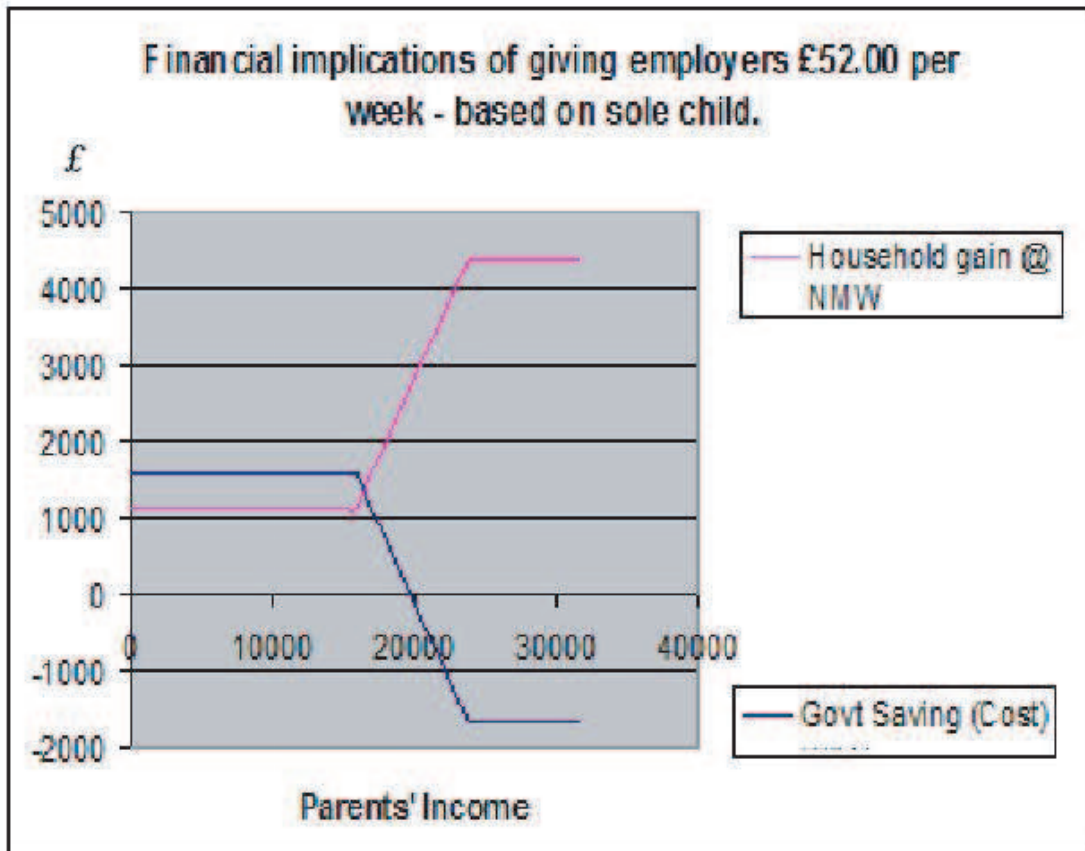
3.06 If the government did more to support a potential employer by giving them a grant of say £52.00 per week to take on a young person as an apprentice the state would save £1,586.60 per year. (Benefit saving of £4,290.60 per year less cost of subsidizing apprentices wages £2,704.00 (52wks @ £52.00) = £1,586.60).

3.07 The household would gain at least £1,117.40 per year based on the apprentice receiving only the NMW; 52 wks @ £104.00/wk = £5,408.00 less the reduction in benefit. These figures are based on the NMW for

apprentices. The average household gain is likely to be in region of £4,549.40 based on average apprentice wages.

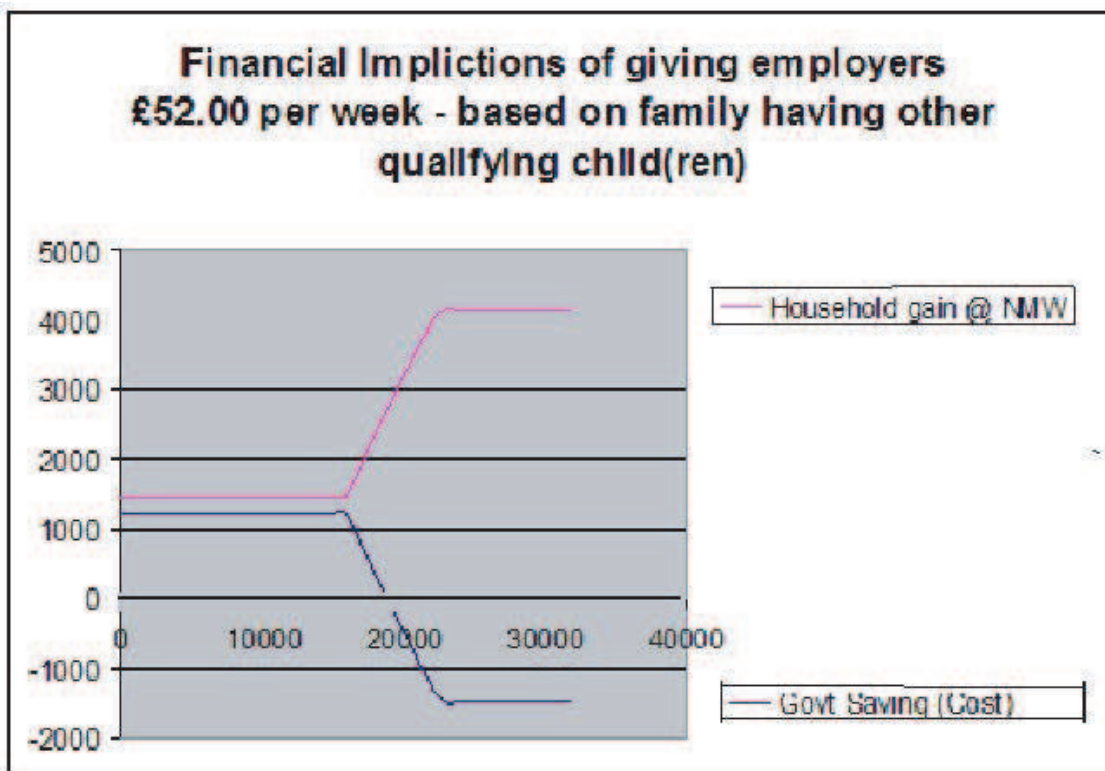
3.08 The savings to the taxpayer diminish as the apprentice's parents' income rises. This is because higher earners are paid less CTC due to the taper effect. Once the parents' income rises above £19,729.75 the taxpayer stops making a saving and starts contributing instead; up to a maximum of £1,648.40 per year. This is only £148.40 above the current small employer incentive scheme currently in operation.

3.09 The following graph shows the government saving (cost) and family gain for various incomes.



3.10 The taxpayer makes less of a saving when the family have at least one other qualifying child. This is because the Child Benefit saving of £1,055.60 is reduced to a saving of £696.60 as the second child now becomes eligible for the higher rate.

3.11 The following graph shows the government saving (cost) and family gain for various incomes where the family have at least one other qualifying child.



3.12 Using household income data from HMRC tax credit dept it should be possible to gauge if the overall financial impact on the treasury is positive or negative.

3.13 Other factors to be taken into account are:

- (a) The Small Employers Initiative could be scraped.
- (b) The Treasury could save on other benefits that entitlement to CTC passport parents to.
- (c) The Treasury could raise additional taxation from the apprentices' earnings and from the employers' increase profits.
- (d) The scheme fulfils the Government's aspiration of making work pay.

3.14 Even in the situations where the taxpayer has to spend money there is a boosting effect, with every £1 spent resulting in £2.84 of extra household income.

3.15 These savings only apply to additional apprentices. Giving employers who have already engaged apprentices a subsidy would cost the taxpayer an additional £2,704.00 per year per apprentice and make the scheme cost prohibitive.

3.16 One way of implementing this scheme to ensure maximum revenue saving is as follows:

- (1) Find out from every college how many students are studying alongside apprentices but are not engaged by an employer. Give each of these students a certificate which they can present to potential employers stating that a subsidy of £52.00 per week is available if they take them on.
- (2) At the same time form a not-for-profit "Apprentice Agency" company and website which matches would be apprentices with potential employers. Employers can hire the apprentices as and when required rather than making a long term commitment. There will be no red tape. Employers already have a duty to comply with H&S regulations and no additional burden or checks will be necessary. The agency will organise any PAYE, holiday entitlement etc and the employers will just pay a subsidised hourly rate. They will, of course, be encouraged to take an apprentice on directly with the £52.00 per week subsidy. It is hoped that these short term engagements will help the apprentices get their foot in the door.
- (3) Employers and apprentices will arrange the work placements between themselves via an open social network type website.
- (4) Apprentices that do not try hard enough to find placements or do not attend college may be removed from the courses.

- (5) Householders who require work doing such as a leaky tap or a garden wall could also engage these apprentices.
- (6) Employers who can not predict if they have work themselves next year, or even next month are more likely to engage an apprentice on a temporary basis rather than making a longer term commitment.
- (7) It is acknowledged that this does not meet the “Gold Standard” of a full apprenticeship, but it will result in some young people being taken on full time and others gaining valuable on-site experience.

4.0 RECOMMENDATIONS FOR ACTION

4.01 Scrap the Small Employers Incentive scheme saving around £60m plus administration costs. (40,000 x £1,500).

4.02 Offer potential employers a subsidy of £52.00 per week if they engage a qualifying young person. This could save the taxpayer money, increase household incomes and encourage more apprenticeships.

4.03 Present every young person studying alongside apprentices a certificate detailing the subsidy so that they can hand these to potential employers.

4.04 Ensure that current apprentices’ families are not also claiming Child Tax Credits and Child Benefit. I assume the system already picks this up, but it is worth checking.

4.05 Form a not-for-profit company to act as the *Apprentice Agency* and develop a social network type website to match apprentices with potential employers.

4.06 The *Apprentice Agency* will have the sole role of finding temporary placement—the existing arrangements for everything else will not alter.

1 February 2012

Written evidence submitted by KM Training Ltd

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and DfE)

- Average, very often questions can’t be answered, if regulations have changed, I had an example where I waited three months for a reply. That was the worst case. Sometimes the information has been out of date very soon after I had telephoned about it and I continued with the advice I had been given only to find out the situation had changed. No one called me to follow this up and advice me.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

- I don’t see any extra funding materialising. I have sent a message to Nick Clegg suggesting that Access to Apprenticeship programmes be made more available to young people and take out the 13 week waiting period which is pointless.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

- I run a city centre hairdressing learning provider and the market for our apprentices is competitive because they can operate as stylists when they complete as compare with many college leavers who, in my experience, require retraining. However, the good quality provision has its downside too. eg We have opened a specific training academy which can accommodate those learners who are older and wish to fast track. The academy allows us to training them for 30+ hours a week in a real salon environment supported by e-learning. This has been a very successful formula reducing our training programmes from two to one years and less if the learners have completed a Foundation Learning Programme with us. Now I read that all apprenticeship programmes are going to be treated the same and have to be, from August, a minimum of a year rather than be based on the GLH factor which we can evidence quite clearly. This is inflexible and will 18+ learners defer people from retraining and up-skilling. The focus needs to remain with evidencing the GLH.
- In relation to Advanced Apprentices—Many of the potential learners I would have marketed this course to in the competitive market I operate in would have been to self-employed stylists. Under the new regulations from 11 July, as hairdressing is not accepted as an exceptional work sector, all apprentices have to be employed and thus I am unable to recruit sufficient Advanced Apprentices in my sector to cost effectively deliver an AA programme. This is bad for the industry.
- Key skills should remain instead of Functional Skills for all work based apprenticeships as Functional Skills are not related to a work based programme of learning in any way shape or form.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

— Yes, this would attract interest. Paid incrementally per unit achievement.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year-olds appropriate?

— No, 19+ learners are in danger of being discriminated against due to their age as currently, many are coming to the same job market as 16–18 years old, with the same profile, often no work experience and less motivation....but less funding! Doesn't make sense.

Dr. Teresa Mullin
KM Training Ltd

10 February 2012

Written evidence submitted by Professor Ewart Keep, Cardiff University

1. EXECUTIVE SUMMARY

1.1 The quality of many apprenticeships in England is low and much of our provision would not be recognised as an apprenticeship elsewhere in Europe. Government targets for expanding apprenticeship appear to exceed the willingness of employers to provide sufficient places that offer high quality training for young people, particularly at level 3. Caught between targets and weak employer demand, officials appear to have been forced to contemplate trade-offs between quality and quantity in order to help expand apprenticeship volume.

1.2 This situation is symptomatic of a deeper set of problems. The first is that demand for Level 3 skills is limited, partly due to the ability to source skills from higher education, and partly due to work organisation and job design that has de-skilled many jobs. The second is that English employers have a very narrow conception of what skill is, and what learning is needed to support its creation. Even the current, not particularly demanding minimum standards built into apprenticeship standards are often too high for many firms. This leads to pressure from employers and training providers to dilute the quality of apprenticeships in return for them providing places.

1.3 There is an urgent need for government to discuss these issues with employers, and to determine what is needed to help support more employers to raise their demand for skill and to re-think the purposes of initial training for young workers.

2. INTRODUCTION

2.1 The author of this memorandum has a long-standing interest in issues to do with apprenticeships in the UK. He recently contributed a co-authored chapter (with Susan James from Oxford University) on the role of employers within apprenticeship for the Institute of Public Policy Research (IPPR) volume *Re-thinking Apprenticeships* (1).

2.2 This submission of evidence focuses on the role of employers. In particular, it explores the problems which very varied levels of employer demand for skills and employers' limited willingness to deliver elements of the established apprenticeship frameworks poses for government policies and for those who have to administer them, for example the National Apprenticeship Service.

3. FRAMING THE PROBLEM

3.1 Much of the recent press attention on apprenticeships in England has focused on what appear to be some quite significant failings in terms of apprenticeship quality. These have included:

1. Duration of the apprenticeship (many shorter than a year, some very short indeed).
2. Lack of, or ambiguity about, employed status while on the apprenticeship.
3. Inadequate breadth, depth or level of the learning involved.
4. Poor subsequent employment outcomes being generated.
5. The application of an apprenticeship model and associated government funding to established adult (aged 25-plus) employees who have sometimes already being doing the job for which they are now being trained for several years. In a number of cases, rather than apprenticeship training, the activity being funded appears to have primarily consisted of the assessment and accreditation of prior learning, with little in the way of extra skills being supplied.
6. Re-badging of existing Train to Gain provision as apprenticeship.
7. Opportunistic activity by training providers, for example by helping firms to re-position existing initial/induction training or training for adult workers to meet the minimum criteria that will attract government apprenticeship funding.

3.2 As a result, it can reasonably be argued, as various contributors to the recent IPPR volume on the *Rethinking Apprenticeship* (2) did, that many European employers, trade unions and governments would not recognise an English apprenticeship as being an apprenticeship because:

- Too many are for training (or accrediting the existing skills of) existing adult workers, aged over 25, who have often been in the job for several years—elsewhere in Europe apprenticeship is initial training linked to the initial formation of an occupational identity. Adult training supported by government funds often takes place, but no one would expect it to be labelled as apprenticeship.
- Too many English apprenticeships are at Level 2—ie they are operating at lower secondary qualification level, rather than Level 3 (intermediate level).
- They contain no substantive element of broader general education (which in many other countries might extend to cover maths, native language, science, a foreign language, and modern history).
- They are often far too short in duration, a reflection of their lack of substantive learning content (how can a 12-week course deliver a full Level 2 that is “equivalent” to five good GCSEs?). The European norm is for apprenticeships that last for between two and four years.
- Some are not occupational in nature. For example, customer services is not an occupation in any meaningful sense. It is a bundle of often relatively low level competences grouped around structured interaction with customers in a range of service sector settings. In Europe apprenticeship is there to induct the young person into an occupation and its culture (often fairly broadly defined), to prepare them to progress within it, and often also provides the foundations for the individual setting up their own business within that occupational area.

3.3 These are all potentially serious failings, and some of them have existed and been known about for quite a long time now—for example, see the 2007 House of Lords Economic Affairs Committee’s inquiry into apprenticeship (3). The reason for their persistence can be suggested to lie, not with lax administration of the apprenticeship system, but with the fact that they reflect deeper difficulties—they are symptoms of a much larger and more fundamental set of problems. These centre on how apprenticeships and the skills they are meant to impart are conceived of by many English employers.

4. GOVERNMENT TARGETS VERSUS EMPLOYER DEMAND

4.1 The first aspect of this bigger problem is bound up with tensions between what government wants, in terms of both the volume and quality of apprenticeship places, and what employers en masse are willing to provide in return for public subsidy. Essentially, government want levels of volume *and* quality to which too few employers are willing to sign up. This situation leaves civil servants and NAS staff to meet targets set by ministers in a system where employers’ co-operation and participation in apprenticeship is entirely voluntary, and where the vast bulk of employers played no role whatsoever in setting the targets. They are government targets, and employers have no automatic feelings of ownership over them or moral duty to help meet them. Caught between the rock of the targets and the hard place of the number and quality of apprenticeship places that employers and training providers are willing and able to provide, those responsible for managing the apprenticeship system often appear forced into making messy compromises about quality and cutting corners (for example on apprenticeship duration) in order to deliver the required volume and rate of expansion.

4.2 The end result, as a member of NAS’s management team admitted in a 2011 conference paper, is that, *“The English apprenticeship will not equate to those in Germany, Switzerland, Austria or France for example, nor does it try to. Instead, in typical British fashion, we have a programme that like our economy operates in the middle ground; between the prescriptive, heavily regulated and highly valued continental European work-based learning models and the low regulation economic ideals and practices of America and the new world economies”* (4).

4.3 This statement would probably come as something of a surprise to government, who have repeatedly over the last two decades (at least) argued that one of the key reasons for boosting apprenticeship numbers in England is the need to catch up with levels of intermediate and craft level skills in the Northern European workforce. However, it does reflect the reality on the ground, which in turn reflects what employers are willing to sign up to—a point which is explored in more detail below.

5. THE NUB OF THE PROBLEM

5.1 There are two key elements to current difficulties around apprenticeship. First, too few employers in too many sectors have high demands for skill from large swathes of their workforce. Research tells us that demand for skill within the economy is lower than policy often assumes it to be, and that in comparison with employers in other countries, British firms often seem to require less in the way of skill from their workforce. For instance, as Professor Francis Green has observed, *“Britain has long been caught in a low-qualification trap, which means that British employers tend to be less likely than in most other countries to require their recruits to be educated beyond the compulsory school leaving age. Among European countries, only in Spain, Portugal and Turkey is there a greater proportion of jobs requiring no education beyond compulsory school. There is some way to go before British employers place similar demands on the education system as are placed in the major competing regions in Europe”* (5).

It is also the case that in some sectors, British employers have relatively few job openings at Level 3 for youngsters, with direct consequences for the aim of increasing the proportion of apprenticeships being undertaken at Level 3. In part this reflects the ability of employers to fill some kinds of intermediate/technician/associate professional level jobs with graduates, whose education is paid for entirely by the general public purse and increasingly by the young person themselves via student fees. For example, Foundation Degrees were explicitly conceived of as a means of delivering the technician level skills that employers seemed reluctant to develop through high quality Level 3 apprenticeship provision. In other countries such jobs would form the core of the apprenticeship system, but in England a policy of mass expansion of higher education has opted to offer a mainstream HE-based route (via degrees and foundation degrees) and a subsidiary Level 3 apprenticeship route which is largely restricted to a few sectors (of which engineering is a key example).

5.2 It also reflects the fact that in many parts of the service sector work organisation and job design has taken work and broken it up into jobs that require only small parcels of skill and knowledge which is relatively easily and swiftly acquired, leading to training times that are quite limited, and to a workforce that is easily disposable and a situation where the costs of labour turnover are minimised. In these kinds of jobs, a Level 3 is far more than is required, and there is increasingly strong evidence that even a full Level 2 apprenticeship framework (which as has been noted above is much “thinner” than its counterpart in Europe) looks to many employers as though it contains too many items that are redundant in terms of their immediate needs.

5.3 It is to this second problem—that of breadth and quality in vocational training—that we now turn. There is now a significant body of research that shows that British models of vocational learning and its associated curriculum are narrower and fundamentally different in purpose from those found in other European countries (6, 7). Put simply, in other countries, there is expectation that vocational learning, including within the apprenticeship route, serves a number of roles.

5.4 One, as noted above, is to prepare young people for entry into a relatively broad occupational pathway and to equip them with the skills and knowledge to develop and progress. It is not simply about equipping them with the skills immediately required to perform an entry level job. This approach is sometimes, though not always lacking in many English apprenticeships.

5.5 A second purpose for vocational learning is to equip the young person for their role as a citizen and lifelong learner and to offer a sufficiently broad and deep diet of general educational learning to help support that goal. This second role is normally absent in our apprenticeships (8).

5.6 To give some idea of the scale of the difficulties that this situation produces for government, NAS and those employers who are more ambitious for what apprenticeship can become, let us look at what the official minimum content for a Level 2 apprenticeship now is in England as set out in *The Specification of Apprenticeship Standards for England* (SASE) (9):

- The duration is not directly specified in SASE, but recent guidance from ministers suggests that it is now meant to be at least a year.
- Maths (replacing numeracy) and now to Level 2, but previously often well below.
- English (replacing communication/literacy) now to Level 2, but previously often well below this.
- ICT (sometimes, at the employer’s discretion when creating the framework).
- Employee Rights and Responsibilities (ERR)—covers employment rights, health and safety, equality and diversity, careers information, etc.
- Personal Learning and “Thinking Skills” (PLTS)—which covers: independent enquiry and decision making, creative thinking and collective problem solving, reflective learning, team working, self management, effective participation.
- A minimum of 280 Guided Learning Hours (GLH).
- Within the recommended minimum GLH requirement, there is further requirement for a minimum of 100 hours of “off the job/workstation” training. This is quite a small amount of time. 100 hours equates to about three weeks, which is short when compared with the norm elsewhere in Europe (one or sometimes even two days per week for the duration of the apprenticeship). For instance, in Norway, the first two years of the apprenticeship are school-based, and the second two work-based, but with half of the time still being spent on off the job training. Our current minimum allocation of 100 hours is short even when compared with the requirements built into UK’s Manpower Service’s Commission’s two-year Youth Training Scheme in the mid-1980s (13 weeks off the job). In other words, within current apprenticeships our minimum expectations for off the job learning are far more modest than they were for a scheme largely aimed at the young unemployed a quarter of a century ago.

5.7 Overall, the key point is that, by anyone’s standards, this is not a particularly rich, deep or broad offer if the aim is to create a workforce skilled to meet the challenges of both the 21st century workplace and 21st century society/life. However, the problem is that for many employers it appears to be far too rich a diet. In 2009 DBIS ran a consultation on the contents of apprenticeships. There were 357 responses from a range of stakeholders, including trade unions, employers and training providers. As the government’s response to the consultation reports (10), only 30% of respondents agreed that Functional Skills in English and Math should be required in all apprenticeship frameworks, 68% did not want an ICT qualification to be mandatory for all

apprenticeships, and only 53% of respondents agreed that all six of the Personal Learning and Thinking Skills are necessary in all apprenticeships. In terms of the government's original proposal that there be a minimum of 250 hours off the job/workstation training, only 35% of respondents agreed that this was an acceptable minimum. The rest wanted greater flexibility—ie fewer hours—to which the government agreed.

5.8 It should be stressed that many employers want to and do aim far higher than this. The training they provide far exceeds the minimum requirements. However, the employer population is extremely diverse, varying in its training needs by sector, size and product market strategy within sectors. All too often skills policy talks about employers as though they were a simple, undifferentiated group. They are not. The divergent needs and demands posed by a very diverse set of employers pose a major challenge for government and for NAS. Catering to the skill needs of those at the leading edge by setting and maintaining high, world class standards is liable to mean disengagement by employers closer to the trailing edge. Moreover, government rhetoric has consistently been that apprenticeship design is “employer-led”, which makes it harder to then tell some employers that what they have specified or are demanding is inadequate, or to enforce minimum standards with which at least a proportion of employers do not agree.

5.9 This situation raises a number of questions, to which answers are needed if apprenticeship policy is to make much further progress:

1. Why is it that we have such different expectations about what is a reasonable learning entitlement for a young person going down the academic route and one going down the vocational route via apprenticeship?
2. What does this imply about parity of esteem between different routes?
3. Is “what’s the least we can get away with” a good design principle for initial training for young people, and why do so many employers appear to subscribe to it? What do the results of DBIS’s SASE consultation imply about the quality/skills content of many of the jobs on offer in our economy? Why are employers’ skill needs sometimes so limited, not least when compared to those of their counterparts abroad?
4. What are the implications for UKCES’s recent call for employers to “own” the skills system (and also own most of the government funding going into it)? If employers own the system, who looks out for the interests of the individual trainee? In other countries social partnership arrangements mean that employers alone cannot own the system, but here....?

5.10 These questions need to be directed, not towards government officials or NAS, but towards employers and those who seek to represent their views. One of the key failings in policy on apprenticeship has been the general unwillingness by government to openly debate the issues raised above with a broad range of employers. The result is that we have not had a serious conversation with firms and their representatives about the nature and purposes of apprenticeship.

5.11 If a substantial number of employers want simply to offer a very restricted and narrow form of low level job-specific initial/induction training for new young staff, then the case for public financial support for this needs to be discussed, as does its relationship with the broader concept of, and ambitions for, apprenticeship. Public money is scarce, and there seems little point in expending it on training that is of limited quality simply to reach an arbitrary government target.

5.12 It also seems worthwhile for government and NAS to think about how they might do more to determine what is needed to help support more employers to raise their demand for skill and to re-think the purposes of initial training for young workers. This support does not necessarily mean direct financial support for individual training places. It could, for example, be about helping to companies to re-think work organisation and job design. Even in terms of training itself, rather than simply money for more places, support might better be focused upon training more in-company trainers and those who supervise apprentices so that they are able to tailor-make better packages of both off and on the job learning inside individual workplaces.

5.13 The often very limited expectations and demands for skill specified by employers for many lower level jobs in part underlies the problems noted by the Wolf Review (11). These concern the ability of a lot of our lower level vocational qualifications to deliver a wage premium, have much traction on recruitment and selection decisions, or support progression and/or a return to learning. From a public policy perspective, understanding the causes of limited employer demand for skill and for broader types of learning, and finding ways that this can, over time, be changed is extremely important if progress is to be made on apprenticeship and other forms of vocational learning for young people.

27 January 2012

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Written evidence submitted by Lantra

EXECUTIVE SUMMARY

1. In order to improve the quality of Apprenticeships, Lantra on behalf of the industries it covers recommends that employers take ownership of Apprenticeships and suggest the following actions:

- Apprenticeships to have flexibility within the specification to reflect and meet the needs of industry.
- NAS to review its funding model in order to reduce the risk to the quality of Apprentices from greater levels of sub contracting.
- BIS and DfE to agree the purpose of Apprenticeships and to agree that in the first instance they be focused on the needs of employers and the economy.
- Government to raise the ambition and vision of Apprenticeships.
- NAS to promote and enforce the Quality of “Apprenticeship Delivery Models” with providers.
- Extra funding to go directly into the delivery of Apprenticeships.
- NAS to work with SSCs to develop sector specific strategies to encourage more employers to use Apprenticeships and offer apprenticeship places.
- Apprenticeships to be based on an occupational area and to only be developed where there is a need in a particular sector.
- Government to use bonus payments to help employers develop their capacity to deliver apprenticeships and take ownership.
- Government to fund all 16–24 year old apprentices at a diminishing rate.

2. Further details on the above recommendations are supplied below.

BRIEF INTRODUCTION

3. Lantra is the Sector Skills Council for the Environmental and Land-Based Sector. We are an employer-led organisation licensed by Governments across the UK to determine, promote and ensure that there are appropriate levels of skills and business development support for businesses and individuals in our sector. The industries covered by Lantra include those responsible for food production, animal health and welfare, and land and environmental management, including low carbon and green technologies. Lantra, with the businesses it represents, analyses the skills needed by industry, develops innovative skills solutions and amongst other activities develops and issues Apprenticeship frameworks.

4. Lantra, welcomes this opportunity to provide written evidence to the Business, Innovation and Skills Committee inquiry into Apprenticeships. Lantra wishes to see Sector Skills Councils (SSCs) fully engaged in Apprenticeship policy and strategy development in order to progress the employer-led agenda.

5. Lantra has developed, with industry, 12 frameworks for England covering most of the industries in the sector. All of these are compliant with the Specification for Apprenticeship Frameworks and have been issued by our Issuing Authority.

6. In compiling this written evidence Lantra used its apprenticeship research with employers and providers and with its Sector Learning Partnership (a strategic group of specialist private and public providers covering further and higher education).

RESPONSE TO QUESTIONS AND RECOMMENDATIONS

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

7. NAS has introduced a further stage to the development of apprenticeship frameworks; it has questioned the decision of the Issuing Authorities when they have issued frameworks and carry out a further review of the issued frameworks. NAS hold off supporting frameworks for funding if they do not meet their criteria, which they have not made public. This has led to specific industry requirements, (additional employer requirements), which employers value being taken out, or the emphasis on their importance reduced. This has led to concerns from employers who value their inclusion in the framework and recognition on the certificate.

8. Lantra believes that Apprenticeships must be focused on and meet the needs of new employees, employers and the economy. They must be developed with flexibility and owned by employers.

9. NAS is a funding body working on behalf of BIS and DfE to distribute funds. Therefore, it would appear to bridge the gap between BIS and DfE on the funding of Apprenticeships. However, with the increased number of sub-contractors it is not clear how the sub-contractor will be monitored by NAS. It is essential that NAS is able to ensure that:

- the rules on funding are followed; and
- a framework is delivered as intended by the Issuing Authority.

10. In addition, the differing expectations of DfE and BIS in Apprenticeships is causing issues. Currently the purpose of an Apprenticeship framework and what an Apprenticeship is expected to achieve appears confused and ambiguous. As a result it appears that:

- DfE regard Apprenticeships as learning programmes that will be suitable to offer young people to raise the participation in education age to 18.
- BIS regard Apprenticeships as a programme to help people develop the skills, knowledge and occupational competence needed for work.

11. Both of these ambitions are valid however these conflicting expectations confuse the purpose of Apprenticeships. Lantra suggests that there should be a restatement about the purpose of Apprenticeships clearly stating what they should and should not do. Lantra does believe Apprenticeships can meet both the ambitions of DfE and BIS in preparing individuals for employment by meeting employer needs as well as providing opportunities for progression into further and higher education.

12. We would advise that BIS and DfE make best use of public funds and rethink the content of the SASE to allow for the recognition of maths and English within the functional skills. Therefore reducing the need to repeat these skills as Functional Skills.

13. We believe that Apprenticeships can be used to effectively develop skilled and knowledgeable employees able to demonstrate occupational competence. Employees developed in this way are more likely to contribute to successful and sustainable businesses that impact positively on the economy. Therefore, we urge the Government to raise the ambition and vision of Apprenticeships by making sure:

- they are aimed at individuals new to an occupational area;
- they are used to develop new employees who become knowledgeable, skilled and occupationally competent;
- they are used to help new employees understand the culture, traditions and history of the sector they are joining so they have the understanding to make the most of the sector in which they will be working;
- programmes are not used with existing employees as a method of assessing what they already know; and
- they are focused on the needs of the workplace and the economy.

14. Working with SSCs, NAS could do more to make sure that Apprenticeship frameworks are delivered and funded in the way they were intended. More could be done to promote and enforce the Apprenticeship delivery models with learning providers which would clarify further what providers have to do to:

- meet the 30 hour minimum for employment;
- meet the minimum guided learning hours;
- to contextualise the delivery and assessment of functional skills;
- ensure the employment of apprentices;
- about the length of delivery and meeting the SASE; and
- support development of Apprenticeship Training Agencies especially for sectors with micro business and businesses where self employment is the norm.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

15. Yes, this extra funding is necessary and should go directly into the delivery of Apprenticeships. The Government must avoid the temptation to fund programmes delivered by learning providers that are not Apprenticeships and do not meet the SASE.

16. The challenge is to ensure that Apprenticeships are flexible enough to meet employer needs and where necessary incorporate any specific employer requirements or relevant industry developed training which needs to be recognised within the SASE. This will in turn encourage employers to use Apprenticeships as a method of recruiting and developing new employees so there are sufficient places to meet demand.

17. If the extra funding is not used once it is distributed, this should not be regarded as a failure and should be diverted to other uses such as encouraging more employers to take on apprentices. Every effort must be made to protect and improve the integrity of the Apprenticeship brand and delivery model. More must be done to encourage employers to use Apprenticeships. This could be achieved through NAS and SSCs working together to develop sector specific strategies to encourage more employers to offer Apprenticeship places.

18. The Apprenticeship brand must not be undermined and when a learning and development programme is delivered it must be seen to be a partnership between the apprentice, employer and learning provider.

19. In areas of specialism's with low numbers of apprentices, such as production horticulture, learning providers influence the delivery and programme of study because they do not have the resource to deliver these specialist aspects of the programme to small numbers of apprentices. Therefore, employers end up with their Apprentices taking programmes which may be more aligned to general horticulture rather than the specific area of say growing vines.

20. Lantra suggest that by directing funding towards delivery then providers can be more flexible with employers, meeting their specialist needs. Apprenticeships must be seen to be more than a learning or training programme they should deliver a rich learning experience to enable apprentices to develop the skills and knowledge they need in order to become occupationally competent.

21. Lantra recommends that the additional public funding is not used to deliver aspects of the programme such as Functional Skills, which can be demonstrated by previously attained GCSEs or other relevant qualifications already held by apprentices. This is becoming more apparent as we explore the use of Apprenticeships for older learners where they are required to retake Functional Skills to meet the requirements of the framework.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

22. All Apprenticeship frameworks must be of high quality regardless of their level. Employers have a role to play in ensuring the apprentice benefits from the apprenticeship by employing and giving them the responsibility required of the level of job.

23. Apprenticeships must be based on an occupational area and only be developed where there is a need in a particular sector.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

24. Lantra understands Apprenticeship bonuses to be the same as incentive payments for employers, where the Government will provide up to 40,000 incentive payments to small employers to take on their first apprentice who must be between 16 to 24 years old. Small and micro business, which make up the majority of businesses in the land-based and environmental sector, must be encouraged to take on apprentices but bonuses is not the only incentive. Many of these businesses are not able to provide the breadth of experience needed by an apprentice and Lantra would like to see more support for micro businesses in setting up Apprenticeship Training Agencies.

25. We would recommend the funds be used to help small and micro businesses to develop their capacity and capability to support an apprentice, so they know how to and can:

- recruit the apprentice;
- support and mentor the apprentice;
- encourage the apprentice to put into practice what they learn when they are with the learning provider; and
- assess the occupational competence of the apprentice.

26. We believe that this would help employers take ownership of Apprenticeships. It is essential that employers take ownership of Apprenticeships and become far more involved in the delivery of Apprenticeship frameworks. We would like learning providers to work more closely with employers to help them develop their capability and capacity to deliver apprenticeships.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

27. Lantra does not believe this current funding arrangement is appropriate. In industries such as forestry and fencing new employees need to develop skills, knowledge and experience needed to handle expensive machinery and equipment, and in some instances there are age restrictions for operating such machines due to health and safety legislation. Therefore, these industries often recruit from the 19 + age range and are disadvantaged by this split.

28. Lantra suggests that funding should be 100% for apprentices up to the age of 18 and then reduced on a diminishing scale until the age of 24 when they will be able to apply for a loan to undertake an apprenticeship.

3 February 2012

Written evidence submitted by Professor Lord Richard Layard and Dr. Hilary Steedman, Centre for Economic Performance, London School of Economics and Political Science

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

Apprenticeships are not mentioned in the DfE's six policy priorities set in 2010⁹² while BIS is clearly claiming ownership of apprenticeships with a stated commitment to "expand and improve the quality of apprenticeship programmes". But closer examination reveals that the expansion envisaged is adult apprenticeships together with a commitment to increasing the numbers of Levels 3 and 4 apprenticeships. An additional commitment to expand apprenticeships in the retail sector (a sector with notoriously low apprenticeship standards) is hard to reconcile with this goal.⁹³ NAS should have worked to redress the balance between the two departments responsible for apprenticeship, however the evidence suggests that they have not done so.

Judged purely on numbers of starts in apprenticeship since NAS was set up we can see that numbers of starts have increased since 2009 to a level not previously seen since Modern Apprenticeship was established. Government targets for an increase in apprenticeship numbers have put pressure on NAS to find more places and NAS has delivered. However, the increase has been largely the result of an increase in adult (aged 25 and above) apprentices (Table 1 below).

Table 1

APPRENTICE STARTS BY AGE, ENGLAND, 2005/06–2010/11

	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11 (provisional)
<19	99,500	105,600	107,500	99,300	116,700	128,300
19–24	75,100	78,600	90,100	84,700	113,800	138,900
25+	300	200	27,200	55,900	49,100	175,500

Table 8.1 DS/SFR 12 2011 and page 13

Most of these adult apprentices are already in employment with the apprentice employer and the public funding contribution to their apprenticeship does nothing to help unemployed young people acquire skills and a job. Most of the growth in apprenticeship has come from those aged 19 and above who are the responsibility of BIS. This could be interpreted as NAS, under pressure from government to increase numbers, concentrating its efforts on the age range for which BIS is responsible where apprentice places are more easily created. The interests of younger age groups (16–19) have been neglected. This is despite huge demand for apprenticeship from 16–19 year olds recorded by NAS on their online Matching Service.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

Most apprenticeships are of too short a duration and the skill content is too low level for highly-skilled employment. England is the only country where apprenticeships at Level 2 far outnumber those offered at Level 3. In Australia most apprenticeships are at Certificate 3 level and in France just under half are at Level 2. In the dual system countries, Austria, Germany and Switzerland, and in Ireland, almost all apprenticeships are at Level 3. It is disappointing that data on apprenticeship duration is no longer published by BIS. Our best guess is that the average is probably not more than one year. Some apprenticeships last as little as 12 weeks. Level 3 should be the minimum level aimed for in apprenticeship but apprentices would need at least two and probably three years to reach this level, as is the case in other European countries. Off-the-job learning would also need to be significantly increased.

⁹² <http://transparency.number10.gov.uk/transparency/srp/view-srp/37>

⁹³ <http://transparency.number10.gov.uk/transparency/srp/view-srp/44/94>

Assessment models used to award apprenticeship qualifications are costly and unreliable. Other countries use practical and written tests. We should consider similar methods:

- Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?
- Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?
- Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

If employers have to be paid to take on an apprentice, the model we currently use to provide apprenticeships is not working. It may be that in the present very difficult economic conditions and with high youth unemployment we will have to work with the current apprenticeship delivery model and correct its deficiencies by direct payments to employers to take on some of the large numbers of eager and qualified young people desperate for apprenticeship places. At the same time, however we should be developing and piloting a model that provides good incentives for employers to take on apprentices and results in high standards of learning and skill. Successive British governments have relied on a dysfunctional funding and delivery model for apprenticeship. Government agencies and private providers have been used to design apprenticeship programmes and procure places, and a substantial proportion of government funding for apprenticeship training is swallowed up by the processes required to account for it. This model deters employers and stifles the growth of apprenticeships through over-regulation and over-specification of content. Fewer than one in ten employers in England train apprentices compared with a quarter or more in countries where the apprenticeship system works well—for example, Germany, Austria and Switzerland. An expansion of this argument can be found in the CEP Policy Analysis document (below).

Annex

CEP Policy Analysis

APPRENTICESHIP POLICY IN ENGLAND

INCREASING SKILLS VERSUS BOOSTING YOUNG PEOPLE'S JOB PROSPECTS

INTRODUCTION

Apprenticeships improve the employment prospects of young people by raising their skill levels (Ryan, 2001). They provide craft, technician and associate professional skills that are valued by employers. And in England, there are substantial wage returns to apprenticeships: an average premium of 18% for those at Level 3 (equivalent to A-level standard) compared with people whose highest qualification is Level 2; and a premium of 16% for those at Level 2 (equivalent to GCSE standard) compared with people whose highest qualification is Level 1 (McIntosh, 2007).

Demand for apprenticeships from employers may be constrained by fears that young workers they have trained may be “poached” by another firm that has not paid the training costs. In England, weak employer demand for skill has been identified as a key challenge for policy-makers promoting apprenticeships (Payne and Keep, 2011).

As the issues of skills and youth unemployment have moved steadily up the policy agenda in Britain over the past 30 years, apprenticeships have been supported by all parties. Youth unemployment is currently almost one million, but it had started to rise in 2004, well ahead of the latest recession (Petrongolo and Van Reenen, 2011).

Labour and Conservative governments have differed in the priority they have given to policy aims for apprenticeships. Labour has focused on increasing the numbers of young people in apprenticeships whereas the Conservatives have focused more on using apprenticeships to generate higher skills. It has proved difficult to shape apprenticeship policy to achieve these two outcomes simultaneously.

With sufficient employer demand for apprentices, there should be no need to choose between these two highly desirable policy objectives. But successive governments have developed a dysfunctional funding and delivery model for apprenticeship.

This model has failed to provide the appropriate incentives to encourage employers to engage with apprenticeship. The limitations of the model have meant that no government in recent times has succeeded in raising the employer offer of apprentice places for young people at the higher skill levels routinely offered in other European countries.

THE 1994 CONSERVATIVE VISION: MODERN APPRENTICESHIPS

In 1994, the Conservative government revived and reinvented apprenticeship. The 1993 Competitiveness White Paper made clear that apprenticeship was to be focused on growth through investment in skills.⁹⁴ It

⁹⁴ Cmd 2563 Competitiveness: Helping Business to Win.

introduced “Modern Apprenticeships” as a major plank in this policy, developing skills comparable to those of other developed countries:

“These will offer work-based training to NVQ Level 3... The aim is that by the end of the decade there will be 150,000 new apprentices in England at any one time and over 40,000 young people each year achieving qualifications at NVQ Level 3 or above.”

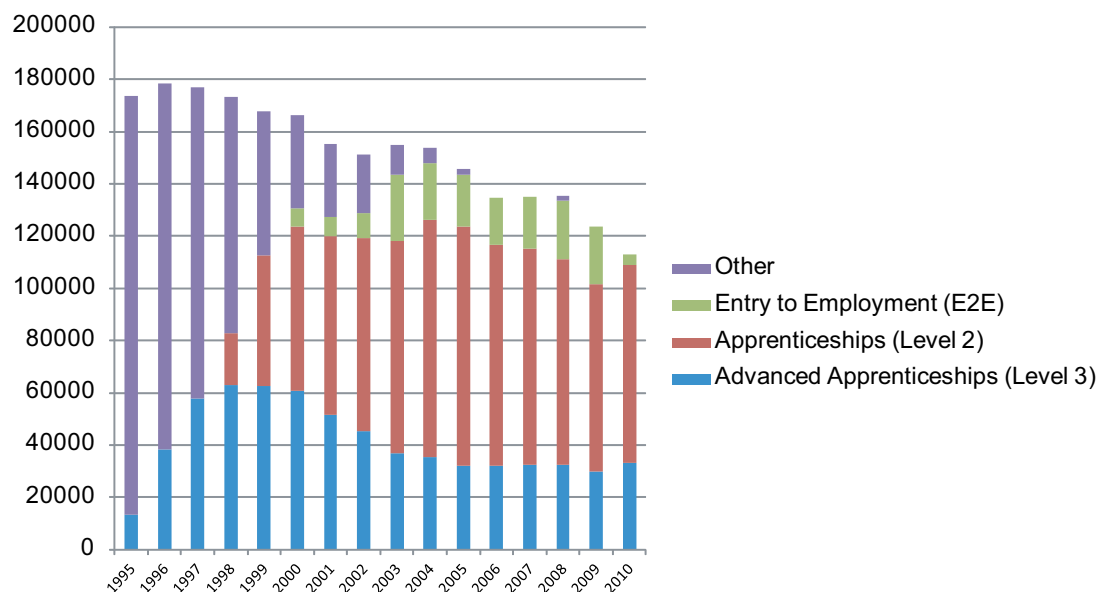
The 1993 White Paper cited skills levels—in particular in science and mathematics—in Germany, Scandinavia and Switzerland as benchmarks for the British skills drive. It can be assumed that this was the reason for setting the minimum qualification level for the Modern Apprenticeship at NVQ Level 3 and apprenticeship duration of three years. The White Paper also provided for the continuation of the Youth Training Scheme (YTS) with a guarantee of work-based training—but without specified skill level outcomes—for all 16 and 17 year olds who needed a place.

THE LABOUR GOVERNMENT 1997–2010: PRIORITISING SOCIAL INCLUSION OVER SKILLS

When it came to power in 1997, the Labour government carried forward the model established by the Conservatives but found that the Level 3 target was an obstacle to increasing numbers of young people in apprenticeship. Employers claimed that the young people applying for apprenticeships lacked the educational prerequisites for Level 3 apprenticeship.

The solution adopted was for government training programmes (formerly YTS) to be rebranded as Level 2 apprenticeships. The numbers of 16–18 year olds in apprenticeships rose dramatically between 1996 and 2009 but only at Level 2. The numbers in Level 3 apprenticeships actually fell—see Figure 1. All this was against a background of rising numbers of 16–18 year olds and a fall in total government-funded work-based training for young people.

Figure 1 16-18 Year Olds in Government-funded Work Based Learning by Programme, England 1995-2010



Source: SFR 15 2011
Supplementary Table C13

The Labour government succeeded in switching young people from work-based programmes to apprenticeships, and thereby improved training quality for those who had previously been on lower level programmes. But it failed to increase the number of firms employing apprentices. Employers showed little interest in offering Advanced Apprenticeships to under-19s, and fewer under-19s were taken on to Advanced Apprenticeships in 2010 than in 1997—see Figure 1.

In 2009, the Labour government passed the Apprenticeships, Skills, Children and Learning Act. This provided for the creation of a National Apprenticeship Service, which was given the task of convincing employers to offer increased numbers of places. The same Act provided for an entitlement to an apprenticeship for every school-leaver who was appropriately qualified (defined as five or more GCSE passes at any grade). The Education Act introduced to Parliament by the coalition government in January 2011 removes this entitlement.

THE ORIGINS OF ENGLAND’S APPRENTICESHIP MODEL

The origins of the current apprenticeship model in England stem from the 1994 revival of apprenticeship, when the model used to develop YTS in the early 1980s was reinstated (Fuller and Unwin, 2003). Growth in

apprentice numbers and revised training content was driven not by employers but by government initiatives and funding.

Lack of employer interest and commitment meant that apprenticeship, as developed in England post-1994, failed to capitalise on apprenticeship's traditional strengths as provided by employers, which include:

- using the workplace as a place of learning;
- providing transferable training in a way that fitted the employer's work organisation;
- and ensuring that the employer could benefit from a "payback period" during which the apprentice's productivity in the second period repaid the cost of lost output due to training in the first period.

In other countries, legislation guarantees the quality of apprentice training and sets a minimum duration for apprenticeship, which allows the apprentice to practice and gain confidence in the skills acquired. The minimum duration—usually three years—allows the employer to recoup some or all of the costs of training incurred in the first year or so of the apprenticeship. Public funding for off-the-job apprentice education and training is provided for a fixed period—usually three years.

Apprenticeship in England turns the European model on its head. As Table 1 shows, the latter is based on modest apprentice wages, long-duration apprenticeships, work-based training and government-funded off-the-job vocational training.

Table 1

COMPARING APPRENTICESHIP MODELS IN ENGLAND AND OTHER EUROPEAN COUNTRIES

<i>Apprenticeship—England 2011</i>	<i>Apprenticeship—Austria, Germany, Switzerland 2011</i>
Employed status	Trainee status
Wage (high relative to other countries)	Trainee allowance
Short duration (average one year)	Long duration (average three years)
Most at lower skill level (Level 2)	Most at higher skill level (Level 3)
Outside providers train	Employers train on-the-job
Only 60% of apprentices are under 25	Apprentices are normally under 25
Minimum 100 hours off-the-job training	Minimum 900 hours off-the-job training
4–8% of employers train apprentices	25–30% of employers train apprentices

Note: For further information, see Steedman (2010)

In the absence of employer commitment to apprenticeships, it has fallen to government to take the lead in reviving them. Responsibility for meeting government targets is delegated to government agencies, awarding bodies and government-funded sector skills agencies supposedly "representing" employers. Day-to-day responsibility for meeting apprenticeship targets for all but the largest employers is further delegated to training providers.

Providers act as brokers between government agencies and apprentice employers:

- they contract directly with the government funding agency to "deliver" a given number of apprenticeships and claim funding calculated according to complex funding regulations set by the funding agency;
- they seek out employers willing to employ an apprentice or alternatively they may offer apprenticeships to the company's employees;
- and they provide and assess the required elements of the apprenticeship framework and manage the associated data recording requirements.

This system marginalises most employers who have no formal training responsibilities or involvement in the apprenticeship process. Understandably, employers have often proved reluctant to treat apprentices differently by paying a low trainee wage or by allowing the apprentice time off for training.

APPRENTICESHIP IN ENGLAND: "MANY BUILDERS BUT NO ARCHITECT"

Employers are now finding that they are paying the price for failure to take ownership of apprenticeship. A recent report from an employer-led Commission, which was published by a government agency, identified the plethora of government agencies with which apprentice employers are required to liaise as a major obstacle to participation. The report revealed a truly staggering amount of submission writing, documentation, data recording and data returns required of employers receiving public funding for apprentice training (Learning and Skills Improvement Service, 2011).

Multiple government agencies with overlapping responsibilities impose this burden as a condition of the receipt of public funding for providing apprentice training. Training programmes are highly prescriptive and the competency-based assessment model adds to the burden of data recording, reporting and storage. A substantial proportion of government funding for apprenticeship training is thereby swallowed up by the processes required to account for it. The employer-led Commission complained that the system had “many builders but no architect”.

THE COALITION GOVERNMENT: PRIORITISING SKILLS OVER SOCIAL INCLUSION

The coalition government has made no fundamental changes to the dysfunctional apprenticeship delivery model that it inherited.

For example, a 2007 report (House of Lords Economic Affairs Committee, 2007) had strongly criticised the Labour government’s decision to split responsibility for apprenticeships between two government departments: the Department for Children, Schools and Families (now the Department for Education, DfE) and the Department for Industry, Universities and Skills (now the Department for Business, Innovation and Skills (BIS)). But this decision was not reversed by the coalition and has led to neglect of the apprenticeship prospects of under-19s who, under this arrangement, are the responsibility of the DfE.

Apprenticeships are not mentioned in the DfE’s six policy priorities set in 2010⁹⁵ while BIS is clearly claiming ownership of apprenticeships with a stated commitment to “expand and improve the quality of apprenticeship programmes”. But closer examination reveals that the expansion envisaged is adult apprenticeships together with a commitment to increasing the numbers of Levels 3 and 4 apprenticeships. An additional commitment to expand apprenticeships in the retail sector (a sector with notoriously low apprenticeship standards) is hard to reconcile with this goal.⁹⁶

The coalition government’s Education Act abolishes the entitlement to an apprenticeship place for all suitably qualified young people as provided for in the Labour government’s 2009 Apprenticeship Act. This decision signals that the emphasis of apprenticeship policy has switched from enabling young people to access skills and jobs through apprenticeships to raising workforce skill levels without special regard to age.

Given these priorities and the reluctance of the DfE to fight the corner of the under-19s, it is unsurprising to find that the latest figures for apprenticeship starts in both 2010 and 2011 show a huge rise in adult apprenticeships.

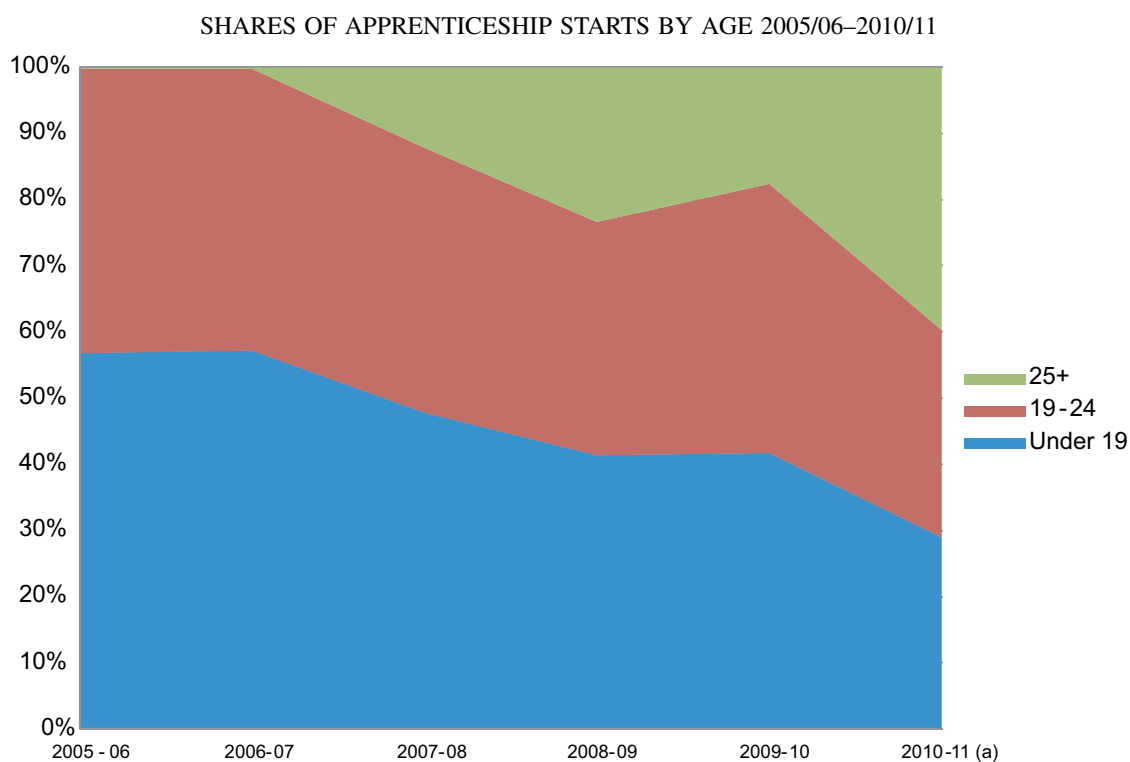
Adult apprenticeships attract a smaller government contribution to training costs compared with the under-19s, and they therefore provide the places to meet target numbers at lower cost to government. Employers like them because, in many cases, adult apprenticeships help to train their own employees.

The coalition government has increased adult apprenticeships, actually overshooting their own target. While overall apprenticeship starts have increased from 280,000 in 2009–10 to 443,000 in 2010–11 (an increase of 58%), under-19 starts have increased by just 10%. The under-19s now get a smaller share (29%) of apprenticeship places than do the over-25s (40%)—see Figure 2.

⁹⁵ <http://transparency.number10.gov.uk/transparency/srp/view-srp/37>

⁹⁶ <http://transparency.number10.gov.uk/transparency/srp/view-srp/44/94>

Figure 2



Source: DS/SFR 12 October 2011 Table 8.1 and p. 13

Note: (a) Provisional

The coalition government deserves credit for expanding the numbers achieving Level 3. But while in 2010, there were 60,000 Level 3 apprenticeship completions, under-19s accounted for only one third of these—just 20,000.⁹⁷ Indeed, the 1994 Conservative government’s target of 40,000 young people a year qualifying at Level 3 has still not been achieved.

The failure to ensure that each cohort of young people gains the skills needed for productive employment ensures that we will continue to struggle to make good this deficiency in their later working lives. Adult apprenticeships may be needed now to make good the deficiencies of the past. But if good quality apprenticeships were also there for young people in the numbers needed, adult retraining would no longer be so necessary.

CONCLUSIONS

Successive governments have committed substantial public resources to apprentice training, but far too few young people benefit and not enough high value skills have been developed. In the absence of employer leadership, government has assumed responsibility for driving the policy forward. This has produced a system obsessed with accountability and unfriendly to employers who should be key players. The system fails to provide incentives for training young people to high (Level 3) skill levels.

In a fast-changing economic environment, apprenticeships need frequent adjustment to function well. Both the German and Swiss governments have recently acted to redress imbalances that had arisen between the different partners in apprenticeship. Employer organisations in Germany have entered into direct agreements with the government to raise demand for apprentices. At the same time, employer proposals for reducing the costs of apprenticeship to employers by increasing flexibility have been accepted as a quid pro quo for providing more places.

Like other governments in Europe, the British government should be prepared to change an apprenticeship model that is not functioning to produce high skills for young people. The aim of the new model should be to direct public funds so as to:

- maximise incentives for employer participation and management of training;
- ensure that young people are not “crowded out” by adults;

⁹⁷ DS/SFR 12, October 2011 Table 8.2.

- and create conditions that encourage high value-added training.⁹⁸

Policy levers that could be deployed to implement these aims include:

- extending current pilots of simplified direct funding to medium-sized employers;
- introducing a sector levy to contribute to the cost of sector skills bodies and thereby increase employer commitment;
- switching funding for adult (over-25) apprentices to under-25s to release resources for Level 3;
- re-introducing the entitlement to an apprenticeship place for 16–19 year olds—but at Level 3, with 5 GCSE Grades A*-C or equivalent as a prerequisite;
- and funding employers of 16–19 apprentices for providing the transferable (education) elements of the apprenticeship programme—recommendation 14 of the Wolf Report (DfE, 2011).

Investment in apprenticeship by government, individuals and employers has already shown substantial returns. A nucleus of committed employers, offering high value-added apprenticeships, has grown up despite the heavy bureaucratic burden associated with government funding. Unfortunately, more young people apply for each of these apprentice places than for a place at an Oxbridge college.

It may not be realistic to aim for apprentice numbers on the scale of Germany. But with a clear strategy, some nudging and flexibility, we could realistically aim for the prize that has so far eluded us—higher skills and high youth participation.

2 February 2012

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Written evidence submitted by learndirect

learndirect’s submission to this inquiry is based on our experience as the UK’s largest online learning provider. In little over a decade, we have shown high quality learning can be delivered online on a large scale, transforming people’s lives and helping families, communities and businesses thrive.

Through our network of providers we offer 19 apprenticeship frameworks from vehicle maintenance to customer service. We have seen first hand how investment in apprenticeships and young people are crucial to the prosperity of the UK. As growth continues to stagnate, apprenticeships will have a greater role than ever before in ensuring people and businesses have the right skills for the economic upturn when it comes.

⁹⁸ Examples of what can be done already exist in the results of pilot schemes and ongoing pilots. A pilot, now ended, provided modest incentive payments (ranging from £1,000 to £2,500) to employers to offer an apprenticeship to a young (16–19) person. These produced a greatly increased place offer (BMG Research, 2011). Simplification of payment to large employers who are directly contracted to provide apprenticeships is currently being piloted, and could, if successful, be extended to medium-sized employers, according to a speech by the Minister for Skills, John Hayes (6 September 2011 CBI London).

We support the sector and Government's drive to ensure the apprenticeship brand remains associated with high quality, on the job training which gives people the skills they need to progress in work.

1. How successful has NAS been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and DfE)

Whilst the National Apprenticeship Service has been successful in raising the profile and value of the apprenticeship brand, we do not believe NAS has bridged the gap between BIS and DfE. The roles and responsibilities of NAS, SFA, BIS and DfE in relation to apprenticeships are not clear and we would welcome clarity. For example, as a provider new to the apprenticeship market, we have struggled to find the right contacts in SFA and NAS to work with on an operational level. We do have good working relationships with central teams within NAS. We would welcome greater clarity on the roles and responsibilities of NAS and SFA as they appear to blur in some areas.

There needs to be greater alignment and transparency of policy objectives across all government departments with a stake in apprenticeships to ensure all policy goals are met.

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

The additional funding for apprenticeships is needed for growth to incentivise employers who cannot afford the full costs of training in the current climate, particularly SMEs. We believe apprenticeship policy should have the dual goals of improving job prospects for young people and improving the skills of the working population. However, the primary focus must be on young people at a time when the number of young people not in education, employment or training (NEETs) is at a record level. There should be greater incentives for employers to engage with this group of young people who often require more support and are least prepared to enter employment.

The current 13 week eligibility rule for 19–24 NEETs is a significant barrier to engagement. The rules state NEETs are only eligible when an individual has not been enrolled or engaged on any educational courses or training programmes or been employed under a contract of employment for a period of a minimum of 13 weeks prior to starting the pathway. In some cases individuals on funded employability courses which prepare them for job interviews and employment are excluded from an apprenticeship place as they are considered to be in training.

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

Quality across frameworks and providers is patchy. A major issue is a general misunderstanding and an underestimation across the sector of the differences between Train to Gain delivery and apprenticeship delivery. Many providers believe apprenticeship delivery is an extension of Train to Gain which focused on the delivery of a suite of qualifications. This misunderstanding is affecting the quality of apprenticeships and damaging the apprenticeship brand. More attention needs to be paid to the apprenticeship "as a whole", taking account of the needs and requirements of the apprentice and the employer.

Whilst the majority of apprenticeships are currently at Intermediate Level (Level 2) we believe there should be more Level 3 apprenticeships with greater progression opportunities from Level 2 to Level 3 where there is a greater return on investment to the employer. It should be recognised however that for some job roles a Level 2 apprenticeship is satisfactory.

4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

It is too early to tell whether the cash incentives announced recently will have the desired impact. Small and medium sized employers in sectors which have been hit the hardest by the economic downturn are more likely to struggle to contribute to the cost of an apprenticeship. There should be additional, more targeted help for these employers where it adds greater value to the economy, even if this is for a limited period of time until we start to see an upturn in the economy.

Incentives and bonuses should be used to drive innovation and add value to the "whole" apprenticeship. If employers are just given more money to take on new apprentices, we will just get more of the same type of delivery. If the incentive payments to employers were targeted in a way which encourages them to work with providers in a more creative way, then this may encourage providers to move away from the Train to Gain type of delivery.

There is potential within apprenticeships to deploy more technology to deliver the training, making use of ePortfolios for example or delivering Higher Level apprenticeships in a flexible, remote way. *learnirect* is developing an online Functional Skills offer which has the potential to transform how Functional Skills are delivered within apprenticeships from 2012–13.

The transition from Key Skills to Functional Skills within apprenticeship poses some challenges for the adult learning sector. Key Skills are currently assessed as part of the apprenticeship placement but Functional Skills have to be externally assessed and verified. Functional Skills require more teaching of underpinning knowledge and this is not something that specialist vocational assessors are trained to do. The move to Level 2 as the minimum standard for English and maths in apprenticeships will also require more teaching, rather than just test preparation and “brush-up” as is more often required for Level 1. Our online Functional Skills offer, which includes a social learning platform, will transform the way assessors and apprentices interact.

5. *Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?*

The current split by age group alone is too simplistic. In our experience 19–24 NEET apprentices can be as resource-intensive as 16–18 apprentices for the following reasons:

- They have been out of the working environment for some time and therefore will need a lot of support in the workplace to bring them up to the employer’s expectations. In reality they are starting from scratch in the workplace.
- They may be moving into a new sector which means starting again. This requires higher levels of support from the provider and employer to retain them in that role and make them valuable to the business/employer.
- They have developed poor working habits from previous, less structured programmes and employers.

31 January 2012

Written evidence submitted by the Learning and Skills Improvement Service (LSIS)

INTRODUCTION

1. The Learning and Skills Improvement Service (LSIS) is the sector-owned body supporting the development of excellent and sustainable FE provision across the learning and skills sector. Its aim is to accelerate the drive for excellence and, working in partnership with all parts of the sector, to build the sector’s own capacity to design, commission and deliver improvement and strategic change.

2. LSIS welcomes the opportunity to contribute to the Business Innovation and Skills Select Committee Inquiry into Apprenticeships for three key reasons:

- our role in building the sector’s capacity to deliver improvement involves supporting further education colleges and independent providers to develop and improve the quality of their Apprenticeship provision;
- we are responsible for the development of national occupational standards, qualifications and apprenticeship frameworks within the sector; and
- as an employer, we are committed to offering apprenticeship opportunities to 10% of our workforce, and we currently enjoy the contribution of 12 apprentices to our work.

3. Our response outlines our work under each element.

GENERAL COMMENTS

Supporting quality improvement of apprenticeship delivery

4. LSIS has been involved in supporting improvements in the quality of apprenticeship delivery since it was established in 2008. In particular, we have responded to colleges’ and providers’ needs for support in adopting functional skills into apprenticeships, in making the transition from offering Train to Gain to apprenticeships, and meeting the requirements of the specification of assessment standards in England through a range of workshops, webinars, study visits, peer group activities, CPD events, and consultancy support. We also worked with the National Apprenticeship Service on the development of initial guidance material associated with the introduction of Apprenticeship Training Agencies.

5. We have also supported providers to develop new relationships in response to the introduction of minimum contract levels. Support has focused on assisting providers to form new contracting arrangements, working relationships, systems, work-practices, and organisation structures through increased collaboration and partnership.

6. With BIS support, and on behalf of the Employer Reference Group, in 2011 LSIS also undertook the research which led to the report on *Simplifying end-to-end apprenticeship processes for employers*.⁹⁹ The report made a number of recommendations for tackling the bureaucracy faced by large direct contract employers delivering Apprenticeships, and led to the announcement of measures to simplify and streamline the apprenticeships programme for firms and other large employers that take on large numbers of apprentices.

⁹⁹ <http://www.lsis.org.uk/Services/Publications/Pages/Simplifying-end-to-end-apprenticeship-processes-for-employers.aspx>

7. At present, LSIS is supporting ten sector-led collaborative projects on aspects of apprenticeships including improving progression and quality assurance. The learning from these projects will be disseminated more widely to providers in the sector this spring. There continues to be a demand from colleges and providers for support to manage the transition from key skills to functional skills. This month, we are launching a series of events and consultancy support to support providers, together with a programme of specific regional events to help providers improve the quality of their numeracy provision. A starter kit for functional skills will also be available from April, which draws together a range of nationally developed functional skills resources, including self assessment tools and case studies.

8. In response to concerns about access to careers education on apprenticeships, LSIS has produced a CPD module on learning while earning, and has also funded the development of an apprenticeship information pack which is now being trialled in Hampshire and the Isle of Wight; this aims to raise awareness of Apprenticeships in schools. LSIS is also supporting a project by the Sussex Council of Training Providers which is developing a collaborative and more efficient approach to getting the message about apprenticeships in Sussex into schools. In partnership with the Skills Funding Agency, we are also supporting two inclusion projects. One aims to create opportunities to enable more young people with learning difficulties and disabilities to effectively access apprenticeships; the other to improve the information, advice and guidance given to both prospective employers and 16–18 apprentices in order to enhance the employment and support given to disadvantaged learners.

9. LSIS recognises that the National Apprenticeship Service has raised the profile of Apprenticeships since its inception, particularly with employers but also learners and the public. LSIS is currently in discussion with the National Apprenticeship Service about how we can collaborate to further support providers in the sector to deliver high quality apprenticeships. Future activity may therefore include: support for the development of higher apprenticeships; and updating materials for the apprenticeship training agencies.

Developing standards, qualifications and apprenticeship frameworks for the lifelong learning workforce

10. Following the closure of Lifelong Learning UK, LSIS is now the Issuing Authority for apprenticeship frameworks and works with employers and other stakeholders in the further education and skills sector to develop frameworks, promote them, keep them up to date and issue apprenticeship certificates. LSIS currently offers apprenticeship frameworks in the following in England:

- Intermediate and Advanced Apprenticeship Frameworks in Youth Work.
- Intermediate and Advanced Apprenticeship Frameworks in Libraries, Archives, Records and Information Management Services.
- Intermediate and Advanced Apprenticeship Frameworks in Supporting Teaching and Learning in Schools.
- Advanced Apprenticeship Framework in Learning and Development.

11. Ongoing engagement with sector employers and providers has shown that there is continuing demand for level 3 apprenticeship frameworks in the sector and increasing demand for higher level frameworks. To address employer needs, work on new apprenticeship frameworks at level 3 and level 4 is scheduled for the year ahead.

Offering apprenticeship opportunities

12. As an employer, LSIS has recruited 12 apprentices (one in ten of our total staffing), as part of our commitment to developing new talent in the sector. We offer apprenticeship opportunities at levels 2, 3 and 4 which enables us to support internal progression for our experienced apprentices.

3 February 2012

Written evidence submitted by Liebherr-Great Britain Ltd

I am writing in response to a request from the National Apprenticeship Service requesting evidence be sent to yourselves reference the Select Committee enquiry into “apprenticeships”. I have been involved directly with apprentices for 12 years as an Instructor & Assessor for the National Construction College/Construction Skills and now Apprentice Programme Manager/Trainer for Liebherr GB Ltd.

Regarding the questions in the email i received, my responses are as follows...

I believe the National Apprenticeship Service has been very successful in promotion of apprenticeships and were battling when university was the “in thing”. They have campaigned hard and reached a wide audience and now that apprenticeships are being pushed by government i believe that they are and could continue to be a “one stop shop” for things to do with apprenticeships. I know when i came into my current employment that the first organisation i went to was National Apprenticeship Service because it is widely recognised and are very knowledgeable about apprenticeships and very enthusiastic about them. I believe it has helped to bring together and deliver what BIS and DfE are trying to promote through collaborative ideas and thinking.

The extra funding is definitely what I hoped the Government would find because it now gives more businesses the opportunity to recruit apprentices and have them develop through training whilst carrying out their business objectives and therefore we end up with a fully qualified person that understands our product, business and work environment. Funding must be spent first and foremost on attracting apprentices, giving them options, encouraging businesses to “grow their own” with support and ensuring the apprenticeship funding is not just a carrot for colleges and training establishments to dumb down the quality of the framework just because it is a large pot of money that is seen as easy wins. The establishment I used to work for were very much about chasing funding and using this as a conveyor belt for apprentices but because of their overheads, apprentices are now seen as costing money and it could be that they discontinue apprenticeships.

I do believe that the apprenticeships are of a high enough quality but there needs to be more done towards developing more progression routes and funding attached to it. People taking up apprenticeships need to have a clear path to success, especially if they are ambitious enough to want it. Level 1 apprenticeships in schools are a good idea which need to be developed so as young people have a good idea of what they want when they leave school and have some experience of a work environment. This will also help to improve the retention rate.

Apprenticeship bonuses? I was unaware that there was such a thing because this would encourage us as a small to medium sized business to recruit more apprentices.

I seriously think that you should be able to get funding for apprenticeships at any age and should not be restricted to 16–24 year olds. The funding should not be halved for 19–24. It should be 100% for 19–24 and half for all other ages with incentives to employ unemployed and upskill or re-train the workforce.

This is not exhaustive and is an opinion as well as taken from the support I have been given by NAS who I strongly hope are supported in their mission to engage people and apprenticeships. I have had very good support and guidance from NAs and long may it continue as we look to employ more apprentices into all areas of the business.

Lee Mason

Apprentice Programme Manager/Trainer

9 February 2012

Written evidence submitted by Liverpool City Council

1. INTRODUCTION

Liverpool City Council is committed to increasing the volume of apprenticeships in the City. We are doing this through direct investment in creating opportunities with businesses in and in providing training and support for residents to equip them with the skills to access and succeed in apprenticeships. Over the last year the Council has invested significantly in business grant support to enable businesses to take-on 635 apprentices in the City. We are delivering a programme of support in the City Region of over £4 million to support over 700 people in raising their awareness and aspiration for apprenticeships. In addition, we have established a Community Interest Company with a further investment of £800,000 over the next year that will create over 300 more apprenticeships through an Apprenticeship Training Agency model.

2. KEY POINTS

The key points in response to the terms of reference for the inquiry are set out below.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

The National Apprenticeship Service has proved successful in articulating the apprenticeship brand and raising awareness of apprenticeships. This awareness raising has been more successful with people who may consider becoming an apprentice or providers of careers advice than in convincing employers to take-on apprentices. This in part reflects the scale of the National Apprenticeship Service and its ability to work with businesses to a great extent. In circumstances where there are large scale recruitment exercises than National Apprenticeship Service has been more successful. What would prove more effective is if we were able to direct the resource more locally and embed the expertise within our own employer engagement and business support teams to enable us to facilitate smaller scale and day-to-day developments, particularly SMEs. The current arms length nature of the National Apprenticeship Service and its reduce scale prohibit this. Whilst we recognise the need for national coordination of apprenticeships, the deployment of resource and expertise at a local level would serve to better effect in supporting the development of apprenticeship opportunities.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

The additional funding for apprenticeships should be used to support and incentivise employers, particularly SMEs to take-on apprentices. This should be aligned to Local Enterprise Partnership priorities and provide local flexibility to determine where any additional funding and incentive is used.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

The quality of apprenticeships have improved significantly which is demonstrated by improvements in outcomes and success rates. Apprenticeship success rates have increased significantly over the last five years, improving by around fifteen percentage points in Liverpool. However, in Liverpool success rates continue to remain around three percentage points lower than the national average.

	2005–06	2006–07	2007–08	2008–09	2009–10
Liverpool	45.6%	56.7%	61.9%	67.6%	69.6%
England	48.7%	59.5%	64.2%	70.9%	73.9%

Source: Data Service Local Authority Reports

Consequently, this improvement in success rates is reflected in a rise in the volume of apprentices completing their framework as is shown in the table below.

APPRENTICESHIP FRAMEWORK ACHIEVEMENTS FOR LIVERPOOL BY LEVEL AND AGE
(2005–06 TO 2009–10)

Year	Apprenticeship (level 2)				Advanced Apprenticeship including Higher Level Apprenticeship (level 3+)				All Apprenticeships			
	Under 19	19–24	25+	All Ages	Under 19	19–24	25+	All Ages	Under 19	19–24	25+	All Ages
2005–06	550	240	—	790	130	140	—	270	680	380	—	1,060
2006–07	610	300	—	910	130	190	—	330	750	490	—	1,240
2007–08	570	300	—	870	160	220	—	380	730	520	—	1,250
2008–09	690	370	110	1,170	160	210	30	400	860	590	130	1,570
2009–10	640	360	220	1,220	200	260	100	550	840	620	320	1,770

Source: Data Service Local Authority Reports. Figures are rounded to 10

The improvements in quality have been driven by the work undertaken by providers and funding bodies to improve the quality of apprenticeships. This has included the introduction of Minimum Levels of Performance and the withdrawal of funding of poor provision and this has been a welcome development and should continue to be used to drive up standards and outcomes.

From an employer perspective these improvements in quality should be attractive and as employer representative bodies approve the qualifications and apprenticeship frameworks then apprenticeships should be fit for purpose. This is not reflected in the extent of take-up of qualifications by business sector or framework. For instance, the apprenticeship frameworks undertaken in the Liverpool are limited to a small number of sectors. Some of these sectors are cross-cutting areas such as business administration and customer service. In total, seven sectors account for 70% of the frameworks apprentices start on and there are many areas where no frameworks are undertaken at all, as is shown in Annex 1

The seven main sectors for apprenticeships in Liverpool are:

- Active Leisure, Learning & Well-being—8%.
- Adult Social Care/Healthcare—8%.
- Business, Administration & Governance—10%.
- Children & Young People—9%.
- Customer Service & Contact Centre—17%.
- Construction—9%.
- Hair & Beauty—9%.

What has proved to be a significant challenge is growing the number of advanced apprenticeships at Level 3, particularly for 16 to 18 year olds which has remained at almost the same level for the last five years which is demonstrated in the table below.

APPRENTICESHIP PROGRAMME STARTS FOR LIVERPOOL BY LEVEL AND AGE (2005–06 TO 2009–10)

Year	<i>Apprenticeship (level 2)</i>				<i>Advanced Apprenticeship including Higher Level Apprenticeship (level 3+)</i>				<i>All Apprenticeships</i>			
	Under 19	19–24	25+	All Ages	Under 19	19–24	25+	All Ages	Under 19	19–24	25+	All Ages
2005–06	1,030	480	–	1,500	260	350	–	610	1,280	830	–	2,110
2006–07	1,230	570	–	1,800	250	360	–	610	1,480	930	–	2,410
2007–08	1,270	650	110	2,030	260	300	50	610	1,530	950	160	2,640
2008–09	1,090	540	300	1,920	280	350	190	820	1,370	880	490	2,740
2009–10	1,300	730	430	2,460	270	440	310	1,020	1,560	1,170	740	3,470

Source: Data Service Local Authority Reports. Figures are rounded to 10

There is an argument that young people going into apprenticeships lack the appropriate English and Maths skills to be able to undertake and achieve a Level 3. However, in Liverpool as elsewhere in the country we have seen significant improvements in English & Maths attainment which would suggest that these young people are not choosing apprenticeships as the post-16 option. To drive up participation in advanced apprenticeships at Level 3 different delivery models needs to be considered. These models should combine the delivery of academic skills, including those in English and Math, and the appropriate underpinning knowledge for a vocational area.

University Technical College's provide an opportunity to do this by offering a combined academic and technical curriculum that is determined by employer needs. In addition, the UTC which can build on the success brought by the Young Apprenticeship programme at age 14 and how young people can begin to access apprenticeships at an early age. The benefits of this approach are in enabling young people to either progress into a vocational pathway and a full apprenticeship or follow an academic route.

However, there are two barriers that prevent the development of this pathway. Firstly, the Technical Certificates used to deliver the underpinning knowledge in apprenticeships are not normally delivered as stand alone qualifications. Secondly, in terms of apprenticeship frameworks it is only these Technical Certificates that currently receive UCAS points and are not sufficiently awarded points to allow access to HE. Therefore an alignment of both technical certificates in apprenticeships and stand alone vocational courses that are currently being delivered is required. Recognition of apprenticeship frameworks with full UCAS points would facilitate access to HE.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

Our experience of using incentives for employers to take-on apprenticeships works and should be continued. The figures for the 2008–09 academic year illustrate the impact of the economic situation on the 16–18 apprenticeship starts which reduced sharply before an incentive was introduced by NAS between January 2010 and March 2010. During this period an Apprenticeship Grant for Employers was available, providing a £2,500 incentive to an SME in the private sector who took on an Apprentice aged 16 or 17. In Liverpool a total of 70 employers were able to access the grant which increased take-up.

Over the last year or so the Council has used a number of incentives and grant support to support 635 apprenticeships in the City which has more than compensated for the reduction in apprenticeship starts that would have happened. This year we are again supporting a further 101 apprentices with a participant payment to the employer of up to £4,500.

How any incentive is made to employers needs to be considered, particularly for SME's. The evaluation of the Apprenticeship Grant for Employers demonstrated the value of incentives and recommended a much higher rate of grant for SME's of upto twice the rate previously paid. The use of National Insurance holidays or tax credits for SMEs taking apprentices and should support economic growth and Local Enterprise Partnership priorities should be considered.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

The delivery of Apprenticeships to either 16–18 year olds or 19–24 year olds requires the same inputs and resources to achieve the end outcome and therefore we do not agree with the current differential in funding. For 19–24 year olds the expectation is that the difference in funding is made up of a 50% contribution from the employer, however, experience shows that the majority of employers make little or no contribution to the training cost for this age range. We don't agree that apprenticeship should be used as a terminology beyond the age of 25. Feedback from learners of this age range suggests that the use of the term apprentice is perceived negatively. In addition, the growth in apprenticeships above 25 has been due to the shift from Train to Gain and is largely the conversion of existing employees to apprentices. We believe a new term for workplace

learners who are more usually more skilled and occupationally competent should be found. What we would want to see is greater freedom and pricing of apprenticeship training across the 16–24 age range so that areas of low take-up or market failure can be supported and incentivised and that apprentices starting at any age within this range are assured that the training will be funded.

3. RECOMMENDATIONS

- 3.1 The development of a dedicated resource and expertise at a local level that can be used to work with business development and employer engagement teams at Local Authority level.
- 3.2 The pilot and testing of combined delivery models that blend academic and technical/vocational pathways that are fully recognised by HE need to be developed.
- 3.3 Greater levels of investment and support should be provided to SME's to enable them to recruit apprentices and this investment should be determined by Local Enterprise Partnership and economic growth priorities.
- 3.4 The funding model for apprenticeships should be revised. The new model should be based on a 14 to 24 year old pathway that is funded at a consistent rate to support progression but is underpinned by local flexibility in determining the price based on market take-up.

Annex 1

LIVERPOOL RESIDENTS APPRENTICESHIP STARTS AND ACHIEVEMENTS BY SECTOR SKILLS COUNCIL (SSC) FOR 2009–10—ALL AGES

<i>Sector Skills Council</i>	<i>Sector Skills Council</i>	<i>Level 2 Apprenticeships</i>	<i>Level 3+ Apprenticeships</i>	<i>All Apprenticeships</i>	<i>Percentage of Total</i>
Active Leisure, Learning & Well-being	Starts	190	80	270	8%
	Achievements	100	30	130	7%
Adult Social Care	Starts				0%
	Achievements				0%
Adult Social Care/Healthcare	Starts	170	110	280	8%
	Achievements	40	40	80	5%
Automotive Industries	Starts	50	30	80	2%
	Achievements	30	30	60	3%
Automotive Industries/Customer Service & Contact Centre	Starts				0%
	Achievements				0%
Building Services Engineering	Starts	40	60	100	3%
	Achievements	20	40	60	3%
Business Information Technology & Telecommunication	Starts	40	20	60	2%
	Achievements	40	10	50	3%
Business Information Technology & Telecommunication/Business, Administration & Governance	Starts				0%
	Achievements				0%
Business Information Technology & Telecommunication/Creative Media	Starts				0%
	Achievements				0%
Business, Administration & Governance	Starts	140	120	360	10%
	Achievements	140	70	210	12%
Central Government including Armed forces	Starts				0%
	Achievements				0%
Chemicals, Life sciences, Pharmaceuticals, Nuclear, Oil, Gas, Petroleum, Polymer	Starts		10	10	0%
	Achievements				1%
Children & Young People	Starts	180	120	300	9%
	Achievements	110	60	170	10%
Construction	Starts	270	30	300	9%
	Achievements	100	40	140	8%
Construction/Process & Manufacturing	Starts				0%
	Achievements				0%
Creative & Cultural	Starts				0%
	Achievements				0%
Creative & Cultural/Creative Media	Starts				0%
	Achievements				0%
Creative Media	Starts				0%
	Achievements				0%

<i>Sector Skills Council</i>	<i>Sector Skills Council</i>	<i>Level 2 Apprenticeships</i>	<i>Level 3+ Apprenticeships</i>	<i>All Apprenticeships</i>	<i>Percentage of Total</i>
Customer Service & Contact Centre	Starts	490	100	590	17%
	Achievements	220	30	250	14%
Employability	Starts				0%
	Achievements				0%
Energy & Utility	Starts				0%
	Achievements				0%
Engineering Construction Industry	Starts				0%
	Achievements				0%
Enterprise & Small Business	Starts				0%
	Achievements				0%
Facilities Management, Housing, Property, Planning & Cleaning	Starts	10		10	0%
	Achievements				0%
Facilities Management, Housing, Property, Planning & Cleaning/ Construction	Starts				0%
	Achievements				0%
Fashion & Textiles	Starts				0%
	Achievements				0%
Finance, Accountancy & Financial Services	Starts	50	70	120	3%
	Achievements	50	40	90	5%
Food & Drink	Starts				0%
	Achievements				0%
Freight Logistics & Wholesale	Starts	30		30	1%
	Achievements				0%
Hair & Beauty	Starts	220	80	300	9%
	Achievements	150	60	210	12%
Health & Safety	Starts				0%
	Achievements				0%
Healthcare	Starts	20	40	60	2%
	Achievements	30	30	60	3%
Hospitality, Leisure, Travel & Tourism	Starts	170	10	180	5%
	Achievements	50	10	60	3%
Hospitality, Leisure, Travel & Tourism/Active Leisure, Learning & Well-being	Starts				0%
	Achievements				0%
Hospitality, Leisure, Travel & Tourism/Retail	Starts				0%
	Achievements				0%
Industrial Relations	Starts				0%
	Achievements				0%
Justice & Community Safety	Starts				0%
	Achievements				0%
Land-Based & Environmental Industries	Starts	20		20	1%
	Achievements	10		10	1%
Languages & Intercultural Working	Starts				0%
	Achievements				0%
Lifelong Learning	Starts				0%
	Achievements				0%
Local Government	Starts				0%
	Achievements				0%
Management & Leadership (including HR & Recruitment)	Starts	90	50	140	4%
	Achievements	30	10	40	2%
Maritime	Starts				0%
	Achievements				0%
Marketing & Sales	Starts	10		10	0%
	Achievements	10	10	20	1%
Paralegal	Starts				0%
	Achievements				0%
Parking	Starts				0%
	Achievements				0%
Passenger Transport	Starts				0%
	Achievements				0%
Process & Manufacturing	Starts				0%
	Achievements	10		10	1%
Purchasing & Supply	Starts				0%
	Achievements				0%

<i>Sector Skills Council</i>	<i>Sector Skills Council</i>	<i>Level 2 Apprenticeships</i>	<i>Level 3+ Apprenticeships</i>	<i>All Apprenticeships</i>	<i>Percentage of Total</i>
Retail	Starts	90	20	110	3%
	Achievements	50	20	70	4%
Science, Engineering & Manufacturing Technologies	Starts	70	40	110	3%
	Achievements	30	20	50	3%
Security Industry	Starts				0%
	Achievements				0%
Supporting Teaching & Learning in Schools	Starts				0%
	Achievements				0%
Voluntary Sector	Starts				0%
	Achievements				0%
Grand Total	Starts	2,460	1,020	3,480	100%
	Achievements	1,220	550	1,770	100%

3 February 2012

Written evidence submitted by the Local Government Association

1. The LGA is a membership body representing local authorities in England and Wales.
2. The LGA welcomes the committee's inquiry into apprenticeships and scrutiny of the current governance and funding arrangements to establish whether they maximise the effectiveness of the apprenticeship system.
3. Apprenticeships are of course crucial to national productivity, the success of local economies, businesses and individual success in the labour market.
4. The inquiry takes place at the same time that the LGA is conducting a series of town hall debates as part of its Local Growth campaign. In the campaign we are exploring how councils promote growth and jobs in local economies and how they could do so more effectively.
5. One of the dominant themes of these debates, raised by employers and elected councillors alike, is the structural mismatch in local economies between the skills needs of employers and local skills provision. Equipping local people with the skills they need to compete in a global labour market will help reduce unemployment.
6. This skills mismatch goes much wider than apprenticeships—it is an issue for the whole education and training system and one in which employers have a key role to play in ensuring the mismatch is addressed. A particular gap is around local employer engagement which national bodies struggle to deliver.
7. Looking specifically at apprenticeships, the national statistics cast doubt on the mixed performance of the apprenticeship system over successive administrations. The committee will have seen the recent National Audit Office report into adult apprenticeships (February 2012) but it worth highlighting some of the statistics:
 - 68% of the expansion in apprenticeship starts between 2006/7 and 2010/11 is accounted for by people over 25 years old;
 - 84% of the expansion occurred in just 10 apprenticeship occupations;
 - whilst completions have risen from 47% in 2005–06 to 75% in 2009–10, the dropout rate is currently much higher than for higher education; and
 - 19% of apprenticeships in the last year lasted less than six months.
8. These statistics bear out the comments we have heard at each of the LGA's town hall debates that: as a country we need to re-invigorate the apprenticeship model; we are having some success; but that there are too many apprenticeships that lack quality and relevance and the current economic conditions require a transformative approach.
9. There are some aspects of the national system that are clearly open to challenge—the economic rationale for funding an apprenticeship at 100% for 16–18 year olds and 50% for 19–24 year olds is unclear. It is much easily rationalised as a convenient bureaucratic method for rationing public resources across two government departments. It mistakenly assumes that age 19 is an important milestone for young people.
10. But our principal concern with policy on apprentices is that it does not have a spatial dimension. It does not recognise that local economies perform differently and that skills needs are different from one functional economic area to another. In our view public subsidy could be targeted more effectively to generate training outcomes with higher economic returns.
11. There is a strong value for money case for exploring whether decentralised approaches could deliver even better apprenticeship outcomes:
 - there are local and regional imbalances in skill levels, with spatial concentrations of low skills;

- employers and UK Commission for Employment and Skills report continuing skills gaps;¹⁰⁰
- there are local concentrations of high unemployment where the integration of skills and employment support provision will be critical (this is recognised in new skills conditionality for the unemployed); and
- there is a risk that public subsidy lacks additionality and that it funds activity employers would have funded themselves in the absence of subsidy. This risk is difficult to mitigate nationally. At the level of functional economic geography it is easier to identify market failure locally and where there is a higher return to public investment, for example to attract inward investors or boost exporting companies.

12. Whilst apprenticeship provision will be determined by individual and employer choices in the market, there needs to be a wider local discussion about how colleges and training providers best serve their communities and how any local market failure needs to be mitigated.

13. Geoff Russell, the Skills Funding Agency has said “colleges and training providers will have to engage closely with employers and stakeholders in the local communities and sectors they operate in so that they can understand the demand for skills and deliver what learners need to fulfil that demand.”¹⁰¹

14. Voluntary partnerships are of course very effective in some places (for example in Jaguar Land Rover’s decision to locate its low emissions engine plant in South Staffordshire), but in other places both employers and local government have found it more difficult to establish locally responsive training provision.

15. Local Enterprise Partnerships, bringing together civic and business leaders, provide a new forum for such a conversation within a natural economic geography. They have an ambition to play a bigger role in skills and apprenticeships have ideas about how they would drive more value from the system.

16. The starting is that councils and local businesses know their area well and are best placed to work together to employ apprentices. The natural default of national schemes is to focus on big employers who would tend to take on apprentices anyway or who do so to demonstrate corporate social responsibility.

17. This added local value could be driven out in various ways. At its most radical, there could be a full devolution to councils or local enterprise partnerships of the apprenticeship funding as part of a wider decentralisation of skills funding. There is of course an economy of scale argument for retaining a National Apprenticeship Service that operates a national payments system to colleges and providers, but that only applies to the bulk processing.

18. In theory the function and funding rules could be disaggregated and decentralised in particular places into a local apprenticeship investment fund—where there is a local consensus behind such a proposition, and evidence that a new approach would produce better, more targeted outcomes.

19. Less radically, decentralisation could take a number of forms aimed at improving:

- the local accountability and performance of providers. We know that improving information flows, greater transparency and scrutiny improve provider performance. Local enterprise partnerships, councils and other local fora could provide this role acting as the local customer champion (for both individuals and employers);
- the delivery of particular apprenticeship outcomes through locally agreed variations to tariff and payment structures; and
- through the aligning and pooling of budgets (community budgets) to provide a more co-ordinated approach to apprenticeship pathways—both entry to and progression from.

20. Essentially these measures would ensure the more effective targeting of public subsidy to encourage apprenticeship provision to meet the skills needs of local employers. The National Apprenticeship Service would become more locally accountable.

21. The Government is taking some steps towards decentralisation through its offer to core cities of city deals,¹⁰² and specifically the offer to create a City Skills Fund to enable the tailoring of adult skills to the needs of local employers and to create apprenticeship hubs that allow access to national funds to promote new apprenticeships in small businesses.

22. The LGA welcomes these measures—they could be applied more widely in all places not just the core cities to ensure that the apprenticeship model subsidises and delivers high quality work-based training that is targeted at closing skills gaps.

13 February 2012

¹⁰⁰ Strategic skills needs in the low carbon energy generation sector, UK CES, March 2010.

¹⁰¹ Geoff Russell, CEO Skills Funding Agency, Annual Report, July 2011.

¹⁰² Unlocking growth in cities, HM Government, December 2011.

Written evidence submitted by London Councils

London Councils is a cross-party organisation, representing London's 33 local authorities, lobbying on their behalf for a better deal for Londoners. Since 2009 London Councils has been supporting London boroughs to create 2,000 new apprenticeships in their own workforces and with their contractors.

EXECUTIVE SUMMARY

1. Employer engagement by the National Apprenticeship Service (NAS) should be with businesses of all sizes, and NAS should work closely with local authorities to make use of their knowledge of local firms.

2. Careers advice does not in all cases provide young people with enough knowledge and information about apprenticeships.

3. Government funding for apprenticeships should be directed not just towards funding full apprenticeship training, but also to provide pre-apprenticeship training.

4. Increasing the range of Level 3 apprenticeships, and the number of learners taking a Level 3 apprenticeship, is crucial to the success of the apprenticeship offer, and to provide apprentices the best opportunities to develop their careers.

5. If apprenticeships are primarily targeted to learners under 25 then it is right that the majority of funding is directed at this age group. However there seem to be other factors at work influencing employers' decisions on the age of apprentices they employ, such as employers' views on the employability of young people.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

6. It is of great benefit to employers and learners that NAS provides a single point of contact for them both, and deals with all aspects of apprenticeships. NAS has and continues to provide good support to London Councils and London boroughs to increase apprenticeships in the boroughs' workforces and with their contractors, and London has seen huge increase in the number of new apprenticeships created since 2009.

7. We are keen that this focus on increasing numbers should not be at the expense of quality, for both the apprentice and their employer. We therefore welcome government announcements regarding tackling sub-standard provision, and introducing a minimum length of 12 months for an apprenticeship for 16–18 year olds.

8. It is perhaps inevitable that, given their ambitious targets, much of the employer engagement by NAS has been with large employers. However it is important that NAS have the resources to engage with employers of all sizes, to maximise the number of apprenticeships on offer, and ensure smaller businesses can access the apprenticeship system fully.

9. It will also be important for all firms to understand the implications of Raising the Participation Age (RPA) from 2013. NAS can play a part in ensuring businesses know how apprenticeships can be part of the RPA offer.

10. One way to ensure NAS are linked into smaller businesses is for them to work in close partnership with local authorities, who will have a good knowledge of and close links with their local firms. This is important to make sure smaller businesses get a co-ordinated offer of support; not multiple approaches from different agencies.

11. The incentive payments for small firms which will be available from April will be an opportunity for NAS to engage with more small businesses. However they must be managed in such a way as to ensure that the employer is fully committed to the apprenticeship and has not just been swayed by the offer of funding. The forthcoming offer is a good model, staggering payments and requiring successful completion of the apprenticeship before full payment is received. Bureaucracy related to the payments should be kept to a minimum.

12. Whilst NAS demonstrates the benefits of a joined-up approach, we are concerned that other related services are not as effective. Specifically we have concerns that too many young people do not know enough about apprenticeships to make informed decisions. Apprenticeships do not feature sufficiently in the post-16 options presented to young people, and this should be addressed.

13. A survey conducted for London Councils¹⁰³ shows that young people are interested in apprenticeships but do not know enough about them. A quarter of pupils were interested in taking an apprenticeship after Year 11. However, just over a third said they knew a lot or a fair amount about them, compared with over two thirds who feel they know a lot or a fair amount about AS and A Levels.

14. The majority of government funding for apprenticeships is directed towards learners aged 16–18. However guidance for this age group is strongly weighted towards encouraging participation in higher education. It is therefore possible that government investment will not be used to its fullest benefit, and young people who would flourish in an apprenticeship may not be able to access one.

¹⁰³ *Youth Aspirations in London*, London Councils, 2010.

15. The new National Careers Service will not provide face to face guidance for people under 19, many local authorities have reduced or removed their universal Connexions/guidance service, and there is no guarantee that schools will provide face to face guidance to their pupils under their new duty from autumn 2012.

16. We therefore welcome government's intention to commission a thematic review of careers guidance from Ofsted, and we also propose that the new schools' duty should be reviewed after its first year of operation to ensure it is effectively meeting the needs of young people, particularly the most vulnerable.

17. We also propose that there should be a requirement, rather than an expectation, for school inspectors to look at the arrangements for careers guidance in individual schools. This would clearly indicate to schools the importance of careers guidance, and also allow Ofsted to identify good practice.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

18. Government funding has clearly led to an increase in the number of apprenticeships. It helps to engage employers who are new to apprenticeships, and supports businesses to invest in hiring and training young people.

19. However there could be advantages in directing more funding to specific areas, such as pre-apprenticeships. With increasing numbers of young people looking for work and training opportunities, and university applications reducing, there is likely to be more competition for apprenticeship places, and a risk that young people who need a bit of extra support to be ready for an apprenticeship might miss out.

20. The London Borough of Barking & Dagenham delivers a comprehensive pre-apprenticeship programme, to prepare young people to apply for an apprenticeship, ensure they are work-ready and maximise their chances of success. The London Borough of Ealing provides up to 26 weeks of pre-apprenticeship training, combining work experience at the borough with college-based learning to prepare learners for a full apprenticeship.

21. Results of the current government-funded pre-apprenticeship programme should be monitored closely and if it proves effective funding should be committed to further programmes to support those young people needing extra help into full apprenticeships.

22. Whilst it is important to increase the number of apprenticeships available, this should not be done at the expense of quality—apprentices need both good quality work experience and off-the-job training to ensure they gain full benefit from their apprenticeship and have good opportunities for progression.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships

23. There is a need for greater employer involvement in the design of qualifications if they are to be of high quality in all cases. There are examples of existing apprenticeships that do not meet the full range of employer needs, for example Construction, which does not address some modern construction skills and techniques.

24. Increasing the number of people taking Level 3 apprenticeships, and also the range of Level 3 frameworks available, is crucial to the continued success of the apprenticeship offer.

25. An apprenticeship should be the start of a career—ideally an apprentice will take up a permanent position with their employer and progress to higher levels of learning and more senior roles within the organisation. Ensuring that a wide range of Level 3 (and higher) qualifications are available is essential to ensuring this pathway is available to as many apprentices as possible. For example the L3 Surveying apprenticeship can be the first step to gaining higher level surveying qualifications and professional status. There is now a pathway in Business Administration from Level 2 to Level 4, allowing an apprentice to continue their learning whilst taking on more responsibility and more senior roles.

26. In addition, there are some roles and skills which may not be appropriate for Level 2 apprenticeships, and by introducing Level 3 apprenticeships a wider range of professions and sectors may be opened up to apprentices.

27. Specifically in London it is anticipated that by 2020, 50% of all jobs will require at least a Level 4 qualification.¹⁰⁴ Without the opportunities for learners to progress to level 4 via Level 3 qualifications there will be many people who cannot access these highly skilled jobs, and there may also be employers struggling to find suitably qualified applicants.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

28. There could be a range of responses to this question, depending on what and whom apprenticeships are considered to be “for”. If it is government's intention that apprenticeships are primarily intended to create opportunities for young people to enter work and gain skills, then it is right that the majority of funding should be targeted at those under 25.

¹⁰⁴ *The London Story*, London Skills and Employment Board, 2007.

29. However it seems that the level of funding is not the only factor which influences the age of new apprentices—in 2010–11 the majority of the growth in apprentice numbers was amongst learners aged 25+, which indicates that being offered 100% funding is not enough to ensure employers will take on apprentices under the age of 25.

30. Amongst these factors may be employers' views on the readiness of young people for work. The CBI Education & Skills survey 2011 found 70% of employers want young people to learn more employability skills whilst at school, and two thirds believe 14–19 year olds need improved literacy and numeracy.¹⁰⁵

31. More pre-apprenticeship training would help to address this, and better provision of careers advice will help to guide the best and most appropriate candidates towards an apprenticeship.

32. In addition, apprenticeship funding is now the only significant pot of government funding available to employers to train existing employees. It is inevitable that employers will look to use apprenticeship funding for this purpose, even if it only covers 50% of the costs.

33. Employer incentive payments can be offered to employers for new apprenticeships only, and also restricted to certain age groups, which would increase the proportion of younger learners taking up an apprenticeship.

3 February 2012

Written evidence submitted by McDonald's

1. EXECUTIVE SUMMARY

1.1 McDonald's is grateful for the opportunity to respond to the Business, Innovation and Skills Committee inquiry into Apprenticeships.

1.2 At McDonald's, we believe that skills are a critical driver of UK economic growth and social mobility—that is why we invest £36 million of our own money each year in training our people. Investing in skills not only benefits the wider UK economy and our business, but also our employees, their families and the local communities we serve.

1.3 We employ over 87,500 people in the UK, and recently announced that we will create 2,500 new jobs in 2012—around one third of these new jobs will be made available to first time workers and over half are expected to go to young people under 25.

1.4 We pride ourselves on employee retention: 90% of our restaurant managers and one in five of our franchisees started as crew members while half our Executive Team started in our restaurants. We are especially proud that eight out of 10 staff (79%) now see their job as a long-term career.

1.5 Almost 11,000 employees have completed apprenticeships with McDonald's to date; around 7,000 additional apprentices are currently in learning; and 56 students have graduated with a foundation degree in managing business operations.

1.6 We see the equivalent of six full classes gain adult certificates in English and maths every week. In total, we are delighted to have supported our staff to gain almost 35,000 transferable qualifications.

1.7 McDonald's welcomes the opportunity to set out our view on apprenticeships and apprenticeship funding. In addition, we hope to share some of the insights we have gained as one of the largest apprenticeship providers in the UK by placing the training and development of our people at the heart of our business.

1.8 In summary, our response within the terms of reference for this inquiry focuses on our view that:

- Further streamlining could take place across the National Apprenticeship Service (NAS), Skills Funding Agency (SFA) and the Department for Business, Innovation and Skills (BIS) to deliver greater efficiencies and simplify process for SMEs.
- Additional funding for apprenticeships would be beneficial but should be targeted at the point of greatest need including entry-level qualifications for young people.
- The quality of existing apprenticeships is generally high and should be strengthened through existing review and assessment process. However, Government could do more to increase the currency of vocational education programmes. For example UCAS could award points to nationally-recognised vocational courses that are delivered in the workplace.
- Level 3 apprenticeships and beyond, are valuable but should not come at the expense of employer-led Level 2 apprenticeships, which provide a vital first foot on the ladder for thousands of young people each year.
- We do not believe that apprenticeship bonuses are a practical solution to encourage employers to take on apprentices on a long-term basis—particularly for SMEs the focus should be on advice, support and reducing bureaucracy.

¹⁰⁵ *Building for Growth: Business priorities for education and skills*, CBI / EDI Education and Skills Survey 2011.

1.9 As a part of our work to continually improve the training and education we provide, we have taken time to consider the critical factors that have contributed to the success of our programme, and the achievements of our people. We hope that this thinking may be of use to the Committee, and to other organisations seeking to deliver training opportunities for their employees.

1.10 In summary we believe the critical factors in the success of our training and education programme have been:

- A. *Access*—We have created “Our Lounge”, a dedicated staff intranet website where employees can access free of charge online maths and English courses to achieve Adult Certificate qualifications at level 1 & 2, in literacy and numeracy at a time that suits them, free from embarrassment or stigma.
- B. *Relevance*—Traditional classroom learning can sometimes seem a little abstract to students. We bring skills and training to life in our restaurants allowing people to see every day how important basic skills are to the running of a business. This includes a national work experience programme—for some students this includes a qualification they can attain during their time with us.
- C. *Inspiration*—Every day our crew members are exposed to people from their local community who have progressed through the McDonald’s business. Whether it is the crew member a few years older who has become an apprentice or the Business Manager running a restaurant with an annual turnover of around £2million, they are constantly meeting people who give them the confidence they can do it too.
- D. *Recognition*—We offer recognised qualifications for our employees at every level which will be useful to them whether they stay at McDonald’s, move to a job elsewhere or go into further education.
- E. *Voice*—McDonald’s crew members all have a voice. The “Our Lounge” staff intranet site allows us to keep in constant contact with our team up and down the country and lets them feed into our skills and training programme.

1.11 We hope this submission and our experience proves helpful to the Committee as you conduct your inquiry. In addition, we have enclosed a copy of the McDonald’s prospectus for 2012–13 which is sent out to schools and colleges across the UK to provide information to young people on the training and career opportunities we provide.

1.12 We would be very happy to provide any additional information necessary, and would welcome the opportunity to meet with the Committee to share our experiences in greater detail.

2. COMMITTEE QUESTIONS

2.1 How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

2.1.1 In our experience, the NAS has been successful in its role of funding and co-ordinating the delivery of apprenticeships. However, now established, we believe more could be done to increase efficiency.

2.1.2 We have, in the past, supported Government in its bid to explore the ways in which efficiencies can be delivered across the skills system, especially through our response to the *Skills for Sustainable Growth* consultation. With apprenticeship providers still being required to liaise with the NAS, SFA and BIS, we believe that Government could go further to provide a more streamlined, joined-up and therefore more efficient approach. McDonald’s recently contributed to the BIS led Employer Reference Group report “simplifying end-to-end apprenticeship processes for employers”. This LSIS report has been the catalyst for a number of measured changes which have already taken place. Over time, Government could consider going further by centring all relevant powers within the NAS, creating a one-stop shop for apprenticeship providers.

2.2 Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

2.2.1 In addition to the £36 million McDonald’s invests in our people each year we also receive public funding from government to transform some of our industry leading training into nationally-recognised qualifications—including Apprenticeships. This funding is managed by the McDonald’s Education Company (McEdCo), and geared towards providing the additional infrastructure, resources and incurred costs for the provision of Vocational Level 2 and Level 3 qualifications. The public funding we receive for our Apprenticeship programme does not subsidise existing training programmes, but is ring-fenced to support Apprentices.

2.2.2 While additional funding for apprenticeship providers would be beneficial, we believe that Government investment should be directed at the point of greatest need. Our experience as an employer of 87,500 people, more than half of whom are under the age of 21, is that additional investment should be directed at basic literacy and numeracy programmes, to create opportunities for young people who would otherwise be excluded from apprenticeships due to a lack of qualifications. Any McDonald’s staff member can join our Apprenticeship scheme, regardless of previous attainment. Our apprenticeship equips young people with the fundamental tools they need to progress, whatever their future career.

2.2.3 For example, McDonald's has created "Our Lounge", a dedicated staff intranet site where employees can access free of charge online maths and English courses to achieve qualifications at a time that suits them, free from embarrassment or stigma. Almost 15,000 people have now gained Adult Certificates in literacy and numeracy with McDonald's. We think this is a model that could be rolled out more widely by Government and industry, providing universal access to free resources that enable people to train for basic qualifications in their own time.

2.3 Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

Apprenticeship quality

2.3.1 In order to justify their cost to both providers and the public purse, apprenticeships should be of sufficiently high quality to deliver meaningful benefits to an apprentice, their employer and potential future employers.

2.3.2 That is why, at McDonald's, our apprenticeships are designed to provide students with the skills they need to progress, not just within McDonald's but in the world of work beyond too. On average our employees take around 12 months to complete an apprenticeship. We welcome evaluation from Ofsted to ensure our qualifications are robust, and recently received a "good" rating for our apprenticeship programme, with several areas rated outstanding.

2.3.3 We are especially proud of the fact that eight out of 10 staff (79%) now see their job as a long-term career compared to just one in 10 when they started. A crucial factor in achieving this has been making nationally recognised qualifications available to all our staff. The average length of service for our hourly paid employees is 2½ years and for our Business Managers over 11 years.

2.3.4 We pride ourselves on employee retention: 90% of our restaurant managers and one in five of our franchisees started as crew members while half our Executive Team started in our restaurants. We are especially proud of the fact that eight out of 10 staff (79%) now see the job as a long-term career compared to just one in 10 when they started.

2.3.5 Beyond McDonald's, as the recent NAO report on adult apprentices demonstrated, apprentices and inspectors are generally positive about the quality of apprenticeships, with 91% of apprentices satisfied with their training—and we believe the same applies to apprenticeships for younger age groups.

2.3.6 Where quality issues do exist the focus should be on improving programmes by strengthening existing review and assessment process.

2.3.7 However, we also agree with the Wolf Review into Vocational Education that the currency of vocational education programmes could be higher: celebrating vocational qualifications and recognising their value is vital to their success. To help achieve this, UCAS could award points to nationally-recognised vocational courses, to ensure their value is recognised more widely. This move would not only enhance recognition of vocational qualifications, but would also help to strengthen quality of provision and assessment.

Wider availability of Level 3 apprenticeships

2.3.8 McDonald's believes that Level 3 apprenticeships are most valuable as part of a pathway of progression that starts at Level 2 and extends to Level 3 and beyond. The focus on Level 3 apprenticeships should not come at the expense of employer-led Level 2 apprenticeships, however, which provide a vital first foot on the ladder for thousands of young people each year. Support should be maintained for all levels throughout the skills chain.

2.3.9 Level 2 apprenticeships give participants the opportunity to gain practical, transferable workplace skills; especially for those people who have been excluded from traditional qualifications and have limited employment opportunities. While traditional classroom learning can seem abstract to young people, a Level 2 qualification helps bring basic skills to life in our restaurants, allowing people to see every day how important and relevant they are to the running of a business.

2.3.10 Continued support for learning at this level is therefore vital. If public funding to provide these qualifications was withdrawn, businesses like McDonald's would be more likely to employ individuals who already have those skills, particularly in such a competitive labour market. Without our Apprenticeships, many young people would not have the necessary skills to enter employment, leaving them unemployed and lacking confidence.

2.3.11 However, support should not stop at Level 2—it should extend to Level 3 and beyond, to ensure that vocational education programmes are considered a viable route alongside traditional academic programmes. That is why we are rolling out a pilot on Level 3 Apprenticeships, starting this month, in Shift Management, as part of the Employer Outcome Pilot and why we already offer Foundation Degrees in Managing Business Operations.

2.4 Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

2.4.1 Our concern with apprenticeship bonuses is that they are not a practical solution to encourage businesses to take on apprentices on a long-term basis, and are especially risky for SMEs.

2.4.2 Our franchisees, operating across 163 businesses in the UK, with 726 restaurants represent a significant number of SMEs. The average number of employees in each franchise business is 320.

2.4.3 In our experience, the success of our franchisees in improving the skills of their employees rests on two factors. First, each of our franchisees is able to access regular guidance and advice through our business support teams. Second, because funds are available to franchisees they have the security of knowing that their efforts to educate their employees will be supported on a sustainable basis.

2.4.4 We therefore strongly recommend that as Government looks at ways to up-skill SMEs, due consideration is given to ensuring that advice and guidance is provided alongside sustained funding—and that the bureaucracy surrounding apprenticeships is reduced.

2.5 Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

2.5.1 McDonald's believes that the current apprenticeship funding arrangement of 100% for 16–18 year olds and 50 % for 19–24 year olds is appropriate. In light of youth unemployment levels, we are of the view that both Government and employers should be weighting their support towards younger people and those not in education, employment or training (NEETs). That is why 83% of McDonald's apprentices are under 25, and why we expect more than half of the 2,500 jobs we create in 2012 to go young people under the age of 25.

3. CONCLUSION

We hope this submission provides the Committee with helpful insights and information to support your inquiry.

We are extremely proud of the apprenticeship programme we have developed and the significant investment we have made in wider education and training for our employees. This work has helped create opportunities for thousands of young people who are choosing to build a career with McDonald's, or apply their newfound skills to the wider world of work.

As we comment throughout this submission, the existing framework established by Government is operating well. However, the focus on driving even greater efficiencies should continue over coming years.

In addition, we believe there is a range of experience that McDonald's and other major apprenticeship providers can share with Government and industry, in particular SMEs, to extend the success and availability of the current programme.

Investing in the skills of our people is crucial to the success of our business. We are absolutely committed to continuing and extending our work in this area wherever possible.

We look forward to answering any questions the Committee may have in due course.

8 February 2012

APPENDIX

ABOUT MCDONALD'S AND OUR APPRENTICESHIP PROGRAMME

ABOUT MCDONALD'S

a.1 McDonald's is the UK's largest restaurant chain. We first opened our doors in the UK in Woolwich during 1974, and now have over 1,200 restaurants serving around 3 million customers a day. The majority of our restaurants are franchised to independent businessmen and women who own and operate restaurants as part of their local communities.

a.2 We employ a total of 87,500 people in the UK, and recently announced that we will create 2,500 new jobs in 2012—taking McDonald's total UK workforce to 90,000. This is testament to our continued investment in developing good people.

a.3 We pride ourselves on employee retention: 90% of our restaurant managers and one in five of our franchisees started as crew members while half our Executive Team started in our restaurants. We are especially proud of the fact that eight out of 10 staff (79%) now see the job as a long-term career compared to just one in 10 when they started.

MCDONALD'S APPRENTICESHIP PROGRAMME

a.4 McDonald's Apprenticeship scheme began in 2009, and we are proud to now be one of the largest apprenticeship providers in the UK.

a.5 We offer Apprenticeships to our employees because we believe they are valuable qualifications for the individual and because, as the skills we provide are aligned to our business, they are a crucial driver of our growth.

a.6 Our focus is on creating opportunities for all our people regardless of previous educational attainment. That is why any McDonald's staff member can join our Apprenticeship scheme, and why we have committed to making around one third of the 2,500 new jobs we will create during 2012 available to first-time workers.

a.7 We are proud of the results our people have achieved so far. In total, we have supported our staff to gain almost 35,000 transferable qualifications:

- More than 11,000 employees have completed apprenticeships with McDonald's to date.
- Almost 7,000 additional apprentices are in learning.
- We have helped our people achieve over 15,000 maths and English passes—an average of 760 exam passes a month which is equivalent to about seven classrooms of students (30 in a class) passing exams every week.
- Over 4,000 employees have been awarded "Level 3 Diploma in Shift Management".
- Over 4,000 employees have been awarded "Level 3 Award in Supervising Food Safety in Catering".
- 56 students have graduated with a "Foundation Degree in Managing Business Operations".

a.8 Our current skills agenda is implemented through the following channels:

- Level 1 & Level 2 qualifications in Literacy and Numeracy.
- Apprenticeships at Level 2.
- Diploma in Shift Management at Level 3.
- Supervising Food Safety in Catering Award at Level 3.
- Foundation Degree in Managing Business Operations.

FUNDING OF OUR EDUCATION AND TRAINING PROGRAMMES AND McEdCo

a.9 McDonald's invests £36 million each year in training for our employees.

a.10 We also receive public funding from the Skills Funding Agency (SFA) to transform some of our industry leading training into nationally-recognised qualifications—including Apprenticeships.

a.11 The McDonald's Education Company (McEdCo) is an independent company established to ensure good governance of our public funding, to support the development of our apprentices and the quality of our apprenticeship programme across the UK.

a.12 The funds received are used by McEdCo to fund educational programmes for the benefit of Company and franchisee employees. The use of funds is reviewed by the SFA and as such there is full transparency in relation to how all funds are spent.

a.13 McEdCo is not expected to make a profit, and any profit made is used to fund further educational activities to benefit the employees of the Company and franchises.

a.14 McEdCo is overseen by a Board consisting of three McDonald's Restaurants Limited employees and three franchisees. There is also an independent Chairman of the Board who has a casting vote, Lord Hunt of the Wirral.

Written evidence submitted by the Mayor of London

INTRODUCTION

1. The following submission is from the Mayor of London. The Mayor, in partnership with the National Apprenticeships Service has led a major employer engagement campaign designed to drive up the number of apprenticeships starts in London.

2. The campaign has generated considerable results. Growth in apprenticeship numbers over the period of the campaign have risen from 20,310 to 40,140 in the period of one academic year, a 99% increase. The employer facing campaign has highlighted a number of the very positive aspects of apprenticeships delivery in London. But, there is considerable room for further numbers. Set out below is a detailed response to the questions set out in the Committee's request for submissions.

Question: *How successful has the National Apprenticeship Service been since it was created?*

3. Given the significant increases in apprenticeships numbers and results against quality measures there is much to be positive about regarding the quality of the National Apprenticeships Service (NAS). The GLA Group, as an employer, and as a lead partner in a successful employer engagement campaign have been able, to see the best of the Service as well as to identify areas of potential improvement.

4. NAS have only recently undergone a structural reorganisation merging the National Employer Service with NAS. The merging of these two services has already led to better communication and service to employers. However, there has been a significant reduction in staffing levels. NAS should ensure that the service is able to meet current demand and is well placed to respond to apprenticeships targets at the local level.

5. Key successes include:

- They are becoming established and known as the one point of contact for employers and young people interested in apprenticeships. Their website has some useful starting information.
- Employers are able to use NAS to identify the relevant providers in their area who have the necessary funding. This has been very useful as previously employers highlighted not knowing how to search for providers being a key barrier.
- The marketing, events and national remit have helped raise the profile of apprenticeships.
- Account management function for employers has had some successes and support has been provided for employers to help engage with apprenticeships.

6. Limitations

- *Inflexible in their approach*—this is particularly evident when an employer’s requirements do not fall into NAS priority areas, eg an employer who would like to enrol existing staff onto apprenticeships who are over 19 yrs. In these cases, NAS do not offer as much support to an employer. In some cases, employers can be discouraged from engaging with apprenticeships.
- *Employer advice*—NAS are not always able to give thorough enough advice due to their restrictions and policy. For example, they have to be impartial about providers so aren’t able to give employers guidance about who to work with.
- *Understanding the value of political leadership*—the Mayor’s campaign has benefited from strong political leadership and, where appropriate, direct contact with businesses. This approach should be done in a sustained, rather than ad-hoc, fashion.
- NAS should boost knowledge of apprenticeships amongst employers through continuing to market case studies and success stories, and ensuring jargon-free communication emphasising positive business outcomes such as return on investment, enhanced profitability, efficiency savings and greater staff retention.
- NAS have developed a better employer engagement approach. But, the service could go further. The Mayor’s Campaign has made fantastic use of private sector secondees with strong sectoral expertise. Employers need to be supported through the process from taking an interest in apprenticeships to rolling out a programme, for example in the development of internal business cases.
- *A more proactive role in the regulation of market effectiveness*—there is a collective lack of responsibility across training providers, the National Apprenticeships Service, employers and Sector Skills Councils when developing new Apprenticeships Frameworks. Employers need the system to be far more responsive to need and to be able to put in place a new Framework in a short a time as possible. NAS could do more to push/work with SSC’s to develop new frameworks according to employer requirements.
- *Sector Skills Council engagement*—the Mayor’s campaign has shown variety in the extent to which sector skills councils are engaged on apprenticeships. A number of major employers engaged remain unaware of the role of their respective SSC. This is a real barrier to demand-led frameworks being created.
- *Promotion of apprenticeships over other delivery*—NAS could also more directly influence providers to promote apprenticeships above other training courses such as NVQ’s. Providers currently continue to deliver NVQ’s for an employer and often do not promote apprenticeships as an opportunity for employers. NAS should work more closely with providers to push for them to promote apprenticeships above NVQ’s.
- *Vacancy Matching Service (VMS)*—the Vacancy Matching Service has many limitations both from an employer’s perspective and for a young person.
- *Apprenticeships and other publicly funded programmes*—BIS and DfE should work more closely with DWP to determine strategic and operational links between activity such as DWP’s Work Programme and that of apprenticeships.

Has it helped bridge the gap between the two funding Departments (BIS and DfE)?

7. In line with the recommendation set out in the recent National Audit Office on “Adult Apprenticeships” report the two departments would benefit from providing clarity on the overall purpose of apprenticeships. This has significant implications for future delivery, particularly in determining where, and how, resources are allocated. For example, if investment is to be targeted at apprenticeships frameworks delivering against a pure economic return (measured through wage increases) this may fail to capture the wider societal benefit to supporting individuals into apprenticeships.

8. Both BIS and DfE should set out a clear rationale and ensure that investment meets these objectives.

Question: Is the extra funding promised by the Government necessary for apprenticeships? How can this funding best be spent?

9. The increase in numbers of apprenticeships delivered in London has been achieved against a reduced budget for the National Apprenticeships Service. Whilst these efficiencies are welcomed it is important that the Government seek to ensure that increased funding for apprenticeships places is backed up with appropriate resources for the National Apprenticeships Service and key partners to deliver employer engagement and support to employers to take on apprentices.

- The recent National Audit Office report indicates that much of the recent government increase in apprenticeships funding was spent on other programmes by providers who were able to take advantage of increased flexibilities in programme funding. Therefore to ensure that increased investment in apprenticeships is directed to funding apprenticeships training the Government should continue to invest in employer engagement, marketing and framework development activity that drives up demand for apprenticeships.
- Existing employer engagement needs to be enhanced. Improved employer engagement will be crucial not only to enhancing the delivery by and through larger employers but particularly when exploring how to extend Apprenticeships into smaller employers and into businesses with no previous experience of Apprenticeships.
- The Apprenticeship Training Agency (ATA) model, where apprentices are ‘employed’ by an agency rather than the employer, is being successfully delivered in London, for example, by the London Apprenticeship Company. This approach is critical in engaging SMEs and potentially with larger employers. The capacity of ATAs in London may need to increase over the coming period if employers are reluctant to recruit directly.
- There is also a need for enhanced local labour market intelligence, linked to personalised Information Advice and Guidance. There is much good practice available from other countries (notably the USA and some Scandinavian countries). Useful practices which need to be enhanced include better information about the way the labour market functions, including how people get into jobs and move between employers in London and information on career progression routes.

Question: Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

10. We welcome the continued focus on higher level and are delighted that much of the Higher Apprenticeships Fund was applicable to sectors in London. The challenge for the National Apprenticeships Service will be to broaden the take up of Apprenticeships Frameworks. The National Audit Office report indicates that 84% of the growth in apprenticeships has been across just 10 apprenticeship occupations. Efforts need to focus on continuing to develop new frameworks at the higher skills level and a priority should be placed on supporting the take-up of new apprenticeships frameworks with sector led employer engagement.

11. Basic skills and key competencies critical—Employers in London continue to report that basic/key skills are a barrier to employing young Londoners. Feedback from employers and stakeholders suggests providers will need to do more to: ensure the appropriateness of candidates presented to employers; ensure candidates are “work ready”; ensure candidates have basic skills, and; ensure candidates know what to expect from employment. They also need to provide clearer information for prospective employers, and apprentices, explaining what will be expected from them, and what they themselves will require.

12. Measurement of quality—a stronger focus on the sustained employment and progression of apprentices should be built into provider monitoring and funding.

13. Current frameworks do seem to have sufficient flexibility to meet employer requirements in most cases. There is still a need to develop more apprenticeships in some areas, and definitely a need for more Level 3 and Level 4 frameworks.

14. Frameworks should have existing industry qualifications/accredited training embedded into them. This will help employers to understand the level of the apprenticeship, as well as ensure that the apprenticeship qualifications are recognised and valued by the industry.

Question: Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

15. In a buoyant labour market the use of apprenticeships bonuses should be limited. The National Apprenticeships Service should be able to make a strong enough business case with businesses. However, employer feedback on previous employer subsidies have highlighted the value of “golden handshake” bonuses for recruitment of apprentices, particularly for the recruitment of “harder to help” individuals.

16. Clear assessment of additionality should drive investment decisions—in the current challenging labour market conditions there is an obvious business case to support employer subsidies if targeted on businesses where there is no risk of displacement. If firms are substituting the recruitment ‘normal’ employees with apprenticeships due to the subsidy the return on investment is likely to be very low.

17. To encourage the take up of apprenticeships across small and medium sized businesses a range of initiatives should be explored. These include:

- Promoting apprenticeships and any available incentives on a targeted geographical basis.
- Continue to explore more appropriate Area and Group Training Associations. Employers indicate that the quality, breadth and expertise of ATA/GTA models are mixed. NAS should work to ensure that provision meets minimum standards and seek to promote a more competitive market.
- Work with private sector recruitment agencies to understand whether their recruitment model can support apprenticeships delivery.
- Maximise the use of existing employer engagement mechanisms for small and medium sized businesses, including the Federation of Small Businesses and local Chambers of Commerce to promote and support take-up of apprenticeships.

18. Develop a bespoke approach to SME’s—NAS adopt a one-size fits all approach to SMEs with mass marketing and generic information being made available. Larger SMEs will want a more sectoral focused approach. Business groups with Sector Skills Councils and trade bodies should be actively involved in this approach.

Question: Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

19. The current funding arrangement for different age groups is not helpful for employers and is restrictive for young people. Currently young people who just miss the age cap are excluded from the opportunities. This impacts most on NEETs or those from disadvantaged backgrounds. Employers who are not able to recruit anyone under the age of 18 for health and safety reasons are therefore put off taking apprentices at all.

20. However, a number of employers report that they are starting to understand the new funding system whilst indicating that the jump between 100% to 50% is too great and has a significant influence on employer decisions, rather than allowing flexibility for employers to tailored programmes meeting their needs.

21. Suggestions for improvements include:

- *Tapered funding based on age*—reducing the funding gradually as apprentice age increases could give employers greater flexibility.
- *Funding drives the recruitment of school leavers leaving some priority groups unsupported*—for example the priority to increase the number of NEET young people (aged 16–24) accessing apprenticeships is difficult to achieve when employers are pre-disposed towards only recruiting school leavers due to funding. Young offenders are also at a disadvantage from accessing apprenticeships, as well as young people who may take longer to decide what career is the best option for them. Apprentices who were previously unemployed/NEET at the start of their apprenticeship should be given full funding. This will also encourage employers to more proactively recruit from these groups.
- *Supporting areas with key skills shortages*—sectors with key skills shortages could be exempt from the age related funding restrictions, as recruiting new people into the industry is a priority. This is particularly evident in growing industries where there is a need to upskill the current workforce (eg green skills). Many of the existing workforce who need this training will be over the age of 25, and therefore without offering either full or a higher level of funding for these courses the skills gaps may continue and/or increase.
- *Funding could drive progression onto more advanced apprenticeships in areas of identified skills shortages*—there is a need to ensure apprentices who start on a Level 2 programme are offered progression onto a Level 3 where possible. However, if an apprentice is over the age of 18 when they finish their L2, the employer is discouraged from enrolling them onto L3 as they would then have to fund the additional training. In these instances, full funding should still be available—particularly in areas of skills shortages.
- *Clear communication of funding profiles*—noting that employers respond to simple, clear messages from Government there should continue to be clear messaging on funding rates.

Written evidence submitted by the Manufacturing Technologies Association

INTRODUCTION

1. The Manufacturing Technologies Association is the UK's Trade Association for companies in the manufacturing technology sector—the core of engineering based manufacturing.

2. Our members design, create and supply the major machinery, technology and equipment essential to enable the manufacture of everything from everyday items such as mobile phones, computers and family cars through to high-tech precision items like F1 racing cars, planes and space shuttles.

3. Recent Governments of all political stripes have placed a great deal of emphasis on Apprenticeships but there has been a significant degree of variance in the policy prescriptions and this has led to a lack of clarity within the apprenticeships market over what encouragement and support is available and how it works.

4. We welcome the establishment of the Committee's Inquiry into Apprenticeships. The MTA is directly involved in provision of grants and loans to smaller member companies to help them employ apprentices. The Association is further able to draw on the experiences of its wider membership to form an understanding of the landscape and a view of what is needed. As requested we have structured this submission in respect of the questions asked in the call for evidence however we have interpreted the parameters broadly.

EXECUTIVE SUMMARY

5. The National Apprenticeship Service has been a positive development. However there is still substantial scope for it to improve in its interface with SMEs. Its work in disseminating national initiatives has been welcome.

6. The engineering based manufacturing sector has very serious concerns about the quality of many claimed 'apprenticeships' in other sectors and fields. The MTA believes that the apprenticeships brand is being damaged and that provision at Level 3 should be far more prevalent.

7. Funding could be made more efficient if it was better targeted through a properly demand led system in which employers took the lead in allocating funding to training providers which deliver the best packages.

8. There is scope for some sort of incentive for SMEs to take on apprentices, indeed the MTA operates such a scheme for its members. However great care must be taken to ensure that any such scheme is not overly onerous otherwise it will not be taken up by SMEs. Trade Associations can provide a valuable route to SMEs and should be better utilised by Government agencies.

9. The 18–19 divide is unhelpful and becoming less and less relevant. Care needs to be taken to ensure that inappropriate candidates are not channelled down the Apprenticeship path. Apprenticeship programmes should continue to focus on young people.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)?

10. The introduction of the National Apprenticeships Service has been a welcome development. It has demonstrated the commitment of successive Governments to apprenticeships and has been a step forwards in terms of clarifying the system. However there remain companies, and not just conventionally hard-to-reach ones, which NAS has not been successful in engaging.

11. As well as NAS there are half dozen quangos with input into this area, including the funding agencies and, importantly in the engineering based manufacturing sector, our sector skills council SEMTA. This landscape is confusing for educational professionals and baffling for SMEs for whom it is something with which they engage only on an occasional basis. If NAS can make the interface for SMEs cleaner then they will reap a significant benefit in terms of employer engagement. Recent work undertaken on their website is encouraging however the MTA has received testimony that direct contact is not always applied in a timely enough manner and is of a variable quality.

12. Larger companies which have a long tradition of apprenticeships feel relatively little need of direct contact with NAS. However they note the body's positive role in advocacy and that it has also played a useful role in explaining National Initiatives on a regional basis. (National Apprentice Week is an example of one such).

13. Going forward the MTA is very interested in the development of Apprentice Training Agencies. We have had early conversations with NAS and SEMTA about establishing an ATA for the manufacturing technologies industry. We believe that it is a model which could work to unlock the latent appetite in SMEs for apprentices by taking the employer risk out of the equation.

14. We welcome the move to give NAS responsibility for building on the legacy of Worldskills 2011. The MTA is working with NAS to deliver workshops for SMEs on participating in Worldskills at MACH 2012, the UK largest manufacturing technologies event, which is owned and run by the MTA.

15. As a body which is not in receipt of Government funding for training we cannot comment on whether NAS has helped bring BIS and DfE together. However we can observe that better coordination is needed and we have witnessed evidence of poor communication between the Departments.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

16. There are huge concerns in engineering based manufacturing around the quality of many of the offerings in the apprenticeship marketplace. Engineering apprenticeships are a very well understood system, traditionally lasting for three years with one year focussed on theoretical learning followed by two years based largely in the workplace. This model has been developed over decades and is valued and, most importantly, trusted. Young people who had completed such programmes were and are sought after employees able to progress in the workplace or indeed into higher study.

17. The notion that an “apprenticeship” can be completed in as little as 20 weeks is anathema. What is taking place there may be very good training but it is not an apprenticeship in the sense that the word is understood in engineering or for that matter other sectors, such as construction, which retained the apprenticeship structure. Crucially the wider public’s understanding of the term is closer to the traditional “engineering” model than it is to a NVQ Level 2 Business and Administration course. This endangers the value of the apprenticeship brand.

18. The fact that the Minister for Lifelong Learning has recently felt the need to impose a minimum duration of a year, still too short a period, before a course can be called an apprenticeship is evidence that there has been and continues to be a significant problem.

19. The issues of level and duration are closely connected. The traditional engineering apprenticeship outlined above is generally understood as best delivered as a Level 3 qualification but increasingly in advanced engineering there is a demand for apprentices to engage at Level 4 or beyond.

20. This does not necessarily translate into demand for Level 4 (or even 5) Apprenticeships. The Chinese wall between apprenticeships and HE is being broken down in many of our best companies.

21. There is a risk that, past level 3—as one moves into the realms of Higher Education, we compromise the very core of what apprenticeships are about i.e. A blended mix of practical and academic education; delivered primarily in the workplace and externally assessed.

22. Many employers would rather apprentices progress directly onto HNC/Foundation Degree without taking up another apprenticeship programme. A key reason for this is the perceived irrelevance of all the “add on’s” e.g. Key Skills/Functional Skills. The removal of these non-core curricula should be a priority. Do learners operating at Levels 4 and 5 really need to prove they can communicate adequately?

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

23. The funding is welcome and it is necessary but it is not sufficient. Government funding could be best used by targeting it effectively. The best way to do that is empower employers to make decisions. The vast majority of training costs across the whole offering are borne by businesses. They invest in their people in the belief that it will help their business and generate a return.

24. In a truly demand led system, in which employers carried the funding, wasteful or just downright poor providers would be squeezed out as employers opted for the best and most appropriate.

25. Government also needs to give more support to independent training providers who do deliver programmes that meet the employers’ needs but have issues with financial resources, equipment/machinery and staff. Small providers struggle at present to accommodate the delivery needs of SME’s and large providers/Colleges are widely, although not universally, reported to be inflexible.

26. There is a significant shortfall in the types and complexity of equipment that are employed in educational institutions. This has two detrimental effects; firstly young people coming out of such institutions are unfamiliar with the sorts of machinery they will be expected to operate in a work environment, and secondly the impression created in the minds and expectations of young people is sorely out of date. We are missing an opportunity to impress with the technology that modern manufacturing depends on.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

27. The MTA operates a relatively small scale scheme, Growing Talent, which funds smaller member companies (those with a turnover of less than c £5,000,000) to take on an apprentice. The scheme was developed in response to research which suggested that the two financial factors which militated against small companies taking on apprentices were; firstly, the start-up costs and secondly, the need to sink cost into the apprenticeship for a year before any retrieval was possible. To this end the MTA offers a £2,000 grant and a £10,000 interest free loan.

28. Clarification is needed on how the scheme will work. On the one hand care will have to be taken to prevent the scheme being abused by companies who might designate a particular new employee as an “apprentice” claim the money and not subsequently follow up with the concomitant training. On the other hand we know from past experience that there is a substantial danger that the scheme will be onerously over engineered leading to the costs to an SME in taking it up exceeding the value suggested for the bonus.

29. The MTA’s experience suggests that a relatively small amount of money can make a difference to marginal decisions in SMEs. But great care must be taken not to be too prescriptive and to ensure that any scheme’s benefits outweigh its costs.

30. There is a further risk when considering the role of incentives. Apprenticeships will only be successful for both parties when both are committed to them and capable of satisfying the demands (in the case of the company managerial demands) of them. There is a danger that in order to chase an incentive the apprenticeship option might be pursued by individuals not best suited to the demands of an engineering apprenticeship. We would not wish to see young people channelled down the wrong path for them. We have received anecdotal evidence of this happening.

Is the current funding arrangement for the training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

31. A sharp divide at 18 is archaic. As the education leaving age rises and relatively high achieving young people are encouraged to look at apprenticeships particularly in areas such as advanced engineering, as a career path then a range of points of entry will become normal. MTA members operating at the very top of the technological scale already report that the numbers of post A Level applicants is rising steeply.

32. There is a risk that apprenticeships are deemed to be an (the only?) appropriate avenue for those for whom the education and training system has so far not delivered. Certainly in the case of engineering apprenticeships this is unlikely to prove beneficial. The level of demand in areas such as mathematics is such that an attempt to force inappropriate candidates into them will be doomed to end in failure.

33. It should be said that although the differentiation between 16–18 year olds and 19–24 year olds is unhelpful widening the core group for apprenticeships to include adults greater than that age would not be widely welcomed.

34. Although there are excellent examples of apprenticeship schemes working with older age groups and specific groups such as the long term unemployed and prisoners/ex-offenders, most schemes continue to be most readily successful with young people in their late teens and early 20s.

3 February 2012

Written evidence submitted by Metaswitch Networks

1. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

On the whole, the National Apprenticeship Service has been successful in raising awareness of Apprenticeships with both employers and potential Apprentices, in promoting the benefit of Apprenticeships and in influencing the development of policy. Other comments are as follows:

- The National Apprenticeship Service fulfils a difficult role best described as “marketing”, ie helping create the right product, promoting it and dealing with policy development and issues arising. It must always be remembered that it is employers and Work Based Learning providers who actually deliver Apprenticeships and that the provider contract is through the Skills Funding Agency not the National Apprenticeship Service, who are therefore in the business of persuasion rather than direct management.
- No doubt the involvement of both BIS and Department for Education causes issues with each and with the gap between them. It is important to bear in mind that
 - 16–18 Apprentices are continuing their core education and need to feel part of the overall education system
 - Apprentices over 18 are more focused on training for and on the job in their chosen career.

While it is right that the Frameworks are the same, there are therefore differences of emphasis.

The National Apprenticeship Service has been a key agent in promoting and developing 16–18 Apprenticeships despite the issues to do with loss of focus on young people due to BIS being a post 19 Department and lack of understanding and interest in the Department for Education who continue to have their relentless schools/Academies focus.

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Yes, the funding is necessary—especially for 16–18 year olds where employers need to be incentivised to take on young people rather than the more mature 19+ employees.

In fact, the current government targets—which are based on the funding budgets are very modest compared with the potential for Apprenticeship expansion at all of 16–18, 19–24, 25+. Also remember that while government funding is not necessary for Apprenticeships a little helps to persuade employers to take on the extra accreditation burden.

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

A huge amount of work has been done to improve both the quality of Apprenticeship frameworks and the successful completion and delivery of Apprenticeships by both employers and providers. More can always be done—especially on keeping Frameworks current. Remember there are over 100 Frameworks across all business sectors—not just manufacturing and engineering. Sadly there are still gainsayers who get air time for minor issues. There should be more apprentices at all levels, ie Levels 2, 3 and 4, to suit both employer need, and apprentices capability.

4. Apprenticeships bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not, what will?

The problem with bonus schemes is dead weight—and the structure needs to protect against this without being bureaucratic. Yes, they are a good idea—and yes, they will help small and medium sized businesses, but the providers need to be encouraged to use them to engage with new employers. In addition, there has always been a case for paying providers a bonus based on them signing up new employers.

5. Is the current funding arrangement for training of Apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

In principle, yes—but see above comments on

- employer incentives for 16–18 year olds; and
- provider incentives for new employers.

10 February 2012

Written evidence submitted by Mimosa Healthcare Group

My company provides apprenticeships for people wishing to take up a career and work in the care home sector. I am also a member of the Apprenticeship Ambassador's Network and I have contributed to their submission to your enquiry.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

I feel that NAS has had some success and has contributed towards the increase in the numbers of apprentices enrolled, however, I ask the question how many of these apprentices would have enrolled anyway due to the increased flexibility and allocations offered to the Training Provider network. I feel that they are the biggest driver behind advertising 'apprenticeships', and have a more direct roll to play in increasing numbers.

I feel the focus of NAS needs to be directed at recruiting significantly more employers, especially SME's, taking 16–18 year old apprentices for the first time. This is where the utilisation of incentives, together with a coordinated marketing approach from NAS and Training Providers could and should maximise the numbers of employers involved, offering larger numbers of opportunities for the growing NEET 16–24 year old population, and assisting the turnaround of the economy.

I feel that NAS is currently tasked with raising the profile of apprenticeships with employers and young people, but at a level that is almost too strategic, and the hard work of dealing with SME's on a one to one basis to respond to their needs is not focussed on sufficiently. Individual staff with individual recruitment targets, directed at the sharp end would have a much greater impact, making NAS an apprenticeship sales force, rather than just raising profile.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Yes, I believe the extra funding promised is necessary for apprenticeships to assist in boosting the economy, giving young people the right skills and qualifications to succeed in today's working environment, and directly reducing 16–24 year old NEET. However, there is still the fundamental issue that the large majority of

employers do not, and have never been involved, and this has to change. The financial incentives offered to SME's taking apprentices for the first time will assist, but who is currently tasked with making employers fully aware of what is available, and ensuring that the processes to receive these incentives is simple, non bureaucratic, and straight forward.

The focus has to be on a robust marketing strategy to directly engage employers who have never been involved before, backed up by targeted support from NAS linked to a Training Provider to make sure all leads are followed through, and a larger percentage of employers take part. Without the employer network engaging in larger numbers, the increased budget will remain unspent.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

I believe they are, if delivered in an appropriate manner in conjunction with the employer, and offer a quality service to both the individual apprentice and the employer. We have seen too many headlines lately regarding short term apprenticeships, or apprenticeship models (so called "Academies") where they are delivered over a few months in a training centre, with no employer involvement.

These headlines potentially devalue what in the main is an excellent brand image, and should therefore be eradicated. The large majority of apprenticeships are now delivered appropriately, to a high quality standard, with continually rising completion rates and OFSTED grades. I feel that none of this is advertised widely enough as they are now something to be proud of, and the government can take great credit in ensuring its quality measures have succeeded in raising standards and participation in its flagship product.

Progression from Level 2 to Level 3 apprenticeships is sometimes difficult, dependant on the vocational sector. To expect 17–18 year olds to progress straight from Level 2 to Level 3 in some sectors is a step too far. Many Level 3 qualifications require apprentices to be working in a supervisory capacity, beyond that of their current job roles, and therefore inappropriate until promoted. This is sometimes a few years later, following a break from learning by the individual, and therefore reengagement into learning has to take place, which is not always easy.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

Yes, I feel Apprenticeship bonuses are essential to engage new SME's into Apprenticeships. However, I would raise the following questions:

How widely are these advertised? How many SME's are aware they are available? Are NAS directly targeted with advertising this and recruiting SME's? Is the eligibility criteria and process for applying simple, non bureaucratic and will encourage rather than discourage applicants? Is it worth trialling different methods of payment of the incentive, wage subsidies maybe?

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

This is I feel a very difficult question to ask. 19–24 year olds differ greatly from individual to individual. For example, as in the two scenarios below:

Scenario 1

A 23 year old who has been "neet" since leaving school at 16. Begins an Apprenticeship recruited by their local College/Training Provider and matched to an employer. They have been away from study for seven years and have no relevant work experience other than mandatory experience gained whilst on the governments Work Programme initiative.

Scenario 2

A 23 year old, left school at 16 and went straight into work, but without formal accredited training. Through internal training with the employer, they have become skilled in their work role, and competent at their job. Their employer engages the services of a local training provider who enrolls them on a Level 2 Apprenticeship programme.

In the current system, both apprentices above would attract the same level of funding, yet the apprentice in scenario 1 will require significantly more guided learning and assessment to complete their framework. Plus there is an upfront cost to engaging both the individual and the employer to get the apprenticeship off the ground, which is not recognised in the funding methodology.

I feel it would be more appropriate to fund based on the individual's circumstances. It would cost the same to deliver the apprenticeship described in Scenario 1 to that 23 year old as it would a 16–18 year old, in fact, one could argue it would cost more, as the individual had been away from learning for a number of years.

The solution could be offering greater funding levels for individuals that were NEET for a period of time prior to starting the apprenticeship, regardless of their age, or maybe with an upper age limit of 25 years. This

would directly reflect the work put in by the individual, employer and training provider to get the apprentice through the framework.

19 January 2012

Written evidence submitted by NCG

1. EXECUTIVE SUMMARY

1.1 NCG believes that the National Apprenticeship Service has successfully contributed to raised awareness and participation in Apprenticeships, however there is still some way to go to ensure that Apprenticeship funding and delivery is appropriately targeted and supports the needs of learners and employers.

1.2 Improved alignment to regional and local requirements would have a more positive impact, and would increase the engagement of young people and the success of Apprenticeship routes.

1.3 Funding could be better targeted to support this development, increasing the flexibility to:

- utilise funding to incentivise employers to take up apprentices;
- encourage Apprenticeship take-up across a broader cohort; and
- to develop and increase progression on to higher level Apprenticeships.

The points below are set out against the terms of reference specified in the Apprenticeship Inquiry.

2. INTRODUCTION

2.1 NCG aims to develop people through learning and achievement for the benefit of themselves, society and the economy. Our focus is on meeting national and regional education, skills and employment goals for individuals and employers in line with Government priorities.

2.2 Our national expertise, knowledge and reach provide a detailed understanding of the social and economic requirements across the country. We are one of the largest providers in the UK and are currently delivering privately funded and government funded contracts to over 7,000 businesses and 70,000 individuals across the UK.

2.3 We are a Prime contractor for the Work Programme in Birmingham, Solihull and the Black Country and in North East Yorkshire and Humberside and a sub-contractor in East Midlands and the East of England.

2.4 We have the third largest SFA contract in the UK after the MoD and Learndirect, and are the largest provider of learning and skills in the country outside of government. We are the third largest provider of adult apprenticeships in the UK and have been graded outstanding by Ofsted, holding Beacon Status. Our two FE Colleges have been awarded Foundation Degree Awarding Powers, which means we can now develop and validate our own Foundation Degrees.

3. INFORMATION

3.1 NCG believes that the National Apprenticeship Service has been largely successful in promoting Apprenticeships and supporting large employers to access and understand Apprenticeships. The branding of a service that is customer facing with a clear responsibility and accountability for Apprenticeships has created a focus and ownership for individuals, stakeholders and delivery partners. The vacancy service is a particularly successful aspect.

3.2 However, it is felt that there is a lack of clarity in its mission and this, coupled with a lack of knowledge and understanding of the relationship between the Department for Business Innovation and Skills, and the Department for Education has meant that little has been done to bridge the gap between the two departments. There is poor market penetration and school engagement, with young people remaining unaware of choices and Apprenticeship routes failing to have an impact. There is also limited impact on regional and local requirements.

3.3 In the current economic climate, NCG recognises that there is a need to ensure our workforce is qualified to the highest level; therefore the apprenticeship funding that is available is required. However, it is felt that the extra funding for Access to Apprenticeships places is proving difficult to deploy. The stipulations regarding the minimum hours for work experience are considered too onerous, and they fail to recognise that learners who are currently NEET find that moving immediately onto 30 hours of unpaid work experience is a significant barrier to participation.

3.4 We consider that it would be more appropriate to adapt the programme to recognise that young people may require a staged introduction to work experience during the programme, with greater support for the 19–24 NEET cohort. It is also felt that funding should not be with employers, as larger corporations may use it to deliver continuing professional development at a reduced rate, using public monies. The funding may be more appropriately linked to the New Deal for City's and Apprenticeship Hub acting as an honest broker.

3.5 NCG recognises the impact higher level skills has on both an individuals' life chances, earning and employment prospects, as well as employers productivity. NCG would strongly advocate and support the creation of more apprenticeships at Level 3 and Level 4, however this should not be considered at the expense or exclusion of providing work based learning at Level 2. In order to meet the needs of employers and apprentices, it may be appropriate for programmes at Level 2 or below to be promoted as "traineeships", with greater flexibility on hours and durations to meet learner needs. A shift to a minimum 12 month duration will not necessarily equate to improved quality on some programmes and may have a negative impact on securing long term sustainable jobs in a recession. It may also result in the "padding out" of qualifications in order to extend the programme to 12 months. A flexible approach would be of benefit to ensure that programmes meet the needs of learners but that are also matched to available work experience or employment.

3.6 We consider that Apprenticeship bonuses should be paid upon completion of the Apprenticeship. This would encourage employers to provide ongoing support throughout the apprenticeship to completion, rather than for a fixed period of time. NCG believe that employers should be incentivised to recruit 16–24 year olds through tax breaks rather than one-off payments. It may also be appropriate to offer employers a bonus for progressing existing apprentices on to higher level apprenticeships.

3.7 NCG considers that in the current economic climate, businesses are discouraged from taking on 19–24 year olds due to the expected fee level. As a result, providers feel under intense pressure to reduce fees or offer training free of charge for this cohort, which can be a strong disincentive. It may be more appropriate to recognise that there is a severe youth unemployment issue across the country, and to fully fund apprenticeships for those aged 19–24 years. The 25% reduction for larger employers could continue to apply. Alternatively, a shift to 100% funding for 16–24 year olds may be appropriate in order to target "lost generation" NEETs. NCG is committed to the Youth Contract, however we consider that the subsidies and support should be widened to include a broader range of employers to stimulate growth in the youth employment market.

4. RECOMMENDATIONS FOR ACTION

4.1 NCG suggests that absolute clarity is required on National Apprenticeship Service targets and areas of influence, and an appropriate staff structure should be developed to support this. Bridging the gap between Department for Business Innovation and Skills and the Department for Education requires a clearer understanding of the relationship between the two.

4.2 NCG believes that the extra Apprenticeship funding needs to be targeted appropriately. Funding should not be with employers; it may be more appropriately linked to the New Deal for City's and Apprenticeship Hub acting as an honest broker. It may also be appropriate to support the costs to employers' with an apprentice, for example through NI contributions, holidays or salary costs.

4.3 NCG strongly advocates and supports the creation of more Apprenticeships at Level 3 and Level 4, however this should not be considered at the expense or exclusion of providing work based learning at Level 2. There needs to be an understanding that the provision of work based learning means that the job role needs to support the Apprenticeship framework delivery. There are processes in place to ensure and assure high quality frameworks, and there are checks and balances on quality. The Sector Skills Council should review with employers' success against their frameworks. A flexible approach would be of benefit to ensure that programmes meet the needs of learners but that are also matched to available work experience or employment.

4.4 NCG suggests that Apprenticeship bonuses should be paid upon completion of the Apprenticeship. Employers should be incentivised to recruit 16–24 year olds through tax breaks and it may also be appropriate to offer employers a bonus for progressing existing apprentices on to higher level apprenticeships.

4.5 NCG suggests a shift to fully funded apprenticeships for those aged 19–24 years. The 25% reduction for larger employers could continue to apply. Alternatively, a shift to 100% funding for 16–24 year olds may be appropriate in order to target "lost generation" NEETs.

4.6 NCG is fully signed up and committed to the Youth Contract, however we feel that the subsidies and support should be widened to include a broader range of employers to stimulate growth in the youth employment market.

3 February 2012

Written evidence submitted by the National Childminding Association

1. SUMMARY

1.1 NCMA welcome the opportunity to submit written evidence to the Business, Innovation and Skills Committee inquiry into Apprenticeships.

1.2 The purpose of this paper is to highlight to the Committee that current regulation's within the 2009 Apprenticeships, Skills, Children and Learning Act exclude childminders from undertaking an apprenticeship; this is despite an existing apprenticeship framework for childminders.

1.3 It is important that all early years workers are supported to deliver the highest standards of care and learning for children and therefore they should be able to access all routes to continue professional development. Registered childminders are the only part of the early years workforce who are excluded from apprenticeships in this way.

1.4 NCMA strongly recommends that the committee call on the Government to ensure that registered childminders are included as an exemption under the “alternative completion condition” regulations for apprenticeships as part of the Apprenticeships, Skills, Children and Learning Act.

2. ABOUT NCMA

2.1 NCMA (National Childminding Association) is a professional membership association. NCMA’s vision is for all our members provide the highest standards of care and learning for children.

2.2 Since 1977 we have worked with registered childminders and nannies as well as other individuals and organisations such as local and national government, to ensure families in every community in England and Wales have access to high quality home-based childcare, play, learning and family support.

2.3 NCMA supports registered childminders and nannies in raising the quality of their practice and ensures key stakeholders are aware of, and integrate, registered childminders and nannies into national and local childcare strategies.

3. ABOUT CHILDMINDING

3.1 There are 57,882 registered childminders in England offering nearly 285,000 childcare and early education places for children.¹⁰⁶ Registered childminders provide childcare and early education for children in a domestic setting (normally the childminders own home.) They are inspected by Ofsted in England, or the Care and Social Services Inspectorate in Wales (CSSIW), to ensure they provide a safe and stimulating environment for the children that they care for. Registered childminders are usually self-employed and run their own business.

4. CURRENT REGULATIONS EXCLUDE CHILDMINDERS FROM THE CHILDCARE WORKFORCE APPRENTICESHIP FRAMEWORK

4.1 The Children and Young Person’s Workforce Apprenticeship framework covers apprenticeships for the childcare workforce in England. In Wales it is the Children’s Care Learning and Development Apprenticeship Framework.

4.2 Both frameworks clearly state that childminders are included in their remit. For example, in 3.1.27 of the Children’s Care, Learning and Development Apprenticeship Framework, it lists “childminders’ own homes” as an example of the types of settings that the framework is intended for. Section 3.1.28 lists “a childminder working on their own at home” as an example of a job role that is at level 3. This framework is approved by Skills for Care & Development, Children’s Workforce Development Council and National Apprenticeships Service.

4.3 However, at present, unlike other childcare practitioners, childminders are not able to undertake apprenticeships under these frameworks. This is because the majority of registered childminders are self-employed and under the Apprenticeships, Skills, Children and Learning Act 2009, in order to undertake an apprenticeship, a person has to be working for another.

4.4 Whilst apprenticeships typically take place in a conventional employment scenario, the Government recognises that there exist “exceptional” cases where self-employed apprenticeships are the only option. Regulations outline self-employed occupations that qualify as exemptions, enabling them to benefit from apprenticeship funding despite their self-employed status.

4.5 Occupations that are currently covered under the regulations include:

- sports designated as Olympic/Paralympic/Commonwealth Games;
- sea fishing;
- freelance/self-employed (CCS); and
- British Racing School.

4.6 Despite the existence of apprenticeship frameworks for childminders in both England and Wales, childminders do not currently qualify for an exemption under the “alternative completion condition” regulations. They are therefore not able to undertake apprenticeships.

5. THE IMPORTANCE OF REGISTERED CHILDMINDERS BEING SUPPORTED TO UNDERTAKE APPRENTICESHIPS

5.1 All childcare practitioners should be supported to access opportunities to improve the quality of their practice. This should include access to apprenticeships for registered childminders. Registered childminders

¹⁰⁶ <http://www.ofsted.gov.uk/resources/registered-childcare-providers-and-places-england-december-2008-onwards>

should be included as an exemption under the “alternative completion condition” regulations for apprenticeships as part of the Apprenticeships, Skills, Children and Learning Act.

5.2 Apprenticeships present a clear opportunity for the Government to deliver on its commitment to improve the quality of the foundation years workforce by enabling registered childminders to undertake training at Level 3.

5.3 The Government outlined its commitment to improving the quality of support for children and their families in its policy document “Supporting Families in the Foundation Years”. In particular, it recognises that “A well-qualified and motivated workforces makes a real difference to the quality of support that expectant mothers and fathers and families with young children receive”. In the response to Dame Clare Tickell’s review, the Government commits to “explore with the sector the possible role of apprenticeships in early education and childcare.”

5.4 Government and society would benefit considerably from registered childminders being able to undertake apprenticeships. Childminder apprenticeships would help the Government to:

- drive up quality in the foundation years;
- prevent future skills shortages in the childcare sector;
- support the delivery of the Early Years Foundation Stage (EYFS);
- deliver on its commitment to the free early years entitlement;
- support parental choice, particularly for those with disabled children; and
- support parents into work.

DRIVING UP QUALITY IN THE FOUNDATION YEARS

5.5 Offering registered childminders the opportunity to undertake apprenticeships at Level 3 and above would play a key role in driving up the quality of education and care provided to children in the foundation years.

5.6 Research shows that the higher qualified the practitioner, the higher the development outcomes for the children in their care. In settings where staff had higher qualifications, research shows children made more progress.¹⁰⁷ This is borne out in NCMA research, with childminders who are qualified to Level 3 and above being more likely to receive an “outstanding” Ofsted grading than those who are not, and Ofsted research which draws positive associations between higher levels of qualifications and higher Ofsted grades.¹⁰⁸ Quality plays an important role in determining the impact of early years education and childcare on a child’s development, with higher quality consistently achieving better outcomes.¹⁰⁹

5.7 In the response to Dame Clare Tickell’s review, the Government commits “to understand how best to promote a minimum level three qualification, linking with EYFS requirements.” At present, only half of childminders (51%) are qualified to Level 3 and above, and apprenticeships would provide an important avenue for promoting this minimum Level 3 standard. Apprenticeships are particularly important to childminders as many local authorities are cutting back on their training offer and more than half of our members earn less than £10,000 a year which makes it extremely difficult for them to fund training themselves.

5.8 NCMA support the commitment to promote a minimum Level 3 qualification for all working in the childcare and early education sector. By allowing childminders to undertake apprenticeships, the Government could look beyond the “aspiration” for a minimum Level 3 qualification for the sector and begin working towards a practical delivery of the policy.

PREVENTION OF FUTURE SKILLS SHORTAGES

5.9 Funding apprenticeships for registered childminders will support the sector to meet future demands for childcare. The UK Commission for Employment and Skills report “*Skills for Jobs: Today and Tomorrow*” notes that in the last decade, there has been a 40% increase in the early years sector. The report notes: “Greater labour market participation of women and changes to family structures such as the growth of single parent families means that at the other end of the life course there are also increased demands for domestic and childcare services.” It also anticipates that demand for childcare may increase “in addition to large recent expansion in the care sector.”

5.10 However, over the past decade there has been a decline in the number of registered childminders, with the number of those leaving the profession outstripping the number of those entering it. While there was a slight increase in childminder numbers in 2011, it is vital that the Government helps to drive up the number of childminders both entering and remaining in the profession by creating opportunity for continuous professional development and career progression.

¹⁰⁷ Sylva, K, Melhuish, E, Sammons, P, Siraj-Blatchford, I and Taggart, B (2004). *The Effective Provision of Pre-School Education [EPPE] Project: Final Report*. London: Department for Education and Skills.

¹⁰⁸ NCMA/Silver Dialogue (2010), *A qualitative exploration of factors that could impact on Ofsted ratings for childminders living in areas classified as being 20% disadvantaged according to the UK index of multiple deprivation*, Bromley: NCMA.

¹⁰⁹ Campbell-Barr, V and Garnham, A (forthcoming) *Childcare: A Review of What Parents Want*. London: Equality and Human Rights Commission. Cited in EHRC (2010). *How Fair is Britain?* London: Equality and Human Rights Commission.

DELIVERY OF EARLY YEARS EDUCATION AND THE FREE ENTITLEMENT

5.11 Supporting childminders to undertake apprenticeships will help the Government to support the implementation of the revised EYFS. Research by NCB has shown that registered childminders with higher qualifications were more knowledgeable of the EYFS than those with lower or no qualifications. In addition, a survey undertaken with childminders and childcare providers as part of *Ofsted's Annual report 2010/2011* found that "Good or outstanding practitioners visited for the survey had a strong commitment to professional development ... inspectors found that outcomes for children were good or outstanding where practitioners were well-qualified or trained" ... This was particularly important for childminders who were usually working alone".

5.12 It is also the case that Ofsted expect childminders to be operating a Level 3 qualification standard. Data from the *Publication Guide to Registration on the Early Years register (childminders)* states that Ofsted expects childminders to "reflect on your practice and consider how you might improve on what you do." Reflecting on practice is a Level 3 skill.

5.13 Up-skilling the childminding workforce will also enable Local Authorities to adequately deliver the free early years entitlement for two, three and four years olds. Qualifications are included as criteria in the proposed "basket of measures" which local authorities will use to determine the eligibility of providers who wish to deliver government funded early education.

SUPPORT FOR PARENTAL CHOICE

5.14 It is important that parents can choose provision that best suits their individual child and family's needs. Many families value childminder provision and the range of benefits it can offer, such as more flexible hours, a higher level of one-to-one care for children, the ability to provide care after school and in holidays, and care for siblings of different ages.

5.15 Families with disabled children or those with additional requirements particularly value the high level of one-to-one care childminders can provide. It is also vital that childminders in disadvantaged areas are supported to improve their quality of practice in order to deliver the very best standards of early years education and care for disadvantaged children. NCMA's 2011 membership survey found that childminders living in the 20% least deprived areas were more than twice as likely to achieve an "outstanding" Ofsted grading than those living in the 20% least deprived areas.

5.16 Allowing childminders access to apprenticeships alongside other childcare professionals would ensure that children who are in the care of registered childminders have the same opportunities to receive the development benefits associated with a more qualified practitioner.

SUPPORTING PARENTS INTO WORK

5.17 Offering apprenticeships for childminders would play an important role in helping parents into work, both through the provision of flexible, affordable childcare and as an employment opportunity in itself.

5.18 In particular, childminders can provide important support for those working atypical hours or in shift patterns, as most on average work longer hours than nurseries, and more than 90% of NCMA members would offer care before and after school, and during school holidays. Ensuring sufficient childminding provision through apprenticeships would help more parents to remain in or take up work by making more flexible childcare available.

5.19 The paper "Universal Credit: welfare that works" also outlines the Government's intentions to encourage more people into work. Apprenticeships that enable parents, particularly lone parents, to move into a role such as childminding that is local, flexible and can fit around their children will clearly be important in supporting them to move into work.

6. RECOMMENDATION

6.1 NCMA strongly recommends that this review calls upon the Department for Business, Innovation and Skills and the Department for Education to include registered childminders as an exemption under the "alternative completion condition" regulations.

6.2 This would enable registered childminders to access apprenticeships to improve their quality of practice.

Written evidence submitted by National Grid

SUMMARY

- As we transition to a low carbon economy the demand for engineering skills will become more acute. National Grid is investing significant resource to address skills issues facing UK plc and is playing an active role through engagement with schools in encouraging young people to consider careers in engineering.
- Traditional apprenticeships are important to National Grid. In looking at the additional provision of funding for apprentices, it is our view that this should be targeted to those areas that will contribute most to improving and maintaining the UK's competitive advantage, namely across the STEM— Science, Technology, Engineering and Mathematics sectors.
- Like many engineering companies, National Grid has a strong need for skills intermediate between Level 2 and graduate level. Apprenticeships are increasingly becoming a key mechanism for meeting this need, especially focussing on Level 3 and Level 4. Looking ahead it is important that policy makers address how to encourage participation in learning and training at this level and along with industry help to promote Level 3 and 4 apprenticeships.
- We believe that apprenticeship training should lead to sustainable roles and employment. It is therefore important to target any available bonuses to those employers which provide apprenticeships leading to actual roles within an organisation, rather than just rewarding delivery and successful completion of training programmes. Completing an apprenticeship, is in our view, a platform for further learning, competency building and career development.

ABOUT US

National Grid owns and manages the grids to which many different energy sources are connected. In Britain we run systems that deliver gas and electricity across the entire country. In the North East US, we provide power directly to millions of customers. We hold a vital position at the centre of the energy system. We join everything up.

We all rely on having energy at our finger tips; our society is built on it. From the warmth and light we rely on at home, and the power which keeps our factories and offices going, to the mobile communications and other infrastructure technologies that are essential parts of our modern lifestyle. We at National Grid have a role to connect people economically to their fuel of choice.

That puts National Grid at the heart of one of the greatest challenges facing our society; supporting the creation of new sustainable energy solutions for the future and developing an energy system that can underpin our economic prosperity in the 21st century.

NATIONAL GRID INVESTMENT IN UK ENGINEERING SKILLS

Engineering is the practical application of science and mathematics, and is increasingly vital, both to support the Government's policy of re-balancing the economy and as a pre-requisite for modernising the nation's infrastructure.

National Grid takes the skills agenda seriously and a number of senior personnel lead or contribute to external working groups in order to share our thoughts and develop skills policy. The groups we have contributed to include the CBI's education and skills policy group, an advisory group for the OCR awarding body, Royal Academy working parties advising the Department for Education on Design and Technology; the National Skills Academy for Power and Energy and Utility Skills.

At Board level, National Grid CEO Steve Holliday chairs the Business in the Community Talent and Skills Group and The National Technician Council, a body designed to promote and recognise the status of technicians, and their essential role in delivering growth and innovation for UK plc; and Nick Winsor, Executive Director chairs the IET Power Academy.

National Grid is also providing financial support to the Queen Elizabeth Prize for Engineering to recognise and celebrate the best in engineering achievements, to bring the excitement of modern engineering to the fore and inspire the engineers of tomorrow. The Prize is supported by all of the main party political leaders.

APPRENTICESHIPS AT NATIONAL GRID

National Grid recruits a number of apprentices each year, mainly at Level 3 (advanced apprenticeship) and increasingly at Level 4 and 5.

Typically an apprentice working within National Grid's gas or electricity business will take approximately three years to successfully complete the programme and will spend around half the time engaged in on the job learning and half the time involved in formal study often at residential courses. National Grid takes on apprentices where we have a business need eg to replace people who will be retiring and to help deliver growth. Areas of our business where we are currently training apprentices include at our high voltage electricity substations where apprentices get to grips with the engineering systems which play an essential role in "keeping

the lights on”; and also at our gas operational sites, where apprentices get involved in looking at maintenance of pipelines, compressors and gas turbines to help ensure the continued supply of gas to homes and industry across the UK.

National Grid’s apprenticeship programme has been given a Beacon award—recognition of excellence and innovation in further-education training.

CURRENT FUNDING ARRANGEMENTS FOR APPRENTICES

In looking at the additional provision of funding for apprentices, it is our view that this should be targeted to those areas that will contribute most to improving and maintaining the UK’s competitive advantage, which means across the STEM—Science, Technology, Engineering and Mathematics sectors.

In order to deliver investment in infrastructure and to stimulate economic growth, we need to enthuse the next generation of young people to consider careers in engineering and technology. One estimate is that 58% of all new jobs within the next 10 years and 29% of total jobs will require a STEM background. One way for policy makers to send a strong signal to young people about the vital role of engineering and STEM is through the provision of additional financial support in this area.

Looking ahead in order to increase skill levels across the UK it will be important to address the promotion of Level 3 and 4 skills. Like many engineering companies we have a strong need for skills intermediate between basic Level 2 awareness and typical graduates. Apprenticeships are increasingly becoming a key mechanism for meeting this need, provided they focus on Level 3 and Level 4. It is therefore important that policy makers address how to encourage participation in learning and training at this level.

In terms of the addressing the way in which apprenticeships are currently funded one observation that we would make is that in our experience those apprentices who join National Grid a few years after leaving school for example aged 19–24 seem to be more able to recognise the value of the training they receive and have often made the decision to apply for an apprenticeship as an essential foundation to a long term career. Roughly 60% of our current intake of apprentices falls into this age group (19–24). As the current funding arrangement stand, the category of students falling into the 19–24 age bracket appear to be penalised as they only receive 50% funding for their training as compared with those students leaving straight from school or in the 16–18 age bracket.

QUALITY AND FOCUS OF APPRENTICESHIPS—BENEFITS TO THE APPRENTICE AND THE EMPLOYER

National Grid values the important role played by Ofsted, and qualifying bodies in assessing the quality of apprenticeships. National Grid’s own apprentice scheme is rated Grade 1 (in all categories) by Ofsted.

In terms of addressing the focus of apprenticeships National Grid would welcome a greater drive towards focussing on Level 3 and above, and would like to see funding more closely tracked against delivery of quality results. We see little long term benefit in a skills system that operates largely at Level 2. A modern economy requires more than this and the funding mechanisms should incentivise learners and employers to aim higher.

We feel that the introduction of the Funding Simplification Project has been a success in reducing bureaucracy. The focus of the pilot has been to end load external funding upon successful programme completion.

APPRENTICESHIP BONUSSES

At National Grid we have an apprenticeship performance framework with salary increases and bonuses that work in parallel with achievement of learning milestones. This is a useful vehicle for encouraging high quality skills and competence attainments to help ensure that our apprentices stay with the organisation and continue to develop and grow, thus ultimately helping to meet our business needs.

We strongly feel that it is important to target bonuses to those employers which provide apprenticeships leading to sustainable roles and employment rather than just rewarding delivery and successful completion of programmes. Completing an apprenticeship, is in our view, a platform for further learning, competency building and career development.

National Grid welcomes the opportunity to set out some of our thoughts on engineering skills and apprenticeships, and to contribute to the Business Innovation and Skills Committee inquiry.

Written evidence submitted by the National Institute of Adult Continuing Education

INTRODUCTION

1. The National Institute of Adult Continuing Education (NIACE) is an independent non-governmental organisation and charity. Its corporate and individual members come from a range of places where adults learn: in further education colleges and workplaces, in local community settings, universities and prisons as well as in their homes and digitally. NIACE's work is supported by a range of bodies including BIS (with which it has a formal voluntary sector compact) and other departments of state, by the Welsh Assembly Government, the Local Government Association and by the Skills Funding Agency. NIACE's activities are directed towards securing different and better opportunities for adult learners, especially those who benefited least from their initial education.

2. The focus of NIACE's attention on apprenticeships is threefold:

- (a) listening to apprentices' voices in order to better understand how the instruction and learning process is perceived and can be made more effective;
- (b) promoting wider participation in apprenticeships to overcome barriers which too often limit the diversity of the apprentice population in terms of gender, race, disability and age;
- (c) analysing how best apprenticeships should be funded to balance investment and returns between employers, the state and apprentices of different ages, at different levels and stages in more equitable ways.

3. NIACE welcomes the Government's expansive vision for apprenticeships which goes beyond the initial vocational preparation of young people entering the labour market and includes the continuing development, re-skilling and upskilling of the adult workforce within a context of rapid labour market change and an increasing working lifetime. NIACE is pleased to respond to the Committee's Call for Evidence.

Question One: How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

4. Assessing the "success" of the National Apprenticeships Service (NAS) has to be against the tasks it is charged to undertake. There are real tensions and trade-offs in apprenticeships policy between the twin priorities of volume (not least to reduce numbers of people Not in Education, Employment or Training) and quality (to contribute to organisational productivity and growth). In addition, there is an issue around ownership: How much are apprenticeships "owned" by employers and how much by government?

5. That ambitious Government targets for expanding the volume of apprenticeships have been met and exceeded clearly reflects well on the National Apprenticeships Service (NAS). Nevertheless NIACE believes that the service could be more effective and its work could be strengthened given that four out of five employers have never taken on an apprentice and 40% say they have no intention of doing so.

6. NIACE considers that NAS needs to be far more transparent in demonstrating its impact since, in comparison with other areas of education and training, there is relatively little information in the public domain about the relationship between inputs and outcomes. This makes it difficult to assess effectiveness and value for money. It is unclear, for example, how NAS targets different levels of apprenticeship in different industrial sectors, with different sizes of organisation and the extent to which it evaluates the various techniques it uses.

7. This lack of clarity carries over into public perceptions of NAS. The boundaries between NAS, the Skills Funding Agency and the Department for Business, Innovation and Skills are not always apparent and there may be unnecessary areas of overlap. The relationship with the Department for Education and the Young People's Learning Agency is also a complicating factor. This is illustrated by the *Review of Vocational Qualifications*, (Department for Education, March 2011). Implementation of this report's recommendations appears to be proceeding with little discussion of the impact on the wider apprenticeship programme or workforce development despite only some 25% of apprentices falling within the age range (14–19 years) covered by the report. NIACE would have expected, at the very least, NAS to offer a public rationale for this—if not conducting an impact assessment.

8. Overall NIACE considers that NAS may over-emphasise its role as a "sales force" for apprenticeships and underplay its role in promoting quality and standards to employers and training providers. NIACE welcomes the Select Committee's scrutiny of NAS and hopes it will clarify roles and responsibilities more clearly and allow a more effective service to develop.

Question Two: Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

9. Apprenticeships are a partnership between individuals, employers and government. The individual contributes his or her labour power to the employer and is compensated through their wage and access to a training framework. The employer benefits from the capacity of the apprentice. For young apprentices without labour market experience, the amount of value added will be lower than that of a fully-trained worker or

someone with more labour market experience—indeed a new apprentice may be a drain on an employer. While public funding for apprenticeships is a relatively new development in historical terms, it is seen by Government as a necessary means of driving up the UK's economic productivity in order to maximise prosperity and growth and to improve social justice and mobility. Traditionally UK employers have invested less than key comparator nations in vocational training and there is effectively a complex market failure which is heightened at a time of high unemployment.

10. Since the ending of “programme-led apprenticeships”, all apprentices are employees and their programme is a contract of employment as well as a training contract. In such circumstances, unless the state starts directing employers who a business may or may not hire, apprenticeships depend on employers choosing to use the model—and for many, some incentives are required.

11. It should be recognised that the most significant employer contribution is in the form of wages. Although the minimum wage for young apprentices is £2.60 per hour, the average gross annual salary of apprentices reported in a survey by Incomes Data Services for the TUC is £12,633.

12. While the training costs of apprentices aged under 19 are met in full by government, the contribution for those aged 19–24 is 50% and for those aged over 25, up to 50%. Widespread anecdotal evidence suggests that the employer's assumed contribution is not always collected in full and competition for business among training providers has led to training being offered at no cost. This suggests that there is some “deadweight” in the system although the extent may vary widely from sector to sector and for different levels of apprenticeship.

13. It remains a fact however, that most employers do not take on apprentices and claim to be put-off by perceived levels of bureaucracy and regulation. As a consequence the Government, in November 2011, announced proposals to encourage more small firms (of 50 employees or fewer) to take on apprentices under the age of 25 by promising to cut “red tape” and introduce incentive payments of up to £1,500. NIACE believes that such a move is welcome but should not be extended to all businesses.

14. There has also been concern expressed about employers putting existing staff through an apprenticeship framework based largely upon assessing their existing competences rather than extending or deepening their skills. In such cases, there is no certainty that the employee will even progress to greater responsibilities or benefit from increased wages.

15. Instances have also been reported of apprenticeships in some sectors being completed, entirely legitimately, within a few months. While this may be more efficient than “time serving” an arbitrary period, NIACE believes that public funding for mature apprentices with labour market experience should focus on the acquisition of new skills rather than accrediting pre-existing competences.

16. Overall NIACE believes that the existing model of apprenticeships could better reflect the public and the private (both employer and individual) rates of return on investment. These will vary between sectors, between levels of apprenticeship (intermediate, advanced and higher) and any labour market experience the apprentice may have. The principle should be that contributions expected should be proportionate to benefits received although, culturally many employers are resistant to investing in training (described as a “learned dependency” on the state and individuals may be very willing to invest directly in their training by taking out a further education loan (as will be the case from 2013 among those aged 25 or more taking an apprenticeship at Level 3 or 4). Such apprentices could argue that their investment was in the form of accepting a lower wage-rate while being trained.

Question Three: Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

17. In comparison to many other EU countries, apprenticeships in the UK are more likely to be at a lower level. The reasons for this reflect the wider labour market and economy which has been described as being in a “low-skills equilibrium”.

18. The National Audit Office has, this month, suggested that completing an advanced apprenticeship is associated with an 18% wage premium while completing an intermediate apprenticeship is associated with wages that are 11% higher. It also draws the attention of the Committee to research undertaken by the Institute of Education's Centre for the Wider Benefits of Learning which quantifies the health and civic benefits that accrue from learning of *any* kind at *any* level. NIACE is unequivocal in arguing that Level 2 apprenticeships can and do benefit those undertaking them and their employers. NIACE would argue however that investment at Level 2 is most useful if it is seen as a step towards continuing workforce development (to Level 3 and above) and not as a final destination.

19. NIACE highlights the transformative role that an intermediate apprenticeship can have of the life of an adult apprentice—offering the prospect of social mobility, self-worth and motivation to people with unsatisfactory experience of schooling.

20. While Government is right to aspire to more level 3 apprenticeships, the volumes will be determined by market forces unless it is ready to commit to an expansion during a time of austerity which allows a degree of “training for stock”—building skills in strategically important sectors in anticipation of an economic upturn. NIACE believe that this would be a positive commitment although not without risks as it remains a concern

whether UK employers are always able and willing to utilise new skills developed by their workforces. NIACE is also concerned that the relationship between higher level apprenticeship and Foundation degrees is not always sufficiently clear.

Question Four: *Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?*

21. NIACE supports the use of incentive payment to encourage small and medium-sized businesses to take on more apprentices and is also supportive of the role that Apprenticeship Training Agencies have in making it easier for small businesses to host apprentices. NIACE would hope that the National Apprenticeship Service might take a more active role in ensuring that the engagement is high-quality and not simply focussed on volume.

22. Bonuses of the sort introduced should not however be seen as the only tool available to encourage SME engagement. NIACE strongly supports moves to require public procurement contracts let by public authorities to include a commitment by the contractor to provide apprenticeships as well as other sector-led supply chain initiatives. NIACE also believes that Local Enterprise Partnerships should be encouraged to play a more active role in stimulating training.

Question Five: *Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?*

23. NIACE believes the training of apprentices aged 16–18 should be fully-funded from the public purse as this is consistent with the support offered to those in school or further education. In addition NIACE believes that learners with learning difficulties and disabilities should be fully-funded up to the age of 25 in order to maintain consistency with their legal entitlement to further education.

24. The 50% rate for apprentices aged 19–24 is more complex. In practice employers and training providers making provision for mixed age groups do not differentiate what they provide by age but according to the needs of individuals. The fact that some providers are able to offer apprenticeship training without collecting employers' contributions suggests that there may be some deadweight in the system although this may not be the case in all sectors and at all levels. However, there are groups of people aged 24–25 whose needs are such that full funding is appropriate. This is even more important for people aged over 25 where full-funding may be necessary for older workers made redundant after decades of work in the same role and who would otherwise find it hard to re-enter the labour market. Others may, for a variety of reasons, never have worked, who have left institutional settings or have other additional needs. A "one size fits all" approach is unlikely to be an equitable or efficient solution.

CONCLUSION

25. NIACE would be pleased to provide the Committee with further information about anything in this submission.

6 February 2012

Written evidence submitted by National Skills Academy for Nuclear

The National Skills Academy for Nuclear welcomes the BIS Committee's announcement to conduct an inquiry into Apprenticeships.

In relation to the terms of reference set out by the select committee, written evidence is provided below for each of the questions asked. In doing so the Skills Academy has drawn on its experience of working with employers across the breadth of the nuclear sector and its supply chain and on the design, implementation and successful management of the Community Apprenticeship Scheme (CAS) to grow skills through apprenticeships for the supply chain working in nuclear. This employer invested and led CAS has achieved a 95% success rate and created an additional 125 high quality apprentices working in the supply chain.

The Skills Academy responses are:

How successful has the National Apprenticeship Service been since it was created in April 2009?

A response on the success of NAS should be based on the KPI indicators and how they have performed against their agreed objectives. From an external perspective the NAS website has provided a very useful portal to raise the awareness and understanding of Apprenticeships. For the nuclear sector the employer matching service has not proved of real advantage as there is already in place good and strong relationships between employers and quality providers for the recruitment and filling of apprenticeship vacancies.

Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

No comment on this question.

Is the extra funding promised by the Coalition Government necessary for apprenticeships?

How can this funding best be spent?

The funding promised for apprenticeships is absolutely necessary for the government to achieve its objective of 1 in 5 school leavers being offered the opportunity to undertake an apprenticeship of their choice. With many school leavers having a more informed position to be able to consider continuing education and applying for a University place or to start work now and learn through an apprenticeship, this further supports the government's decision to increase the investment for apprenticeships.

How can this funding best be spent?

Making additional Apprenticeship places available by itself is insufficient to encourage employers to invest in apprenticeships. A catalyst is required for Employers to see a step change in the economy and the ability to tender for new opportunities. Apprenticeships are a long term investment and as such employers need to think about having suitable and sufficient work throughout the duration of the apprentice and getting a return on investment. Whilst the recent announcement by Vince Cable and John Hayes to provide £1,500 to small employers with less than 50 employees is an encouraging step by government, the ability of many of the small companies to invest in apprenticeship will only come to fruition when tendering opportunities once again start to cascade from Larger Tier 1 contracts being placed.

For the nuclear sector and its supply chain, growth in apprenticeships will be reliant to a large extent on the nuclear new build programme and key to supporting this will be to have sufficient funding for high quality apprenticeships in Engineering, Science and Technology. The apprenticeships require greater investment by Providers in terms of tutors, resources and materials and sufficient funding should be available to enable these high quality apprenticeships to be sustainable. The Skills Academy for Nuclear is actively encouraging its Larger Employer Members to invest in and enable the Supply Chain to take on additional apprentices for the industry, thereby helping to meet the challenge of growing high quality skills requirements for maintaining current operations, decommissioning and new build. The NSA Nuclear's Community Apprenticeship Scheme (CAS) has been extremely successful in providing an additional 125 high quality, sustainable apprentices in the supply chain by supporting the training wages so apprentices are in the best position to keep their employment, complete their apprenticeships and learn and embed vital skills. Government matched investment to support this highly innovative, proven successful model would provide a really effective and high impact catalyst to further develop this scheme and give even greater opportunity, impact and return on investment.

Are apprenticeships of a high enough quality to benefit apprentices and their employers?

Should there be more Level 3 apprenticeships?

For the Nuclear Sector (predominantly Engineering and Science Frameworks), yes employers are generally happy with the frameworks and the delivery by Providers. Most apprentices working in nuclear are required to complete level 3 apprenticeships, with many continuing onto FD/HNC/D. The move towards encouraging more Employees and their Employers to take the next step onto Foundation Degrees and Degrees is suffering from the recent changes in HE Policy and funding arrangements.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices?

If this question refers to the recent £1500 bonus announcement, this is insufficient in itself to encourage many small businesses to invest in an apprentice. If not what will? Providing the "bonus" investment to Skills Academies to work closely with their employers to understand where apprenticeships can really make a difference and provide a return on investment would be one way of encouraging a small or medium sized business to take on an apprentice for the first time or take on an additional apprentice.

The NSA Nuclear CAS has shown some excellent results in this area and opened some SME's to "see the light" in terms of apprenticeship, not only in having a young workforce for the future but it has also brought out new skills in their older workforce to mentor and share their knowledge and experience for the future.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

No, expanding the ability of the funding to offer apprenticeship places to the right person, irrespective of age, should be a focus for the government and UK plc. The current funding discrimination is placing a barrier to diversity for Employers and Providers who recruit on behalf of Employers to get the right people for the right jobs. Given an employer will have to contribute towards the cost of the apprenticeship training for a 19+ apprentice, it is extremely difficult for an employer under the current economic climate to select a 19+ apprentice over a 16–18 year old apprentice. With over 1 Million 16–24 year olds not in education,

employment or training, we need a level playing field for apprenticeship funding to enable employers to provide equal opportunities for the youth of today.

24 January 2012

Written evidence submitted by the National Specialist Contractors' Council (NSCC)

INTRODUCTION

1. The National Specialist Contractors' Council (NSCC) is an umbrella body comprising 32 specialist trade organisations (a list of which can be found at Appendix 1) that collectively represent 7,000 businesses within the construction industry. Many of these businesses are SMEs offering a range of construction apprenticeships and directly employing apprentices.

2. NSCC has representation on the Strategic Forum for Construction; the ConstructionSkills Board and Committees; and the Cross-Industry Construction Apprenticeship Task Force (CCATF). NSCC also provides the secretariat for the CCATF's Specialist Apprenticeship Working Group, which has been tasked with identifying barriers to the uptake of apprenticeships in the specialist sector and appropriate practical solutions for overcoming those barriers.

3. NSCC welcomes the opportunity to submit evidence to the inquiry into apprenticeships being undertaken by the Business, Innovation and Skills (BIS) Committee and would like to raise the following points on behalf of Specialist Contractors.

4. NSCC would be happy to provide further information on any of the points raised in this response if required by the BIS Committee.

EXECUTIVE SUMMARY

5. The construction industry has received little benefit from the National Apprenticeship Service (NAS) to date because the NAS has not effectively engaged with trade associations or employers in the industry and is not fully aware of all of the construction apprenticeships available.

6. The lack of a UK-wide, cross-industry definition of an apprenticeship results in inequality of funding, support and achievements across industry sectors.

7. Additional funding for apprenticeships is essential to engage and support employers, particularly SMEs.

8. Greater clarity is required on the funding available, who is eligible for it, how it can be accessed and who the "guardian" of the funding is.

9. Level 2 apprenticeships are suitable and sufficient for many individuals and occupations in construction and should continue to be supported.

10. Where appropriate, and where a qualification is available, individuals should be encouraged and supported to progress to a Level 3 apprenticeship; however, Level 3 apprenticeships should not be deemed to be the minimum standard to be achieved.

11. Apprenticeship bonuses of an appropriate value which are awarded on specific achievements would encourage SMEs to employ and invest in apprentices.

12. There should be parity for all apprentices with no discrimination based on age or trade, and employers of apprentices above the age of 18 should be eligible for the same level of financial support as employers of those between 16–18 years of age.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped to bridge the gap between the funding departments (BIS and Department of Education)?

13. The construction industry has an established history of investing in and delivering apprenticeships. Employers traditionally rely on ConstructionSkills to provide information, guidance, funding and support on all aspects of apprenticeships and as a result the industry has not realised any particular benefit from the National Apprenticeship Service (NAS).

14. NSCC has made efforts to engage with the NAS; however, the NAS's lack of understanding of Specialist Apprenticeship Programmes (SAPs) and its poor interface with construction have meant that ConstructionSkills and the relevant trade associations have undertaken the work necessary in developing and delivering construction apprenticeships and engaging employers in the apprenticeship process. We believe that this has led to the NAS missing significant opportunities to benefit from the knowledge and experience of a sector that has a high achievement rate for apprentices. It has also meant that the construction industry has not received the same level of support that has been provided to other industry sectors for engaging employers and potential apprentices.

15. The NAS should be knowledgeable on the range of apprenticeships available across all sectors to ensure that potential apprentices have a clear understanding of what options are available to them and that the maximum number of potential employers are being engaged to offer apprenticeships.

16. There is an opportunity for the NAS to work in partnership with trade associations to provide support for engaging with employers and potential apprentices to meet apprentice recruitment targets. Information on the various sources of funding available and any Government support that can assist trade associations to meet sector-set targets would be welcomed.

17. The construction industry has a clear understanding of what constitutes an apprenticeship and, as part of the work of the Cross-Industry Construction Apprenticeship Task Force (CCATF), a definition of an apprentice was adopted and endorsed by the industry which has helped to provide consistency. To ensure a clear and consistent understanding for all references to apprenticeships, NSCC would recommend that the NAS adopt the construction industry definition for an apprentice across all industries.

18. The definition of an apprentice agreed by the construction industry is:

“An individual undertaking an approved, structured programme of training leading towards a recognised qualification. The individual is employed and bound by a legal contractual agreement for a specific amount of time in return for instruction in a skilled, manual trade. With instruction, assessment and appropriate supervision, the individual should progress to become a qualified craftsperson in the trade.”

Is the extra funding promised by the coalition Government necessary for apprenticeships? How can the funding best be spent?

19. There is confusion regarding the extra funding that has been promised, specifically who is eligible for it and how it can be applied for. When additional funding for apprenticeships is announced, it would be extremely helpful to understand what the funding is available for, how it can be accessed and who the “guardian” of the funding is.

20. Additional funding for apprenticeships is essential to support employers within the construction industry that commit to taking on an apprentice. The recession has resulted in a high number of redundancies and, in order to avoid a severe skills shortage as the economy returns to growth, employers need to be training their future workforce now. SMEs, in particular, require substantial support to employ and train apprentices, particularly in the first year when the apprentice is unqualified, learning his or her skill and being supervised at all times by an experienced worker. Construction apprentices receive much of their training on-site which is often more costly and complex to administer, monitor and supervise than training undertaken in a factory or workshop environment.

21. The Government should provide greater clarity on how the funding is to be distributed across the various industries that employ apprentices to ensure that all industries are appropriately supported. It should also take steps to ensure that it is recognised apprenticeships, as opposed to training programmes, that receive the funding.

22. The construction industry has a wide range of highly specialist trades and many of its apprentices are mature workers over the age of 18. Under the current funding arrangements for apprenticeships, employers of these apprentices are financially penalised. NSCC would like to see employers of apprentices that are aged over 18 years receiving the same level of funding as employers of apprentices aged 16–18 years. This would drastically increase the attractiveness and viability of apprenticeships in the specialist sector.

23. Specialist apprenticeships are often more expensive to deliver due to the more specialist nature of the equipment and skills involved. This lends further weight to the argument for equitable funding.

24. Specialist trades and occupations develop apprenticeships that meet the definition of a traditional apprenticeship but do not always attract the same level of funding. The NAS could assist in benchmarking and recognising apprenticeships that should be eligible for apprenticeship funding.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more level 3 apprenticeships?

25. The construction industry has an established history of delivering apprenticeships and works hard to ensure the quality of its apprenticeships meet a standard that many other industries aspire to reach. It sees apprenticeships as the most effective means of equipping a new entrant with the skills needed to undertake their chosen trade to a high standard and, as such, the quality of apprenticeships is of paramount importance.

26. It is essential that there is flexibility and choice available to both the employer and the apprentice regarding the level of training they choose to undertake. Level 2 apprenticeships are of sufficient quality for many individuals and occupations within construction. NSCC would support individuals being encouraged to progress to a Level 3 apprenticeship where appropriate; however, it needs to be recognised that many trades do not have access to a Level 3 apprenticeship and that this is entirely appropriate for that specific trade.

27. The decision as to what level of apprenticeship is appropriate for any individual sector should be made by that sector as they are the experts in the particular trade.

28. An issue for the construction industry is the quality and standards achieved by those fulfilling the role of a managing agency. ConstructionSkills, in its role as a managing agency for construction apprenticeships, has a higher achievement rate and reports more effectively on its outputs than many other managing agencies. The specialist sector would like to see ConstructionSkills as the principal or sole managing agency for construction apprenticeships, and NSCC believes that this could be achieved without disadvantaging many of the multi-occupation colleges and training providers that currently fulfil a managing agency role.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not, why not?

29. SMEs that invest in apprentices should be rewarded appropriately and a bonus scheme would be an attractive proposition to smaller businesses.

30. For many SMEs, a lack of financial support means that they are unable to invest in an apprentice. However, they still require a trained and skilled workforce which they often recruit once trained, leaving a limited number of committed employers to provide the bulk of the investment in apprenticeship training. By offering additional funding and support such as apprenticeship bonuses, more SMEs would be encouraged to develop their own apprentices.

31. Any bonus should be of an appropriate value to make it worth claiming and employers would need to understand at which stages of the apprenticeship a bonus payment would be triggered ie at the end of the first year and/or achievement of an NVQ/SVQ.

32. Within construction, employers are eligible for apprenticeship grants through the CITB-ConstructionSkills levy and grant system. Consideration should be given to distributing any bonuses through the CITB-ConstructionSkills grant system as this is already in operation and well established in the construction industry.

33. The removal or reduction of NIC payments for apprentices would be an alternative to a cash bonus.

Is the current funding arrangement for training of apprentices of 100% from 16–18 year olds and 50% for 19–24 year olds appropriate?

34. The current two-tier funding arrangement has significantly reduced the attractiveness of apprenticeships to employers in the specialist sector and is detrimental to apprenticeship uptake in the construction industry.

35. Many specialist apprentices are mature workers because the nature of specialist trades often requires more experience and maturity. They generally come into the industry later or transfer from a different sector of the industry, meaning that many are older than 18 and a significant proportion are older than 25. Under the current system, employers of apprentices aged over 18 years are financially penalised for being more mature and the SFA will not provide enhanced funding for those apprentices who have had previous employment.

36. NSCC made a recommendation to the Cross-Industry Construction Apprenticeship Taskforce (CCATF) that there should be parity in all areas for specialist apprentices with no discrimination based on age or trade and that the employers of apprentices above the age of 18 should be eligible for the same level of financial support as employers of those between 16–18 years of age. NSCC would like to see the Government endorse and implement this recommendation.

2 February 2012

APPENDIX 1

LIST OF NSCC MEMBER ORGANISATIONS

ACIFC	Association of Concrete Industrial Flooring Contractors
ADCAS	Association of Ductwork Contractors & Allied Services
AIS	Association of Interior Specialists
ASA	Association of Sealant Applicators Ltd
ASFP	Association for Specialist Fire Protection
ASUCPLUS	Association of Specialist Underpinning Contractors <i>plus</i>
ATLAS	Association of Technical Lightning & Access Specialists
BBSA	British Blind and Shutter Association
BDA	British Drilling Association
BGA	British Geomembrane Association
BWF	British Woodworking Federation
CCS	Confederation of Construction Specialists
CEDA	Catering Equipment Distributors Association
CFA	Contract Flooring Association
CONSTRUCT	Construct Concrete Structures Group

CRA	Concrete Repair Association
DHF	Door & Hardware Federation
DSA	Drilling and Sawing Association
FASET	Fall Arrest Safety Equipment Training
FERFA	Resin Flooring Association
FPS	Federation of Piling Specialists
GGF	Glass and Glazing Federation
INCA	Insulated Render & Cladding Association
MAC	Mastic Asphalt Council
NFRC	The National Federation of Roofing Contractors Ltd
NFTMMS	National Federation of Terrazzo Marble & Mosaic Specialists
PDA	Painting and Decorating Association
RIDBA	Rural & Industrial Design & Building Association
RSMA	Road Safety Markings Association
SAEMA	Specialist Access Engineering and Maintenance Association
SPRA	Single Ply Roofing Association
TTA	The Tile Association

Written evidence submitted by the National Union of Rail, Maritime and Transport Workers (RMT)

The National Union of Rail, Maritime and Transport Workers (RMT) welcome the opportunity to contribute to the BIS Committee's inquiry into apprenticeships. RMT organises around 80,000 members across the transport industry. We are the specialist union for the rail and maritime sectors.

In our evidence to the Committee, we will explore the impact of the government's apprenticeships policies on the rail and maritime sectors, as well as making some general observations on those policies.

GENERAL OBSERVATIONS

As a union we recognise the need for high quality vocational training for young people, in terms of developing the skills base of the economy and offering meaningful vocational careers to people who do not wish to take the academic, further or higher education route. In this context we welcome the government's ambitious target of creating 250,000 new apprenticeships by 2015.

However, we are mindful of the potential for politicisation of apprenticeships when such a drive is undertaken during a period of economic recession.

RMT has a number of general concerns on apprenticeships policy which we would like to bring to the attention of committee members:

Apprenticeships risk being used to affect short term reductions in the unemployment figures. The previous government's lifting of the maximum age cap (25 years of age) for an apprentice, whilst sensible, increases rather than alleviates the risk of apprenticeships being used to counter rising unemployment figures. In 2010–11, 182,080 people aged 25 or over started apprenticeships. This is a 271% increase on the figures for the previous academic year and the over 25s represented 40% of new apprenticeships starts in 2010–11. Whilst we hope that in every instance these apprenticeships are completed and lead to jobs, we are also keen to ensure that apprenticeships are not used to stem rising unemployment figures.

We are also concerned at the risks in the government's strategy of economic exploitation and of apprenticeships replacing real jobs in the economy. To counter this, RMT would like to see a living wage for all apprentices. The minimum wage for apprentices of £2.60 per hour is too low, although we acknowledge that employers do tend to pay slightly more with the average apprentice wage currently standing at around £170 per week. Given the big increases in the number of apprenticeships the government are aiming for, we would expect the government to monitor apprenticeship wages and take action to improve pay where it may be forcing people to live in poverty.

RMT would like to see the minimum apprentice wage (for apprentices of all ages) brought closer to the National Minimum Wage of £6.08 per hour. In London and the south east, where the cost of living is significantly higher, we would like to see apprenticeship pay tied to the London Living Wage of £8.30 per hour. We note that the Mayor of London has matched the zeal on apprenticeships of his Conservative colleagues in BIS by setting a target of 100,000 new apprenticeships by the end of 2012.

It is also worth noting that the income of apprentices, of all ages and at all levels, is taxed. This is an area this government, which has committed to lifting people on very low annual incomes out of the tax system, could look to for improved protections of the low pay apprentices receive.

Apprentices over 24 years old, at level 3 or above must fund 50% of the apprenticeship themselves. We are opposed to this. In order to fund their apprenticeships, this group of apprentices have to apply for loans from the company that administers the higher education loan system. A commercial interest rate will apply to these

loans and we are deeply concerned at the impact that this will have on potential apprentices from lower income backgrounds, where debt aversion is a major barrier to higher education.

The launch of the National Career Service later in 2012 should strengthen the link between careers advice, apprenticeships and work. RMT strongly believe that the maritime and rail sectors should feature prominently in the career choices the NCS will offer people of all ages but we are concerned that a failure to deliver sector-specific apprenticeships, particularly in the maritime sector, risks these key transport industries losing talented people and dealing with an ongoing major recruitment crisis in the coming years.

There is also a risk that training providers may take a numbers-led approach to apprenticeships, concentrating on quantity rather than quality—this is of particular concern where an employer is set up as a provider. It is unclear how the National Apprenticeship Service (NAS) guarantees the quality of apprenticeship schemes and how they police them. We would urge the committee to seek clearer guidance from the NAS and Ministers on safeguards in the relationships between apprentices and training providers, and between training providers and the taxpayer.

We can also foresee problems with employers using the apprenticeship scheme as a way of funding induction training and also of providers using apprenticeship funding to run NVQs (and its replacement qualification). An apprenticeship scheme should lead to a more meaningful qualification than an NVQ or equivalent and if there is demand for NVQ equivalent qualifications in the workplace, then government funding should be made available for this.

The major risk for people who take apprenticeships is that there is no job at the end of it. We believe that the government needs to ensure that schemes provided through the Apprenticeship Training Association (ATA) are not employing apprentices through an employment agency. The RMT believes apprentices should be employed by the employer, in all cases.

RAIL APPRENTICESHIPS

Frameworks

The People 1st framework for Rail Services only outlines Key/Functional Skills at Level 1 and they are only outlined at Level 2 in the NVQ Level 3 Rail Engineering Framework. Literacy and numeracy should always be provided up to Level 2 (as it is in the Rail Transport Engineering Apprenticeship framework) as this is the minimum required in order to effectively underpin all other learning. Also, we feel that the frameworks in place lack detail.

Network Rail Apprenticeship Scheme

Network Rail (NR) takes around 200 new apprentices a year on to their three-year Advance Apprenticeship Scheme. As it is of good quality, there is a very high demand for places on the NR apprenticeship scheme so we would like to see rail infrastructure companies offering apprenticeship modelled on NRs.

Of paramount concern to the RMT is the threat to the future of NRs national apprenticeship scheme from the McNulty Review's recommendations. Specifically, McNulty recommends that Network Rail is broken up into regional bodies. Such a move, as well as further fragmenting key rail infrastructure work, would threaten the existence of NR's national apprenticeship scheme, despite the fact that a national scheme would clearly be more efficient and effective than each devolved NR body providing its own apprenticeship scheme. We would urge the committee to take this point up with the Minister of State for FE, Skills and Lifelong Learning, should the committee take evidence from him as part of this inquiry.

RMT are working with Network Rail to develop Union Learning Rep (ULR) involvement in supporting apprentices when they move into the workplace in the second and third year of their apprenticeship. NR is engaging with the union in this process and we welcome that. We would look to develop this model with other employers in the rail sector, as ULRs can offer apprentices invaluable peer-to-peer support that benefits the apprentice and the employer.

However, we recognise that ULR training does not make someone a qualified tutor, or even a qualified teaching assistant. The requirement of a quality apprenticeship should be that fully qualified tutors deliver aspects such as Skills for Life (Functional Skills). Our experience where employers seek to deliver Skills for Life on-line has not been satisfactory, even with ULR support and has led to unacceptably poor quality delivery.

We support close monitoring of completion rates for NR apprenticeships and others within the rail industry. RMT is not currently privy to this data and it would clearly make sense if it were shared with the union. Closer and more transparent monitoring of apprenticeships' completion and conversion to employment rates would be a reliable indicator of the effectiveness of an apprenticeship scheme and we would like to see the government do more in this area of apprenticeship administration.

Women are under-represented on the Network Rail apprenticeship scheme and across engineering apprenticeships schemes in general. We would like to see more positive action taken to encourage young women to enter a sector that is better paid than the industries that traditionally have over-representation of

women on their apprenticeship schemes, for example hairdressing (3% go into engineering, while 92% go into hairdressing).

National Skills Academy for Rail Engineering:

We welcome the government's development of the National Skills Academy for Railway Engineering which will promote engineering apprenticeships and careers to young people. Their work on frame-working and ensuring the quality of apprenticeships will also be very important. Their Apprenticeship to Fellowship scheme is also welcomed but we would also like to see encouragement for employers to offer similar progression routes for existing as well as older employees.

MARITIME APPRENTICESHIPS

Although it goes largely unreported outside of the industry press, the UK is in the midst of a crisis in seafarer training and recruitment, for both ratings and officers. A recent independent review of government support for maritime training forecast that, without government intervention, by 2021 there will be net deficits in the UK maritime sector of:

- 3,500 deck and engineer officers at sea.
- 800 in at sea and ashore ratings.¹¹⁰

Whilst we are encouraged that the government has accepted the precedent of maritime apprenticeships for UK ratings, the ongoing delay in processing the small number of ratings apprenticeships developed by the industry is both extremely disappointing and worrying in terms of the future delivery of much needed ratings and officer apprenticeships.

RMT support the industry's call for more government action to reverse the decline in UK ratings and officer seafarers that we have seen over the past decade or so. To give the committee an indication of this decline and the threat it poses to the future of the national maritime sector, in 2011 there were 4,000 deck, engine room and general purpose UK ratings, 22% fewer than in 2002.¹¹¹ Ratings comprise at least half of seafaring personnel employed on a ship.

Whilst some steps have been taken to address the gap in officer and officer cadet recruitment, through the commitment to train one officer for every 15 crew on board vessels in the Tonnage Tax, it will not be sufficient to avoid the sort of chronic officer and ratings shortages outlined above.

These recruitment problems are compounded over the longer term by the age profile of the UK maritime workforce. The British Chamber of Shipping's recent survey estimated that around 60% of UK certificated officers active at sea are aged 40 or over. The proportion is even higher amongst UK deck and engine ratings, with roughly 75% of seafarer ratings aged over 40.

Ratings apprenticeships and training

At present, ratings recruitment has fallen from around 50 per year a decade ago to below 20 per year. Whilst we take some encouragement from the precedent that the Department for Transport and BIS has set on ratings apprenticeships, the Merchant Navy Training Board (MNTB) and industry's experience following that agreement does not bode well.

The MNTB's apprenticeships, based on tried and tested industry training models, were the subject of an official launch in the House of Commons in June 2011 yet are still not available to people looking to take up a skilled maritime career. The MNTB, which the RMT is represented on, estimate 12 deck and up to nine engineering ratings apprenticeships per year from this scheme but have been immensely frustrated by the lack of urgency, commitment and understanding shown by BIS and NAS officials. We should point out that the Minister of State has been consistent in his support for the MNTB's new apprenticeships for ratings in the maritime sector and we do not seek to question that.

However, despite the Minister of State's welcome and continued support for these apprenticeships, BIS officials and National Apprenticeship Service (NAS) officials' excessive and often misguided scrutiny of these apprenticeships eventually forced the MNTB to decouple its internationally approved certification from the apprenticeship. RMT urge members of the BIS select committee to review the NAS and BIS processes for assessing the transferability of existing maritime training models into apprenticeships, in order to prevent such inefficiency and delay in processing future applications for apprenticeships in the maritime sector.

We of course support an official accreditation process for any proposed national apprenticeship scheme, and the funding decisions should follow that, but the delay and bureaucratic pedantry encountered by the MNTB and the companies contracted to deliver the apprenticeships risks undermining the government's commitment to apprenticeships in the maritime sector.

In our view, a shipping official from the Department for Transport, a maritime union official or another industry figure should be seconded to BIS or the NAS to advise them on the processing of maritime

¹¹⁰ Report of independent panel review of Government support for maritime training, Pg 3.

¹¹¹ <http://assets.dft.gov.uk/statistics/releases/seafarer-statistics-2011/seafarer-statistics-2011.pdf> Page 5.

apprenticeships, perhaps using an alternative completion system which recognizes the pre-existing academic and other official approvals.

We would also like to see closer links between BIS and NAS and representatives of the nautical colleges who also have a key role and interest in making a success of maritime apprenticeships.

The efforts companies in the public and private sector to increase the training schemes and opportunities for ratings and officers during difficult economic times is to be applauded. Yet we are concerned that those companies, such as P&O, that have taken the initiative to design a maritime apprenticeship have based them on the MNTB apprenticeship which, as outlined above, has still to be given final clearance by the department. RMT is deeply concerned at the wider impact this could have on the maritime industry's participation in the government's apprenticeship drive.

RMT would also like to see government, in the form of BIS and the Department for Transport, take a more active role in discussing with the Maritime Training Trust a more imaginative use of Payment in Lieu of Training (PILOT) funds made to government by companies in the Tonnage Tax. Ideally, we would like to see a proportion of these funds diverted to ratings training or apprenticeship schemes. Whilst we acknowledge that this proposal would require further discussion amongst stakeholders, the only government funds currently provided specifically for seafarer training, Support for Maritime Training (SMaRT), is mostly for officer and officer cadet training, with only £500,000 or 4% of SMaRT funds allocated to ratings training.

10 February 2012

Written evidence submitted by the National Union of Students (NUS)

INTRODUCTION

1. The National Union of Students (NUS) is a confederation of local students' unions in colleges, learning providers and students' unions throughout the United Kingdom. Through them, we represent the interests of over 7 million learners and students in further and higher education.

2. We welcome the opportunity to submit written evidence to the Business, Innovation and Skills Committee's inquiry into Apprenticeships. We have included comments and suggestions relating to the terms of reference, as well as offering our broader expertise in relation to the learning experience of apprentices.

SUMMARY

3. NUS believes that the National Apprenticeship Service should adopt a more systematised approach towards learner and stakeholder engagement.

4. NUS believes that colleges of further education should be the predominant beneficiaries of extra funding for apprenticeships.

5. NUS urges the government to adequately fund information, advice and guidance (IAG) provision across the spectrum of ages, and to ensure that all pre- and post-16 students are apprised of the vocational routes available, regardless of perceived academic ability.

6. NUS believes that apprentices attending colleges of further education have better opportunities to articulate their experience and to influence institutional decision-making processes, as a result of which their experience is better understood.

7. NUS believes that the government should do more to ensure that employers and private training providers are encouraging their apprentices to join the national Society of Apprentices.

8. NUS believes that the government should provide tax benefits to small and medium employers who take on apprentices.

9. NUS urges the government to revisit the proposals to introduce student loans for adults wishing to study at Level 3, and to consider most particularly the implications of the proposals for Level 3 apprenticeships.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding departments? (BIS and Department for Education)

10. NUS was hopeful that the creation of the National Apprenticeship Service would give rise to parity of experience for apprentices. We are concerned however that the levels of learner engagement within this service are inadequate.

11. NUS believes that the National Apprenticeship Service should adopt a more systematised approach towards learner and stakeholder engagement.

Is the extra funding being promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

12. NUS believes that further education colleges are well placed to deliver a greater number of apprenticeships than at present, owing to their wide-ranging knowledge of learners' needs, be they social, emotional, cultural and/or material.

13. NUS believes that colleges of further education should be the predominant beneficiaries of extra funding for apprenticeships.

14. The extra funding promised by the government is certainly necessary, and information, advice and guidance (IAG) should be a key funding priority. Given the demise of the Connexions service, NUS has grave concerns about the capacity of schools to provide comprehensive and impartial information, advice and guidance (IAG).

15. The funding rationale for post 16 education means that schools are—albeit unintentionally—strongly incentivised to retain students beyond the age of 16. NUS believes that this system incentivises schools to promote courses traditionally delivered within school sixth forms, with no compulsion to ensure that young people are apprised of all of the post-16 options available. This, in turn, has a profound impact upon the esteem in which vocational learning is held; a two-tier system prevails within post-16 education, doing little to bolster the esteem of vocational learning.

16. NUS urges the government to adequately fund information, advice and guidance provision across the spectrum of ages, and to ensure that all pre- and post-16 students are apprised of the vocational routes available, regardless of perceived academic ability.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

17. NUS believes that the student voice should be a key driver of quality within apprenticeships, and that colleges of further education are adept at incorporating the learner voice into their quality improvement systems. These multi-faceted systems comprise inspection, mechanisms for capturing employer views, internal complaints procedures, student governors, the Learner Involvement Strategy, and the national Learner Satisfaction Survey. This combination of learner voice mechanisms allows quality to be driven through self regulation as well as through competition between providers.

18. Where apprenticeships are provided directly by employers, the triangulation between college, employer and student does not exist, and apprentices fail to benefit from the well-rounded system of quality assurance existing within colleges of further education.

19. NUS believes that apprentices attending colleges of further education have better opportunities to articulate their experience and to influence institutional decision-making processes, as a result of which their experience is better understood.

20. Apprentices undertaking training with private training providers or directly with employers lack local systems for forming a collective learner voice. With such a huge variety of disciplines and learning environments, there is little to unify the educational experience of apprentices, and there is certainly a lack of understanding of this experience in policy terms.

21. To fill this policy vacuum, all apprentices should be provided with the opportunity to join the national Society of Apprentices; employers, private training providers, and colleges of further education should be compelled to promote this option to their apprentices.

22. NUS believes that the government should do more to ensure that employers and private training providers are encouraging their apprentices to join the national Society of Apprentices.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

23. NUS believes that undertaking an apprenticeship within a small or medium business has specific benefits for the learner, particularly as there are clear opportunities to adopt a bespoke approach to suit each individual apprentice.

24. The government should do more to facilitate strong working partnerships between colleges and SMEs. Colleges of further education have the infrastructure and expertise to take a holistic approach to cater to learners' needs, an approach which could help colleges to better support small and medium employers.

25. NUS believes that the government should provide tax benefits to small and medium employers who take on apprentices.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

26. Notionally, apprenticeships are open to learners from a broad age spectrum. However, the current system of “front-loading” of funding for apprenticeships, with 16–18 year olds receiving the greatest level of funding subsidy, followed by 19–24 year olds, is deeply problematic. In the current climate of unemployment and economic uncertainty, the government has a clear responsibility to do more to protect and provide access to training opportunities for those aged 25 and over.

27. The proposed system of student loans for those aged over 24 wishing to study at Level 3 will have huge implications for access to apprenticeships, particularly for those from lower income backgrounds. There exists substantial evidence to suggest that this group are likely to be more debt-averse, and the government’s own impact assessment cites evidence suggesting that two thirds of learners would not consider using a loan to fund learning under any circumstances.

28. Under the proposed system for student loans in further education, those aged above 24 wishing to pursue a Level 3 apprenticeship may effectively have to pay to be in employment. This is absurd given the benefits received by employers in productivity terms if they take on apprentices, and is another threat to access to apprenticeships for adults.

29. NUS urges the government to revisit the proposals to introduce student loans for adults wishing to study at Level 3, and consider in particular the implications of the proposals for Level 3 apprenticeships.

3 February 2012

Written evidence submitted by North West SHA Workforce

INTRODUCTION

The North West Workforce and Education Directorate of the North of England SHA Cluster welcomes the Business, Innovation and Skills Committee Inquiry into Apprenticeships and the opportunity to contribute in the form of this written submission.

KEY THEMES

1. National Apprenticeship Service

The North West SHA has worked in partnership with the Skills for Health Academy North West and the National Apprenticeship Service to implement the Apprenticeship Agenda across the health economy. Key to the partnership has been the commitment of all parties to education and employment in the North West resulting in nearly 5000 apprenticeship starts (both clinical and non-clinical), delivered across 93% of the North West NHS Trusts, since 2009. Engagement and activity has increased year-on-year as a result of the dedicated brokerage service provided by the National Apprenticeship Service and the Skills for Health Academy North West. Vocational qualifications across the North West NHS has seen a shift from single qualifications (NVQ/QCF) to full apprenticeship frameworks, in response to workforce needs and funding flows.

2. Funding

The proportion of funding to both 19 to 24 year olds and 25 plus moving forward does not always correlate with the need to develop the skills and knowledge of existing staff, supported by both the Leitch Review and NHS Constitution and of particular relevance to public sector employers.

80% of current North West NHS apprentices have been aged over 25 and therefore entitled to no funding and in real terms without the investment of our partnership may not have been given the same opportunity to develop.

Current funding initiatives are predominantly focused on the private sector and SME’s, when there are often greater opportunities within larger employers. The NHS currently provides a wide choice of over 80 possible Health Sector Apprenticeship roles supported by 30 frameworks (both clinical and non-clinical).

There is a need to be mindful of the impact of the introduction of student loans for those undertaking further education when aged 25 and over from September 2013, as detailed in Skills for Sustainable Growth Strategy.

3. Progression

Aligned to the Leitch Review and workforce needs apprenticeship activity is focused on level 2 attainment and the promotion of framework progression.

Future Level 3 and 4 framework development should be focussed on potential career pathways across the sectors. It is imperative Sector Skills Councils work with employers to establish these needs moving forward.

10 February 2012

Written evidence submitted by North Yorkshire County Council

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

Difficult to measure the success of NAS as although the level of engagement with NAS has increased over time, we are unable to determine if this has had a significant impact on increased participation. (Apprenticeship volumes have risen but it is difficult to determine whether this is due to NAS or provider/employer own efforts). Currently NAS are very involved in a number of Apprenticeship projects the LA is taking forward and it would be difficult for us to engage all partners without the support of NAS.

Bridging the gap—no noticeable difference in bridging the gap between BIS and DfE. Our view would be that more effort should be made to link NAS and SFA more effectively so that LAs have a clearer picture of apprenticeship provision.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Extra funding is always welcome, however it should be targetted at ensuring apprenticeships are of sufficient quality. However it is good to see that Higher Level apprenticeships are high on the agenda.

Funding would be better spent used in engagement techniques to increase the provision and give organisations greater autonomy to manage their own programmes.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

The current focus on increasing the minimum length of programme is to be welcomed, although this should apply also to 19+ provision. Opportunities to access Level 3 apprenticeships are important in terms of progression, particularly for those students who would usually consider the A level route. In the light of Raising Participation Agenda there will have to be an increased breadth of provision to meet learner needs.

The minimum number of hours (30hpw) for apprenticeships are restricting the number of opportunities that are available. North Yorkshire County Council has a mandatory recruitment process for all vacancies within the lower salary bands. In the current climate there are a significant number of opportunities for less than 30hpw due to budgets cuts, and these opportunities for conversion to apprenticeships are being missed due to the minimum hours requirement.

There is not enough emphasis, or flexibility, for pre-apprenticeship programmes to support the apprenticeship agenda. More emphasis/support is required from education establishments.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

We believe that apprenticeship bonuses to employers will encourage take up of apprenticeships, particularly by SMEs, as long as it is not an overly bureaucratic process and the provider network is ready to respond.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

The funding arrangements possibly need reviewing in that 19–24 year old unemployment is rising. Employers may consider it an added financial burden to pay provider contributions as well as a wage during the current economic climate.

3 February 2012

Written evidence submitted by Ofsted

This submission summarises Ofsted's evidence in response to the five questions posed as part of the Select Committee inquiry.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

1. Ofsted does not have a comment to make about the effectiveness of the National Apprenticeship Service (NAS).

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

2. Ofsted does not directly inspect or report on funding; nevertheless we would like the Select Committee to note that inspection evidence has consistently shown that Apprenticeships are well-established programmes of learning, popular with learners and employers. Their success, as measured in terms of qualification success rates, has steadily improved over time. The overall success rate for levels 2 and 3 apprenticeships increased considerably, from 63.9% in 2007–08 to 73.8% in 2009–10.¹¹²

3. Skills development is central to the growth and rebalancing of the nation's economy. Apprenticeships are not just an essential building block for economic recovery; the quality of vocational provision offered today has an immediate impact on the future prospects of young people and adults. Progression routes to further training and higher skills development need promoting and priority should be given to commissioning apprenticeship provision that is responsive to a rapidly changing labour market.

4. There are opportunities for the learning and skills sector in the period ahead, even in the context of tight fiscal constraints on publicly funded education and training. The sector has a vital role to play in developing the skills and capabilities of the current and future workforce through apprenticeships and other programmes of learning. Furthermore, realising the government's ambition of full participation in learning up to the age of 18 will be critically reliant on the sector's expertise in designing and delivering high quality learning programmes, including pre-apprenticeships and apprenticeships, to engage and meet the needs of these learners and prospective employers.

5. Government has granted greater autonomy to the sector by reducing central directives and targets, encouraging a greater degree of local accountability. Through working with employers and local enterprise partnerships and by continuing to focus on the wider benefits of learning for individuals and for their communities, colleges and other providers have the opportunity to reinforce their position as strategic leaders in the economic and social development of localities.

6. High-quality information, advice and guidance are required to help young people and adults understand their future options and make the right choices. The range and complexity of courses, programmes and qualifications, including apprenticeships, can be bewildering. Good-quality guidance enthuses and motivates learners, including those at risk of disengagement, and encourages participation and progression.

7. Ofsted evidence shows that the quality of information, advice and guidance is still too variable. For example, in around half the secondary schools visited as part of Ofsted's 2010 survey on information, advice and guidance, inspectors were concerned about the completeness and impartiality of the advice offered. Young people were not always aware of their full range of options, nor did they understand the expectations and demands of different education, training and employment routes in enough detail.¹¹³

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

8. In 2010–11, there were 292,700 Apprenticeship starts at level 2 (compared to 190,500 in 2009–10) and 147,900 starts at level 3 in 2010–11 (compared to 87,700 in 2009–10). The success rate at level 2 increased from 64.4% in 2007–08 to 73.4% in 2009–10. The success rate at level 3 increased from 62.8% in 2007–08 to 74.8% in 2009–10.

9. In 2010–11, Ofsted inspected apprenticeship programmes that involved around 65,000 learners (2009–10 published data). The large majority of inspections found that learners were gaining a broad range of both practical and theoretical skills that were directly applicable to their work and the needs of their employers.

10. In good and outstanding provision, the delivery of on- and off-the-job training is highly individualised by trainers, assessors and employers, with each learner receiving close attention and support which takes good account of individual needs. In apprenticeship programmes delivered by employers themselves apprenticeships are often tightly tailored to meet business needs, producing apprentices who are job-ready from early on in their programmes.

11. Where work-based learning is most effective, the industry experience of tutors, the high quality of the learning environments and the chance to apply learning directly in the workplace all combine to motivate and enthuse learners.

12. Success on apprenticeship programmes is often greater when learners have progressed from link courses for 14–16-year-olds in schools. This underlines the importance of a good curriculum and planning for progression in partnerships and across institutional boundaries. Similarly, progression from young apprenticeship programmes on to full apprenticeships within the same industry or company increases the chances of success, not least because the work experience improves young people's understanding of the industry and they become known by their future employers. Successful work experience while at school is viewed as an important factor by employers in selecting young people for apprenticeships.

¹¹² Source: The Data Service, SFR DS/SFR12, Nov 2011

¹¹³ *Moving through the system—information, advice and guidance (080273)*, Ofsted, 2010; www.ofsted.gov.uk/publications/080273.

13. Resources are generally good and in specialist employer providers they are often excellent. Partnership working with employers is usually productive, but in the weaker providers it is not always close enough to ensure that learning is planned effectively. However, most employers provide very good support for their apprentices.

14. Less successful aspects of apprenticeship provision include imprecise target setting and insufficient identification of, or support for, learners' literacy and numeracy development.

15. Structured pathways to enable learners to progress are being developed actively and successfully in most provider types, particularly in colleges, providing good progression routes for learners from foundation and pre-entry programmes through to higher levels of training and education.

16. However, level 2 qualifications constitute by far the greatest number of qualifications currently undertaken. The development of pathways to higher-level apprenticeships and other level 4 programmes remains key to raising the skills levels of the workforce. Providers will need to work even more closely with employers to ensure that they are developing new programmes in areas of economic growth and meeting local demands for skills.

17. Ofsted is currently revising the Common Inspection Framework for Further Education and Skills. The revised framework, which will be introduced in September 2012, places greater emphasis on evaluating the extent to which learners progress to higher-level qualifications and into jobs that meet local and national needs.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

18. While Ofsted does not directly inspect or report on funding, targeted initiatives to broaden and increase the supply of apprenticeship places would be a welcome development. There are challenges in getting employers involved to take on apprentices, particularly small to medium enterprises. A 2010 Ofsted survey highlighted the difficulties in engaging employers:

“Even in the case of the good and outstanding arrangements that were surveyed for this report, which were having clear benefits for the employers, it was overwhelmingly the education and training providers that had initiated the relationship”.¹¹⁴

19. Small to medium enterprises (SMEs) do not always have the capacity to remain well informed about, and become involved in, national initiatives such as the one proposed. The 2010 survey noted “Size or lack of resources often made it difficult for the smaller provider and employer partnerships visited to influence the strategic planning and development of provision locally or nationally”.

20. The survey made recommendations for engaging employers:

“Sector Skills Councils and other bodies representing employers should:

- improve mechanisms to enable smaller providers and the employers they work with to influence the development of provision nationally and locally; and
- encourage employers to become more actively involved with providers to ensure that they obtain the education and training they need.

Local and regional strategic groups, and local authority partnerships should:

- ensure that smaller, niche and independent providers are properly represented on groups responsible for local strategic planning.”

21. Matching applicants to the right apprenticeship places is important if recruitment incentives are to be effective. A feature of good practice in a recent survey on apprenticeships noted:

“Online applications allowed geographical sifting of applicants, matching them to the centres closest to them where vacancies arose. Analysis of data at two of the employers showed that improved retention over the first six months of their training programmes was linked to the shorter distances travelled by apprentices to work”.¹¹⁵

22. In addition, incentives also have a part to play in ensuring that when SMEs take on apprentices, the on-the-job training is of a high quality, enabling the apprentice and their employer to take a shared and active interest in learning and skills development. A good practice survey report on employers' involvement in work-related education and training noted positive aspects of group training associations in reinforcing the reality of working in a business:

“The group training associations visited were often particularly successful in ensuring that employers reinforced their learners' status as employees, making them feel part of the organisations with which they were placed. This helped to show learners how their work

¹¹⁴ *Good practice in involving employers in work-related education and training* (090227), Ofsted, 2010; www.ofsted.gov.uk/publications/090227.

¹¹⁵ *Learning from the best: examples of best practice from providers of apprenticeships in underperforming vocational areas* (090225), Ofsted, 2010; www.ofsted.gov.uk/publications/090225.

contributed to those businesses, improved their team working skills and gave them a good understanding of the employment opportunities that were available”.¹¹⁶

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

23. Ofsted does not directly inspect or report on funding. The demand for employer-based training has grown significantly and often outstrips supply in both age categories. Many different provider types are expanding their work-based provision such as colleges, local authorities and large multi-site national independent learning and employer providers.

24. Data published by the Data Service show that the total volume of Apprenticeship starts in 2009–10 was 279,700, an increase of 16.6% compared to 2008–09. Of these learners, 116,800 were under the age of 19, a 17.5% increase on 2008–09; 113,800 were aged 19–24, a 34.3% increase on 2008–09.¹¹⁷ The apprenticeship success rates for the two age categories have been steadily improving, from 49.7% for apprentices aged 16–18 and 47.1 % for those aged 19–24 in 2005/6 to 72.4% and 74.9% respectively in 2009–10.

26 January 2012

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Written evidence submitted by the Open University¹¹⁸

EXECUTIVE SUMMARY

1. We welcome the recognition afforded to part time higher education and the parity of support now offered to part time students. Our student population is predominantly work based and studying for career reasons; the knowledge and skills they acquire are immediately applicable in the workplace with obvious benefits to the national economy. Our wide portfolio of part-time flexible study routes contributes to lifelong learning and the professional development of employees across the four nations of the UK. Uniquely, we offer high quality education and training at scale through online learning tools.

2. In addition, we very much welcome the Government's investment in and firm commitment to Apprenticeships, in particular the recent recognition given to the need to enable apprentices to develop skills to graduate level through the development of the Higher Apprenticeships (HA).

3. Nevertheless, despite the investment in the expansion of HA there are still challenges and opportunities to be addressed—in particular progression from Advanced Apprenticeships onto graduate level study.

4. Three primary challenges to a successful, sustainable long-term solution are:

- for students to break through barriers, and become full participants in Higher Education (HE), including them gaining access to standard HE funding mechanisms;

¹¹⁶ *Good practice in involving employers in work-related education and training* (090227), Ofsted, 2010; www.ofsted.gov.uk/publications/090227.

¹¹⁷ Source: The Data Service, SFR DS/SFR12, Nov 2011.

¹¹⁸ For further information about The Open University please contact Director of Government and External Affairs, Rajay Naik, on 01908 653211 or rajay.naik@open.ac.uk.

- for employers, to have access to solutions that deliver skills development targeted to business needs, that retain and enhance their expertise in the workplace, and that minimise cost, including cost associated with day-release; and
- for universities/HE, to develop suitable solutions as part of the full range of mainstream provision—including Masters and Doctorates—that are sensitive to work based learning, carry appropriate professional accreditations and delivery mechanisms sensitive to not just the needs of employers, but the opportunities for the employers participating in the delivery process.

KEY ARGUMENTS

5. At present, only around 4% of those who achieve Advanced Apprenticeships actually progress onto graduate level study. These are individuals who have demonstrated a desire and willingness to invest in their skills and knowledge but are not getting up-skilled to the level required for them to maximise their impact on productivity and contribution to the UK's competitiveness. These are also individuals who will have the much needed employability skills which businesses argue are largely absent from "standard graduates".

6. Whilst the availability of the HA will open up some opportunities, there is a risk that these will not substantially change the position on progression for Advanced Apprenticeships; they will be competing with good A-level candidates for these opportunities and, in many cases, they will lose out as many employers, especially from the professional services, will favour A-level candidates.

7. We are thus still likely to have a fundamental issue to address of how to encourage the progression of apprentices. We will need to find differing methods of enabling them to contribute to the UK economy at the appropriate level. We consider the OU model to be uniquely suited to addressing the challenges to apprenticeship progression and growth.

KEY BARRIERS TO PROGRESSION

8. *Perception:* Apprentices have actively chosen non-academic routes and there is little consideration given to HE. This is also typically the attitude of employers and Work Based Learner (WBL) providers. There is no tradition of progression into HE so, from the outset of the relationship, there is no consideration that an apprenticeship might lead to anything other than the qualification directly associated with it. It is seen as an end in itself rather than a route through to other opportunities, including HE. In addition, perception with employers is that HA only relate to academic qualifications whereas in reality, most HA frameworks utilise work based Foundation Degrees that are vocationally based.

9. *Confidence:* Partly as a consequence of the above, apprentices generally lack confidence in the value of their skills and the perceived gap between what they are doing and what "proper students" do at University. There is also a challenge associated with the step up from Advanced to Higher level skills. The academic level in Advanced is too low and the leap for apprentices therefore, too great. This impacts on their confidence and ability in terms of study skills. There is a need for proper transition support, which the OU is in the process of developing, along the lines of the *Aimhigher Greater Manchester Step In* module.

10. *HE Entry Qualifications:* HE providers do not typically recognise the value of apprenticeships and consider that apprentices will not have the academic skills and abilities to succeed in HE—few HEIs genuinely recognise level 3 apprenticeships as an entry qualification. Improved transition support would help with that.

11. *HE Provision:* Even where HEIs do offer progression routes, they are rarely sufficiently flexible to genuinely enable apprentices to fit their studies around their work and the expectations of their employers. Furthermore they fail to understand the skills and knowledge apprentices bring and fail to link to the learning methods used in apprenticeships. There is still too great a divide between the pedagogy of academic book learning and that of WBL where apprentices have built their skills. WBL providers argue that generally, there is a lack of local, vocationally relevant provision in the appropriate mode to enable their apprentices to progress.

12. *Funding:* A key barrier beyond the age of 19 is the availability of funding. After the age of 19 the funding goes down considerably and with it, goes the incentive for employers and learning providers to engage with older apprentices. There is also considerable confusion in this area. In subjects such as IT, the HA framework requires an NVQ diploma to be taken which is Skills Funding Agency (SFA) funded. This can lead to a funding situation where SFA, Higher Education Funding Council for England, (HEFCE), the employers and Student Loans Company (SLC) all have an interest in one student.

13. Given that the majority of individuals who need to be up-skilled are already in the workplace (and many of them will be apprentices) we need to consider ways in which we can encourage their progression and up-skilling.

We would suggest:

14. Higher level study contributes to the revitalisation of the economy. HA funding is helping to do this but it does not address the issue of lack of progression for apprentice level.

15. Apprentices can be equally, if not more appropriately skilled and ready for the workplace than more traditional academic routes.

16. Increasing the academic content of HAs and providing better support the apprentices in transition to HE would be ways of improving progression.

HIGHER LEVEL APPRENTICESHIPS

Key arguments

17. The challenges to a successful and sustainable long term outcome to the Apprenticeships initiative are:

- for students to break through barriers, and become full participants in HE, including them gaining access to standard HE funding mechanisms;
- for employers, to have access to solutions that deliver skills development targeted to business needs, that retain and enhance the expertise in the workplace, and that minimise cost, including cost associated with day-release; and
- for Universities/HE, to develop suitable solutions as part of the full range of mainstream provision—including Masters and Doctorates, that are sensitive to work based learning, carry appropriate professional accreditations and delivery mechanisms sensitive to not just the needs of employers, but the opportunities of the employers participating in the delivery process.

18. Sector Skills Councils (SSCs) should engage more with universities in the development of Higher Apprenticeships or there is a risk that the programmes will sit solely with FE and Work Based Learner providers. The National Apprenticeships Service (NAS) has developed strong links with SSCs and has been trying to engage with Higher education Establishments (HEIs) but there are still opportunities for improvement in this area.

At The Open University we have a strong record in:

19. Supporting students in breaking through access barriers: the majority of our students are in work. The University operates an open entry policy and has developed a portfolio of access routes for students with diverse backgrounds. We are planning to include a (HE) Level zero module suitable to support apprentice transition. We have no expectation of students presenting themselves with prior academic track records (such as A-Level) and access from different backgrounds sits at the heart of our mission. Access routes feed immediately into Level Four of our curricula, and possibly funding mechanisms open to all participants in HE regardless of access route. Since students then become part of mainstream HE, the OU solution we offer is as sustainable as part-time Higher Education.

20. Providing employers with the flexibility to design routes for their apprentices and helping meet employer or sector specific challenges: Here is a sample of the solutions we have developed, in the context of specific partnerships either with employers, sector skills councils and other universities. All of our solutions keep students in the workplace and offer opportunities for gaining credit on the basis of their experience.

21. Saving of opportunity costs as apprentices do not need day release, they can study in their own time, costs of materials is included in the price and there is no travel to support.

22. Potential to accredit prior learning. We are currently developing a scheme with the RAF for accreditation of prior learning. First intake will be 100 students at undergraduate level.

23. The OU validates and quality assures almost 300 programmes that are designed, delivered and assessed by its partners. Over 107,000 OU validated awards have been conferred to date and around 39,000 students are currently registered for these.

Our validated programmes are delivered in six colleges:

- Plymouth College of Art.
- Leeds College of Art.
- Havering College of Further and Higher Education.
- Ruskin College, Oxford.
- Newham College of Further Education.
- The Manchester College.

Next steps

24. The OU has a significant track record in developing HE mechanisms and delivering the kinds of solutions that are identified as key challenges in the Apprenticeship initiative, specifically access barriers, solutions sensitive to the needs and career trajectories of people in work, employer and sector needs and through pull through mainstream HE including at L7 and 8, in a sustainable fashion. Further, we are present in four nations, and we can deliver solutions on scale.

25. Much of what we know is necessary has been tested through other partnerships such as Aim Higher and Lifelong Learning Networks so we are not starting from scratch: but the following may be needed to enhance the potential for scalable delivery.

26. Support in raising the awareness and aspiration of apprentices and their employers about the option of HE. This might involve the provision of materials and support for WBL providers and helping them to deliver workshops and presentations to their learners about the options for progression, including specific IAG about the OU offer.

27. Maintaining support for a cohort of learners over a period of time to keep them on track and motivated to progress through the Apprenticeship framework—this really needs to be the role of the employers and WBL providers but emphasises the need for this to be a partnership throughout the learner journey.

28. Preparing apprentices for HE: Short course provision, such as the Step In to HE provision developed by the Greater Manchester Aim higher partnership. This was an accredited L1 HE course, delivered by the WBL provider as part of an Advanced Apprenticeship which enabled students to develop the academic skills necessary to progress—it also helped to build their confidence to progress. During the pilot it achieved immediate progression rates into HE of 38% with a further 41% expressing an intention to proceed the following year. New funding and fee contexts have rendered this provision unviable but the OU is planning to build on the learning to provide a new transition module at Level zero.

29. Additional support for apprentices in the early stages of their HE studies to provide an appropriate bridge from the apprenticeship into HE. Support for partnership work between the University, WBL providers and Employers.

30. The reality of making this happen requires strong and sustained partnership working between employers, WBL providers, apprentices and HE. This partnership needs to start from the beginning of the Advanced Apprenticeship journey and recognise that the end point extends beyond the apprenticeship (to a first or even higher degree). Different parties will have a different level of input at each stage but they must act collectively to provide the support and make the possibilities a reality.

2 February 2012

Written evidence submitted by Pearson International

SUMMARY

Pearson welcomes this inquiry as an opportunity to consider the Apprenticeship Programme's achievements and review where reform is needed. The Coalition's *Skills for Sustainable Growth* and *Importance of Teaching* policy papers confirm the central role the Government believes Apprenticeships should play, as the principal route for work-based training and as a source of support for those out of work.

This submission considers the broad purpose of the Government's Apprenticeship Programme, the core features necessary to support that purpose—namely quality, access and being employer led—and the funding and regulatory mechanisms needed to deliver it successfully.

THE PURPOSE OF THE APPRENTICESHIP PROGRAMME

The structure, design and funding of the Apprenticeship Programme should be driven by the following objectives. These relate to the benefits to the individual learner, as well as to the broader economy.

Support for learner progression

Apprenticeships should provide participants with a clear and genuine pathway to progress in their lives. This means enabling them to move upwards in a chosen career, but also giving them the broad skills base needed to access other roles or enable a career change in the future.

Provision of broad educational training

Apprenticeships should be rooted in the world of work and employment but include a base level of broader educational content, which is required for progression.

Encouraging social mobility

The Programme should provide sound pathways to sustainable employment for those who are not on traditional academic routes.

Meeting employer skills needs

The Programme should be directed to meet the current and future skills needs of business and industry.

To deliver these goals, we believe the Programme needs to:

1. Promote the right structure and content to ensure all Apprenticeships are high quality.
2. Maximise access opportunities for individuals and support for businesses to get involved.
3. Direct funding to align with the goals of quality and access.
4. Have a clear mechanism to monitor the quality of delivery.

1. DEFINING THE STRUCTURE AND CONTENT OF A HIGH QUALITY APPRENTICESHIP

A high quality Apprenticeship has the following hallmarks:

A. *A focus on the skills needs of the individual:*

- Though the public debate has often focused on the opportunities Apprenticeships can offer young people to access the world of work, the age of the participants is not the right starting point in defining the right content for an Apprenticeship.
- Instead, it should be flexible enough to take into account the participant's existing skills, needs and employment experience.
- This approach accepts that not all learners start an Apprenticeship with the same level of educational achievement, nor will all entrants to a particular profession or career enter at the same point in their lives.

B. *A minimum length of stay:*

- There is a case for a minimum time commitment to ensure that a certain level of work experience is common to all individuals who have completed an Apprenticeship.
- However, the Apprenticeship Programme needs to accommodate sufficient flexibility in the length of Apprenticeships to deliver the appropriate training for the sector or career it is serving. For example, Engineering Apprenticeships may need to be longer than Retail due to the range of technical and safety issues, and younger participants may require more support on educational components.
- We propose a minimum of between nine and twelve months would be suitable for this purpose, though it may be possible to build in accreditation for prior experience for older learners.
- Training programmes which fall outside of this minimum time commitment can add significant value as access routes, and as stand alone courses. It may be that they need to be categorised or labelled differently to preserve and enhance the integrity of a core "Apprenticeship" brand. However, they retain an important role in supporting the access and social mobility agenda, and this should be reflected in funding arrangements.

C. *Broad educational content, not just job specific skills:*

- Placing an emphasis on educational content as well as specific occupational skills is critical in ensuring all apprentices achieve an educational standard that can help them progress in a number of different careers. Similarly, we also support broader sector experience in each Apprenticeship, rather than just one specific job destination for each.
- Most critical is the achievement of maths and English at Level 2 as a common educational component of every Apprenticeship.
- Training providers need support and funding to deliver this, particularly given that many young Apprentices may have struggled with these elements in mainstream schooling. The decision to use Functional Skills as the route to Level 2 within Apprenticeships is welcome, in that it offers an alternative to the traditional GCSE approach, but is more rigorous and employer-led in its content than its predecessor, Key Skills. However, given that Functional Skills was not designed with work-based delivery in mind, the specification and support given to training providers can be enhanced to ensure it reflects the needs of this environment as much as possible.
- To promote the importance of the educational component, it is vital that Apprentices are seen as students as well as employees. We welcome moves such as those by the NUS to support campaigns to recognise apprentices as students, so they too can benefit from concessionary deals and support.

D. *A progression ladder:*

- Apprenticeships require clear "routes in" and clear "next steps".
- To support entry, particularly amongst younger learners, there needs to be greater provision and funding for 'Pre-Apprenticeships' for 14–18 year olds, supporting them to go on to access Apprenticeships.

- Schemes like the Access to Apprenticeships pilot is also a useful vehicle, since the training provider can begin to tutor the learner ahead of starting an Apprenticeship. This guarantee of a higher degree of work readiness has proved especially attractive to SMEs, who are typically harder to engage.
- Following completion of an Apprenticeship, there needs to be defined next steps in employment but where appropriate also the option to extend training from level 2 to level 3 and further. Key to this is an acceptance that they should be nested and access to funding flexible, so that individuals and employers can commit to offering an Apprentice support to reach Level 2, and then extend the opportunity further should they wish.
- Higher Apprenticeships can play a central part in creating clear routes up in a chosen profession. Working closely with employers and professional bodies these new Apprenticeships will have a focus on priority areas for the economy such as Sustainable Construction, Advanced Manufacturing, Innovation and Growth and Life Sciences.

2. MAXIMISING ACCESS OPPORTUNITIES AND SUPPORT FOR BUSINESS

The potential of the Programme to support social mobility and generate economic growth can be maximised through a strong focus on enabling access for a diverse group of learners, and ensuring that a broad range of employers are engaged. The Programme as a whole should be genuinely employer led.

Access opportunities:

- Information, advice and guidance in schools is also critical. To be successful, the programme needs to be seen as a prestigious alternative to an academic route. Employers need to play a greater role and do more work making the case for Apprenticeships in schools, with the encouragement of the NAS and Government.
- We support the NAS in its work to elevate the Apprenticeship brand and promote the Programme to business, including through their Apprenticeship Online advertising to match employers and aspiring apprentices. This also needs wider promotion, particularly in schools.
- Of significant concern is the lack of places and access routes into an Apprenticeship for 16–18 year olds. Part of the problem here is that employers believe that they are taking on a bigger risk with young people: they may not stay as long; they may need more supervision; they bring with them more regulatory requirements, and CRB checks are needed.
- To alleviate these concerns, there needs to be more support for Pre-Apprenticeships for 14–18 year olds. This should increase the appeal of potential apprentices from the 16–18 age group who may be less work ready than older peers, and are therefore harder to place with employers.
- In addition, the Access to Apprenticeships pilot should be continued. The recently announced employer incentive payments offered as part of the Youth Contract is also welcome.

Support for business:

- A number of different models are currently used to encourage employer involvement and each has particular strengths and weaknesses.
- Both the Access to Apprenticeships pilot and Apprenticeship Training Agencies make it easier for employers to engage since, to differing degrees, they enable a greater degree of work readiness before employers have to commit to take on an apprentice.
- Apprenticeship Training Agencies, which pay part or all of the wage of Apprentices on behalf of the employer until they complete a training course, have the added value of picking up some of the financial risk to employers, and reducing the administrative burden. However, there is a need for greater clarity on the terms under which ATAs take learners onto programmes and the definition of a sustainable employment outcome at the end. Guidance to ATAs is currently ambiguous and clearer rules need to be applied evenly across the country. At present, individual ATAs create their own frameworks and guidance is open to interpretation by SFA contacts, which can lead to issues with delivery.
- We also see merit in giving further support to establish Group Training Associations (GTA), where employers share the administrative burden and manage the risk of placing learners into jobs. However, it should also be noted that GTAs tend to be led by the largest employers and therefore may not adequately meet all the needs of small or medium sized businesses. To improve this model to the benefit of SMEs, large employers could be encouraged to take on more Apprenticeships than they need, then allow them to go on to opportunities for long term employment in SMEs. In our experience, GTAs are most effective if established in a localised area.

3. FUNDING ARRANGEMENTS

To maximise the effectiveness of the NAS's work in the future, we recommend:

More flexibility:

- Provided they meet the principles of a high quality Apprenticeship, Apprenticeships should be funded in all sectors where there is demand from employers.
- In addition, the requirement that funded Apprenticeships should be on the QCF should be scrapped. Apprentices should have access to the most appropriate high quality provision, whichever framework it is on, including the NQF.
- We are also aware that a review of funding rates for some frameworks is currently being undertaken. The criteria for that review are not widely understood. The Government needs to clarify the terms of this review as soon as possible.

Support for the most in need:

- Funding should be directed to those hardest to employ such as 16–18 year olds. We are very concerned that the recent cuts to funding for 16–18 Apprenticeships appears to do the opposite.

Funding for Pre-Apprenticeships and other non-Apprenticeship programmes:

- Greater funding and resources should be directed to Pre-Apprenticeships, to support the goal of enhancing access for younger learners.
- Shorter training programmes which support the wider work-based learning agenda should continue to receive support and funding, but should be rebranded to ensure that the hallmarks of an Apprenticeship can be clearly recognised and are not compromised.

4. A CLEAR MECHANISM TO MONITOR QUALITY OF DELIVERY

- Key to maintaining the high quality of Apprenticeships is the establishment of a robust and rigorous quality assurance process. Ofsted is one part of this process, but the awarding organisations have a key role in providing the externality and national consistency necessary to reassure funding providers.
- Through networks of sector and assessment experts, the awarding organisations not only audit the quality of programmes, but provide the advice, guidance and support needed to ensure continuous improvement. Also, under their Conditions of Approval, awarding organisations are responsible for detailed written and enforceable agreements with providers and can, if necessary, take immediate action to safeguard learners and the quality of provision.

BACKGROUND TO PEARSON

Pearson is the world's leading education company. From primary to secondary school, early learning to professional certification, our curriculum materials, multimedia learning tools and testing programmes help to educate more than 100 million people worldwide, through names including Edexcel, BTEC, Longman and Heinemann. Pearson has also played an increasing role in the development and delivery of Apprenticeships, working directly with employers and training providers. Pearson is now working even more closely with employers and sector skills councils to design and develop Apprenticeship frameworks which reflect the needs of business. In the last calendar year, along with our new business EDI, we quality assured the qualifications within well over 100,000 Apprenticeship programmes in the UK.

3 February 2012

Written evidence submitted by People 1st on behalf of the Hospitality, Passenger Transport, Travel and Tourism Sector

SUMMARY

- DfE and BIS have differing policy priorities in relation to apprenticeships and as a consequence NAS has not been able to bridge the gap between the two departments.
- The 16–18 focus on apprenticeships within compulsory education has the increasing potential to distort apprenticeship's role to develop the skills, knowledge and experience of someone who want to enter a particular profession.
- There is significant scope to expand apprenticeships, but without removing other perceived barriers, extra funding is unlikely to achieve its full objectives.
- The conflicting need of an apprenticeship to fulfil different needs (upskilling, pre-employment etc.) has the potential to undermine the robustness and identity of the apprenticeship.
- Interventions perceived to address the quality of apprenticeships are unlikely to tackle the quality of its delivery, as no one organisation currently has responsibility for this. This is likely to make it harder to address.

- There is a need to expand level 3 apprenticeships, but there has to be realistic expectations that fewer people will enter jobs directly at this level, but will instead progress from within a business.
- Whilst it is right to create incentives to encourage smaller employers to offer an apprenticeship, research shows that interventions such as tax incentives (similar to that adopted in the Netherlands) could be more effective.
- Funding does not cover the full cost of delivering a rounded apprenticeship and those employers and learning providers delivering to this funding are unlikely to see the benefits or provide the apprentice with a quality experience.
- As public funding reduces a stronger case needs to be made on the cost/benefit of an apprenticeship to encourage more employers and individuals.

PEOPLE 1ST AND APPRENTICESHIPS

People 1st is the Sector Skills Council for the hospitality, passenger transport, travel and tourism sector. The sector represents a workforce of over 2.8 million—at least 28% of whom are in senior craft or management positions. Despite the recession it is a growing sector, requiring 1,063,000 additional people, including 290,000 in management positions between 2007 and 2017.¹¹⁹

It is a large and diverse sector that can offer opportunities to those without qualifications and experience, develop their skills and help them progress to more senior craft or management roles. It therefore is an important sector to the UK economy in terms of:

- Growth.
- Alleviating unemployment.
- Promoting social mobility.

People 1st is an employer-led organisation made up of employers, such as McDonalds, Compass Group, Whitbread and Sodexo. There are 43 employers on the Member's Council who employ approximately 65% of sector apprentices.

An employer group meets quarterly to help shape the apprenticeship frameworks, interpret policy and ensure policy and policy changes are implemented in a manner which is meaningful and relevant for the sector.

Over the past year it has helped to develop and implement the sector's apprenticeship strategy, including supporting the implementation of functional skills.

Employers from this group have contributed to this response. They include:

- McDonalds;
- Compass;
- Mitchells and Butler;
- Whitbread;
- Jupiter Hotels;
- Spirit Group;
- Wetherspoons; and
- Thomas Cook.

APPRENTICESHIPS IN THE SECTOR

The sector invests heavily in apprenticeships. There are 32,000 apprentices working in the sector, across 14 sector-specific apprenticeship frameworks.

In February 2011, People 1st launched the sector's apprenticeship strategy that aimed by 2020 to increase the impact of apprenticeships in the sector by:

- raising the number of employers offering apprenticeships;
- increasing the number of apprentices to 30,000; and
- ensuring that the programmes are relevant and robust.

The strategy has six main objectives:

1. Ensure apprentices are effectively prepared to start an apprenticeship.
2. Raise awareness of the Asian and Oriental specialist chef routes within the professional chef apprenticeship to support employers affected by changes in migration policy.
3. Ensure apprenticeships are robust and reflect the needs of the sector.
4. Reduce unnecessary barriers to employers offering apprenticeship and to apprentices completing them.

¹¹⁹ Source: Working Futures 2007–2017 (2008), LSC/IER/CE, electronic resource.

5. Help retain apprentices on apprenticeship programmes.
6. Raise the demand for higher level apprenticeships.

Through funding from the Growth and Innovation Fund, People 1st is leading on the development of a Hospitality Guild. This provides the hospitality industries with an opportunity to promote and champion apprenticeships, as well as increase the opportunities for smaller employers to benefit from having apprentices through an Apprenticeship Training Association.

Employer Investment Funding aims to increase the penetration and investment of apprenticeships across the passenger transport industries and to pilot Group Training Associations in specific locations.

QUESTIONS

1. How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

The prevailing view in the sector is that NAS has not been able to fully bridge the gap between BIS and DFE, owing to their differing priorities in relation to the purpose of an Apprenticeship. For example, DFE perceive apprenticeships as a method of raising participation age to 18. In contrast, BIS policy focuses on apprenticeships as a means to develop the skills and knowledge required for occupational competence at work. Both are valid, but cause confusion when considering issues of quality and duration of programme.

There also appears to be a focus on the 16 to 18 group at the almost exclusion of other age groups. The passenger transport industries in particular within our footprint have few individuals who fall within the 16–18 age group owing to safety-related age restrictions for some roles. Other parts of the hospitality and travel industries also have few roles within this age group owing to legislative requirements.

NAS has an important role in marketing apprenticeships to employers and showing the value that apprenticeships can bring to a business and the hospitality, passenger transport, travel and tourism sector has wide ranging examples of how apprenticeships can positively impact on business success.

The awareness and communication campaigns NAS had put in place to promote apprenticeships to employers and individuals were significantly revised following the election. However, in taking forward work to widen apprenticeship opportunities across the sector it is becoming increasingly apparent that the challenge is less in attracting more employers and more in attracting potential apprentices. There is still therefore a role for NAS to help promote apprenticeships as a viable progression from school and a vocational route which has parity with the traditional academic route. This would help complement campaigns being undertaken sectorally.

National employers believe that NAS need to develop a better understanding of the different delivery models and the sectors they engage with to enable them to give the best advice and to ensure employers find the right solution for their business. This role was previously undertaken by the National Employer Service (NES). The NES was also seen as providing a vital role in simplifying the system for employers to enable them to fully and effectively engage with apprenticeships. National employers believe that NAS have not been able to fulfil this role as effectively.

It is also felt that disjointed communication between NAS and SFA has led to unintended consequences as new policy and policy changes are implemented too quickly or at the wrong time without fully exploring the implications and potential impact on other parts of the system, for example John Hayes has endorsed proposals to improve the quality of apprenticeships through ensuring 16–18 year olds receive at least a 12 month apprenticeship programme. NAS have agreed to work with the Alliance of Sector Skills Councils to work out how this should be implemented, however the SFA are already writing this requirement into funding contracts with employers for 2013. This is resulting in confusion at a time when the government wants to drive up apprenticeship take up and completions. NAS need to work more openly with employers, Sector Skills Councils and learning providers to investigate the possible impact of potential policy changes.

2. Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

People 1st's research shows that 44% of employers not currently offering apprenticeships would consider doing so in the future.¹²⁰

It is positive that an incentive is provided, but our research shows that there are other barriers preventing take up, including:

- Frequent policy changes.
- Timing and speed of policy changes.
- Bureaucracy.

Unless the system and funding criteria becomes less confusing employers are unlikely to take up this incentive. However, the SFA work with larger employers on the Simplification Pilot will hopefully reduce unnecessary bureaucracy for larger national employers.

¹²⁰ People 1st, Employer Survey 2011.

A significant number of employers in the sector employ an individual before putting them on an apprenticeship. Apprenticeships play an important role in developing occupational competence to a consistent and national standard. They help to mobilise the workforce and provide essential means of progression within a company. Therefore there is a risk associated with targeting funding predominantly at new recruits.

Employers already commit significant resources to recruit and train apprentices. Research needs to be conducted to fully realise the true cost of implementing apprenticeships. The additional costs include: reporting; auditing; certification; communication; storage; and distribution. There are also costs associated with keeping up to date with new policy, policy changes and innovations, specifically in relation to apprenticeships, which are not fully considered when calculating rates for funded delivery.

The core funding available does not provide apprentices with the rounded skills, knowledge and experience in which to enter a sector profession. As a consequence, many employers provide significant additional investment. However, there is always a risk that some employers and learning providers will only deliver programmes within the limits of the funding rather than deliver truly robust training, learning and enrichment activities which help realise the full benefits of an apprenticeship. People 1st are currently working on a delivery model which is affordable and accessible for smaller employers in the sector to gain access to robust and enriched apprenticeship programmes which are tailored to the specific needs of their business.

Apprenticeships add real value to the learner and employer when they are totally focussed on the occupational skills and knowledge. Funding should be focussed on ensuring that there is appropriate provision of these skills in the educational supply chain. NAS are applying pressure on employers with direct contracts to offer their apprenticeships to their supply chains without fully understanding the supply chain and the appropriateness of the apprenticeship to their business, for example it is not appropriate for a fish supplier to offer an apprenticeship in food and beverage service to their staff.

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

Employers are committed to robust apprenticeships to ensure they address their skill needs. Employers such as Whitbread, McDonalds, Compass, Wetherspoons, KFC, TUI, SSP, Sodexo and Spirit Group are fully committed to offering quality apprenticeships which are fully embedded throughout their businesses and offer robust development and progression for new and existing employees. These employers also consistently achieve high Ofsted grades.

SASE was seen as introducing a quality standard, but in reality it is only able to ensure a minimum content, neither does requiring a minimum length of programme, eg minimum of 12 months for 16–18 to provide a quality standard. It is important that frameworks are robust but also provide the flexibility reflected in the roles within the sector and the skills and experience of individual embarking on the apprenticeship.

The problem is that the delivery is the responsibility for a few different agencies and Awarding Organisations. Although the component parts of the framework are quality monitored by these agencies and Awarding Organisations, none of these are responsible for the quality of overall framework delivery.

A challenge is that apprenticeships are being positioned as the response to a number of issues (eg to upskill, develop skills, and as a pre-employment route) and consequently there is a danger that they lose their identity and purpose as they try and respond to these needs.

In considering whether there should be more level 3 apprenticeships, there is a clear need in this sector. However, they need to be part of coherent progression and there needs to be a realisation that new recruits are unlikely to be at level 3 as a significant number of businesses in the sector recruit from within. There are a growing number of career changers and returners at this level resulting in a high number of level 3 apprentices over the age of 25. It will take time to stimulate this progression through to level 3 and level 4.

4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

Apprenticeships have to be part of the company people policy not just a bolt-on. Although additional funding may help some smaller employers and act as an inducement, they need to be easy to access and be considered as relevant to a business.

Research by People 1st repeatedly shows that a tax incentive would be the most effective means to encourage employers to train more and/or adopt apprenticeships.¹²¹ This fund could be used to provide one to one support for small businesses and simplify the system to make apprenticeships more accessible. This could also be used to provide peer to peer advice and guidance from employers already successfully implementing apprenticeships throughout their business.

¹²¹ Similar to the system adopted in the Netherlands.

5. Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

Apprenticeship funding must recognise the true costs of successfully delivering such a rigorous programme, including the cost of added value activities, as in reality, funding does not cover 100% of costs for 16–18 year olds and 50% for 19–24 year olds. There are also additional costs associated with delivering apprenticeships in the workplace which include: reporting; auditing; certification; communication; storage; and distribution.

Many employers are already heavily investing in apprenticeships, but the true cost/benefits of an apprenticeship need to be made clearer to both employers and individuals if numbers are to be expanded, whilst at the same time funding is being cut.

3 February 2012

Written evidence submitted by the Recruitment & Employment Confederation

ABOUT THE REC

The Recruitment and Employment Confederation is the professional body dedicated to representing the interests of the recruitment industry. We represent 3,700 corporate members, with more than 8,000 branches in all regions of the UK, and 6,000 individual members of the Institute of Recruitment Professionals. The industry as a whole was worth some £25 billion in 2010–11, despite the testing economic conditions.

EXECUTIVE SUMMARY

The REC strongly supports the extension of apprenticeships across the economy, as a valuable way to improve the long-term skills development structure. In December 2011, REC members met with BIS Committee Chair Adrian Bailey MP to discuss the key issues around apprenticeships, which are reflected in the submission below:

- Recruiters' expertise in finding otherwise unreachable candidates for their clients stands true for apprenticeships: they can play a vital role in particular helping SMEs to access this new candidate pool.
- However it is proving difficult so far for recruiters to do so in great numbers, due both to the market conditions making it hard for SMEs to plan long-term, and to the higher workload involved in convincing some clients of the value of this path.
- More broadly, we have concerns on several points:
 - the tapering of funding may be a disincentive for higher-level apprenticeships, which are important in attracting people into the apprenticeship route in the first place;
 - cuts to the careers advice system will prevent young people understanding apprenticeships, reducing intake;
 - short courses being inappropriately billed as "apprenticeships" devalues the label; and
 - the completion rate must be monitored, to ensure long-term skills are being improved.

GENERAL POINTS ON APPRENTICESHIPS

1. Apprenticeships are essential not only in addressing the current youth employment crisis, but also in improving the longer-term skills development structure. As such, it is good to see the cross-party support for this approach.

2. Many young people value the idea of being 'three years ahead' of their peers, by entering the paid workforce rather than higher education.

3. Attractive progression routes are vital to the success of the system—having higher level apprenticeships makes entering the system more attractive to talented young people. In this regard, we feel that *the tapering of funding is a risk*, as these higher apprenticeships which will draw people in receive less funding and so will be fewer in number. We urge that the impact of this tapering be closely monitored, and the number of higher-level apprenticeships assessed regularly.

4. A joined-up approach with the education system is absolutely vital. Careers advice is central to this; young people need expert advice, which teachers cannot be expected to provide alone, if they are to understand the full value of apprenticeships as an option. *The Government's cuts to careers advice pose a risk to the uptake of apprenticeships*, and are only storing up problems for the future.

5. Whilst we are convinced of the value of apprenticeships for young people looking to enter the world of work, our members have queried whether they are the most appropriate route for people already in the workforce, particularly those further into their career. We believe the Committee should explore this question.

APPRENTICESHIPS AND THE RECRUITMENT INDUSTRY

6. The recruitment industry's awareness of apprenticeships, both for developing their own staff and for placing into clients continues to increase. Recruiters are keen to engage with these offerings, and particularly to help spread the availability of apprentices to SMEs, where penetration is low.

7. As part of their commitment to the REC's Youth Employment Charter, many recruiters are already going into local schools to help young people understand their career options. This includes explaining the value of apprenticeships as an option.

8. Recruiters can currently find it difficult to 'sell' apprenticeships to their clients as an employment option, particularly given the market conditions. Clients often see apprenticeships as cumbersome. This requires recruiters to put in additional time and resource to convince clients of the value of this route, despite the limited profitability this offers. However, there are opportunities for new models of recruitment to arise.

9. Selling apprenticeships is made harder by the economic situation. Companies that are under pressure are unlikely and unwilling to focus on their long-term skills strategy, making it very difficult for recruiters to raise them as a viable option.

SMEs AND APPRENTICESHIPS

10. Some sectors are adopting apprenticeships more readily than others. Large manufacturers in particular are ahead of the game. IT and Technology are areas where larger companies have taken to using apprenticeships, often with enthusiasm, but this is not yet spreading widely enough through the supply chain. Our members have remarked on the real need for the IT sector to bring in more apprentices, so this is an issue that must be promoted proactively.

11. Across the economy however, it is clear that SMEs are finding it most difficult to take on apprentices. We believe that recruiters, with their central offering of sourcing candidates that companies could not otherwise find, can be very useful in overcoming these barriers.

12. Other barriers also exist, however. Health and safety 'box-ticking', for example, can be cumbersome for young workers. As the government has recognised, health and safety requirements should be set at sensible levels for all workers. This approach must also include apprentices.

13. This touches on the wider point that apprenticeships should be made as accessible as possible for SMEs. They are the companies with the most to gain from new workforce options, but also those facing the most risk from on-boarding people without experience of the world of work, as well as drawing on limited staff resource for training.

14. SMEs are also the most likely companies to recruit through informal processes, meaning they will be less exposed to messaging about apprenticeships and information on how to take them up. We believe this is an area that the National Apprenticeship Service has to consider very closely.

ISSUES OF CONCERN

15. *Completion rate*—robust information is needed on the proportion of apprenticeships which are started but not finished. Simply hitting targets for number of apprentices is of no value if the long-term skills agenda is not supported.

16. *Short courses*—our members have expressed concerns that "apprenticeships" are being offered which are 12-week courses, damaging the reputation of the scheme as a whole. The perception of apprenticeships as a modern option, not just for manual work, is increasing, but ensuring quality and value is the key to improving reputation and take-up.

17. *Abuse of incentives*—also important to protecting and improving the reputation of apprenticeships is the need to carefully manage incentives to prevent abuse.

18. Our members have also expressed concerns that big companies will "hoover up" all the best apprenticeships, as they have been accused of taking the best graduates in the past. As stressed above, it has to be ensured that apprenticeships offer real value to SMEs, and this includes having access to the best candidates.

Written evidence submitted by the Remit Group

1. EXECUTIVE SUMMARY

- The FE sector structure.
- Quality of Apprenticeships.
- Funding methodology for 16–18 and 19–24 year olds.

1.1 The FE sector has faced many challenges as the Young People’s Learning Agency (YPLA), the Skills Funding Agency (SFA) and the National Apprenticeship Service (NAS) took over the previous responsibilities of the Learning and Skills Council (LSC) and the arrangements for all FE learning. These changes to the FE sector have been challenging for Providers (and more importantly the learner and employer stakeholder groups) and ideally the structure should be simplified moving forward.

1.2 NAS has been successful in some cases, particularly around the “Apprenticeship” brand, which is very strong and has made a positive impact in the sector, although communication from NAS regions to Providers has been varied since April 2009. We as a Provider have strong relationships with some NAS colleagues, however this can vary from region to region. Certain NAS requirements vary from region to region, which is unfortunate as some of the information required could be supported on a national basis.

1.3 The NAS brand has had a positive impact with learners and employers, however more can and should be done.

1.4 The quality of apprenticeships is generally good and meets the needs of the learners, employers and respective stakeholders. Independent Training Providers graded at outstanding or good during Ofsted inspections in 2011, has increased by 8%.¹²²

1.5 The funding methodology utilised by the SFA (formerly LSC) over the last few years has moved towards a higher employer contribution with qualifications hitting the 50% mark for 19+ learners. In the current economic climate this is applying pressure to all sectors across the UK and will start to impact on the volume of apprenticeships for young people. This methodology also has adverse effects if a learner starts a level 2 qualification, but does not progress until after their 19th birthday, meaning they move onto the lower rate of funding, even though no break in learning has occurred. In this instance funding should stay at the 100% rate.

2. INTRODUCTION/PROVIDER BACKGROUND

2.1 Remit is committed to being the learner focussed training provider of choice. We provide structured apprenticeships and adult learning across the UK, predominantly funded by the Government through the Skills Funding Agency, Skills Development Scotland and the Welsh Assembly Government.

2.2 Remit is a commercial organisation committed to supporting learner needs, the people development of its staff supporting the learners and the employers within the sectors in which it operates.

2.3 Remit provides Intermediate Apprenticeships, Advanced Apprenticeships, stand alone qualifications and adult learning. This is delivered through on and off the job training for a variety of sectors and programmes to circa 5,400 learners. Three main delivery methods for off the job training are utilised; delivery at one of 104 subcontracted colleges/partners, distance based delivery on a one to one basis at the workplace or block release delivery in training centres.

2.4 Remit employs people with passion, pride and commitment. It is these qualities that have ensured strong, positive and powerful working relationships with:

- Learners.
- Employers.
- Government funding bodies.
- Awarding Organisations.
- Colleges.

2.5 Vision

- “To be the learner focussed training provider of choice”.

2.6 Mission

- “To maximise the skills of everyone in their chosen industry”.

2.7 Values

- Reliability.
- Honesty and integrity.
- Teamwork.

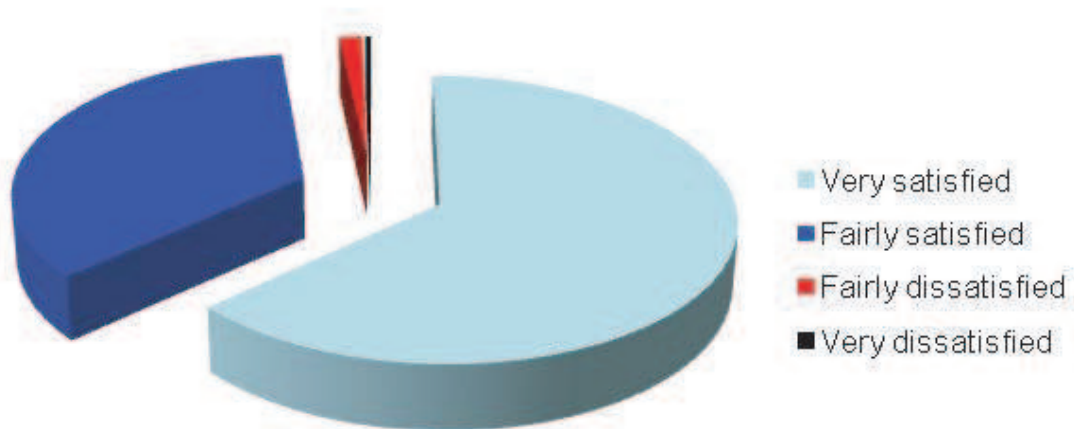
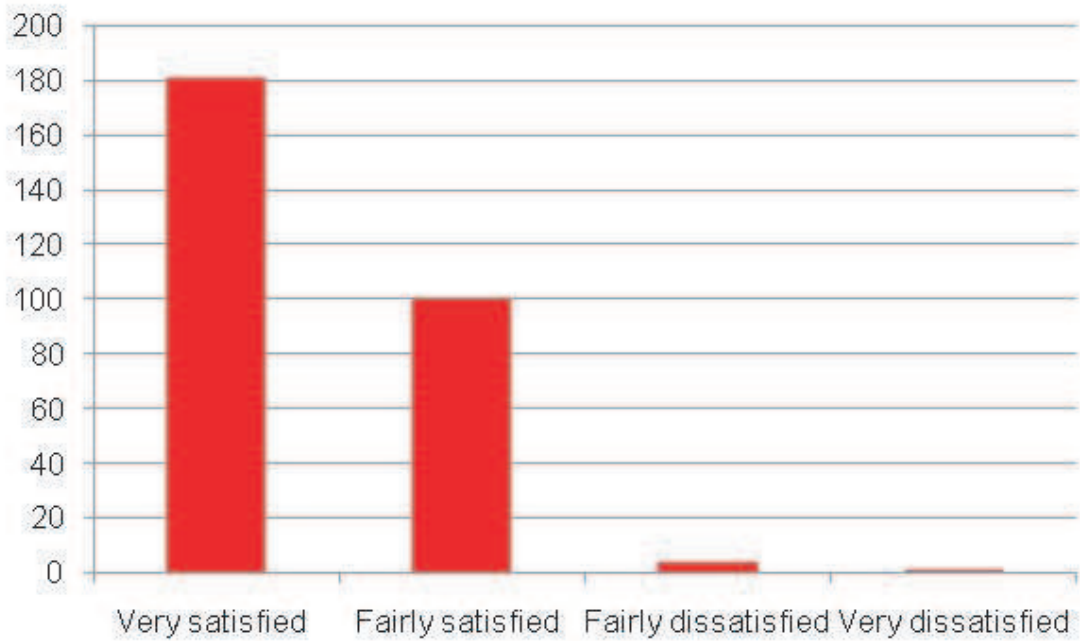
¹²² The Annual Report of Her Majesty’s Chief Inspector of Education, Children’s Services and Skills 2010/11.

- Quality.
- Communication.
- Consistency.

2.8 The Senior Management Team consists of the Chief Executive, Chief Operating Officer, Quality & Group Services Director and Scotland & Wales Director, who are available to be viewed at www.remit.co.uk.

3. FACTUAL INFORMATION

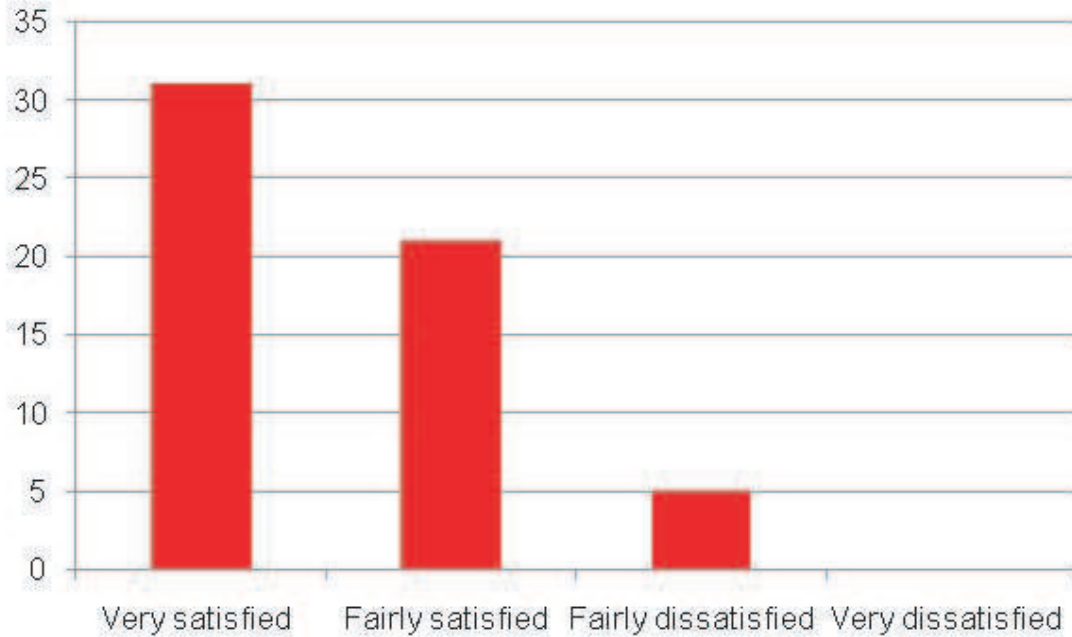
LEARNER SURVEY RESULTS FROM ACADEMIC YEAR 2010–11



How satisfied are you with your whole learning experience with Remit? Would you say you are...

Very satisfied	181	63.3%
Fairly satisfied	100	35%
Fairly dissatisfied	4	1.4%
Very dissatisfied	1	0.3%

EMPLOYER SURVEY RESULTS FROM ACADEMIC YEAR 2010/11



How satisfied are you with your whole learning experience with Remit? Would you say you are...

Very satisfied	31	54.4%
Fairly satisfied	21	36.8%
Fairly dissatisfied	5	8.8%
Very dissatisfied	0	0%

4. RECOMMENDATIONS

- Further development of the Apprenticeship brand.
- More consistency across NAS regions.
- Additional funding linked to the quality of Apprenticeship provision.
- Changes in funding methodology around six week leavers.
- Increase funding percentage of 19+ learners to 100%, when learners are continuing with no break in learning.

4.1 To ensure the “Apprenticeship” brand is continued to be communicated effectively to all stakeholders.

4.2 NAS regional requirements to be more standardised and linked to the national strategy.

4.3 Enhanced funding should be used to improve the Apprenticeship provision and continue the momentum generated in the FE sector. This funding should be output based against successful achievement of qualification and full time employment. This method would be a better use of a “bonus” scheme, than on a “golden hello” basis, which encourages learners and employers to start an apprenticeship, but not finish the journey. This form of bonus would gain further commitment from all stakeholders and lock them into the journey.

4.4 No return of funds if learners leave within 6 weeks—an awful lot of work is done at the beginning, often at cost to the Provider. Even though the learner has been supported from recruitment to induction and then start of their programme, if they leave within six weeks of start date, all the funding is returned. This funding should be kept by the Provider and used to support the learner moving into a different job and thus staying out of unemployment.

4.5 Current funding methodology to be updated to stop the disadvantaging of learners by age group, especially when they progress to level 3 from level 2 and no break in learning has occurred. This would mean these learners receiving 100% full funding, regardless of age band.

10 February 2012

Written evidence submitted by Rolls-Royce

BACKGROUND

1. Rolls-Royce is a world-leading provider of power systems and services for use on land, at sea and in the air, and has established a strong position in global markets—civil aerospace, defence aerospace, marine and energy.

Rolls-Royce employs over 39,000 skilled people in offices, manufacturing and service facilities in over 50 countries. Over 11,000 of these employees are engineers. Annual underlying revenues were £10.8 billion in 2010, of which more than half came from the provision of services.

The firm and announced order book stood at £61.4 billion at 30 June 2011, providing visibility of future levels of activity.

2. Rolls-Royce invests significantly in its people in order to maintain its reputation as a world class engineering company. Each year, the Company invests around £38m on training and vocational education.

3. The Company currently has 550 graduates on our Graduate Programme worldwide, of which 400 are based in the UK. 242 graduates were recruited last year and we plan to recruit a further 389 in 2012.

4. Rolls-Royce has 878 Apprentices on its development programme worldwide (654 in the UK). In 2011, we recruited 183 apprentices in the UK and in 2012 we plan to recruit a further 221. For our Apprenticeship Scheme we received over 3,000 applications for the 2011 intake and a similar number in the current 2012 cycle.

5. Our success might be judged by our 98% retention rate and an Ofsted grade 1:1 or perhaps that ex-Apprentices occupy up to 30% of our UK senior management roles.

6. In the UK Rolls-Royce delivers a Young Apprentice programme (for 14–16 year olds attending Rolls-Royce one day and school four days per week).

7. The 654 trainees employed by Rolls-Royce are in the main Advanced Apprentices and a rapidly growing stream of Higher Apprentices to meet its capability requirements.

8. Rolls-Royce in Derby has in 2011 started to train more Apprentices than its own requirement with a view of placing them into supply chain companies and other local manufacturing businesses, the first 16 started this programme in 2011 and by mid 2012 a total of 50 apprentices will have commenced training. The first three apprentices have been offered employment in supply chain companies.

9. For a number of years local manufacturing companies have used the Rolls-Royce apprentice training organisation and facilities to deliver the first phase of foundation skills training, currently there are 59 apprentices from non Rolls-Royce businesses.

10. Rolls-Royce invests around £1.2 million per annum in supporting further and higher education for our apprentices. The result is that over 50% of UK apprentices enter higher education courses before the age of 30.

APPRENTICE TRAINING AGENDA

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

11. One of the major challenges for the manufacturing sector is the replacement of their ageing workforce; Rolls-Royce also has the industry wide problem of an ageing population with 36% of our works populations over 50 years of age. For larger companies the training of apprentices is a key means of replacing retiring workers and introduces new skills and ways of working. The key is to have apprentice programmes designed to meet the needs of the future, for the high value add manufacturing sector.

12. Due to their size and scale, SMEs generally find the training of apprentices more difficult to establish and the critical basic skills off-the-job very difficult to deliver.

13. This year Rolls-Royce will be upgrading its Derby basic skills training centre in partnership with the Skills Funding Agency and the National Apprenticeship Service with the aim of increasing the number of Apprentices delivered to meet local SME's and supply chain companies' needs. The Department of Business, Innovation and Skills is providing £6 million of financial support for construction of the Academy. Rolls-Royce will invest to upgrade the centre with £5.2 million aero engines, £1.5 million of machine tools, £120 K of measurement equipment and £700 K of IT equipment.

14. The infrastructure of company training centres, Group Training Association centres and good quality FE based centres has shrunk in the UK. The limited manufacturing training capacity will be a major issue in the growth in the number of companies training apprentices for the engineering manufacturing sector.

15. Funding should be focused on encouraging those companies, Group Training Associations and FE Colleges who have good quality training provision to increase the numbers of apprentices trained by sharing these training facilities with other local manufacturing companies and for large companies their supply chains.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

16. Apprenticeships shaped by employers to meet the future needs of the business can be a very good means of building capacity and capability as well as an excellent way of introducing skills and knowledge to support the introduction of new technologies.

17. Apprentices not only fill critical roles after their training programme they go on to grow within the business into both technical and operational management roles. In Rolls-Royce up to 30% of our current UK senior managers started their careers as Apprentices.

18. In 2007 Rolls-Royce introduced an Assembly & Manufacturing Leadership Development Scheme for apprentices who have shown leadership potential. The scheme is designed to fast track individuals to leadership positions and gains an MSc in Engineering Business Management with Warwick University.

19. Rolls-Royce apprentices have consistently been successful in meeting the requirements of their programmes with 98% successfully completing their training and over 85% successfully completing a Higher Education qualification (eg HNC/HND) and with approximately 50% progressing to a full honours degree.

20. The Rolls-Royce Apprenticeship programme is seen as a credible alternate route for some young people who achieve similar levels of end qualifications as the 'A' level/University path.

21. In the manufacturing sector it is critical to develop people to fill high volume manufacturing operators at level 2 as well as, skilled practical and technical roles at level 3 and technicians at level 4 & 5.

22. The numbers at each level needs to be driven by the high value manufacturing sectors requirements to replace an ageing workforce, support changing technologies and to enable companies to take advantage of business growth opportunities.

23. The key issue is that at each level:

- (a) skills are developed to meet the needs of the role;
- (b) that the education programmes support the understanding of the processes being worked on; and
- (c) that the individuals demonstrate competency by performing the role to the required standard.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

24. It costs around £70,000 plus pay and benefits to deliver each apprenticeship in engineering/manufacturing over three to four year programme.

25. The increase in the number of older apprentices along with the increasing number of ethnic minorities and female trainees taking up apprenticeships has had a very positive impact on the Rolls-Royce programme. Some of the older apprentices who have had employment in non skilled areas or in the armed services have been the most focused and committed apprentices having been given a second chance at a career.

26. Rolls-Royce supports the approach that funding should be focused on the 16–18 years olds because of the social needs to establish a route into work for school leavers. It is less understandable that the apprenticeship policy is to limit other funding to 19–24 year olds given people develop in different ways and at different times in their lives.

27. Funding should be focused on apprenticeship programmes that deliver skilled people on programmes and that meet the key principles of an Apprenticeship, regardless of starting age:

- (a) skills developed to an industry standard;
- (b) education and knowledge acquired to support the understanding of the skills; and
- (c) the demonstration of competency in a role assessed by a “master” of the skill.

28. Introduction to work programmes are important to individuals entering the job market and for employers skilling the workforce. This type of programme can be good at developing skills; however the funding should be separate to apprentice training to avoid any undermining of the Apprentice brand.

For more information on Rolls-Royce apprentices:
http://www.rolls-royce.com/careers/what_can_do/graduates/apprenticeships/index.jsp

2 February 2012

Written evidence submitted by the Paul Rowlands, Arenas Rigging

I picked up this link from a Creative and Cultural skills update which I received today and thought I might be able to offer you some useful feedback with regards Apprenticeships in my sector of the entertainment industry.

I work for the NEC Group and manage a team of nine people who are responsible for the attachment of all high level equipment in five Birmingham venues, the work consists of high hazard activity with responsibility for the safety of not only ourselves and other work colleagues but at times over 15,000 members of the general public.

There is a shortage of competent staff who carry out this activity in our industry worldwide.

For a number of years now I have employed trainees which are funded by the NEC Group, these trainees are given thousands of pounds worth of training and assessments before being introduced into our wider industry where due to shortages in our field, work is plentiful.

In short:

- I'm taking young people off the dole.
- I'm training them to the highest standards.
- They are guaranteed (providing they have the right attitude of course) to step straight into employment and have a successful career for life.

WHAT IS NOT WORKING

Because rigging (the single most high risk discipline in our industry) is not recognised in its own right, I cannot get funding to support an increased number of trainees, does not sit as it should be in creative apprentice frameworks but is tagged on to another discipline which at best does not work and at worst is outright dangerous.

I do hope that you find my feedback of interest.

Please feel free to contact me with any queries that you might have.

20 January 2012

Written submission submitted the Royal Aeronautical Society

INTRODUCTION

1. The Royal Aeronautical Society (RAeS) is the world's only professional body dedicated to the entire aerospace and aviation community. Established in 1866, the society has 16,000 members in over 100 countries (including 3,500 classified as young members), and is a leader and provider of foresight within the aerospace community.

2. Apprenticeships are the life blood of the aerospace and aviation sectors. They provide the fundamental training and work experience in one of the most technically demanding of industries. This encompasses the development and production of aerospace products as well as the maintenance and repair (MRO) of aircraft and engines once in service. From a recipient's perspective, the award of an apprenticeship from one of the leading UK aerospace companies can be one of life's prizes. In some cases, this will lead naturally to degree level study and beyond.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

3. The problem is currently the lack of understanding about engineering apprenticeship requirements, particularly in a field such as aircraft maintenance, among FE colleges. These institutions are often more familiar with apprentice trainees who undertake six to eight week courses in less technical vocational fields that may tend to devalue perceptions of apprenticeships in general. Conversely, aerospace construction and aircraft maintenance requires high-level training over four years. In the case of an airline such as Monarch, it may have to be tailored to the needs of the workplace. Aircraft maintenance training is also governed by international safety standards set by the FAA, CAA and EASA which can be difficult for colleges and SEMTA to understand.

4. It should be made easier for employers to claim funding directly from the Government without the need for an intermediary or with much of the funding diverted to a college when workplace training costs to the employer can be very high. Funding seems to be a minefield and the role of SEMTA needs to be clarified. Having someone in the relevant ministries to whom employers could speak to directly and who is available in particular for SMEs would be an important step towards improving company access to funding.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

5. Most companies follow the definable, measurable regulations already in place and use City and Guilds, which they feel offer a good set of standards to follow; for example, NVQ 2675-04 is mapped to follow the A Licence route needed for aircraft maintenance. Due to stringent safety requirements, airlines prefer to 'over-skill' their apprentices as they want the absolute best for the workplace. They need people with excellent hand skills, or manual dexterity and would in general prefer more control over MRO training. They are particularly concerned about the numbers being steered into Higher Education for degrees in aircraft maintenance which do not provide the appropriate practical hand skills required for aircraft maintenance and make graduates ineligible for apprenticeship funding. Many graduates often struggle to get appropriate work experience for the regulatory requirements.

6. Another concern is that organisations like City and Guilds may try and simplify routes and obtain exemptions for aircraft maintenance trainees. This would be a backward step for standards. However, the CAA does have the ultimate say in ensuring that qualifications match the skills set by safety regulations. The concern is that the Government does not seem to recognise the A Licence and consequently, companies may have to focus on lower level training in order to be eligible for Government funding while the higher level training costs have to be borne by the company.

7. The Government does not understand MRO training needs or the A Licence and its legal requirements. Proper training support for MROs is available in other countries, particularly Eastern Europe. The UK faces losing business when the high quality standards and skill levels of the UK are well-established. Lack of training support here is the key reason that the number of MRO businesses are in decline.

8. The larger companies have an established reputation for training, which enables them to attract and to retain apprentices. However, there are many smaller business organisations that cannot self-fund to the same extent and lack an existing training infrastructure but nevertheless could offer excellent apprenticeship opportunities combined with long-term skilled employment. Larger companies may be able and willing to act as a training supplier to smaller firms if they were able to obtain some Government support.

9. Another fundamental concern regards the basic English and Maths skills of candidates, which, even if they appear to have the same grades in GCSE, have fallen markedly over the years. A good understanding of Maths is crucial to working in the engineering disciplines. The recent Government emphasis on acquiring "functional skills" may help in the future.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

10. There is some confusion about what the bonuses are, and how companies could claim them. Smaller companies appear to assume that if their turnover exceeds £70m turnover they are ineligible. However, there is a perception that many large companies are receiving more support due to loopholes in the regulations where larger companies can claim on a site or subsidiary basis. Greater clarity and a different assessment method of a company's needs (such as the sums required to train the apprentices rather than simple business turnover) is required.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

11. Some companies do not impose age restrictions on applicants or usually ask their age in the selection process (possibly due to an interpretation of the Age Discrimination Act) and therefore simply look for the best candidates. Given the Government's emphasis on staying in education until 18 it is actually harder to attract 16 year-olds to apply so companies tend to recruit on the basis of the best candidates available, not age. There is no different in cost if an apprentice is 16, 18, 25 or 32—the training, materials etc. they receive are the same—and the best prepared candidates are often older. In this respect, age restrictions or phased funding for different age bands are unnecessary.

2 February 2012

Written evidence submitted by Semta

ABOUT SEMTA

1. Semta is the Sector Skills Council (SSC) for Science, Engineering and Manufacturing Technologies. We are licensed by government to address the sector's skills needs, providing expert support to companies of all sizes to improve their performance and growth. Semta's combined subsectors employ 1.33 million people in nearly 122,000 establishments across the United Kingdom.

2. Semta is responsible for Apprenticeship Frameworks in the following engineering/science areas:

- Intermediate & Advanced Apprenticeships in Engineering Manufacture.
- Intermediate Apprenticeship in Improving Operational Performance.
- Higher Apprenticeship in Engineering Manufacture (Senior Technician).
- Intermediate & Advanced Apprenticeship for Laboratory Technicians.
- Currently developing the Advanced Manufacturing Higher Apprenticeship.

3. Semta also provides engineering employers with a fully managed apprenticeship service including information, advice and guidance; training delivered by the best local provision; regular progress updates on apprentices and promotion of vacancies direct to schools.

EVIDENCE

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education).

4. The National Apprenticeship Service (NAS) has made progress in raising the profile of Apprenticeships across all sectors and in driving overall growth in Apprenticeship numbers. A downside associated with this rapid growth has been the failure to adequately control the quality of some Apprenticeship delivery. We welcome the introduction of a minimum duration to protect the quality of the apprenticeship experience. Also, the purpose of an Apprenticeship framework and what an Apprenticeship is expected to achieve remains confused and ambiguous. For example, the drive by government to increase the number of young people on apprenticeships to meet its youth unemployment reduction targets and the business and economic growth need to up-skill the existing workforce including provision for employees aged over 25. It is also still too early to draw conclusions about the apprenticeship matching service, in particular.

5. In terms of the Specification for Apprenticeship Standards in England (SASE), the current lack of flexibility within the SASE is an issue for some employers such as Airbus who are experiencing problems with the requirement to identify the academic qualification being used for the framework. This is of a particular concern when the apprentices are completing a Higher framework using Foundation Degrees as the academic underpinning qualification and the exact qualification name etc has to be recorded. There may also be a need to build more flexibility into the Specification in order to meet the needs of engineering employers where job roles require a wider diversity of skills which may cut across more than one SSC footprint. For example, in low carbon technologies, where there might be the potential to match part of the frameworks together. This additional flexibility is likely to be particularly required at the Higher Apprenticeship level and Semta is currently investigating this through the development of the Advanced Manufacturing Higher Apprenticeship (AMHA).

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

6. The extra funding is vital for apprenticeships particularly in engineering and advanced manufacturing. Semta's latest research¹²³ shows that between 2012 and 2016 these sectors need to recruit 82,000 scientists, engineers and technologists across the UK. Currently, only 15% of sector employers recruit apprentices.

7. Semta welcomes current government commitments to increase resources available for apprenticeships particularly for people over 25. The priority will be to ensure that these resources actually reach the SMEs themselves providing the practical support they need to take on, retain and train successful apprentices. This will become even more critical with the introduction of loans in further education, where for the first time, apprentices (over 25) will need to pay 50% of their apprenticeships. Whilst we understand the need for austerity, this may prove to be an unwelcome disincentive at such a critical time with major skill shortages in STEM areas.

8. We provide further comment on the current funding model and the issues which need addressing below, however, *Semta would like to see the resources for 19+ Apprenticeships being prioritised in support of activity that is going to generate the best return for the economy. This will mean that a focus is needed at higher levels within specific sectors and occupational groups.*

9. In order to address these imminent skills needs, Semta has launched an *Apprenticeship Ambition* to take the number of advanced and higher level apprenticeship registrations from 8,000 to 16,000 by 2016. Semta has also secured funding via the UKCES's Employer Investment Fund Round 2 to support SMEs in overcoming barriers to taking on engineering apprentices.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

Quality

10. There are significant issues around the delivery practices of some individual providers where Apprenticeships are being compressed into very short timescales and/or do not involve any meaningful employer input. Whilst such practices do not take place across all sectors they inevitably have an impact on all employers' perceptions of Apprenticeships and endanger the integrity of the Apprenticeship brand.

11. Semta welcomes recent moves to drive up quality and fully supports the announcement by the Minister of State for Further Education, Skills and Lifelong Learning, John Hayes, MP that the minimum duration of an apprenticeship is set at 12 months. Semta also endorses the work that NAS has done recently in issuing statements on new definitions of apprenticeships which we welcome as a positive action to maintain the standard.

12. Attracting the right calibre of people onto apprenticeships is crucial to maintain quality. Recruitment issues still exist with respect to attracting talented young people (particularly young women) into the engineering sector through the 'vocational' route at levels 2 and 3. Some of these are employer related but there is still an underlying parity of esteem issue. Many schools remain inaccessible and continue not to see Apprenticeships as a viable career option for *all levels of ability*. On a positive note, at the Higher level, a large number of our bigger employers are reporting significant oversubscription of high calibre young applicants onto their higher level apprenticeship programmes.

More Level 3 Apprenticeships

13. Higher level skills are vital to the success of engineering and advanced manufacturing employers. Semta's employers have clearly articulated¹²⁴ a need to move up the value chain to skills at level 4 and above for themselves and their UK-based supply chains in order to remain globally competitive and innovative.

14. It is therefore critical that there is a suite of appropriate Level 3 apprenticeships to support progression to higher level skills. Engineering Advanced Apprentices at many companies go on to complete degree-level qualifications, but this is dependent on good local provision including part-time provision which follows the model of apprenticeship delivery (usually day release). Flexible learning models which apprentices can access alongside their existing employment are key.

15. In order to address these needs to ensure industry growth, Semta has been awarded Pathfinder Funding by the NAS to lead the development of a new higher apprenticeship framework in Advanced Manufacturing (AMHA) (referred to earlier), which will be available from April 2012. Semta's aim is to develop a flexible, employer-led framework to support the development of higher level skills in new and existing technology areas.

16. The AMHA will operate at levels 4 and 6. The need for level 5 is currently being tested. The framework at Level 6 will include a range of options such as a full Bachelor of Engineering degree. It will be based on a variety of pathways to accommodate the needs of different sectors. It will allow greater focus on higher level

¹²³ Semta/IER Projections (2011).

¹²⁴ Semta, 2010, Sector Skills Assessments.

technical skills- as opposed to leadership/supervisory skills. The framework will also link to professional accreditation.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

17. Rather than a flat set rate, the amount of the bonuses ought to be calibrated according to sector needs and the associated level of investment made by an employer over the duration of the Apprenticeship. The AAN/IER research¹²⁵ indicates that the cost to an employer for the delivery of an Advanced Apprenticeship in Engineering is significantly higher than that for other sectors, consequently any bonus scheme needs to reflect these variations.

18. While Semta welcomes the introduction of bonuses for ‘first time’ SMEs taking on apprentices in the 16–25 age group, what Semta is increasingly finding is that small engineering employers are interested in the recruitment of post-25 age group, particularly if they have achieved A-levels or equivalent. We therefore recommend that the current budget for apprenticeships be prioritised in engineering and advanced manufacturing to extend these bonuses to people over 25 and to those small and micro engineering companies who may have taken on apprentices before.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

19. As outlined above, within advanced manufacturing and engineering sectors, the demand for apprentices as well as general demographic changes is shifting to over 25s and up skilling existing workers. We believe the current funding arrangements don’t necessarily reflect current levels of employer investment in apprenticeships nor their committed long-term investment and potential impact on the economy and economic growth.

20. We favour less disparity between the amounts of funding for the two age groups. Our employers want to take on engineering apprentices at higher levels such as at Level 4, often with a requirement for A-Levels meaning that apprentices are unlikely to be under 18 when they begin their apprenticeship. There is also an increasing trend for re-training existing workers where apprenticeship schemes are often used to advance current staff from semi to advanced skilled status. There is also a growing trend to take the best of the Advanced Apprentices on their completion and start them on a higher apprenticeship. Semta has developed a number of successful apprenticeship programmes for older age groups in bigger companies for example with Airbus, Jaguar Land Rover and Rolls Royce. These attract greater financial support in Wales than in England.

RECOMMENDATIONS FOR ACTION

21. That post-19 funding is prioritised based on economic impact. This can be done either through some ring-fencing arrangements or by making this the criteria for the redistribution of funding generated through the Skills Funding Agency’s quarterly reconciliation process.

22. That the Apprenticeship Bonus rate is set according to sector costs and needs and is prioritised, in the engineering and advanced manufacturing sectors, to extend these bonuses to people over 25 and to those small and micro engineering companies who may have taken on apprentices before.

23. That the current funding arrangements for apprentices reflect a sensible balance of the cost of provision, the level of employer investment in apprenticeships and impact on the economy.

2 February 2012

Written evidence submitted by Shropshire Training Provider Network

The Shropshire Training Provider Network is a network of 20+ independent training provider and colleges based in Shropshire Telford and Wrekin but serving the West Midlands region and in some instances a national client base.

All the members deliver Skills Funding Agency or YPLA contracts including Apprenticeships and Foundation Learning tier. Many are also working with NEET groups through specialist contracts and with Jobcentreplus contracts. They are all very familiar with the delivery of Apprenticeships.

The questions posed by the inquiry were debated at a members meeting on 31 January and the response was as follows:

¹²⁵ Hogarth T and Hasluck C (2008), *The Net Benefit for Employers of Apprenticeship Training*, Report for the Apprenticeship Ambassadors Network, 2008.

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

NAS has provided a national profile of the Apprenticeship brand which has been successful—their support in organising local and regional events has been well received.

The website is informative and comprehensive as a central resource for employers, providers, learners and parents.

The Vacancy Matching Service, AVOL has had limited impact and has had some criticism about its effectiveness. It has been a useful tool for schools to help target leavers to job opportunities but it has caused confusion for learners who want to submit an application to a training provider for matching against the best opportunity.

In terms of bridging the gap, the two departments have very different objectives for the brand and the tensions have been very apparent at times. The setting of minimum contract levels was an example of this which was very unsettling for the sector.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Yes, the extra funding is necessary—considering the number of 16–24 NEET.

Funding should be focussed on ensuring that there is genuine opportunity for this group. Question 5 also refers to this point.

Funding should be allocated to provide 100% for 19–24 year olds the current employer contribution requirement is a definite barrier for this age group.

Funding should be allocated to provide employer incentives but attached to provision of permanent work, see question 4.

Minimum wage requirements for 19–24 can be a barrier in some trades where the apprentice may not be able to make a positive contribution until the third year eg electrical installation. Tax incentives for SMEs would be helpful.

re apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

There are two separate questions here.

Quality (which is in the delivery and the content)

Delivery—Unfortunately, the relaxation of auditing has enabled some providers to skimp on quality which has been highlighted in recent press coverage regarding accelerated apprenticeships and some poor quality provision.

Content—Recent recommendations regarding the length of stay for 16–18 year olds and guided learning hours have helped to create a standardised model. However these will not guarantee a quality programme. There are some frameworks which are marginal in terms of being able to justify them as an apprenticeship, they have been caught up in the drive to ensure that every job can be represented by an apprenticeship framework when really they are basic grass roots jobs and should be respected as such but not included in apprentice provision. These frameworks undermine the perceived quality of the apprenticeship brand.

Sector Skills Councils are working to serve their own sector but are not using lateral benchmarks and there seems to be little work done to standardise the levels between sectors. An intermediate apprenticeship in customer service should have exactly the same academic depth and stretch the learner as much as an intermediate apprenticeship in plumbing or electrotechnical but that is not the case. We hear the debate about whether some GCSEs are easier than others and the easy ones are perceived as lower quality. Exactly the same applies to Apprenticeships,

Should there be more level 3 Apprenticeships

There are 18–24 year olds with good A level qualifications who would be attracted to advanced apprenticeships, this cohort lack the employability skills to command a job role with responsibility or supervisory skills in order to start an advanced apprenticeship.

Level 3 apprenticeships often require a job role with some responsibility either for supervision or departmental responsibility—these can sometimes be a barrier for young people—The system would benefit from Level 3 apprenticeships that are less focussed on management skills and more in line with technical competence.

There is a mismatch between employer requirements and learner aspirations. We still have a large number of jobs which are at level two or below. The drive for more and more advanced apprenticeships is creating an expectation among young people and parents who then become unwilling to consider the lower levels.

A more flexible system which enables a learner to add on components in readiness for the move to the next level when it is available would be helpful. This system is available for the older age group through the Adult Single Budget but is not available to employed 16–18 year olds.

We appear to be attaching a too high a public value to advanced and higher level when we should also be attaching a value to work for those who fulfil a useful, though basic, job role which is below apprenticeship level and for those who enter at intermediate level.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

Small to medium businesses do not necessarily see a golden hello as a significant enough bonus when they seek long term economic confidence for the future of their business to invest in a young person for the next two to three years—this could come about by tax incentives or reduced bureaucracy to convince SMEs to take on apprentices.

Any bonus should ensure an element is paid upon completion to meet a successful outcome and a permanent job.

Any bonus scheme should be administered centrally and made available through all providers delivering the programme attracting bonus and not through a delegated provider who is able to offer exclusivity to employers who agree to sign up to their apprenticeship programmes.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

No, in order to get more 19–24 yr old NEETs into employment, 100% funding should be provided. The minimum wage is already a barrier for this age group for some occupational sectors and the requirement to contribute to the costs of training means that many vacancies are available only to 16–18 year olds

2 February 2012

Written evidence submitted by Skills for Care & Development Sgiliau Gofal a Datblygu

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

The NAS has achieved moderate success in terms of bringing the two sources of funding together. This has not been easy as they had no real power in terms of allocation of resources as this was decided by the respective departments.

NAS' role has always been unclear in terms of its position with contractors as they are essentially funded by the SFA.

When working together with the relevant SSC/B such as the Sfc Apprenticeship staff the objectives of both are better met. Problems persist with the AVMS, employers still feel as if there is a lot they have to do in terms of finding appropriate training providers and this has been compounded recently as NAS is now only looking at supporting large employers.

This may indicate that the service is seeking to achieve easy wins through large employers many of whom have their own Apprenticeship contracts and are generally already working closely and effectively with their relevant SSC/B's. There are gaps for smaller employers that are currently being taken up by SSCs, training providers etc. This gap in support for smaller employers is perhaps as a result of recent cuts to the service (NAS).

In the past, at the request of NAS, Sfc has provided significant information of potential Apprenticeship engagement to later discover this information wasn't utilised by NAS.

On the ground there are levels of inconsistency across the country and NAS service varies from area to area in terms of levels of support offered to employers and organisations such as SSCs. It is very much down to the relationships formed by individuals in the organisation or local leadership as opposed to a common understanding of the services and role of NAS. Sfc has a strategy in the way communications between NAS and ourselves are managed. This maximises efficiencies whilst acknowledging local/regional distinctions.

Essentially the issue is trying to create a route for Apprenticeships particularly in sectors where this has not been traditional practice. Some early models lacked sector driven context and at best reflected no more than an extended employment training programme. Part of the challenge this legacy resulted in is that some

employers have either failed to engage effectively or have made assumptions of the low status of Apprenticeship against other routes of learning. SASE, and formerly the requirement of the Blueprint frameworks continue to have a positive effect on the Apprenticeship status.

In itself this concept is fine but set against trying to get employers to embrace Apprenticeships as part of workforce development, understand that Apprenticeship is an offer of employment and to get the to contribute financially to their apprentices is difficult when there are now incentives to take on long term unemployed.

NAS has had some influence on policy although this has always been never clear cut and often takes a very long time to achieve eg in terms of Apprenticeships being available for employees on zero hour contracts, SFC representing the Social Care workforce successfully petitioned NAS to take this to the government for consideration. Although there has been a flexibility on this matter the advice is not been as clear as we would have liked.

In summary the tensions between acting for the Departments of Education and Business may have created an organisation that is unable to effectively respond to business needs and quality training, this is going to be further compounded when the DWP becomes part of the equation in terms of the Work programme and the packages of incentives and subsidies being offered to employers becomes widely available later this year.

What we need after this is a clear understanding of the value of an Apprenticeship, how we build these as credible and desirable outcomes for apprentices and employers. The trend now of the government offering prime contracts again skews the market as often a large provider may claim to have local links and partnerships but in sub contracting they are not stringent on maintaining quality and consistency of provision and rates being offered for Apprenticeships by training providers vary significantly across the country. This is not the way to achieve a quality work force and employers are bewildered by the options there are. The NAS has not been able to effectively manage this as again the nature of contracting is not within their gift and is a current central government trend across the board eg DWP etc.

Is the extra funding promised by the Coalition Government necessary for Apprenticeships? How can this funding best be spent?

As discussed above and looking at past experience of Intermediate Labour market schemes and a range of programmes run by Job centre plus such as the New Deal, Step Up etc the utilising of funding to support subsidised work/work experience generally bears little fruit UNLESS the employer is required to after a short trial period offer a period of employment that is longer than for the subsidy/incentive offered eg it means that a person should be offered permanent employment and not temporary contracts as is the model for Apprenticeships allows. The current proposal does not provide sustained employment solutions.

The process of trying to meet unemployment/employment objectives (DWP), with those of increasing business performance and efficiency (BIS) and improved standards to support business growth (DFE) can take away from the concept of an Apprenticeship being desirable for the apprentice and employer. An employer or apprentice generally does not want to pay for a role that is pitched as both a desirable outcome and one that is a measure to support the long term unemployed back into work (and being subsidised) caution must be measured not to compromise Apprenticeship status by using this route as both the way forward for business recovery as well as a way to arrest rising long term, unemployment. There needs to be distinct (although connected) prescriptions for each approach as at present there are very mixed messages to employers and indeed apprentices who should view Apprenticeships as positive and not a panacea for unemployment and business excellence at the same time.

These concepts are skewing the market and may have a negative impact upon the desirability of Apprenticeships. The funding may be better used to support apprentices of all ages, there is evidence in the SC sector that we can also effectively target and attract older workers. SFA funding following older workers may have longer term and sustainable impact than short term bonuses and subsidies to attract young workers.

Employers need to value Apprenticeships and acknowledge that they are a vital tool in attracting, training and retaining staff. By the proposed bonuses and subsidies it has potential to weaken, in some cases, the investment made in this area by Employers.

Loans bring a new dimension to the challenge of Apprenticeships and for this group takes the responsibility of employer contributions are off the agenda, implementing loans may compromise the tri-part contract of responsibility, ownership and benefit that compliments current Apprenticeship engagement.

Funds should encourage new entrants and 16–18 year olds and encourage retention by supporting older workers to achieve a set of qualifications to upskill and recognise their contributions to the sector. Funds could be directed at enhancing quality provision so Apprenticeships are seen as the only way to train and develop staff. People should be kept on programme so initial investment is not wasted. This could be achieved with investment in mentoring and coaching other staff and people who use services so they understand the programme and are supportive of the apprentice. There could be an incentive for existing apprentices to mentor new apprentices with funding directed at quality rather than quantity.

Will co-funding work in a sector where funds are short, wages are low etc? Combine this with the fact that social care is no longer a priority sector for NAS means there is little attention paid to the fact that we are a

fast growing sector undergoing many changes, such as the way services are being commissioned and delivered and therefore the demands placed on our sector in terms of change should be considered with regard to priority sectors.

Are Apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 Apprenticeships?

This should be based on the sectors involved and the degrees of progression needed. Closer working with SSC/Bs should help quantify the types and levels of Apprenticeships needed for sectors and these should be supported by funding.

To be sector and employer responsive work is required with each sector/growth sectors from the point at which they are currently engaged with respect to Apprenticeships. Clearly more established industries will have structures in place to accommodate higher level apprentices. We have to acknowledge that in some sectors without the tradition of apprentices this structure needs to be built via SSC/Bs with the support to do so, through a clearly identified development plan engaging employers closely in the process.

Level 3 Apprenticeships are required in social care but funders/government needs to utilise the SSC/B s workforce planning mechanisms more to identify what sectors need both in terms of numbers and type of L3 Apprenticeship.

The content of the frameworks are as the employers wanted. It is down to the quality of the delivery and ensuring that the requirements around GLH and time off the job for learning are adhered to. Some monitoring of GLH may be required. As long a jobs are available to accommodate Advanced level Apprenticeships there should be encouragement to progress on to this level.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

Bonuses can be used cynically to temporarily boost income to an employer UNLESS the employer is required to after a short trial period offer a period of employment that is longer than for the subsidy/incentive offered eg it means that a person should be offered permanent employment and not temporary contracts as is the model for Apprenticeships being used in a majority of instances. It does not provide sustained employment solutions. And often results in the employer re accessing more support once the “apprentice’s employment” has ceased at the end of the subsidy.

SMEs will benefit from support in terms of training costs and wage subsidies/incentives but this must be tied to them committing to embrace the model for “growing staff” through Apprenticeships and to offer permanent employment or where this is not possible at least for two years (at Level 2 Apprenticeships) and three years (at Level 3 Apprenticeships) as this provides employment beyond the recommended length of the training and gives the apprentice at least an additional year of experience. This is a more tangible way of ensuring that Apprenticeships are sustainable and of worth to all stakeholders (the government, apprentice and businesses).

This model also provides enough time for the employer to observe the possible business benefits from taking on an apprentice and may then support the view that Apprenticeships are a worthwhile investment for all concerned.

Bonuses may be unnecessary for those businesses that value Apprenticeships as they will understand the benefits both financially through better staff selection, in depth training programme and higher Retention, lower turnover rates. All these impact on the bottom line. As previously stated caution is required to ensure short term bonus do not compromise the increased status of Apprenticeship becoming embedded in Work Force Development.

Other measures that could be encouraged are tax incentives and lifting the restriction of hours per week to give greater access to part time staff. Perhaps travel permits for Apprentices in the same way that student are able to take advantage of reduced travel costs.

Recognition that those organisations and therefore potential apprentices that are geographically challenged may require additional support with travel (for meeting GLH).

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

Within the social care sector, we would prefer support be offered at 100% for 16- 24 year olds and 70% for workers over 25. The sector recruits older workers and whilst we are trying to address this it will be some time before employers are willing to recruit from a younger pool of workers (for whom there are several barriers in taking up social care Apprenticeships—through this figure is increasing annually).

We need to ensure that older workers are appropriately trained given that there are stringent standards for “Safeguarding “care and increasing changes in the shape of social care delivery. This means an existing work force needs to be able to access training (for which there was previously no/little requirement).

In addition, the sector though now beginning to attract younger workers continues to be dominated by new entrants to the sector aged 25+. We need to ensure that this workforce is given the opportunity to be appropriately trained and supported.

The majority of the social care workforce is over 25 (approx 89%). It's good to stimulate younger workers into the sector to combat the ageing workforce but greater funding directed at older workers would upskill the current workforce and potentially embed Apprenticeships into Sector wide WFD. This would raise the profile of the workforce and professionalise it which in turn may have a positive effect on the recruitment of younger workers. The funding does not reflect current National Minimum MDS age profiles of the social care sector.

31 January 2012

Written evidence submitted by Skillset

1. This submission is from Skillset, the Sector Skills Council (SSC) for Creative Industries which covers TV, film, radio, interactive media, animation, computer games, facilities, photo imaging, publishing, advertising, fashion and textiles. In July 2011, Skillset was asked to lead the Creative Industries Council skills group and presented a Report to the Creative Industries Council in January 2012.

2. The industries that we represent do not have a very large intake of Apprentices at present. This is due to a number of barriers, including a high proportion of SMEs and freelance professions, as well as a high amount of graduate recruitment which is common in these sectors. However, recently there is new interest from employers in the Creative Industries to engage with Apprenticeships and explore career entry pathways which are alternative to university degrees.

3. The Creative Industries Council Skillset Skills Group Report highlighted current barriers across these industries and made recommendations which were endorsed by the Creative Industries Council (CIC) and the two Secretaries of States (DCMS and BIS) who co-chair the Council. This information is available here: <http://cicskills.skillset.org/the-report>.

4. Skillset welcomes the opportunity to submit evidence to this Apprenticeship inquiry. Our views are aligned with the Report of the CIC skills group. In writing this response we have also considered the Alliance of Sector Skills Councils submission and we indicate our agreement in the relevant points.

SUMMARY

5. The recent National Audit Office report on Apprenticeships has pointed out that BIS could improve value for money significantly by targeting resources on areas where the greatest economic returns can be achieved.

6. The Digital and Creative Industries have been identified in the Plan for Growth as sectors with high growth potential. The industries have recognised that in order to achieve their growth potential there needs to be a range of well-recognised and credible pathways into the sector, so that those determined to work in the Creative Industries can acquire the necessary skills and knowledge—creative and technical, practical and academic.

7. At present there is a low-take up of Apprenticeships in the Creative Industries. The CIC Skillset Skills Group Report identified barriers and made recommendations towards overcoming them. The view from the industry is that tackling these barriers is now a priority and they would like to jointly work with Government to increase the number of Apprenticeship opportunities across the creative sectors.

8. The CIC Skillset Skills Group Report recommended that:

- The Creative Industries and the National Apprenticeship Service should lead on a sector-based promotional campaign to raise the profile of Apprenticeships.
- Schools need to be recognised for their effectiveness not just in getting students places at university, but also on to Apprenticeships.
- Support should exist for “bootcamp” style pre-Apprenticeship programmes that help to get young people ready to enter an Apprenticeship, build their confidence and personal skills and make them more attractive to employers.
- Particularly for the Creative Industries the emphasis should be on higher-level, or “master Apprenticeships”. For some creative sectors, NVQ Level 5 or higher is needed, with individuals able to study and progress with their employer to graduate level and beyond in terms of expertise and learning.
- Establish group Apprenticeship approaches for the Creative Media and Fashion and Textile industries. In order to improve the take-up of Apprenticeships, particularly among SMEs, there needs to be more scope for aggregation, allowing employers to manage apprentices collectively, in partnership with other businesses.
- Extend the Skillset Tick model of quality industry kite-marking to training providers offering Apprenticeships. As a mark of quality the Skillset Tick will provide valuable guidance both for potential entrants and employers interested in taking on Apprentices.

9. Skillset is encouraged by the National Apprenticeship Service's approach to partnership in order to deliver the above recommendations. The CIC Skillset Skills Group Report was developed in consultation with NAS and we are looking forward to develop this partnership further by co-ordinating resources and efforts to offer to Creative Industries employers a comprehensive package of support, including cash incentives for small employers.

ANSWERS TO SPECIFIC INQUIRY QUESTIONS

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

10. We agree with the Alliance of Sector Skills Councils that the primary purpose of the Apprenticeships is to focus on the needs of the workplace, new employees, employers and the economy and create recognised quality pathways into the industries.

11. In order to achieve this, there needs to be a lot of co-ordination and partnership. We think that a dedicated agency for Apprenticeships has helped focusing policy and funding objectives, however, there are still operational issues that need to be resolved. Some of these are:

- non sector-specific knowledge hinders meaningful matching of employers' vacancies or advice on appropriate Frameworks and training provision;
- the employer-customer service can—and needs to be—further simplified; and
- NAS commitment should be beyond the large companies or the sectors that already have a strong Apprenticeship tradition and concentrate efforts to sectors of the economy with low take up but high-growth potential. As NAO report said: focus on areas where Apprenticeships bring the greatest returns and wider benefits.

12. In the last six months and while CIC Skillset Skills Group was preparing their Report and Recommendations, NAS has consulted with the Group and have offered their support which could lead to the creation of a co-ordinated sector strategy. We warmly welcome this approach and we are encouraged by the spirit of partnership that it demonstrates.

13. We also think that the National Careers Service has an important part in promoting the Apprenticeship options to parents and young people. And the Department of Education should promote this pathway by recognising schools that not only are successful in getting their students to university, but also on to Apprenticeships.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

14. We believed that the extra funding promised by Coalition Government can have a positive impact by engaging new and smaller size employers and creating more opportunities for people to start an Apprenticeship in sectors like the Creative Industries—where there is potential for growth, return on investment is higher and there will be a positive impact on the industries.

15. Apprenticeships enable talented young people to get their first foot on the careers ladder, supported by structured, fit-for-purpose business training. As such, they are an important tool for long-term growth, equality of opportunity and competitiveness in the creative sectors.

16. Businesses use Apprenticeships as a means of building the skills capacity within their organisation and are an important tool for workforce planning, enabling them, at relatively low risk and cost, to identify and nurture the key future members of staff. Moreover, Apprenticeships have a high level of retention, with 6 out of 10 staying with their employer after achieving their qualification, demonstrating their effectiveness as a route to employment.

17. The extra funding can therefore be used to support some of the CIC Skillset Skills Group Report recommendations that will help the creative sector to engage and increase the take up of Apprenticeships. These are:

- The Creative Industries and the National Apprenticeship Service should lead on a sector-based promotional campaign to raise the profile of Apprenticeships.
- Support should be available for “bootcamp” style pre-Apprenticeship programmes that help to get young people ready to enter an Apprenticeship, build their confidence and personal skills and make them more attractive to employers.
- Particularly for the Creative Industries the emphasis should be on higher-level, or “master Apprenticeships”. For some creative sector, NVQ Level 5 or higher is needed, with individuals able to study and progress with their employer to graduate level and beyond in terms of expertise and learning.

- Establish group Apprenticeship approaches for the Creative Media and Fashion and Textile industries. In order to improve the take-up of Apprenticeships, particularly among SMEs, there needs to be more scope for aggregation, allowing employers to manage apprentices collectively, in partnership with other businesses.
- Extend the Skillset Tick model of quality industry kite-marking to training providers offering Apprenticeships. As a mark of quality the Skillset Tick will provide valuable guidance both for potential entrants and employers interested in taking on Apprentices.

18. Many of the barriers on taking Apprentices in the creative sectors are a consequence of the distinctive structure of the creative labour market: the sector is characterised by a prevalence of SMEs, micro-businesses, start-ups, freelancers and project-based work with, for example, some 84% of creative media firms employing fewer than 10 people.¹²⁶

19. NAS and BIS are currently promoting cash incentives for small employers who did not have apprentices before. Skillset has recently agreed with NAS to administer this support to 500 companies in our sector, as our engagement with the employers on a sector level will ensure the incentives are targeted in the areas that they are needed and can make the greatest impact.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

20. The issue of quality and who is responsible for quality in developing and delivering Apprenticeships is very important. Starting on an Apprenticeship represents an important commitment and investment from both the individual and the employer—particularly in a small-size company. Quality assurance minimises the risk for both.

21. Apprenticeships are certified—and therefore eligible for public funding—if they are compliant with the Specification of Apprenticeship Standards in England and in Wales (SASE and SASW). As a Sector Skills Council we develop Apprenticeship Frameworks based on input from our employers and consistent with their professional needs. Skillset-developed Apprenticeship Frameworks are available on our website: http://www.skillset.org/qualifications/apprenticeships/Which_Apprenticeship/ The quality and appropriateness of these Frameworks is evident in the increasing demand and employer endorsement.

22. However, quality of training provision available is also an important factor in increasing the take up of Apprenticeships. Skillset has been piloting its approach of Skillset Tick (industry kite-marking of Higher Education provision) to some training providers who are delivering Skillset Apprenticeship Frameworks. We believe that a high quality Apprenticeship Framework combined with signposting to quality-assured training partners will assist employers in their choices of taking an Apprentice.

23. Skillset represents Creative Industries sectors with higher level skills needs. The majority of our current Frameworks are Level 3 and we have been successful in the first round of the Higher Level Apprenticeship Fund to develop and pilot Apprenticeships at Level 4, as our industries have articulated a demand for them.

24. As the CIC Skillset Skills Group report also recommended, for some creative sectors NVQ Level 5 or higher is needed, with individuals able to study and progress with their employer to graduate level and beyond in terms of expertise and learning. We would like therefore to see a focus on developing Apprenticeships for higher levels.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

25. We interpret the idea of “bonuses” as the recently announced cash incentives for small employers. As we argued above, any support that minimises the risk of taking on an apprentice and can act as a short-term wage subsidy will be welcome in our sector. We recognise that this is to act as an incentive, rather than a long-term support.

26. However, cash incentives alone will not have significant impact with small employers beyond a short period. There should be part of a package of support available which can include an appropriate sector-specific group training model for apprenticeship delivery, having support with recruitment and inducting a new Apprentice, and clear signposting to an industry quality kite-marked training provider.

27. As we mentioned above, Skillset has recently agreed with NAS to administer this support to 500 companies in our sector, as our engagement with the employers on a sector level will ensure the incentives are targeted in the areas that they are needed, can be packaged with other support available and can have the greatest impact.

¹²⁶ Skillset (2011) *Sector Skills Assessment for the Creative Media Industries in the UK*.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

28. We agree with the Alliance of SSCs point on this issue which argues that this is an artificial split and that all learning should be considered as investment—therefore 100% funding for both age groups.

29. We understand that Government may want to use the split as an incentive for companies to take on young people and reduce the number of NEETs (young people not in employment, education or training). However, this policy can exclude opportunities for older candidates. We would like to suggest for the Committee to examine the funding model in Wales, where such funding split does not exist, and monitor the outcomes.

14 February 2012

Written evidence submitted by Skillsmart Retail Limited

EXECUTIVE SUMMARY

- A. The SASE specification is an effective template for Apprenticeship standards and content.
- B. Sector Skills Councils are dedicated and well-positioned to seek and represent employers' views and engaging with employers to ensure that the Apprenticeship component qualifications meet the needs of the sector.
- C. Changing requirements and rulings for the delivery of Apprenticeships impacts heavily on established processes for employers, learning providers and SSCs.
- D. Greater synergy between the National Apprenticeship Service (NAS) and SSCs to ensure joint support and clarity of information in the provision of Apprenticeships. Clearer definition of roles required between NAS and SSCs with NAS leading on quality monitoring and improvement as they work closely with the SFA to fund Apprenticeships.
- E. The potential impacts of delivering Functional Skills as part of the Apprenticeship framework should be explored through consultation with employers and learning providers via SSCs to establish if working hours or delivery costs are negatively affected.

INTRODUCTION

1. Skillsmart Retail is the Sector Skills Council for Retail. It represents and works with retailers of all sizes to drive excellence and set industry-wide standards for retail skills and career paths to enhance the reputation of retail careers.

2. Skillsmart Retail led the development of Retail Apprenticeships when they were introduced in 2002. The programme was developed with retailers, training providers and awarding organisations to ensure it matched the needs of the sector. Over the last five years, the number of Retail Apprenticeships completed has increased by 190% and the drop-out rate has significantly reduced, from 70% to 31%. These statistics are testament to Skillsmart Retail's close working with retailers to ensure the programme meets the needs of the sector without compromising on standards and quality.

3. Apprenticeships have been successfully promoted to and utilised by some of the UK's biggest retailers and Skillsmart Retail has worked closely with many others, including Tesco, Aldi and Debenhams, advising them on the implementation of the programme across stores. The National Skills Academy for Retail, a wholly owned subsidiary of Skillsmart Retail, continues to deliver Apprenticeships to retailers of all size via its network of skills shops based throughout the UK.

4. In considering the questions posed by this inquiry into Apprenticeships, Skillsmart Retail has consulted with employers currently delivering the Apprenticeship programme in the retail sector and will be reflecting their views and experience in this response.

5. Skillsmart Retail feels that in order for Apprenticeships to be thoroughly reviewed for future decisions on funding, delivery requirements and policies, employers should be prominent in discussions and have a clear voice to reflect their experiences and expertise in the sector through the Sector Skills Council. Skillsmart Retail is more than happy to provide additional information or further discuss any of the responses raised in these responses.

6. The following paragraphs provide responses to the inquiry questions.

NATIONAL APPRENTICESHIP SERVICE

7. Skillsmart Retail has worked closely with the National Apprenticeship Service (NAS) to present a united approach to ensuring quality of delivery in Apprenticeships in the retail sector as well as support for employers and learning providers.

8. Employers delivering retail Apprenticeships have expressed positive views on their work with NAS, citing examples of how they have helped to improve communication with the SFA and general promotion of

individual organisations to boost Apprenticeship delivery. Certain areas of the country in particular such as the North West, have supported employers well.

9. Whilst some employers have a great deal of experience of working with NAS, others have reported little contact. Recommendations for future support have included greater links with NAS and SFA to offer support for employers with matters around discrepancies in funding accounts. As employers are often new to the government funding systems, it is felt that NAS could be a valuable mediator between the SFA and themselves in helping to resolve issues in funding payments.

10. The vacancy matching service offered by NAS has been highly praised with one employer quoting between 75–80% of their apprentices being sourced through the service.

11. Recent publications questioning the quality of Apprenticeships has led to closer working between NAS and Skillsmart Retail to ascertain the formal requirements of an employer or learning provider in delivering the programme. Whilst Skillsmart Retail are able to use the SASE requirements as their guidance for approving Apprenticeship applications, there still remains some ambiguity as to where the responsibility lies for addressing short duration Apprenticeship delivery with employers.

12. Skillsmart Retail welcome the continued close working relationships with the NAS but with clear distinction between the roles and a coordinated way of working with employers so that they do not experience multiple approaches from different organisations.

13. In terms of the requirements of the Apprenticeship programme, again NAS and SSCs can work closely to ensure that any requirements introduced for the Apprenticeship programme do not present unnecessary barriers or red-tape.

EXTRA FUNDING FOR APPRENTICESHIPS

14. Skillsmart Retail strongly supports the continuation of funding for Apprenticeships to aid our ambition of improving accessibility of skills and qualifications for the retail workforce. Following recent research into the demand for Higher Level Apprenticeships, we are keen to develop a level 4/5 Apprenticeship programme for the sector. During our survey, over 250 employers were interviewed of which 67% felt that it was either very important or important that government funding was available to support the delivery of Higher Apprenticeships in retail. 36% of respondents had never offered management qualifications to their staff with the main reason being the financial cost to the company.

15. Feedback from retail employers suggests that funding for Apprenticeships should be more evenly spread amongst the various age groups and that there are currently conflicting messages with Government wishing to increase Apprenticeships but funding 50% less for 19–24 age groups.

16. Skillsmart Retail will shortly be holding a forum with employers to discuss the impact of the mandatory provision of Functional Skills as part of the Apprenticeship programme. Currently it is felt that additional funding would be required to support the resources needed to deliver this.

QUALITY OF APPRENTICESHIPS

17. In our development of the retail Apprenticeship frameworks, Skillsmart Retail consults at length with employers to understand fully, the needs and requirements of the sector. Through implementation of this robust process, we can be certain that retail Apprenticeships provide retail employees with high quality, relevant training enabling both new and existing staff to develop and learn whilst creating a sustainable future in their chosen career.

18. Skillsmart Retail frameworks are compliant with SASE requirements and in our communications, we remind employers and learning providers about the Guided Learning Hours required and evidenced which ensures apprentices are thoroughly assessed and monitored during their learning. In addition, we develop our underpinning competency and knowledge qualifications in consultation with employers to maintain their effectiveness in the sector to meet the needs of retail businesses and ensure they are fit for purpose.

19. If the frameworks are adhered to, they should provide a robust learning route for employees. Speculation over the length of Apprenticeships has been prominent recently and we feel, as do many employers, that whilst Apprenticeships should take the form of assessment in the workplace carrying out a variety of tasks over a period of time, longer length of programme does not automatically equate to a higher standard of delivery and may not be the most appropriate timeframe for the learner. If guided learning hours can be reached or exceeded in an intense training programme covering six months because the employer is keen to train all new recruits to a certain standard and to meet the needs of the business, can we really insist that this is stretched to 12 months with the same guided learning hours and qualifications achieved through allocating fewer hours a week to their programme?

20. We are committed to ensuring that apprentices achieve the relevant component qualifications in order to award them with their Apprenticeship certificate. We would expect NAS to ascertain whether the shorter—length programmes being delivered are impacting on the quality of the programmes. We are mindful, however, that whilst SSCs set the frameworks, NAS are responsible for monitoring the overall quality.

21. There does not seem to be a mechanism currently for auditing how many Guided Learning Hours are being used for programmes—this may be an area which if monitored, could give greater assurance to relevant organisations about the length of time spent on the programme.

22. Level 3 Apprenticeships have shown significant growth in the retail sector more than doubling in the number of registrations from 2004–05 to 2009–10. The number of apprentices completing their programme over the same period of time has trebled and if funding continues, would provide a fit for purpose, valuable programme encouraging progression in employees and an increased uptake in the Apprenticeships.

23. Concerns around quality of Apprenticeship delivery have prompted the introduction of rulings such as the obtaining of Apprentice signatures or authorisation, 30 hour week contracts for apprentices and a minimum duration period for 16–18 year olds. These changes can impact adversely on processes already embedded by employers, providers and SSCs. Some changes may not be easily adopted by some sectors in the time given and we would always recommend prior consultation with employers through SSCs to establish appropriate changes with timescales that are beneficial for all.

APPRENTICESHIP BONUSES

24. We may require more time and research to understand the best way to incentivise businesses to take on Apprenticeships. Some employers pass on the bonuses to successful learners in the form of vouchers, although there are views that individuals should not receive the bonuses, rather that the funds should be used to support improvements in quality of provision. One idea presented by employers was to fund a “buddying” system for employers to share good practice and share resources. Bonuses to support awards ceremonies and other recognition events would also be welcomed.

25. For small businesses, a monetary bonus for Apprenticeship registrations or completions could be beneficial to help subsidise wages leading to job offers.

CURRENT FUNDING ARRANGEMENTS FOR TRAINING OF APPRENTICES

26. As part of Skillsmart Retail’s on-going review process of Apprenticeship frameworks, we are undertaking an activity and costing review to ensure that current funding rates are at an appropriate level for employers and learning providers. The results of this will be used to inform NAS of any recommendations for change or need for greater funding to support delivery.

27. In the retail sector, it is felt that greater funding support is required for the 19–24 age group as this will be a focus of investment by employers who are likely to be offering the higher contract hours to these employees, rather than the 16–18 age group.

28. Some employers have expressed concern at offering Apprenticeships to the 16–18 age group due to health and safety restrictions and extra bureaucracy involved with authorising young people to undertake some of the tasks required for assessment.

3 February 2012

Written evidence submitted by Sheffield City Council

EXECUTIVE SUMMARY

- Since the introduction of the National Apprenticeship Service there has been an increased volume of apprenticeship starts. However there is evidence that the programme has not penetrated the SME market to the level required to unlock the potential volumes this market could generate.
- With limited careers guidance, no clear pathways and limited promotion of apprenticeships in schools the National Apprenticeship Service has more to do if it is to bridge the gap between BIS and the Department for Education.
- The additional funding promised by the Coalition Government is necessary to generate a continued growth in apprenticeships. Currently funding is targeted on those that successfully secure an apprenticeship opportunity. It does not support those that could excel if they were better prepared prior to applying for an apprenticeship. For many particularly those that sit outside of the Work Programme, funding targeted on a period of “pre apprenticeship” would equip them with the employability skills required to successfully move forward to take up an apprenticeship.
- Feedback from local businesses engaged in the apprenticeship programme clearly indicates the current apprenticeship model does not have the flexibility that many sectors require. Businesses have articulated their desire to be engaged in meaningful dialogue that allows them to shape and develop a system that is flexible, responsive and delivers relevant qualifications at the appropriate level. In particular the engineering sector would like to see a flexible model to meet their needs. The introduction of more level 3 apprenticeships would respond to employer demand.

- Evidence from other national, local and ESF funded programmes eg Future Jobs Fund, Sheffield 100 Apprenticeship Programme and Objective 1 clearly demonstrate that subsidies and cash incentives encourage employers to recruit less qualified individuals and invest in developing their skill levels. However, the proposed bonuses if available for all candidates encourage selection of those more able individuals pushing those that could excel given the opportunity further from the labour market.
- The current funding model used for the training of apprentices does not address long term worklessness and the need to support employed or unemployed adults that would benefit. The current funding model acts as a disincentive to employers in employing/investing in the skills of the 19 plus workforce.

How successful has the National Apprenticeship Service been since it was created in April 2009?

1. Since the introduction of the National Apprenticeship Service there has been an increased volume of apprenticeship starts. However there is evidence that the programme has not penetrated the SME market to the level required to unlock the potential volumes this market could generate.

2. Opportunity Sheffield a Sheffield City Council run initiative designed to provide businesses with support to access the services that can secure business benefits, undertook an exercise to raise the profile of apprenticeships across the SME community. To date this has generated an additional 423 apprenticeships.

3. This initiative demonstrates the potential volumes engaging and supporting the SME market to understand the apprenticeship process, its benefits, and provide the support to source candidates, training frameworks and Training Providers who can deliver the framework, can generate.

Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

4. With limited careers guidance, no clear pathway, and limited promotion of apprenticeships in schools the National Apprenticeship Service has more to do if it is to bridge the gap between BIS and the Department for Education.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

5. The additional funding promised by the Coalition Government is necessary to generate a continued growth in apprenticeships. An evidence base can be drawn from the response to the City Councils Sheffield 100 Apprenticeship Programme. The Sheffield 100 Apprenticeship Programme is different in that it aims to prepare young people aged between 16 and 18 years old who may not have been successful in the past at gaining an apprenticeship, or are most likely to fall out of education, employment or training (Neet) and can be overlooked when in open competition and therefore required extra support that the Sheffield 100 programme provides.

6. Candidates undertake a 6 week pre apprenticeship and a period of work placement with their prospective employer. To date the programme has supported 66 young people into employment. In return for the businesses investment in those young people from this cohort the programme pays half of the apprentices salary to the employing business.

7. Feedback from those businesses involved in the programme is that without the payment of half the salary costs and the preparation of candidates through the pre apprenticeship programme they would not have engaged with this client group.

8. This highlights the need for a two pronged funding stream that covers both preparation of the candidate for those that sit outside of the Work Programme and financial incentives payable to businesses.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

9. Feedback from local businesses engaged in the apprenticeship programme clearly indicates the current apprenticeship model does not have the flexibility that many sectors require. Businesses have articulated their desire to be engaged in meaningful dialogue that allows them to shape and develop a system that is flexible, responsive and delivers the range of qualifications they require. In particular the engineering sector would like to see a flexible model to meet their needs. The introduction of more level 3 apprenticeships would respond to the employer voice.

Apprenticeships bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

Evidence from other national, local and ESF funded programmes eg Future Jobs Fund, Sheffield 100 Programme, and Objective 1 clearly demonstrates that subsidies or cash incentives encourage employers to recruit less qualified individuals and invest in developing their skill levels.

However, the proposed bonuses if available for all candidates will encourage selection of those more able individuals pushing those that could excel given the opportunity and support further from the labour market.

In addition, these incentives are not attached to those 18–24 year olds registered as unemployed prior to joining the Work Programme, or those currently in work who may not be qualified to Level 2 or above.

Is the current funding arrangements for training of apprentices of 10% for 16–18 year olds and 50% for 19–24 year olds appropriate?

The current funding model used for the training of apprentices does not address worklessness in the round and the need to support all employed or unemployed adults that would benefit (according to the Leitch review of skills 70% of the 2020 working age population has already left compulsory education). The current funding model acts as a financial disincentive to employers in employing/investing in the skills of the 19 plus workforce.

Whilst from the 1 April 2012 monies will be attached to unemployed 18–24 year olds referred to the Work Programme, the additional training costs SME's will incur will prove prohibitive for a large number in the current challenging economic climate.

Cllr Helen Mirfin-Boukouris

22 February 2012

Annex

SHEFFIELD CITY COUNCIL 100 APPRENTICESHIP SCHEME

What is the Sheffield 100 Apprenticeship scheme?

In May 2011, Sheffield City Council's new Labour administration made a commitment to take action to support employment opportunities for young people, earmarking £500,000 for an apprenticeship programme. The programme will target those young people, 16–18, who are registered as being unemployed or not in education or training and work with Small/Medium Enterprises in Sheffield to offer subsidised Apprenticeships in local businesses.

Why are we supporting Apprenticeships?

Sheffield City Council is committed to helping Young People into employment and to increase the diversity of the city's workforce. Young people have been disproportionately affected by the recession and the city requires a dynamic, skilled workforce.

What is an apprenticeship?

They are work-based training programmes designed around the needs of employers, which lead to nationally recognised qualifications.

As employees, apprentices earn a wage and work alongside experienced staff to gain job-specific skills.

A National Minimum Wage for apprentices was introduced on 1 October 2010. From 1 October 2011 this will be £2.60 per hour for apprentices aged under 19 and applies to time working, and time spent training that is part of the Apprenticeship. Employers are free to pay above the new wage and many do so, but employers must ensure that they are paying their apprentices at least the minimum wage.

What is the value of employing an apprentice?

Apprentices can make a significant contribution. The University of Warwick Institute of Employment Research found that the costs of apprenticeship training are recouped relatively quickly and that where the investment is nurtured, the returns are significant. In a 2009 Learning and Skills Council survey of UK businesses:

- 81% said that employing apprentices generated higher overall productivity for their company.
- 92% said that their apprenticeship programme better motivated staff and increased job satisfaction.
- 74% said that apprentices tended to be more loyal, remaining at their company longer than non-apprentices.

What is different about the Sheffield 100 Apprenticeship Programme?

The new Sheffield 100 Apprenticeship Programme is different in that it aims to encourage young people aged between 16 and 18 years old who may not have been successful in the past at gaining an apprenticeship, or are most likely to fall out of education, employment or training and in need of support.

It is hoped that these apprenticeships will lead to permanent employment.

How will we support businesses to become involved?

The businesses that support Sheffield's young people through this programme will receive a contribution to cover half of the apprentice's salary up to the value of £52.00 per week.

This contribution will be available for a maximum of two years or until the apprentice achieves their qualification. The length of an apprenticeship differs widely but on average is of 18 months duration.

What will happen next?

Businesses signalling their readiness to move forward and employ a Sheffield 100 apprentice will be provided with support throughout the three stages of the programme.

The 3 Stages

Stage One—Interview

- You will interview between one and three candidates for your position. The successful candidate will undertake a period of work experience with you.
- Prior to the interview candidates will undertake a 6 week pre apprenticeship programme to ensure they are hard working, reliable and ready to embark on their chosen career path.

Stage Two—Work Experience

- The work experience period completes the selection process and ensures both the business and the candidate are ready to move forward to stage 3.
- Work experience will be flexible to the employer's requirements but is envisaged to be two to three days per week for two to three weeks.
- During the work experience period the young person will receive travel and lunch costs from the Sheffield 100 apprenticeship programme.
- In preparation for stage 3 the National Apprenticeship Service will provide the employer with a choice of training provider. The training provider is usually a local college or specialist training organisation responsible for an apprentice's off-the-job training.

Stage Three—Employing the apprentice

- Upon satisfactory completion of work experience, the apprenticeship will commence.
- The employer will sign an employer agreement with Sheffield City Council. This will detail the terms and conditions for receipt of the contribution to the apprentice's salary and; the support they will receive throughout the length of the apprenticeship. This support will be provided by a named contact.
- The employer's preferred training provider will assign a mentor to work with the employer to ensure that the apprentices training programme is well planned, progress is tracked and support around any issues that may arise is available.
- The employer will invoice the Council at the end of every calendar month for half the apprenticeship salary up to the value of £52.00 per week.

Results to date

175 employers engaged

66 Apprentices in employment through the programme across the following sectors:

Care, Creative & Digital, Construction, Environmental, Finance, Hospitality, Manufacturing, Marketing, Public, Recruitment, Retail, Training and Voluntary and Community.

With a further five at the interview stage and 12 at the Work Experience stage total 83 of which:

33 Female

50 Male~

19 BME

10 with Learning/Physical disability

Quotes from Employers

“Super chap, with good focus, he's done so well I've agreed to pay him for his work trial too” *Fulwood Lodge Care Home*

“A really nice young man, very happy to take him on”—*Jane Snee, Business data prospects*

“She was quietly confident, had prepared for the interview and made the effort to find out a little bit about us from our website. She was honest, polite and demonstrated a sense of humour. Without proper tests there was little more she could have done to impress us at the interview.” *Andy Pringle, Pringle PCS Limited*

“Danny seems to be getting on fine. I’ve spoken to the warehouse manager, and he’s very pleased with his enthusiasm so far.” *Alistair Hague, Alchemistic*

“Lucy’s doing very well, she’s a diamond” *Shaun Johnson, Ashton Building Services*

“We’ve had him learning a lot about the way small businesses work and he seems very enthusiastic”—*Jason Jesson, Owner of Laundry Point*

“Bradley was great on his work trial, we had him doing all kinds of stuff to learn about the business, we’ll take him straight onto apprenticeship starting next week” *Alchemistic Limited.*

“Following his work trial, we’re taking Toby on because he seemed to get on well with everyone and we think he’ll really fit it” *Sheffield Wildlife Trust*

Written evidence submitted by Sheffield Independent Film and Television (SHIFT)

SUMMARY

- Apprenticeships could work across more than one sector skills area eg creative and media and business administration to develop much needed transferable skills.
- Access to apprenticeship routes are essential for NEET young people.
- The creativity and talent of NEET young people is in danger of being lost through lack of development and the changing context of Higher Education ie raising of university fees making apprenticeships a viable option for more academically gifted students.
- SMEs do not take on apprentices because the time involved supervising an apprentice is costly to a micro-enterprise.
- An Apprenticeship Agency would miss the point as to why SMEs do not take on apprentices.
- An Apprenticeship Agency could be another layer of publicly funded bureaucracy.
- If you want to help SME’s give them a direct subsidy to support an apprentice.

SKILLS DEVELOPMENT

1. To succeed in the current employment market young people need flexible and transferable work based skills. Does an apprenticeship framework tied to a specific sector skills council work best at developing a future workforce with transferable skills able to respond to the employer needs of SMEs working in volatile and changing marketplaces.

2. Young people not in employment, education or training (NEET) who have a history of non-achievement in formal education are often talented creatively and able innovate in practical and applied situations. For these young people accessing an apprenticeship is crucial.

3. Apprenticeships could become the pathway of choice for academically gifted young people who in other economic circumstances might choose universities. This has two possible negative consequences:

- (a) NEET young people are denied a viable pathway to progression through larger employers taking only the best students.
- (b) Through lack of development the creativity and talent of these NEET young people is lost to employers and the wider community. In an increasingly complex employment market this has the added negative social consequence of creating an unskilled under class.

4. 4b is particularly worrying in relation to the current proposed labelling of young people as being in danger of becoming NEET at the age of 11.

SUPPORTING SMEs

5. SME’s in Creative and Digital Industries (CDI) do not take on apprentices because they cannot provide the necessary supervision within the company to help the apprentice gain skills. This is to do with time and the complexity of work within a CDI company not the complexity of existing apprenticeship frameworks burdening employers.

6. CDI companies being able to develop apprentices is crucial to companies benefiting from the innovative talent and left field thinking of creative young people.

7. Within CDI an Apprenticeship Agency who paid the apprentice and offered the apprentice to employers on a short term basis eg six weeks would create a centralised bureaucracy. It also misses the point that projects are long in development and delivered in the short term. Production companies have a large number of highly trained freelance people while in production. This is not the point at which they want an apprentice in what would effectively be a shadowing role. The last thing SME’s need is the creation of a publically funded, centralised agency which pressurises them into taking an apprentice at a key point in their companies delivery cycle.

8. To support SME's in taking on apprentices give SMEs direct support ie a subsidy to employ someone on a pro-rata basis to support the apprentice in the work place into a long term work placement and a job opportunity.

14 February 2012

Written evidence submitted by Skills for Justice

EXECUTIVE SUMMARY

1. Skills for Justice is the Sector Skills Council (SSC) covering all employers, employees and volunteers working in the UK Justice System, Safer Communities, Legal Services and the Armed Forces. We work with key employers, the Governments of the UK and agencies within the skills system, to better equip workforces with the right skills now and for the future.

2. We exist to help organisations and individuals to deliver benefit to society by being significantly better skilled, and to influence policy makers to ensure that they take full account of workforce development needs in the sector.

3. People working in these sectors do a vital job. Their work affects the quality of life, sense of well being and security of people across our communities. Our work with organisations in the sector to help them develop their staff, gives them the tools to support the existence of a safer, more tolerant and just society.

4. We develop Apprenticeship frameworks in response to employer demand and consult with them to ensure that the frameworks meet their skills needs. This written statement reflects upon our experience of developing frameworks and the experience of the employers within our footprint. We identify the strengths of the current arrangements as well as the challenges faced by employers and employees. In so doing, we hope that the Inquiry can undertake a comprehensive assessment of what is working well and where there is room for improvement. We will offer recommendations based on employer feedback, research and our own expertise. Our objective is to work with government to refine the development and implementation process. This will encourage and enable our sector to offer Apprenticeships that are of high quality and fit-for-purpose.

INTRODUCTION

5. We support recent efforts to raise the profile and quality of Apprenticeships as well as to increase the number of Apprenticeships available in the UK. We welcome the Inquiry into Apprenticeships and the opportunity to contribute. Many of the employers we work with have not traditionally offered Apprenticeships and we are pleased to see an increased demand from our employers. We feel that this Inquiry is timely and that our employers can offer a fresh perspective on the process of development and implementation of Apprenticeships.

6. Our priority is to support employers to ensure that they realise maximum benefits from taking on apprentices. Employer commitment is vital and therefore the employer experience will significantly affect demand for Apprenticeships as a method of recruiting and developing their workforce.

7. Our written statement will respond directly to the Terms of Reference with additional comments and information where appropriate. We will only provide comment on those areas with which we are able to speak with authority, based on experience and factual evidence.

TERMS OF REFERENCE

How successful has the National Apprenticeship Service been since it was created in April 2009?

8. We support the role of the National Apprenticeship Service (NAS). Our employers have found that establishing NAS has been very helpful in terms of assisting them to understand funding arrangements more clearly. Employers feel supported by NAS in terms of advice and guidance and they value the matching service provided which allows people to register their interest and be notified of vacancies. Employers have also worked with NAS to source providers where they themselves do not have the relevant expertise and have reported positive experiences of this. NAS have been described as "invaluable" for helping employers to publicise tender work and support recruitment work through advertising on their website. The development of the Apprenticeship Training Model has been cited as critical to accessing and embedding training and education.

9. We have just three areas of concern with regard to our employers' experience of NAS. We have encountered some initial problems which have caused significant delays and confusion whilst developing Apprenticeship frameworks. The main challenges have been the following:

Funding Calculations

10. During the conversion of blueprint frameworks to Specification of Apprenticeship Standards for England (SASE) compliant ones, the timeframe advised by NAS for calculating funding allocation was four weeks from the date of issue. Skills for Justice advised employers accordingly however, in reality this process took far

longer. We recognise that the reason for this may have been due to the volume of frameworks coming through to NAS as a result of the transition. Nonetheless, the necessity to revise the date with no confirmation of funding was a cause of concern to our employers.

11. Strong relationships with our employers are at the core of our success. To maintain trust it is critical that we provide employers with accurate information. We have regular, ongoing communication with them to ensure that any changes to circumstances are discussed and managed at the earliest possible opportunity. Where NAS are aware of changes or delays that will affect employers, timely updates and effective communications would help to avoid employers feeling uninformed, misinformed or vulnerable.

Quality Assurance

12. We welcome the SASE and see them as a useful tool to ensure Apprenticeship frameworks are of a high standard. Employers have expressed support for the emphasis on improving and ensuring quality through the establishment of NAS. Unfortunately, when developing frameworks we have experienced slow response rates in terms of compliance checks before funding is assigned to a framework.

13. In some cases a conflict of interpretation of the SASE requirements has arisen between NAS and the Issuing Authority. In these cases the developer and the Issuing Authority believed that the criteria had been met but NAS disagreed, slowing the progress of the product to market. We recommend a review of how the criteria are applied, in consultation with SSCs, employers and NAS to ensure a shared understanding and implementation that supports speedy and successful development. We have found that the employers we are working with to develop the frameworks are extremely positive about the outcomes. We are building good relationships with NAS and are hopeful that recognition of the important role that SSCs play in representing the employer voice will strengthen this partnership.

Barriers to Partnership Working

14. The NAS regional teams are set targets which focus their efforts on the number of Apprenticeships that they can “sell”. We have found that this is not always conducive to building effective partnerships. Employers are at the centre of our work and this means ensuring that what we develop is suited to their needs. This can sometimes require additional work at the outset which can interfere with NAS’ ability to meet targets. The response has, on occasion, been to see us as competition. We are keen to ensure that NAS and SSCs work well together for the sake of the employer.

Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

15. Due to low demand within our sectors, Skills for Justice are relatively new to developing Apprenticeships and therefore cannot comment on the previous process for development.

16. We have experienced some difficulties in identifying the correct person to contact at the NAS central team. This is dependent on the reason for contacting NAS, however, a designated contact would make the process smoother and more consistent. Although employers have reported good experiences when working with regional teams, they tend to prefer to speak to Skills for Justice, rather than contact the central team directly. A designated contact at the central team would reduce the number of people involved in a single activity, improving the employer experience.

Is the extra funding promised by the Coalition Government necessary for apprenticeships?

17. The additional funding ring-fenced for Apprenticeships has significantly increased demand from our employers, many of whom are offering Apprenticeships for the first time. We recognise the benefits of Apprenticeships and would encourage continued financial support as a key driver of increasing demand. The Government’s support has provoked a new approach to recruitment and development at a crucial time for our sectors.

18. The justice sector has not traditionally recruited younger people due to the nature of the job roles, many of which have age restrictions and require higher level skills and qualifications. The additional funding has incentivised employers to explore areas where younger people can be recruited with some positive outcomes. The following case study highlights some of the challenges to employers in this regard. It also demonstrates the determination employers have when they identify an Apprenticeship as the most appropriate mechanism for recruitment and workforce development.

CASE STUDY⁽¹⁾

Staffordshire Fire and Rescue Service (FRS) wanted to offer their operational fire-fighter Apprenticeship to younger people but were prevented from doing so by the Fire Act.⁽²⁾ The Act provides that the minimum age before you can join the fire service is 18 years old. Staffordshire FRS challenged the application of this in terms of Apprenticeships by using the Equality Act;⁽³⁾ the challenge was upheld.

The provision of the Fire Act is intended to protect young people from the dangers of exposure to fire. The Apprenticeship framework is structured in a way that frontloads the activities that

do not require the Apprentice to be exposed to fire. They do not carry out any of the activities restricted by the Fire Act until after their 18th birthday.

Staffordshire FRS is halfway through their first two year cohort of learners (May 2011). They have six operational fire-fighter apprentices (five started in the 16–18 age bracket and one in the 19+), one motor vehicle apprentice (19+), two business administration apprentices (16–18), one catering apprentice (16–18), one procurement apprentice and one finance apprentice are currently being recruited, giving a total of fourteen apprentices.

19. Employers have articulated a desire for funding for Public Sector Apprenticeships such as the Courts, Tribunals and Prosecution Apprenticeships. This would encourage employers to use Apprenticeships to recruit and to attract younger employees into the sector.

20. The rise in demand for Apprenticeship frameworks is as a direct result of public funding and employers have expressed concern about what funding will be available in the longer term. If employers are expected to fully fund Apprenticeships it will create an additional barrier to recruiting and we foresee a dramatic drop in the number of Apprenticeships being offered.

How can this funding best be spent?

21. Whilst welcoming the positive effects of the funding allocated for Apprenticeships, we are concerned that other routes to qualifications and employment are being overlooked, even when they are evidently more suitable. This is a particular problem for employers that have already spent time and resources developing the infrastructure to accommodate alternative pathways. We would welcome funding opportunities for other vocational qualifications where employers can demonstrate that they have been successful in the past and are the preferred route. This would be in line with the Coalition Government's ambitions for a system that is employer-led and responds to employer demand.

22. Employers we have worked with have suggested that funding could be better used to assist organisations in developing their own tailored, business-specific Apprenticeships. Employers have told us that funding could be used to provide development that is relevant to the vocation and complements the Apprenticeship, even if it is not an accredited qualification. Suggestions include specialist ICT skills, first aid and generic health and safety training.

Are apprenticeships of a high enough quality to benefit apprentices and their employers?

23. Quality is of paramount importance if employers are to be encouraged to provide Apprenticeships. High quality Apprenticeships are necessary to raise the status of Apprenticeships and realise the parity of esteem between vocational and academic routes of progression that is desired.

24. SASE standards are a useful tool but should be clarified between Issuing Authorities and NAS so that they are not open to confusing interpretations. It is important that SASE reflects employer need and NAS should be mindful that an overly prescriptive interpretation will discourage employers. Consultation with SSCs can ensure that only relevant and appropriate standards are applied to reduce unnecessary bureaucracy.

25. Our employers have been very positive about the quality of the frameworks we develop in partnership with NAS. Apprenticeships provide a "sustained programme over a lengthy period of time, which delivers real changes in skills levels, knowledge and softer areas such as confidence building and a willingness to take on increased areas of responsibility"⁽⁴⁾

Should there be more Level 3 apprenticeships?

26. There is a greater demand for Level 3 Apprenticeships in the justice sector than Levels 1 and 2. The skills required, even at entry level, are higher than the demographic average.⁽⁵⁾ Employers in the justice sector would not only support a move to increase the number of Level 3 Apprenticeships, but would also like to see more Level 4 and 5 Apprenticeships. We are currently working on developing an Apprenticeship framework that incorporates Levels 2, 3 and 4 in response to a request from employers we work with in Courts, Tribunals and Prosecutions. There is a particular interest in the technical skills that a Level 4 Apprenticeship can develop.

27. Often Level 3 Apprenticeships are used to develop existing employees which is a necessity at a time of economic challenge and the widespread recruitment freeze in the public sector. Offering development opportunities can help to build staff morale and lead to more efficient working.

28. The employers that we work within Legal Services are in a better position to maximise the benefits of the current funding arrangements. This is because through the level 3 paralegal Apprenticeship framework that we are developing with employers they intend to attract and recruit a more diverse and younger workforce. In bidding to change the perceptions of young people and their parents, as to what a career in the legal services professions is and can be, the employers will find the new framework particularly helpful in addressing the need for a more diverse workforce and greater social mobility within this field.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

29. The organisations within our footprint tend to be quite large, such as the Police Service. Our work with employers in Community Justice, Forensic Science and Legal Services organisations does mean that we work with smaller agencies and these are often in the voluntary sector. Employers in this sector have limited resource to offer Apprenticeships. There is also little incentive as volunteers do not attract the same level of investment. Bonuses may provide an incentive for these organisations however there is currently not the demand.

30. We work with Legal Services and would expect smaller law firms to be incentivised by a bonus scheme. We are currently developing a formal paralegal Apprenticeship framework. This has been made possible by funding provided by the Crown Prosecution Service for the initial development of the Apprenticeship pathway for their paralegal workforce. The Apprenticeship will open up the sector to more young people and create a pathway to the profession for those in paralegal roles. Bonuses may increase take up of this Apprenticeship from smaller firms.

31. We would urge caution when considering whether to introduce a bonus scheme. It is imperative that Apprenticeships provide real opportunities to obtain employment if they are to be seen as credible. Bonuses may encourage organisations to offer Apprenticeships where there is little or no chance of a job at the end.

32. We believe that it would be enormously encouraging to employers if government departments were seen to lead by example. Offering Apprenticeships and promoting the benefits through reference to first-hand experience would send a powerful message to employers.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

33. The justice sector traditionally recruits individuals above the age of 18 and in many cases this is unavoidable due to the nature of the work undertaken by the sector. The need for a highly skilled workforce means that there is a greater demand for Level 3 Apprenticeships. Level 3 Apprenticeships are more likely to be taken up by people above the age of 24; the indirect effect is that the sector does not experience the same benefits from the funding arrangements that many other sectors do. In most cases Apprenticeships have to be paid for by the employer at a cost that is higher than traditional methods of recruitment, in austere times. Employers have highlighted that the level of funding for sector-specific programmes is insufficient and not equal to similar vocations eg nursery nurses. We would welcome funding arrangements that better enable employers in our footprint to offer Apprenticeships.

34. The majority of Apprenticeships in, for example, the Crown Prosecution Service, are aimed at developing the skills of existing employees not recruiting new staff and therefore are taken up by older employees.

35. We recognise the need to address high levels of youth unemployment, however, our experience is that some areas do not have the option of recruiting younger employees and therefore the current rules create barriers to offering Apprenticeships.

36. Ideally apprentices would be selected based on their suitability and capability.

FACTUAL INFORMATION

37. Skills for Justice carried out a very comprehensive Employer Skills Survey⁽⁶⁾ (ESS) and have recently reported on the findings. The ESS helps to gauge the feelings of employers within the UK Justice and Community Safety sector towards Apprenticeship schemes. This section draws on the findings as supporting evidence for the assertions made in this written statement.

38. Almost 72% of all employers are positive about Apprenticeships as a route to gaining qualifications and skills. Many already have Apprenticeships in place; others would like to pursue Apprenticeships as an option.

39. Some employers within the sector feel they can benefit from Apprenticeships within the current economic climate. They consider it an attractive means for facilitating the pursuit of qualifications and securing basic skills and technical skills. A number of employers also believe apprentices are important in bolstering support roles and functions.

40. It is also noteworthy to mention that some employers consider Apprenticeships as a crucial tactic for improving the age mix of members of staff.

41. While most of the organisations view Apprenticeships as a positive approach to development, some respondents also identified some potential impediments to steady uptake of Apprenticeship programmes. These include:

- Funding.
- Security.
- Health and Safety concerns.
- Adequate provision of supervision time for apprentices.

Some of these concerns are linked to the nature of services provided by organisations within our footprint. Many of the services are underpinned by extensive operational activities often requiring managing confidential information and involvement in risk critical activities.

42. The most recent 2009 National Employer Skills Survey⁽⁷⁾ (NESS) for England (UKCES, 2010) was commissioned and published by the United Kingdom Commission for Employment and Skills (UKCES). Findings from the survey revealed that up to 94% of employers have knowledge of Apprenticeships. However, only 32% had heard of Advanced Apprenticeships. About 36% knew about Adult Apprenticeships while just 16% confirmed they were aware of Higher Apprenticeships. This indicates a gap in knowledge which recent government policy has helped to address.

Table 3.5

TYPES OF EMPLOYEES BENEFITING FROM
APPRENTICESHIP SCHEMES

<i>Employees Benefiting from Apprenticeships</i>	<i>%</i>
Only offer Apprenticeships to existing staff	16
Only offer Apprenticeships to specific recruits	16
Mainly offer Apprenticeships to existing staff	6
Mainly offer Apprenticeships to specific recruits	3
Offer Apprenticeships equally to both existing staff and specific recruits	45
Don't know	15
Total	100

43. We note from Table 3.5 that the majority of employers offer Apprenticeships to existing staff and specific recruits. It is important to also offer Apprenticeships to new recruits in order to improve the demographic mix and also encourage innovation diffusion.

44. The Sector Skills Assessment referred to can be found on the Skills for Justice website.⁽⁸⁾ The website also provides case studies which evidence the assertions in this statement. The aforementioned Employer Skills Survey will be published on the same website shortly.

RECOMMENDATIONS

Funding calculations

45. We fully accept that there are occasions where timeframes and deadlines need to be revised. We would like to improve communications with NAS so that where this is the case we are informed at the earliest possible opportunity. This will allow us to manage the expectations of our employers and reassure them about the progress that is being made.

Quality Assurance

46. We strongly urge government to request a review of the SASE criteria and clarification of its interpretation. We believe that the only way for this to be effective is to involve employers, SSCs and NAS in the process to ensure a common understanding of its implementation. This activity would reduce the number of times a framework is revised, avoiding delays and duplication of effort. It would also bring about a better mutual understanding of each party's respective capabilities and expertise.

Barriers to Partnership Working

47. The initial scoping exercise that we carry out in consultation with employers is fundamental to developing a quality and fit-for-purpose Apprenticeship framework. The targets that the regional teams are expected to meet should take this into account so that they are encouraged to support this activity without being penalised for it.

A designated Contact

48. We provide a single contact for Apprenticeship queries in our designated Technical Officer that leads on Apprenticeships. It would be helpful to both SSCs and NAS if NAS also provided a designated contact in the central team for each framework. This would strengthen relationships between the individuals and agencies as well as ensuring consistency throughout the process. We have sometimes struggled to identify the appropriate person and the contact would be in a better position to signpost queries internally. Similarly, one contact in the relevant regional team that both employers and Skills for Justice can work with, would be beneficial. This may also assist in communications between the regional and central teams which can sometimes provide contradictory information.

Funding Arrangements

49. The recent government funding for Apprenticeships has been the main driver of demand. If funding is wholly withdrawn there will be a dramatic fall in the number of Apprenticeships offered. Continued funding over a longer period of time will allow employers to realise the return on investment. The financial gain from effective Apprenticeships will encourage employers to invest more heavily in Apprenticeships provided there is a transition period. If this happens suddenly and imminently, it will be unfeasible to continue offering Apprenticeships in the way that employers would like to. It would also be useful for government to consider how to make Apprenticeships sustainable in the longer term if government funding is reduced and employers are expected to make greater contributions. Skills and workforce development is critical to economic growth and prosperity. Investment in Apprenticeships should be a long-term strategy if it is to achieve the objectives defined by government.

50. We would welcome a review of the funding arrangements to better reflect the restrictions on sectors that are unable to recruit younger people and require higher level skills. SSCs are in a strong position to assist with this, having a unique understanding of their footprint and close relationships with employers. We support the all-age ApprenticeshipsNI policy as it ensures that funding is made available for the most suitable candidate. It is also important that funding allocation is transparently consistent across all sectors.

51. We would recommend that funding opportunities are made available for alternative vocational qualifications where there is employer demand, particularly where they have a history of success in that sector.

52. Employers have articulated a demand for tailored/business specific Apprenticeships. Funding arrangements that accommodate this would be hugely beneficial and improve the return on investment for employers. Support for additional, complementary development such as specialist ICT skills would also be welcome.

53. We are encouraged that the terms of reference specifically ask about the demand for Level 3 Apprenticeships. This is particularly relevant to the Justice sector and we would welcome support for further development in this area. The employers that we work with are ambitious for their workforce and would welcome support for developing Apprenticeships at Levels 4 and 5.

Incentives

54. Whilst we recognise that smaller organisations may be incentivised by bonuses we have identified challenges brought about by providing adequate supervision time. Support that better enables these organisations to resource this supervision would be equally helpful. We would also recommend that bonuses are rewarded where the Apprenticeships offer real job prospects. In areas where there is high unemployment we would recommend that there be an intrinsic link to the Get Britain Working Programme.

55. Skills for Justice began offering Apprenticeships in 2009. We feel that this has increased our knowledge and credibility as an SSC that develops Apprenticeship frameworks for our sector. We believe that government can play an important role in raising the status and credibility of Apprenticeships by offering a number of these opportunities in government departments. This would also provide first-hand experience of the process and help to identify what does and does not work well.

CONCLUSION

56. Overall we feel that the current system for developing and implementing Apprenticeships has many positives. Government funding and policy has been effective in raising the profile and increasing the credibility and quality of Apprenticeships. We believe that the above recommendations will ensure that there is continued demand for Apprenticeships. This will have a significant impact on productivity and be beneficial to the future of the UK economy.

57. Skills for Justice would be happy to contribute to future development in this area. We will await with interest the outcomes of the Inquiry.

3 February 2012

REFERENCES

- (1) Staffordshire FRS Apprenticeship frameworks.
- (2) Fire and Rescue Services Act 2004.
- (3) Equality Act 2010.
- (4) Morag Aitken, Senior Learning Consultant, Ministry of Justice.
- (5) Skills for Justice Sector Skills Assessment 2010.
- (6) Skills For Justice 2011 Employer Skills Survey—Main Report. Specific employer comments were provided by Ministry of Justice, Crown Prosecution Service, Community Justice and Fire and Rescue Services.

⁽⁷⁾ National Employer Skills Survey 2010

⁽⁸⁾ www.skillsforjustice.com

Written evidence submitted by The Society of Motor Manufacturers and Traders (SMMT)

INTRODUCTION

1. The Society of Motor Manufacturers and Traders (SMMT) is one of the largest and most influential trade associations in the UK. It supports the interests of the UK automotive industry at home and abroad, promoting a united position to government, stakeholders and the media. The UK automotive industry is dynamic and globally competitive. Our sector is a vital part of the UK economy with £40 billion turnover and £8.5 billion value added. With over 700,000 jobs dependent on the industry, it accounts for 10% of total UK exports and invests £1.5 billion each year in R&D. The industry plays an important role in the UK's trade balance, with vehicle manufacturers exporting almost 80% of production. The UK is home to the world's largest number of low volume vehicle manufacturers.

2. SMMT welcomes the opportunity to respond to the Business, Innovation and Skills Select Committee's inquiry into Apprenticeships. SMMT itself does not have first-hand experience of the National Apprenticeship Service (NAS) or apprenticeships; however this response outlines their importance to the sector and is based on input from a range of member companies.

APPRENTICESHIPS—CRITICAL TO UK INDUSTRY

3. The automotive industry in the UK depends heavily on having access to a large, highly-skilled, and flexible talent pool, due to its complex manufacturing processes, and significant investment of funds in R&D and new technologies. Ensuring the mechanisms are in place to meet the ever-changing skills requirements that these new technologies and activities demand, is of vital importance to exploit the UK automotive industry's opportunities for growth. Apprenticeships have proven to be an invaluable tool for industry to address these issues and recruit and train its own workforce, ensuring that there is a consistent supply of skilled, ready to work individuals for a variety of needs, within both manufacturing and retail.

4. In year 2009–10, there were 37,860 apprenticeship starts in engineering and manufacturing technologies.¹²⁷ Many of these apprenticeships were in the automotive industry, which also saw 14,530 apprenticeships undertaken in its retail sector over the same period.¹²⁸ The diversity of frameworks that the automotive industry covers in both manufacturing and retail highlights the breadth of impact a concerted government focus on apprenticeships can have to this vital sector for the economy. Industry's commitment to the apprenticeship scheme is further illustrated in the NAS list of Top 100 Apprenticeship Employers, where a number of automotive companies are featured, from high-volume manufacturers and luxury brands, to companies in the supply chain and retail.¹²⁹

5. Specifically on NAS, industry has had mixed experiences. There is wide agreement on their lack of visibility as a body, and those with direct experience of NAS have received inconsistent quality of communication and advice. However, those who have utilised the Apprenticeship vacancies recruitment system were mostly very positive on the service.

6. SMMT and industry welcome recent government announcements committing additional funding to NAS. Government's stated ambition to rebalance the economy towards the manufacturing sector requires significant long-term investment, and we believe that developing and expanding apprenticeships in the UK is vital in achieving this aim. The recent investment announcements also reaffirm to industry that government is committed to growth of the UK's manufacturing industries. Targeting this extra funding is essential to ensure it is effective for business, learners and the wider economy. There are a range of perspectives on where this funding could be best spent; however, supporting the learner, and improving functional skills to ensure all those involved in apprenticeships can best benefit from them, is universally agreed as a positive use of funding.

7. Businesses stress that increased or different approaches to funding should not lead to increased bureaucracy. The automotive sector is a global industry; companies operate in many countries, and many locations within those countries. Businesses in the retail and service side of the industry have particularly noted differing experience in ease of funding access in different areas of the UK, which leads to inconsistency and can be confusing and complicated.

¹²⁷ The Data Service—Breakdown by Sector Subject Area, Age and Level

http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_supplementary_tables/Apprenticeship_sfr_supplementary_tables/

¹²⁸ SMMT's 12th Annual Sustainability Report

<http://www.smmt.co.uk/sustainability#social-performance>

¹²⁹ National Apprenticeship Service

<http://www.apprenticeships.org.uk/Employers/Top100.aspx>

8. Apprenticeship bonuses are viewed positively by business, but as with funding approaches, consistency and continuity is essential. More communication is needed on how such bonuses could operate and best benefit learners and businesses.

APPRENTICESHIPS—PERCEPTION, FUNDING, ACCESSIBILITY AND COMMUNICATION

9. Industry is keen to address the image of apprenticeships, which at present are perceived as a less robust alternative to academic study in further education. Industry believes that long-term and whole-hearted government commitment to apprenticeships can go a long way in addressing this issue, which, at present, acts as a brake on the appeal, and consequently the expansion and development of the scheme. In addition focusing apprenticeship funding on the most stringent and productive frameworks will assist in raising the profile and prestige of apprenticeships. SEMTA analysis shows that engineering apprenticeships typically last three to four years, are relatively expensive compared to other sectors, especially at advanced level, and are estimated to provide companies with a payback from increased productivity only after three to four years on average. This is in stark contrast to less rigorous apprenticeships, which can take just a few months to qualify, but which do not significantly add to the upskilling of the workforce. This focus on the long-term, through prioritising apprenticeships which produce the most skilled workers, will result in a virtuous circle of better qualified individuals entering the workforce throughout the economy, helping raise the profile of the scheme, thus encouraging individuals from a wider diversity of backgrounds to study for an apprenticeship. The inquiry specifically seeks views on Level 3 apprenticeships and the quality of them. Industry is very positive on the quality of apprenticeship frameworks, and Level 3 as a minimum ambition is widespread, particularly in service and retail.

10. Ensuring that careers advisors are well-informed about apprenticeships, is crucial in reaching out to prospective employees for the automotive sector. Apprenticeships are, and need to be seen as, a real route to professional progression and success in the industry. The automotive sector is committed to improving the image of industry through the ‘See Inside Manufacturing’ initiative, where automotive manufacturers open their doors to students and careers advisors to showcase the breadth of career opportunities available in the sector, and is also keenly engaging in government’s “Make It In Great Britain” campaign.

11. The accessibility of funding for apprenticeships is a key concern for industry, and in particularly SMEs who have restricted parameters of what they can afford and what they require for their business. Ensuring that funding for apprenticeships is available across the board, from 16–24 year olds to adult learning, and intermediate level apprenticeships to higher, is crucial in guaranteeing that additional government investment in the apprenticeship scheme reaches all areas of the economy. Companies often see age-linked funding as a barrier to training and upskilling, and therefore maximum flexibility is essential. In addition, well-known global brands often have very different experiences of attracting apprentices and engaging with schemes and funding than companies in the supply-chain. Industry calls on government to be proactive in seeking to address this issue, and flexibly support collaboration across the supply-chain.

12. To ensure that additional government investment in apprenticeships is fully utilised, it is vital to improve the communication and dissemination of funding options open to business. Again this is particularly crucial for SMEs who may not have the resources to investigate such opportunities, but who conversely will derive the most benefit from any government funding.

2 February 2012

Written evidence submitted by the Specialist Engineering Contractors’ Group

INQUIRY INTO APPRENTICESHIPS

Through our past meetings and discussions you are aware of SEC Group’s interest in a wide range of construction industry matters, particularly those which affect the many SMEs amongst our specialist engineering sector members. Without too much repetition of past discussions and to perhaps inform or remind your committee members, the following summary confirms our position in our sector:

The construction industry is a major part of the UK economy. It represents some 7% of GDP or £110 billion per annum of expenditure—some 40% of this being in the public sector with central Government and the wider public sector being the industry’s biggest customers. Firms—of which a substantial number are SMEs—provide employment for over 2 million people.

Engineering in construction represents over 40% of the work done on many projects. Consequently SEC Group is a major player in the industry representing the industry’s premier trade bodies:

- Plumbing and Heating Contractors’ Alliance.
- British Constructional Steelwork Association.
- Electrical Contractors’ Association.
- Heating and Ventilating Contractors’ Association.
- Lift and Escalator Industry Association.

— SELECT (Electrical Contractors' Association for Scotland).

Together, these organisations act on behalf of a sector comprising over 60,000 firms and a workforce of more than 300,000. They account for the largest single component (by value) of construction output.

In the context of your committee's Inquiry into Apprenticeships many of our trade association members have made their own submissions but, after consultation with them, SEC Group want to highlight two particular issues which we hope you will be able to consider in detail. In summary they are:

- The specialist engineering sector has always been a leader in apprenticeship recruitment but numbers have fallen significantly and forecasts indicate this will continue. Various factors play their part in decisions not to recruit but probably the most significant of all, particularly as far as SMEs are concerned, is availability of work! If there is nothing for the apprentice to do no amount of incentive will prompt employers to recruit. With this in mind public funding on suitable capital projects is probably the best way to boost meaningful apprenticeship numbers. In addition, Government and all public sector bodies should make a mandatory connection in their procurement policies between contractor selection and evidenced commitment to apprenticeship training.
- Current funding arrangement which halve support for apprentices over 18 seem to be arbitrary and do not take account of different industry operating environments. Mature apprentices can offer particular benefits in construction and should be encouraged and sector involvement in deploying funds available to support apprenticeships might see them used in a way more appropriate to the particular sector needs.

Finally, on behalf of SEC Group, I hope the Inquiry produces an outcome which assists and promotes the enormous value construction industry apprenticeship schemes contribute to providing worthwhile training and employment.

Trevor Hursthouse
Chairman

17 February 2012

Written evidence submitted by Strategic Forum for Construction

I write to you as Chairman of the Strategic Forum for Construction.

1. The Strategic Forum for Construction brings together the main representative organisations in the construction industry and acts as the interface between Government and the construction sector.

2. Its vision is for the UK construction industry to achieve maximum value for all clients, end users and stakeholders and to exceed their expectations through the consistent delivery of world class products and projects.

3. The Strategic Forum member organisations are:

Clients	represented by the Construction Clients Group
Professionals	represented by the Construction Industry Council
Contractors	represented by the UK Contractors Group and the Construction Alliance
Specialist contractors	represented by the National Specialist Contractors Council and Specialist Engineering Contractors Group
Product suppliers	represented by the Construction Products Association
Site workers	represented by UCATT on behalf of the unions

4. The Strategic Forum published The Construction Commitments which bring together the six key areas vital to delivering construction projects on time, safely and to budget. They represent the principles which it is intended will underpin all construction projects in order to achieve a better industry and exceed current best practice.

5. One of the key areas is a commitment to people and the Strategic Forum established a target of achieving annual Apprenticeship completions of 18,700 in England, Wales and Scotland. This target is continually under review as the economic climate has had a dramatic effect upon employers' capacity to employ apprentices and deliver apprenticeships.

6. Most members of the Strategic Forum will submit their own evidence to the BIS inquiry into apprenticeships all of which support the Strategic Forums' objectives of increasing the number of apprenticeships delivered within the construction industry and we would refer you to these responses for more in depth views from the various sectors within construction.

7. Key and common points supported by all Strategic Forum members are:

- (a) The National Apprenticeship Service (NAS) has not supported the construction industry in the most effective manner.

- (b) The current economic climate is creating a potential skills vacuum which will hamper growth within the construction industry if employers are unable to offer employment and training opportunities.
- (c) Restrictions on the funding to apprentices aged 19+ create a disparity in the financial support available to employers. This is inappropriate in an industry that employs more mature workers and in occupations where apprenticeships are more costly and difficult to deliver. These restrictions inhibit employers, particularly SME's from employing apprentices.
- (d) The financial support provided by the coalition Government is very much needed, particularly to encourage SME's to engage in the apprenticeship process; and where funding is made available it should be clear where and how it will be distributed.
- (e) Any additional financial support must support apprentices rather than training programmes.
- (f) Apprenticeships need to be of good quality; there is a concern that the quality of apprenticeships is being diluted. For example, an increasing number of schemes have training periods of less than a year which does not benefit the apprentice or employers.
- (g) Innovative and contemporary models of apprenticeships which meet current and future business models should be encouraged.

Lord O'Neill
Chairman

13 February 2012

Written evidence submitted by SummitSkills

ABOUT SUMMITSKILLS

1. SummitSkills Is the Sector Skills Council for the building services engineering sector. We have been created by employers, for employers, to address six key objectives:

- Employer engagement.
- Offering expertise and safeguarding standards.
- Enhancing quality and delivery.
- Raising ambition.
- Effectiveness and evolution.
- Partnership approach.

2. The employer-led approach of SummitSkills gives businesses in the sector a key role in increasing their own and the country's productivity and profitability.

3. Through the establishment of Sector Skills Councils, employers have a direct route to influence strategic planning relating to skills and training. SummitSkills sees submission of evidence to this committee as part of fulfilling that role.

THE BUILDING SERVICES ENGINEERING SECTOR

4. The building services engineering sector covers the following industries:

- Electrotechnical;
- heating, ventilating, air conditioning and refrigeration (HVACR); and
- plumbing

and represents 61,000 companies as shown below:

<i>Industry</i>	<i>Number of companies</i>
Electrotechnical	23,000
HVACR	13,000
Plumbing	22,000
Consulting Engineers	3,000
Total	61,000

5. There are 613,000 employees across the above industries and the sector accounts for approximately 2% of Gross National Product (GNP) with £20bn of work being carried out each year.

APPRENTICESHIPS IN THE SECTOR

6. SummitSkills has developed 95 apprenticeship frameworks throughout the United Kingdom. Forty-three frameworks operate throughout England, which comply with the Standard Specification for Apprenticeships

England (SASE). These frameworks reflect the mainstream occupations across the building services engineering sector.

7. It takes approximately two years to complete an Intermediate Apprenticeship and four years to complete Advanced Apprenticeships.

8. Between September 2007 and August 2011, SummitSkills issued nearly 40,000 apprenticeship certificates throughout the United Kingdom, with 31,500 of these being completed in England.

RECOMMENDATIONS

9. SummitSkills makes the following recommendations to the Committee for consideration:

- (a) BIS and DFE should agree on apprenticeships having one clear purpose—to *develop individuals through to occupational competence*.
- (b) The volume of apprenticeships should be based on robust analysis of industry's future labour market requirements.
- (c) Apprenticeships should continue to employed status only.
- (d) Programmes for those not in employment should not have "apprenticeship" in the title and they should develop broad based technical and work preparation skills, rather than occupationally specific skills.
- (e) The Small Employer Incentive and the Employer Subsidy to employ a jobless person should be integrated to provide seamless transition from work experience into an apprenticeship without one acting as a disincentive to the other.
- (f) There should only be more level 3 apprenticeships if they reflect an industry occupation and if the industry labour market analysis demonstrates they are required.
- (g) The reduction in funding for 19+ apprentices should be scaled back, particularly for employers who take on an apprentice for the first time.

RESPONSE TO THE COMMITTEE'S QUESTIONS

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

10. In our view NAS has been broadly successful in distributing funds for apprenticeships. However, providers in our sector complain in particular, about the apprenticeship vacancies system, which creates additional and unnecessary work for them. Providers have well developed and established recruitment processes in place which return good results from both employers and potential apprentices. They are required by NAS to operate the apprenticeship vacancies system in parallel to this which duplicates effort and returns a low response.

11. We do not believe NAS has been successful in bridging the gap between the two funding Departments. BIS sees apprenticeships as developing individuals through to occupational competence. This aligns closely with employers views. The Department for Education sees apprenticeships, in part, as a vehicle to raise the participation age to eighteen. This creates confusion and devalues the status of apprenticeships with employers (particularly those thinking of taking on their first apprentice), potential Apprentices and their parents.

12. SummitSkills feels strongly that apprenticeships should be seen as the primary route into learning and employment in the sector and with potential to provide career progression, based largely on the ability, enthusiasm and commitment of the individual. In addition, for employers, the Apprenticeships value in helping to develop successful businesses should also be made clear.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

13. The critical factor here is to ensure that the funding is used to support additional apprenticeship places to match labour market requirements. We caution against the temptation to increase apprenticeship numbers by reintroducing initiatives such as Programme Led Apprenticeships which delay employment. They often do not lead to employment, because the numbers of apprentices are higher than the industry requires. They are also unfair to employers who employ apprentices from day one when they require much more on site coaching, instruction and continuous supervision.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

14. Within building services engineering, the apprenticeships are all of high quality—they reflect employers' requirements and are based on qualifications which are recognised by the sector.

15. We support the concept of the apprenticeship duration being based on achievement of outcomes rather than being time-served. However, recent reports about apprenticeships achieved within a short number of weeks

raise serious questions about quality. At face value, it is difficult to understand how an apprenticeship achieved in 12 weeks equates to our level two frameworks which take around 104 weeks to achieve. Such variations devalue the apprenticeships brand.

16. There should only be more level three apprenticeships if they are needed. Apprenticeships must be based on occupations that exist within the workforce. If it is a new occupation, then there should be a clear employer based rationale and evidence of need. The qualifications which reflect these occupations dictate the level of apprenticeship that is required. Progression to or beyond a particular apprenticeship is also a factor when considering the level. For example, an individual may complete a level two Apprenticeship before progressing onto a level three one if they and their employer wish to do so. Again, the key is that to ensure that apprenticeships reflect industry occupations and the lower level ones are not used as an achievement point en route to higher level ones.

17. The number of apprenticeships required year- on- year should be based on robust labour market intelligence which provides an analysis of labour replacement rates and economic growth forecasts.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

18. One of the key factors in employers' decisions to take on an apprentice is availability of work. Many small and micro businesses operate on order books that are based on the weeks and months ahead, rather than years ahead. In these circumstances an additional payment can make their decision to take on an apprentice a positive one.

19. We suggest that this payment should be linked to retention of the apprentice, rather than simply encouraging them to be taken on for the short term. This will help employers to see the recruitment of apprentices as a long-term investment that will benefit their business.

20. We also suggest that careful consideration is given to the linkage between the Small Employer Incentive and the Employer Subsidy to employ a jobless person. These subsidies need to provide seamless transition from work experience into an apprenticeship without one acting as a disincentive to the other.

21. Clear guidance on what is expected through work experience and guidance on the transition to employment and apprenticeships (where appropriate) is essential for both parties.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

22. We can see the justification for funding rates being slightly lower for older apprentices. They're generally easier to train, more enthusiastic and get through the programme more quickly. However, we cannot see the justification for there being such a large disparity in the funding rates.

23. Many 16-year-olds now stay at school to do A levels before they decide to apply for apprenticeships. This means that the average age of applicants has increased and very often those who apply to our employers have already turned 19.

24. The 50% reduction in funding for 19+ apprentices is a disincentive to employers who are considering taking on an apprentice of that age, especially for the first time. We believe that subsidising small and micro businesses (eg up to 20 employees) who take on their first apprentice at 19+ would increase the uptake of apprenticeships within this business category. It is more likely to result in a positive first apprentice experience, due to their more mature approach.

2 February 2012

Written evidence submitted by Tradeskills4U Ltd

I am the Managing Director of Tradeskills4u, we are an electrical training company. One of the sectors we service is the electrical apprenticeships.

We are the Number 1 training provider of electricians in Britain. Most of our customers are existing electrical contractors.

We are very good at getting bums on seats for our training courses. And yet, given our high profile in Britain and the fact that we have fully funded apprenticeships to offer 16–19 years old, we can't give them away! Why? Of course we asked both employers and potential apprentices.

The employers say, they won't take on an untrained young person, they are too risky to employ and effectively useless for a year or so. The apprentice says, the employer won't take on an untrained person.

My observation is simple. A young person can get a 'student loan' to obtain a degree, many of which have no obvious route to employment, they do not need a job to get a degree or student loan.

A young person cannot get a “student loan” to get apprenticeship training, and they have to get a job to get the funding for their training, even though an apprenticeship qualification will actually directly result in a job.

My submission would be. Take the risk away make the young person useful!

Allow students wanting to do apprenticeships or trade vocational qualifications to have a student loan to pay for the initial training course, they can then progress to the NVQ element when they obtain a job, having been trained and gained most of the qualification units.

For your info, my relevant qualification is the City & Guilds 2357 NVQ Diploma.

Carl Bennett
Managing Director

23 January 2012

Written evidence submitted by UCATT

1. INTRODUCTION

1.1 UCATT is the largest specialist union for construction workers in the UK and the Republic of Ireland, with members both in the public and private sectors. UCATT is the lead union among the signatories to the National Working Rule Agreement of the Construction Industry Joint Council and the Joint Negotiating Committee for Local Authority Craft and Associated Employees. UCATT is represented on a number of construction industry related bodies by the General Secretary including the Strategic Forum for Construction, the Construction Industry Training Board and the Construction Skills Certification Scheme.

1.2 UCATT has a long history of promoting the use of high quality apprenticeships and supporting apprentices in securing permanent employment. This work was recognised in 2010 with an award from the Union Learning Fund for UCATT’s contribution to providing advice, support, guidance and information to construction apprentices.

1.3 UCATT commissioned a report in 2008 by Steve Davies, Senior Research Fellow at Cardiff School of Social Sciences, Cardiff University, about the role of apprenticeships. This report, *Apprenticeships—A Firm Foundation*, is attached as an appendix and examines the growing skills crisis in construction, the barriers to participation in apprenticeship schemes and the steps that are needed to safeguard the future of the construction industry. The points it raises remain relevant today.

1.4 The report calls for a change to procurement policies to ensure that the provision of apprenticeships is a prerequisite for winning public sector contracts; tighter regulation of self-employment; greater efforts to recruit new-entrants from non-traditional backgrounds; and improvements to vocational education and training in construction. It also invites a genuine social dialogue between employers, FE colleges and unions. UCATT therefore welcomes the opportunity to submit evidence to this inquiry as the first step on the road to such a dialogue.

1.5 UCATT’s General Secretary, Steve Murphy, is keen to give oral evidence to expand on the issues contained in this submission.

2. EXECUTIVE SUMMARY AND RECOMMENDATIONS

2.1 The construction industry will play a key role in the economic recovery and needs to have a well-trained and skilled workforce. However, there is a growing skills crisis in the construction sector with an ageing workforce and insufficient numbers of apprenticeships.

2.2 UCATT calls for additional funding for apprenticeships in construction to address this skills shortage. The funding also needs to recognise the high training costs in an industry with specialist equipment and where health and safety is critical. Supplementary funding should also be targeted at attracting under-represented groups into the industry.

2.3 UCATT strongly opposes one year apprenticeships and any attempt to dilute apprenticeships. In order to preserve quality and safety, UCATT does not recognise one year programmes as apprenticeships. There is evidence that the sector needs staff qualified to NVQ levels 2 and 3 and therefore UCATT believes level 2 should be a minimum requirement and level 3 should become the industry standard.

2.4 Apprentices need to be recruited and trained locally.

2.5 There should be no further cuts to grants available to companies offering apprenticeships.

2.6 One of the main barriers to employer participation is the lack of direct employment in the construction industry. UCATT calls for an end to the Construction Industry Scheme to tackle the issue of false self-employment.

2.7 There needs to be more involvement of SMEs in apprenticeship schemes.

2.8 Allowing the market to determine apprenticeship levels has failed. UCATT recommends a strengthening of public sector procurement policies to ensure that contracts are placed with companies who are committed to training apprentices.

2.9 The current arrangement of 100% funding for 16–18 year olds and only 50% for 19–24 year olds disproportionately affects the construction industry which attracts slightly older new entrants. This is because of the health and safety requirements of the industry, the necessity for a mature attitude to work and the physical demands of the job.

3. THE CASE FOR APPRENTICESHIPS IN THE CONSTRUCTION INDUSTRY

3.1 According to the most recent data from the Government's Labour Force Survey, there are currently 2.07 million people employed in the construction industry.⁽¹⁾ Whilst there has been a fall in employment over the last two years, the sector still accounts for a significant proportion of the UK workforce—around 7%.

3.2 The 2011 *Training and the Built Environment Report* by ConstructionSkills, the Sector Skills Council for the construction industry, reveals that the number of first year trainees in construction has fallen to its lowest level in 20 years, to just over 27,000. Apprentices make up just 4,348 of the 27,000.⁽²⁾

3.3 Both UCATT and construction companies are very concerned about this growing skills crisis. 77% of respondents to a Chartered Institute of Building (COIB) survey in May 2011 agreed that there is a skills shortage.⁽³⁾ This is a 5% increase from the previous year and comes at a time when the industry is being badly hit by the recession. There is a real fear that skilled workers made redundant now won't necessarily return to the industry in the future.

3.4 For there to be such high levels of concern about skills at a time when there is great competition for jobs is alarming and means that the construction sector is not preparing sufficiently for the expected economic recovery. UCATT believes that this lack of skilled workers will damage the sector, as it won't be able to respond quickly enough when the industry begins to pick up and won't have the staff with the necessary skills and expertise to meet the productivity and quality standards that will be required. This fear is shared by the companies surveyed by the COIB and 85% believe there will be a shortage of skilled personnel when there is an economic upturn.

3.5 *The Blueprint for UK Construction Skills 2012–2016* estimates that the annual recruitment requirement of the construction industry is 46,000 per annum.⁽⁴⁾ This is the number of workers required over and above normal rates of turnover. There is a stark contrast between the number of new entrants required and the number of workers currently being trained (27,000). This shortfall is further exacerbated by the number of workers approaching retirement age, whose skills will be lost to the industry.

3.6 Figures included in the *Sector Skills Assessment for the Construction Sector 2010* reveal the ageing workforce of the construction industry. The age group with the most manual construction workers is the 45–49 range. Since 1990, the number of workers aged over 55 has risen by 65% whilst the number of employees aged under 24 has fallen by 43%.⁽⁵⁾ Construction is a physically demanding occupation. With many workers forced to retire early with health problems, it is vital to have a supply of well-trained younger workers to take their place. The average retirement age of workers in construction is 62 according to B&CE, one of the UK's largest providers of financial products and pensions to the industry.

3.7 This skills crisis has not arisen overnight. The construction industry has been failing to train sufficient new entrants for decades and skills shortages have caused on-going problems in the sector for the past 30 years.⁽⁶⁾ This cumulative effect is now hampering the growth and development of the sector.

3.8 For these reasons, UCATT believes that it is vital that investment in training, especially apprenticeships, is given the highest priority despite the recession. A highly skilled workforce is fundamental to successful economic recovery. Hiring untrained workers ultimately reduces productivity, safety and quality. With the sector contributing 8% of the UK's GDP, every effort should be made to ensure that the workforce and the industry is prepared for the predicted growth expected to take place between 2014–16.

4. THE CASE FOR ADDITIONAL FUNDING FOR APPRENTICESHIPS IN CONSTRUCTION

4.1 With the number of young people not in education, employment or training rising to an all-time high, serious measures are needed to ensure that opportunities are created for the 1.16 million young people who are currently out of work. UCATT considers apprenticeships to be an important factor in tackling social exclusion and equipping young people with the skills to have a successful and long-term career in construction. Unskilled workers tend to earn lower rates of pay throughout their entire working life so it is vital that young people are given the necessary skills to progress. Workers who complete a level 2 apprenticeship earn, on average, around £73,000 more over their lifetime than those without. Those with level 3 qualifications earn around £105,000 more.⁽⁷⁾

4.2 Craft based apprenticeships and courses are undoubtedly popular with young people and demand is currently outstripping supply. There were almost 33,000 applicants for approximately 23,500 places on construction courses in 2010–11.⁽⁸⁾

4.3 Construction is a dangerous industry. Last year saw 50 workplace deaths. It is therefore essential for construction courses to have a far higher health and safety component than office based apprenticeships. The use of machinery and vehicles also means that training courses are more expensive to run than other vocational courses. A study by the Institute for Employment Research at the University of Warwick showed that there were significant returns for the employer from investment in apprenticeships but the costs of training varied widely between sectors. The cost of training an apprentice in construction costs around £22,000 compared to £2,300 for equivalent apprenticeships in retail and between £1,100–£3,900 in business administration.⁽⁹⁾

4.4 However, any investment in training is recouped within two years. Apprentices are productive members of staff whilst training and are often highly motivated. Participating in apprenticeship schemes can improve employee loyalty and retention and also offers staff development opportunities for those that supervise the apprentices on site. A report by the TUC/Unionlearn showed that 76% of construction apprentices remained with their sponsoring company five years after qualifying.⁽¹⁰⁾ It is also important for companies to be able to adjust to the changing environment and equip their workforce with the new skills and competencies to maximise opportunities in developing areas, such as green and low carbon technologies and sustainability. Fully trained workers are far more able to adapt and apply their skills innovatively.

4.5 The latest figures from the National Audit Office show that 86% of apprentice employers said that vocational qualifications improved their business performance. They also quantified the economic returns for investment in apprenticeships and found that advanced and intermediate apprenticeships produce economic returns of £21 and £16 respectively for every £1 of public funding.⁽¹¹⁾

4.6 Furthermore, apprenticeships must be made attractive to areas of the population that are currently under-represented in the construction industry, such as women and people from BME backgrounds. Additional funding will be required to ensure appropriate targeting, marketing, training and mentoring. This is not a problem confined to construction however as just 8% of young people from BME backgrounds are apprentices despite comprising 22% of the school leaving population.⁽¹²⁾

5. THE CASE FOR HIGH QUALITY APPRENTICES AND MORE LEVEL 3 APPRENTICESHIPS

5.1 If young people are to be equipped with the skills necessary to progress in the construction industry, there can be no dilution of training and apprenticeships.

5.2 UCATT absolutely opposes the CBI's suggestion to introduce a one-year apprentice scheme.⁽¹³⁾ Employers want to be sure that new staff have the skills required to work efficiently and safely. For an apprenticeship in construction to be of value to young people and their current and future employers, it needs to be a work based learning package supplemented by college education. It is not possible to equip apprentices with the necessary technical competence, key skills and health and safety knowledge in one year.

5.3 One of the reasons that construction apprenticeships appeal to young people is that they offer a very different approach to learning from their experience at school. Whilst UCATT welcomes attempts to improve overall literacy and numeracy levels, there should be no attempt to place barriers to participation of young people in construction if they don't have the pre-requisite GCSE grades.

5.4 There is no substitute for on-the-job training and experience. This is why Programme Led Apprenticeships (PLAs) have not been effective. Young people have found it difficult to gain on site experience following the completion of their college course, yet this practical experience is a requirement for successful completion of the NVQ. Figures in an article in *The Telegraph* suggested that less than 10% of PLAs in the building services industry found lasting jobs.⁽¹⁴⁾ ConstructionSkills consequently phased out the scheme. UCATT believes that the problems that plagued PLAs will similarly affect the pre-apprenticeship programme *Pathway to Construction*. This scheme offers 16 weeks of work experience to young people on full time construction courses. A pilot scheme had placed only 32 of the 60 students with employers and just 18 went on to secure a full apprenticeship.⁽¹⁵⁾ UCATT opposes unpaid work experience where the placements involve real work.

5.5 UCATT considers a worker qualified to NVQ level 3 to be an advanced skilled craftsperson and would like to see higher take up rates of level 3 qualifications. This cannot be achieved in one year. Traditional apprenticeships in construction take 3 years in England and Wales. Evidence for this comes from the latest *Training and Skills in the Construction Sector* report. None of the employers provided level 1 training as it is not considered sufficient. Although 53% of companies offered no training, of those that did, 47% offered training at level 2 and a further 23% at level 3.⁽¹⁶⁾

5.6 In Scotland, an apprenticeship takes four years, yet Scotland has higher apprenticeship levels in construction than most of England and Wales. In Scotland, employer awareness of different types of apprenticeships is far higher than in England—74% compared to 39%.⁽¹⁷⁾ The subsequent take-up rate of apprentices is also higher in Scotland than in many other areas, eg 27% of Scottish employers offered construction apprenticeships in 2011 compared to just 7% in London.

5.7 In 2010, there were 1430 Scottish Building Craft Apprenticeship registrations. Whilst these figures are down from previous years (2009: 2,105 registrations, 2008: 2,271 registrations, 2007: 2,758 registrations), the Scottish workforce comprises just 8% of the UK construction workforce. Scotland is therefore employing more apprenticeships as a proportion of their workforce than England and Wales. Consequently, the CBI's analysis

that the length of time required for completion deters companies from engaging apprentices reveals a misunderstanding of the barriers to participation. UCATT asserts that any proposal to diminish the length of apprenticeships cannot be applied to construction.

5.8 The CBI's demand that the Government freeze the national minimum wage youth rate is also counter-productive. Studies have shown that low pay is one of the reasons for non-completion of apprenticeships as apprentices leave to take-up work that is better paid.⁽¹⁸⁾ If there were higher rates of pay for apprentices and completion rates increased, this would encourage companies to invest their time in training.

5.9 Whilst there are benefits to having a national scheme for apprenticeships, for example, it can make it easier for administration and can help companies by offering a single point of contact, apprentices need to be recruited and trained locally. The idea that a National Apprentice Service could operate in a similar way to UCAS shows a fundamental misunderstanding of the situation of potential apprentices. Young people earning £2.60 an hour cannot afford to live independently and are therefore unable to be geographically mobile. The industry also needs to be able to meet the demands of local and regional projects.

6. THE CASE FOR APPRENTICESHIP BONUSES AND THE INVOLVEMENT OF MORE SMALL AND MEDIUM SIZED BUSINESSES

6.1 The level of the CITB-ConstructionSkills grant payable over three years to a company training a construction apprentice has been frozen at £9,000 following a reduction from £9,820 in 2010. UCATT believes that not increasing this grant at a time when companies need to be encouraged to expand their apprenticeship levels is compounding the problem of insufficient apprenticeships.

6.2 There is clearly a great deal of reluctance by many employers to take on apprenticeships. Undoubtedly, the continuing economic uncertainty is a barrier as overall employment rates in the construction sector are falling. However, there are other factors at play and UCATT believes that additional measures are required to tackle the short-termism present in so many construction companies.

6.3 The most significant reasons for insufficient numbers of apprenticeships in the construction industry are the high levels of sub-contracting, reliance on short term contracts, high use of agencies and the rates of self-employment. Of the 2.07 million workers, 1.19 million are employed and 880,000 are self employed.⁽¹⁹⁾ The rates of self-employment in construction are higher than in of any other sector of the workforce. Much of the self-employment in the industry is false self-employment. Employers encourage workers to declare themselves as self-employed through the Construction Industry Scheme (CIS). Companies deduct tax for the Inland Revenue but do not deduct National Insurance contributions. This system is unique to the construction industry and if people are not directly employed then companies are unwilling to train workers and don't have the staff to manage and supervise apprentices.

6.4 The larger the company the more likely they are to offer apprenticeships—with 63% of companies with over 100 employees offering apprenticeships compared to just 11% of companies that employ nine staff or less. The high level of self-employment across the sector, especially in London, is therefore the most significant factor in determining the number of apprenticeships offered in the construction industry. Tackling false self-employment by ending the CIS and improving levels of direct employment is the only way to ensure an expansion of apprenticeship levels and will also improve staff loyalty and stability.

6.5 However, there are many large companies in construction that do not offer apprenticeships because they do not directly employ construction workers and rely solely on sub-contracting. Large companies in the UK lag far behind their European counterparts with only 30% of companies with more than 500 employees offering apprenticeship schemes. In Germany, almost all companies of that size offer apprenticeships.⁽²⁰⁾

6.6 Stephen Timms MP, when he was Minister of State for Competitiveness, acknowledged this problem and told the Commons BERR Committee in 2008: "In Scotland and the north, where direct employment tends to be the norm, there is very strong commitment on the part of employers and I welcome that. In the south, however, where the use of self-employed and sub-contract labour is much more common, apprenticeship opportunities are fewer..."⁽²¹⁾

6.7 With smaller companies increasing their share of the workload in 2011, there has to be a serious dialogue about how apprenticeships can work for smaller companies. The workload of a small company is often too narrow to provide the necessary grounding for an apprenticeship. An analysis by company size shows that small companies (four employees or less) had increased their share of the total workload to over 20% by the end of 2011, from 15.5% at the start of 2010. This has been at the expense of larger companies (100 employees or more).⁽²²⁾ Host Employer Models may be part of the solution based on the main contractor recruiting and administering apprenticeships which are then allocated to the sub-contractors. The scheme is overseen by a large company but the benefits are felt throughout the supply chain. However, UCATT cautions against this approach unless there is tight regulation to ensure consistency and quality of training, adequate supervision of the apprentice and strict adherence to health & safety.

6.8 In order to boost apprenticeship levels, UCATT calls on the Government to strengthen procurement policies of central government, devolved administrations and local authorities. Policies should stipulate that successful bidders have a commitment to taking on apprenticeships. Leaving the market to determine the number of apprenticeships has failed. As Steve Davies, Senior Research Fellow at Cardiff School of Social

Sciences, Cardiff University concluded: “If ever exhortation and a ‘light touch’, laissez faire approach to training was going to work, it would have worked in the last decade, when the sector experienced ten years of solid growth”.⁽²³⁾

7. THE CASE FOR AMENDING THE CURRENT FUNDING ARRANGEMENT FOR TRAINING OF APPRENTICES

7.1 The current arrangement of 100% of funding for 16–18 year olds but just 50% for 19–24 year olds disproportionately affects the construction sector as many apprentices in construction start post-18. This is because of the health and safety requirements of the industry, the necessity for a mature attitude to work and the physical demands of the job.

7.2 This arrangement also discourages progression to NVQ level 3. This creates additional skill shortages in the specialist trades and also truncates personal progression and development as well as average life-time earnings. All apprentices should have the right to progress to level 3 if they wish to do so.

7.3 UCATT believes that full funding for both level 2 and 3 NVQs for both 16–18 and 19–24 years olds will be the most productive way of securing an appropriately skilled workforce and encouraging employer participation. For the past decade, the number of first year trainees in the industry has remained consistently at 50% aged under 18 and 50% aged 18 or over.

3 February 2012

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Written evidence submitted by the UK Commission for Employment and Skills

EXECUTIVE SUMMARY

- There has been real progress in raising skill levels in the past decade including significant expansion of Apprenticeships. Since its creation in 2009, the National Apprenticeship Service (NAS) has overseen unprecedented growth in Apprenticeships, including a significant increase in Advanced Apprenticeships.
- Apprenticeships bring considerable benefits to businesses, individuals and the economy. For businesses they ensure a supply of “home grown” skilled people and are linked to increased productivity and improved retention. For individuals they are valuable training opportunities with employment, progression and higher wage returns.
- It is critical that Government is now able to strengthen and sustain this momentum of expansion. The UK Commission believes that key to this is for *employers to take greater ownership of the skills agenda*, including Apprenticeships and be empowered to develop their staff in the way that most closely responds to business need. As outlined in the UK Commission’s recent paper *Employer Ownership of Skills: Securing a Sustainable Partnership for the Long Term*, we need to shift from a government-owned apprenticeship strategy to an employer-owned one, and from a provider-driven system, to an employer-led one.¹³⁰
- Working in partnership with colleges and providers, employees and trade unions, employers need to be driving the design and delivery of skills, including Apprenticeships so that they best meet the needs of business and employees. In the current economic climate, it is more important than ever to secure co-commitment to the Apprenticeship “brand promise” and to achieve clarity and transparency about who contributes what amongst employers, individuals and Government. This is vital to strengthening the Apprenticeship experience and maximising its contribution to developing an internationally competitive skills base.
- The UK Commission’s view is that placing employers at the centre of the vocational training system, including Apprenticeships, will deliver skills which are best aligned to meet the needs of business and support economic growth. It will also support the more effective use of public funding by encouraging greater investment from employers. For this reason, we welcome the £250 million over two years that Government is investing in the *Employer Ownership pilot* to test out principles for reform set out in the Commission’s paper.
 - *Employers should have the space to own the skills agenda.* Instead of employers joining government-led initiatives, or participating in provider led programmes, employers need the space to step up and develop their own training solutions working in partnership with employees, trade unions, colleges and training providers.
 - *Skills solutions should be designed by employer-led partnerships* to reach more people and businesses. Decision-making needs to be closer to the ground, among employer-led partnerships working through sectors, supply chains, local networks and clusters. Employers need to be integral to validating and assessing the experience and quality of Apprenticeships.
 - *Public contributions for vocational training should move to employer incentives and investments* which flow directly through employers and leverage greater co-investment. This increases employer ownership and responsibility, makes public money work harder and leverages greater employer investment. Establishing a sustainable investment model is vital to ensuring the future strength of Apprenticeships. In the *Employer Ownership vision paper*, the UK Commission proposed funding employers directly for 16–18 Apprenticeships, for example through the tax system, and for adult Apprenticeships, moving from qualification-based provider funding to employer investments and loans to leverage greater co-investment.
 - *Public contributions should be transparent.* Employers and individuals need to be aware of public contributions to their training so they can make considered decisions based on quality and value for money. All apprentices should individually know the value of the public contribution being invested in them, as should their employer. Transparency empowers choice, demonstrates Government commitment and equips individuals and employers to drive quality and value for money.

It is against these aims that the UK Commission has responded to the following questions and submitted this evidence to the Select Committee Inquiry on Apprenticeships grouped under the following questions:

- How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)
- Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

¹³⁰ UK Commission for Employment and Skills (2011) *Employer ownership of skills: securing a sustainable partnership for the long-term*: <http://www.ukces.org.uk/publications/employer-ownership-of-skills>

- Are Apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 Apprenticeships?
- Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?
- Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

BRIEF INTRODUCTION

The UK Commission for Employment and Skills is a Non-Departmental Public Body providing strategic leadership on skills and employment issues in the four nations of the UK. We are led by a team of Commissioners, who make up a social partnership that includes CEOs of large and small employers across a wide range of sectors; trade unions and representatives from the Devolved Administrations. Our mission is to work with and through our partners to secure a greater commitment to invest in the skills of people to drive, enterprise, jobs and growth.

Our strategic objectives are:

- To provide world-class labour market intelligence which helps businesses and people make the best choices for them.
- To work with sectors and business leaders to develop and deliver the best solutions to generate greater employer investment in skills.
- To maximise the impact of changed employment and skills policies and employer behaviour to help drive jobs, growth and an internationally competitive skills base.

FACTUAL INFORMATION AND RECOMMENDATIONS

Question 1—*How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)*

1. The National Apprenticeship Service (NAS) has the following remit:

“... to support, fund and co-ordinate 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” (NAS website, 2012)

2. A number of other bodies contribute to Apprenticeships: Sector Skills Councils (SSCs) issue Apprenticeship frameworks; the Apprenticeship Unit (made up of the two funding Departments and overseen by the Minister) determines policy and legislates; the Skills Funding Agency (SFA) applies and tracks funding; and Ofsted inspects quality of provision. Since it was created the relationship between SFA and NAS has been amended to help clarify roles and responsibilities, but NAS does not have a role in bridging any gap between the two funding bodies (BIS and DfE) and should not be assessed on that basis. The Apprenticeship Unit was set up to do this.

3. Based on this remit, NAS is measuring its success on *expansion* and accessibility of Apprenticeships, using information about patterns in the take up of Apprenticeships and *levels of employer engagement* and involvement within the programme.

Expansion

4. NAS has overseen significant expansion in Apprenticeships since it was established in April 2009. The total number of Apprenticeships starts increased by 63% from 2009–11 to 2010–11, in line with and beyond Government’s ambitions.¹³¹ Also, completion rates remain strong 74% for 16–18 year olds and 78.2% for 19 and over.¹³²

5. To sustain the current momentum in Apprenticeships, it is important that we define the “brand promise” of Apprenticeships. It is the UK Commission’s view that this should be defined by employers and employees. It is important that the rapid expansion of the Apprenticeship programme does not lead to the brand being defined by provider opportunity. It must be defined by employer demand and individual aspiration.

6. The recent expansion of Apprenticeships has been more concentrated among certain age groups, levels and frameworks which has focused attention on “brand stretch” and quality.¹³³ For example, there has been growth in Apprenticeships at all levels over many years but the last year has seen a specific concentration of growth in adults over 25, and in some cases in short duration apprenticeships (less than six months). The

¹³¹ Quarterly Statistics First Release, The Data Service, January 2012. This is an increase of 13% among 16–18 year olds, 26% among 19–24 year olds and 271% among over 25s.

¹³² Quarterly Statistics First Release, The Data Service, January 2012.

¹³³ See National Audit Office (NAO) (2012) *Adult Apprenticeships*.

majority of starts have also been at Intermediate Level (Level 2)¹³⁴ and in a very limited subset of frameworks.¹³⁵ It is important that the drivers behind the nature of this growth are fully understood and transparent so that it is clear whether it is being driven by employer and individual demand or by providers. This matters because ultimately, growth in Apprenticeships must be driven by economic opportunity and individual aspiration in order to deliver valuable training experiences that lead to skills and employment outcomes.

7. Government and NAS have recognised these issues and are introducing measures to address them, for example the minimum duration of twelve months to tackle short duration Apprenticeships for 16–18.¹³⁶ We also welcome the employer-led review into the quality and standards of Apprenticeships which will address some of these issues.

Levels of employer engagement

8. Despite recent growth, there are still low proportions of employers offering Apprenticeships in England compared to international counterparts. Although this has increased, the proportion of employers is still only 5%.¹³⁷ Australia, Austria, Germany and Switzerland have between three and four times as many apprentices as England and Ireland and the majority are at Level 3.¹³⁸

9. The UK Commission's *2010 Employer Perspectives Survey* identifies a number of barriers to employer engagement with Apprenticeships, the top reason being that businesses do not consider Apprenticeship as relevant or suited to their type of work. International reviews have also highlighted the elusive problem of employer engagement in Apprenticeships in England and Wales, concluding that employers in England are not at the centre of the Apprenticeship system.¹³⁹

10. As outlined in the vision paper on Employer Ownership, the UK Commission's view is that employers need the space to take more ownership over Apprenticeships, with government stepping back. We need to create the right conditions for employers to step up, to work with key partners in their sectors, local areas and supply chains to develop the skills they really need. To this end, we value the opportunity to test out new ways of working through the Employer Ownership pilots.

11. The economy-wide picture of employer investment in skills and workforce development also presents some challenges. Whilst the majority of employers in England do invest in training, there is evidence of weakness in demand. There are substantial variations between different types of employers and levels of investment are uneven in their reach, varying significantly between different sectors and size of employers and excluding key parts of the workforce.¹⁴⁰ This has implications for engagement with Apprenticeships. In comparison to other nations, limited employer commitment to Apprenticeships in England reflects low levels of demand from employers for the types of skills developed through long-duration employment-based training.¹⁴¹

12. This reinforces the importance of Apprenticeship growth within the context of a wider industrial or sectoral growth strategy. Apprenticeships are ultimately a derived demand. The expansion of Apprenticeships will be determined by the ambitions of businesses within their sectors. As apprentices are employed by businesses, growth in numbers not underpinned by more permanent jobs available in the sector is not likely to be sustainable. It is therefore important that employers are supported to be more ambitious and that they have sufficient ownership over the Apprenticeship programme to be able to use it to deliver on those ambitions. =

Question 2—*Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?*

13. The UK Commission welcomes the Coalition Government's commitment to Apprenticeships reflected in the levels of public investment that have been allocated to the programme.

14. To sustain the momentum of the Apprenticeships programme at a time of limited public expenditure, an investment strategy based on economic opportunity and individual aspiration is needed. This must include a sufficient balance of private and public investment. As outlined in its vision paper, the UK Commission believes that a long-term shift is needed in the funding of Apprenticeships, away from government funding and towards government investment and incentives which flow directly through employers and leverage greater co-investment. We proposed funding employers directly for 16–18 Apprenticeships, for example through the tax system, and for adult Apprenticeships, moving from qualification-based provider funding to employer investments and loans to leverage greater co-investment.

¹³⁴ There are roughly twice as many Apprenticeship starts at Intermediate Level (Level 2) than Advanced Level (Level 3). According to the latest data there are 301,100 starts at Level 2, 153,900 at Level 3 and 2,200 at Higher level (Level 4 +). Level 3 and above is needed for competency in many occupations. Quarterly Statistics First Release, The Data Service, January 2012.

¹³⁵ The NAO report notes that 84% of expansion took place in just 10 frameworks.

¹³⁶ Although this could have an adverse impact on 16–18 participation figures as it may put employers off recruiting 16–18 year olds.

¹³⁷ UK Commission for Employment and Skills (2011) *2010 Employers Perspectives Survey*.

¹³⁸ Steedman, H (2010) *State of Apprenticeships in England*.

¹³⁹ OECD (2009) *Learning for Jobs: England and Wales*.

¹⁴⁰ UKCES (2011) *2011 UK Employer Skills Survey: First Findings*. The full report is due April 2012.

¹⁴¹ Mason *et al*, UKCES (forthcoming).

15. Transferring funding to employers places purchasing power in their hands, increasing employer ownership and placing the reward and responsibility for training more firmly with employers. This makes for a more responsive provider community and better aligns public investment with employer need and employer investment.

16. The UK Commission's view is that public investment in Apprenticeships should be based on a number of considerations which are not always evident in the current funding methodology, for example:

- 16.1 *Outcomes for employers and individuals*—Public funding needs to be based on outcomes in terms of employer performance and individual development, rather than simply completion rates. This ensures that public investment leverages real economic benefits for employers and apprentices. It also enables a better understanding of the additionality of Apprenticeships.
- 16.2 *Additionality and value for money*—There is evidence of the strong returns on investment for Apprenticeships to employers and individuals. However, these do vary by sector and level and greater clarity is needed on what is additional.¹⁴² If making additional resources available is encouraging providers to “sell” certain Apprenticeships to employers inappropriately, then economic benefits and value for money to the public purse are likely to be low.
- 16.3 *Employer co-investment*—There is evidence that employer contributions are not being “collected” for adult Apprenticeships and contributions are often “in-kind”.¹⁴³ This can impact on quality as providers may be incentivised to deliver provision at lower cost. Funding mechanisms need to secure appropriate levels of co-investment from employers for adult Apprenticeships. The current funding methodology is not sufficiently sensitive to the actual cost for delivery or geared towards leveraging co-investment.
- 16.4 *Transparency*—There needs to be clear visibility and transparency underpinning any funding mechanism to allow genuine assessments of value for money to be made and to enable informed public and private decisions on training. A lack of transparency about actual costs of Apprenticeships, and who pays for what, makes it difficult to judge whether public resources have been well spent or whether businesses should have contributed more.
- 16.5 *Impact on economic growth*—Ideally the expansion in Apprenticeship numbers supplied should align with demand in sectors and occupations with current skills needs and/or in those areas likely to grow in future.¹⁴⁴ Apprenticeships have the potential to support industrial policies to stimulate growth by helping to provide a platform for future innovation and expansion of key sectors and a ready supply of high quality talent. The recent NAO report highlighted a need to assess this more systematically for adult Apprenticeships.

17. Better consideration of these principles would, in the UK Commission's view, lead to high quality Apprenticeships as they would be more firmly linked to outcomes for the individual and the employer.

18. The UK Commission also advocates the greater use of employer loans in Apprenticeship funding for those aged over 24. Relative to other areas of public services skills funding remains complicated in its administration and lacks innovation in how it is deployed. Public money needs to work harder, giving a better return for the tax payer and the economy. In *Employer ownership of skills* we advocate the use of innovative employer loans and investments for adult workforce development, including adult Apprenticeships.

19. To this end, we support in principle the current policy of moving from grant funding to loans for Apprenticeships for those aged over 24 for Level 3 +. However, in line with the UK Commission's response to the consultation on further education loans, we recommend that Apprenticeships for 24+ Level 3/4 should be financed through employer loans rather than individual income-contingent loans.¹⁴⁵ Employer loans would extend employer ownership over adult Apprenticeships since the purchasing power, and the liability attached to taking out a loan would be firmly linked to the employer.

Question 3—*Are Apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 Apprenticeships?*

20. In forming assessments about the value and standard of Apprenticeships and whether they are meeting needs, there is a need to differentiate between quality and level:

- *Quality*—based on outcomes (and benefits) delivered by the Apprenticeships. These will vary for the apprentice (competence in a job role with transferable skills) and the employer (whether the training is well-suited to business needs).
- *Level*—based on qualifications attained within the Apprenticeship training programme.

¹⁴² See NAO report (2012).

¹⁴³ See Banks (2010) *Independent Review of Fees and Co-Funding in Further Education in England*.

¹⁴⁴ For example see UKCES (2010) *The National Strategic Skills Audit for England 2010*, a systematic review of current and future skills needs for growth.

¹⁴⁵ As opposed to loans for other FE courses for 24+ Level 3+.

Quality

21. Although the Apprenticeships Skills Children and Learning Act has introduced a new standard Specification of Apprenticeship Standards for England (SASE) to define quality, there are still differences in interpretation of what Apprenticeships are, and how they can be delivered to a consistent standard across different occupations and sectors. There are no measures in place to monitor whether parts of the Act (such as 280 guided learning hours) are being implemented. The implementation of the SASE has subsequently led to confusion between compliance with the new standard and what a high quality Apprenticeship is.

22. Quality issues associated with “brand stretch” arising from the recent expansion in Apprenticeships have been previously discussed (see question one). The UK Commission’s general view is that greater employer ownership of Apprenticeships will improve quality as it will more closely align Apprenticeship programmes with business need, leading to more relevant training opportunities. For the apprentice this would be improved competence in a job role with transferable skills and for the employer, training that is better-suited to business needs.

23. We have reviewed international best practice to draw insights on what should be the key components of a high *quality Apprenticeships offer* and hope to explore some of these features through the Employer Ownership pilots:

- 23.1 *Sustainable investment model*—A balanced programme of reasonable duration that allows the employer to recuperate his/her investment, the individual to develop the necessary depth and breadth of skills, including general education, and the state to have an educated and well trained workforce. There needs to be a sufficiently balanced co-investment approach, supported by private (from individuals and/or employers) as well as public investment. This will ensure there is an appropriate rate of return for the employer, and sustainable career options for the individual.
- 23.2 *Clear content*—The programme of learning has to provide a balance of vocational and specific training to meet current employer needs and generic education, providing underpinning knowledge and transferable skills to prepare the ground for new learning and to support progression. Competence cannot simply be defined with reference to current employer demand for skill but should recognise the longer term needs of the individual, business, and the economy.
- 23.3 *Social partnership*—Employer leadership needs to be supported by a social partnership incorporating strong employee engagement and a shared responsibility for workforce development. A social partnership also provides a vehicle to develop a common understanding, transparency and act as an inherent quality check on the Apprenticeship. It is a way to ensure that design and delivery provides a breadth as well as depth of learning.
- 23.4 *Appropriately balanced delivery model*—Provision must be employer-led in terms of skills needs; with providers and other partners able to work with employers to plan the on and off-the-job experience and input in line with the business strategy and needs. The focus of the time spent on-the-job must be the learning for, and delivery of, skilled work, to develop the skills of the individual, to provide genuine stretch, and to ensure that the role is integrated into the business strategy and provides a productive contribution to the firm.
- 23.5 *Clear progression*—The Apprenticeship needs to serve as a base for sustainable employment and progression generally as well as in the host employer and sector. It should offer a clear pathway to other parts of further or higher education as well as into other areas of work. This does not mean the Apprenticeship offer in a particular sector has to be developed to cross all levels from Level 1 to 4+, but that entry requirements and achievements have to be clear.
- 23.6 *Information and evaluation*—Critically, good quality information has a role to improve perceptions of the value of Apprenticeship by both employers and individuals. It will necessitate improved ability to assess quality and value, and to communicate it well. Overarching systems may also be required from time to time to evaluate the Apprenticeship programme as a whole to review trends in take up and aggregate performance so that necessary improvements can be made.

24. We also welcome the employer-led review into Apprenticeships standards and have identified some issues that may need further examination:

- 24.1 How far Apprenticeships should be used to recognise skills of people already in work. It is important that there are pathways into Apprenticeships from a variety of routes and that apprentices can have their prior skills recognised. However Apprenticeships at all levels should primarily be about the acquisition of new skills and learning.
- 24.2 The degree of occupational specificity required by apprentices particularly in the current economic climate. Although the Apprenticeship covers the competence needed to be competent in a job and the knowledge to support it, this needs to be “future-proofed” by including more emphasis on a general understanding of the sector, and more emphasis on general education to support progression to other jobs or back into full time education.

- 24.3 Apprenticeship frameworks are designed around an occupation, and this can make them too inflexible for businesses to use where staff need to multi-skill, and this particularly applies to SMEs. The new option of adding a business unit might help to address this without diluting the overall standard.
- 24.4 The current emphasis on Intermediate Apprenticeships, and whether most of these do represent competence and knowledge in an occupation, or whether they are really short skills refreshment courses or preparatory courses for Apprenticeship rather than part of the occupational requirement.
- 24.5 The time and cost of putting in place all the different components of an Apprenticeship, with all the different organisations involved, and whether there is scope to streamline this. When there has been quality issues raised, the tendency has been to add another step into the process, rather than rethink how best to design, deliver and assess skills in work. More needs to be done to simplify quality assurance processes, for both providers and employers which will hopefully be tested in the Employer Ownership pilots.

Benefits

25. There is a large body of evidence about the benefits that current Apprenticeships can offer for both employers and individuals. For employers, key benefits include:

- *Increased productivity and business performance:* Apprenticeships have been linked to increased productivity and employers' report that they lead to a more motivated and satisfied workforce. Employers have also reported that Apprenticeships have made them more competitive in their industry than they would be without it.¹⁴⁶
- *Recruitment and retention:* Businesses report that training apprentices is more cost effective than hiring skilled staff, leading to lower overall training and recruitment costs. Loyalty of apprentices to the firm increases retention and there is also evidence of a positive impact on the morale and productivity of other workers.¹⁴⁷ A high proportion of apprentices also go on to management positions within the company.¹⁴⁸ "Home grown" talent through Apprenticeships also means that a business is able to create the skilled workers it requires for success.
- *Strong financial returns:* Business investment is normally fully recouped in monetary terms within two to three years, even in high cost sectors like Construction and Engineering.¹⁴⁹

26. Key benefits for individuals include:

- *Employment:* Employment rates for apprentices are high. A 2009 survey for the Learning and Skills Council (LSC) found that 90% of Apprentices were in employment immediately after their Apprenticeship ended.¹⁵⁰
- *Progression:* The same survey found that between a third and a half of apprentices had achieved progression in their jobs (promotion or upgrade) on completion of the Apprenticeship; around a third were already undertaking further learning; and job satisfaction following the Apprenticeship was high at 89%.¹⁵¹
- *Wage returns:* The latest estimated wage returns to individuals for Apprenticeships have been estimated at 18% for Advanced Apprenticeships (Level 3) and 11% for Intermediate Apprenticeships (Level 2) although there is some evidence that wage returns at Level 2 have declined since 2004–05.¹⁵²
- *Personal benefits* have also been identified by many apprentices including greater confidence, more enthusiasm for learning, greater sense of direction, and better social skills.¹⁵³

27. However assessing whether Apprenticeships are "high enough" quality to benefit apprentices and employers will depend on the motivation and expectation of the employer and individual. If expectations are low, they will be easier to meet. There is also the issue that many employers do not get as far as engaging with Apprenticeships as they are perceived not to be relevant or appropriate to meet their needs.

28. There is also evidence that understanding and awareness of the benefits of Apprenticeships to employers, beyond the productive contribution of the apprentice, plays a key role in the decision about whether to train.¹⁵⁴ This raises questions about how widely and effectively benefits are currently being promoted to convince businesses to invest in Apprenticeships in specific sectors and jobs. Arguably, more could be done to improve

¹⁴⁶ Survey conducted by Populus for the Learning and Skills Council (February 2009).

¹⁴⁷ Although this can be compromised during an economic downturn as full time employees become more concerned about displacement.

¹⁴⁸ Populus (2009).

¹⁴⁹ See Hasluck *et al* (2008) *The Net benefit of Employer Investment in Apprenticeship Training* and Economix (forthcoming).

¹⁵⁰ LSC (2009) *The Benefits of Completing an Apprenticeship*.

¹⁵¹ LSC (2009). Progression in work varied by sector and level of Apprenticeship.

¹⁵² NAO 2012. Wage returns were averaged over the period 2004–10.

¹⁵³ LSC (2009).

¹⁵⁴ Economix (2012) UKCES, *International approaches to the development of intermediate level skills and apprenticeship*.

the evidence around benefits of Apprenticeships and to communicate that evidence to employers, building on the success of campaigns to date.

Levels

29. Although there are a large number of Advanced Apprenticeships (Level 3) frameworks available, the balance of the delivery is at Intermediate level (Level 2). Competence in many occupations is at Advanced or Higher Levels.

30. Intermediate Apprenticeships can be used as a talent pipeline into the Advanced Apprenticeship, but it is important that Level 2 Apprenticeships are being driven by individual and employer demand not provider opportunity.

31. There is evidence of need for greater take up of Apprenticeships at Level 3 and 4 in relation to employer need and occupational opportunity. The fastest growth in skills needs over the next decade will be in Science, Technology, Engineering and Maths (STEM) subjects at Level 3, 4 and above and Advanced and Higher Apprenticeships could, potentially, deliver some of these.¹⁵⁵ The Technician's Council is about to launch its new professional technician's status to reinforce and give visibility of the frameworks that deliver these skills.

32. Ultimately, as outlined previously, Apprenticeships are a derived demand. Therefore the exact number and balance of levels of Apprenticeships will vary across sectors according to different business needs. This is a separate issue to quality as high quality Apprenticeships can be at any level. This also reiterates the point made earlier that Apprenticeships cannot be separated from wider economic and industrial strategy.

Question 4—Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized (SME) businesses to take on apprentices? If not what will?

33. The success of an employer facing programme such as Apprenticeships hinges on securing strong employer leadership and ownership, including from SMEs. Small businesses dominate the business population in number, and provide a significant engine in job creation and growth. There is real potential to expand the Apprenticeship programme among SMEs and it is important that SMEs have ownership over vocational skills, including Apprenticeships.

34. The UK Commission's research shows that despite the fact that SMEs, in general, invest less in the skills of their staff, they actually offer more Apprenticeships per head of workforce than large companies. That said, as reflected in the overall investment picture, SMEs face particular barriers to investment. It is important that these are fully understood, especially in the context of Apprenticeships. These include:

- No need to train (workforce fully proficient, staff learn by experience, size of establishment). The perception that there is no need to train is higher among small firms than larger firms.
- Expense or training (external courses too expensive, lack of budget/funding for training).
- Lack of time (managers and employees).
- Training supply issues (courses not available locally, quality of courses available locally not satisfactory, start dates and times inconvenient).¹⁵⁶

35. Other barriers to SMEs taking on apprentices have also been highlighted. In the *2010 Employer Perspectives Survey* a third of SMEs said apprentices were not suited to their kind of work.¹⁵⁷ Further issues identified from various sources include uncertainty over the likelihood of recouping returns; adequacy of careers guidance and the employability skills of those who come forward; paperwork associated with recruiting an apprentice; and mismatch between the Apprenticeship frameworks and the skills needs of SMEs.¹⁵⁸ There is also some evidence that SMEs are less inclined now to employ an apprentice due to the impact of the current economic climate.

36. Solutions to some of these issues are under development, such as the expansion of Group Training Associations (GTAs) and Apprenticeship Training Associations (ATAs) to support SMEs through the recruitment processes and Apprenticeship programme, and the possibility of adding a general business unit to the curriculum offer to encourage apprentices in SMEs to multi-skill.

37. Financial incentives to attract small businesses to engage in government initiatives have been used in the past. There are a range of potential risks that need to be borne in mind around offering bonuses to SMEs, such as:

- 37.1 Importance of SMEs having the internal capacity to offer apprentices high quality work-based learning and mentoring, and a full spread of skills development, although in some locations Group Training Associations are in place to support this.

¹⁵⁵ See UKCES (2010) *The National Strategic Skills Audit for England 2010*.

¹⁵⁶ UKCES (2010) *National Employer Skills Survey for England 2009*.

¹⁵⁷ UKCES, *2010 Employer Perspectives Survey*.

¹⁵⁸ British Chambers of Commerce (2011) *Skills for Business: More to Learn?* and Economix (2012).

- 37.2 Risk that eligibility criteria and processes will act as a barrier to engagement for SMEs, and remove some of the incentive of the bonus payment by adding to administrative and tracking costs.
- 37.3 Some businesses would not see £1,500 as an adequate incentive for the start-up costs of adding an apprentice to their business, unless they were struggling to recruit and considered Apprenticeships a low risk approach to tackling recruitment issues.

38. The UK Commission believes there is a role for Government investment to work alongside private investment to secure joint commitment to Apprenticeships among SMEs and to leverage greater action. But the introduction of a bonus scheme alone is unlikely to address all of the barriers or risks identified above.

39. Therefore, the UK Commission recommends that any bonus scheme be part of a more integrated package, supporting wider changes that enable small employers to step up and take ownership of Apprenticeships over the longer-term. These include:

- 39.1 *Using the tax system to reach SMEs.* We proposed that bonuses or financial incentives be administered through the tax system to give small employers greater purchasing power in the training market to control over the skills they really need. Tax incentives to SMEs could directly reach more small businesses, more easily, and have the potential to bring about a longer term shift in ownership.
- 39.2 *SMEs working in collaboration with larger companies as part of a supply chain.* Large companies have an interest in developing the skills of their suppliers. Large and small employers in supply chains could work together to develop Apprenticeship programmes and places.
- 39.3. *Strong working relationships in the region between local partners including networks of SMEs.* Networks of small businesses could work together in clusters to develop Apprenticeship schemes, for example through Group Training Associations, Apprenticeship Training Agencies and Local Enterprise Partnerships.
- 39.4 *Access to clear information* to SMEs about the courses available and their costs and promotion of the benefits of Apprenticeships to small businesses. As identified earlier information on the benefits of Apprenticeships is key to the decision about whether to invest in training.
- 39.5 *Simplifying processes and making them more transparent and flexible.* This would particularly benefit SMEs that do not have administrative functions to organise workforce development programmes.
- 39.6 *Greater emphasis on leadership and management within SMEs,* and making the case for the contribution apprentices can make to business growth by working more closely with intermediaries.

40. Through the Employer Ownership pilot, we hope to test some of these collaborative models as a way of engaging more SMEs in vocational training and Apprenticeships. As outlined in the prospectus, the Investment Board welcomes collaborative bids from groups of small employers.¹⁵⁹

41. Investors in People is another useful tool for small businesses to help deliver improved performance and growth by developing people to meet business objectives. Investors in People offers SMEs a structure within which to think about staff development including through Apprenticeships.

Question 5—*Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?*

42. We support full funding to train apprentices in the 16–18 age range and lower levels of funding for 19–24 year olds. However, as stated earlier, we believe that *funding for Apprenticeships should be paid directly to employers*. This will extend employer ownership over publicly funded Apprenticeships placing purchasing power in their hands. We welcome the Coalition Government’s decision to test out this approach through a two year pilot of Employer Ownership.

43. Over the long term, the UK Commission would recommend that direct payments to employers for Apprenticeships be administered through the *tax system*. This way funding goes directly to employers, giving them greater purchasing power in the training market to work with colleges and providers to get the skills they need, delivered in ways that are centre around the employer and individual.

44. In terms of employer contributions to adult Apprenticeships, we know that a sizeable proportion of the 50% contribution is not currently being collected. Providers keep no systematic records on levels of co-investment, and a small survey in 2009 for Apprenticeships for those aged 19 and above, found that around 20% of training providers did not charge any fee to the employers for whom they provided training.¹⁶⁰ Likewise the college sector only collected around £75 million of the resources it was due from employers.¹⁶¹ This failure

¹⁵⁹ *Employer Ownership of Skills Prospectus* (2012):

<http://www.ukces.org.uk/ourwork/employer-ownership/prospectus>

¹⁶⁰ RCU Research for the Learning and Skills Council (2009) *Investigation into Employer Contributions within the Employer Responsive Funding Model*.

¹⁶¹ Banks (2010).

to collect the remaining contribution from employers risks leaving providers poorly resourced to offer high quality provision, although some employers do invest significantly “in kind”.

45. The fact that training providers are not charging a fee also demonstrates that employers may not be aware of the original contribution from Government towards the cost of Apprenticeships or that they are expected to pay an additional 50%. This makes it difficult for employers to make decisions based on quality and value for money. All apprentices, employers and the wider public should be aware of the Government contribution towards Apprenticeships. This will improve general awareness of the Apprenticeship programme, helping to raise its profile and popularity.

46. As mentioned earlier, there is also insufficient sensitivity in the current funding methodology for the actual costs of delivery of different Apprenticeships. Lack of information on both contributions and costs makes it difficult to assess whether the current funding arrangement for 16–18 and 19–24 year olds is appropriate. The UK Commission recommends greater *transparency* in Apprenticeship funding arrangements and more market testing of actual costs of delivery.

10 February 2012

Written evidence submitted by UK Contractors Group (UKCG)

1. The UK Contractors Group (UKCG) is the primary trade association for contractors operating in the UK. UKCG members account for £36 billion of construction turnover which is almost 30% of total industry output. The construction industry as a whole remains a major contributor to the UK economy—the construction value chain accounts 13% of UK GDP, and the industry employs 9% of the workforce.

2. The construction industry was hit hard by the recession, but the sector remains well placed to help kick-start economic growth. Construction is uniquely placed to support economic growth and social change—investing in the sector will boost economic output and employment. UKCG research¹⁶² shows:

- Every £1 invested in construction generates £2.84 in total economic activity.
- The industry has a very low reliance on imports. Construction imports less than 8% of its supply, meaning investment in construction is retained in the UK.
- Construction is a labour intensive industry that generates a large number of employment opportunities—critical at a time of rising unemployment. Over 60% of construction employees are low skilled labourers with limited alternative employment opportunities.

3. Construction is a traditional apprentice employer, and the sector remains committed to developing a skilled workforce and creating a flourishing climate for apprenticeships. The sector supports the government’s ambitions to create a world class skills base; and the commitment set out by Business Secretary Vince Cable that “*Apprenticeships will remain the gold standard for excellence in vocational training*”.¹⁶³ Craft based apprenticeships in construction and building engineering equip people with the skills and knowledge that provides a secure foundation for future careers. It is a long term commitment to training that leads to long term sustainable employment. The sector is therefore concerned that the rapid expansion of apprentice numbers risks undermining the integrity of the apprenticeship standard, by encompassing shorter term programmes which do not provide the same depth of skills and which do not lead to proficiency in a chosen trade or profession.

4. The recession has led to lower workloads for construction firms, resulting in fewer employment and apprenticeship opportunities. While apprenticeship starts increased by 58% across the economy as a whole in 2010–11, starts in construction have lagged behind. However despite difficult circumstances there was a small upturn of 6% last year.

5. The most effective way to stimulate apprenticeship growth within the sector is to provide certainty on future projects. The government’s announcement of increased investment in infrastructure in the autumn statement was therefore welcome. The national infrastructure plan has identified a pipeline of 500 projects worth a total of £250 billion, with Ministers are looking to the construction sector to deliver these projects over the next decade. The Olympic Park—delivered ahead of time and to budget—showcased the best of what major contractors can achieve. But if the sector is to deliver high-profile projects in the years ahead—including Crossrail, Thames Tideway, and the HS2 high speed rail link—it must further develop its’ skills base.

6. There is a pressing need to tackle the barriers the construction sector faces in providing additional apprenticeship opportunities and developing a new generation of skilled staff. In particular, reduced funding rates for apprentices aged over 19 limits the ability of firms to progress staff to the Level 3 apprenticeship programmes required in many parts of the industry. Construction courses are comparatively expensive to deliver; while health and safety requirements mean construction apprentices tends to be older and therefore less likely to start a Level 3 programme before their 19th birthday. To address these and other barriers, our submission recommends:

¹⁶² Construction in the UK economy—the benefits of investment, UKCG/LEK research, October 2010.

¹⁶³ Apprenticeships: Cable guarantees quality, slashes red tape and delivers cash boost for firms, BIS press release, 16 November 2011.

- A flexible delivery contract covering full funding for Level 2 and Level 3 construction apprenticeships.
- A better assessment of the impact the introduction of Functional Skills will have on apprentice completion rates in the construction industry.
- Better awareness of funding available to support collaborative training models.

7. In addition, another route for driving apprenticeships is through local authority procurement. However some local authorities have unrealistic expectations about how best to achieve this. Many look for opportunities solely for applicants living with their own postcode boundaries to the exclusion of all others. This means that contractors may not be able to provide sustainable apprenticeship placements if they move into another area where similar postcode restrictions apply. At worst that might mean laying off apprentices taken on earlier to satisfy the current requirement. *Some more business grounded guidance to local authorities on how to deliver sustainable opportunities is needed.*

THE GOVERNMENT'S PRIORITY MUST BE TO DRIVE QUALITY NOT QUANTITY WITHIN APPRENTICESHIPS

8. With youth unemployment rising to over a million, it is right and proper that government is looking to provide additional work and training opportunities for young people. However this should not be at the expense of diluting the apprenticeship brand which must remain as a "gold standard" for vocational training.

9. Short training courses that do not properly ready a candidate for a career in his or her chosen profession should not be treated in the same way as—for example—a demanding four year Level 3 craft apprenticeship. In traditional craft industries where apprenticeships have their roots, it is assumed that an apprentice will, on completion, be able to work effectively and unsupervised in his or her chosen occupation. High quality craft apprenticeships therefore provide the longevity of employment opportunities that apprenticeships should provide. The benefits of shorter courses will be more transient.

10. For example, construction firm Seddon's is taking on 75 new entrant trainees (40 of which are apprentices) this year to celebrate their 75th anniversary of offering apprenticeships. To meet the employment needs of the industry and the move towards more multi-skilling, Seddon's is broadening the training it provides (eg NVQs in maintenance) to give individuals more flexible skills sets. To support apprentices to build a long term career in the industry, in their final year apprentices receive careers advice on their future choices.

11. UKCG members welcome the government's proposed review of apprenticeship quality, and the assertion by Skills Minister John Hayes that all new apprenticeships must take place over a minimum of 12 months. Funding and recognition should only be available for apprenticeships that prepare an individual for a career in a chosen profession or trade. It should not be made available where firms and training providers have labelled basic training programmes as apprenticeships in order to attract public funding. A rigorous Level 3 apprenticeship is not comparable with a twelve week training course that, in the ordinary course of events, would be funded wholly by the employer as a basic training and staff induction activity.

12. The apprenticeship brand should be focused on programmes that add value to individuals, industry and UK plc in the longer term. There is value in shorter training programmes in sectors such as retail or hospitality in providing the immediate skills required to carry out worthwhile jobs. But this should not be conflated with the apprenticeship brand.

CONSTRUCTION CURRENTLY FACES CHALLENGING BUSINESS CIRCUMSTANCES WHICH ARE AFFECTING TRAINING AND RECRUITMENT LEVELS

13. The construction sector stands ready to play a positive role in supporting government in its twin aims of generating economic growth and renewing the national infrastructure. By delivering new housing, economic, and social infrastructure the construction industry will play a vital role. However the economic downturn has created a number of challenges on skills which the sector urgently needs to address. In particular there is a need to increase the flow of young people into the industry and grow high quality apprenticeship opportunities.

CONSTRUCTION SAW FALLING LEVELS OF RECRUITMENT DURING THE RECESSION

14. The sharp decline in private sector construction activity during the downturn led to a heavy recession in construction—with output falling by 2.8% in 2008 and 13.3% in 2009. Significantly the sector had the second highest redundancy rate in the UK during the downturn (peaking at c 32 per 1,000 employees in Qu1 2009), with a redundancy rate which was 47% higher than that experienced in manufacturing.

15. Forecasts predict a bumpy road ahead. The latest market forecasts produced by CITB-Construction Skills predict a fall in construction output of 3% during 2012, with a further 45,000 jobs being lost. While growth is expected to return thereafter, the CITB-Construction Skills projections anticipate that by 2016, output and employment will still be 5% below their respective 2007–08 peaks.

16. The decline in new employment opportunities has led to an increasingly ageing workforce within the sector. The number of 16–19 year olds in the industry has fallen by 52% (to 56,781) since 2008, with 16–24 year olds now accounting for just over one in ten (12%) of the construction workforce. In contrast 17% of construction workers are now aged 55 and over.

17. There is now a serious risk that the ageing workforce, coupled with a failure to attract and train sufficient numbers of young people, will result in a skills vacuum and manpower shortage that hampers growth within the industry.

18. A clear example is provided by the Electrical Contractors Association. The average age of a qualified electrician (NVQ Level 3) in the commercial and industrial part of the industry is 45–50 years old. As a safety critical sector it is vital that that new people are recruited and trained to appropriate standards.

AND THE DOWNTURN IMPACTED ON NUMBERS OF APPRENTICESHIPS WITHIN THE INDUSTRY

19. Lower levels of recruitment within the industry has inevitably led to a fall in the numbers of apprentices being taken on by construction firms. While apprenticeships starts across the economy have continued on a positive trend in recent years—even during the recession—the construction industry has lagged behind. There were 14,940 starts in construction this year, and while this represents a small annual increase, the number of starts remain 27% lower than in 2007–08 prior to the recession (See Exhibit 1).

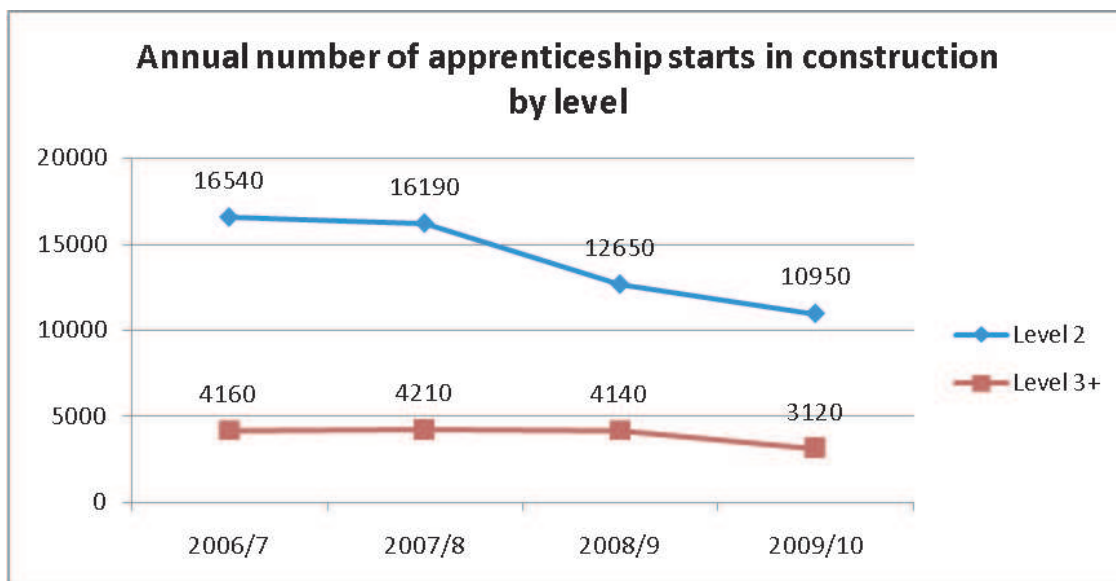
Exhibit 1



20. Level 2 and Level 3 qualifications will meet the bulk of the industry's skills needs for the foreseeable future—with 78% of construction apprenticeship starts at Level 2 in 2009–10 (See Exhibit 2). The sector has a strong record in providing opportunities to those with low skills—although 70% of apprentices enter the industry with GCSE results D-E, the vast majority go on to achieve their first Level 2 qualification.

21. Construction firms are working hard to provide new and innovative construction opportunities. Kier are developing a construction team leader apprenticeship aimed at developing supervisors and managers. The company aims to recruit 100 people this year onto the initial pilots and provide Level 2 training. The aim is to provide a ladder up to Level 3 and foundation degree over the coming years.

Exhibit 2



22. The CITB-Construction Skills Managing Agency has been able to achieve recruitment rates above the national average due to a close learner/employer engagement strategy. While learner starts in construction at Level 2 decreased by 13% in 2010 compared with the year before, CITB's own Managing Agency saw a 28% increase. CITB have also seen positive returns on progressing apprentices from Level 2 to Level 3—but like the industry as a whole—reducing funding for those aged 19+ presents a significant barrier to further progress.

CURRENT AGE DEPENDENT FUNDING RULES LIMIT APPRENTICE PROGRESSION WITHIN THE INDUSTRY

23. Obstacles that prevent the construction industry taking on and training new apprentices must be tackled. The current age dependent funding rules for apprenticeships—with 100% funding available for 16–18 year olds, but only up to 50% available for those aged 19+—is an obstacle to progression from Level 2 to Level 3 qualifications within the industry. Level 3 qualifications will be required for a number of on-site roles, while employers recognise their responsibility to provide a ladder of progression opportunities to staff to aid their personal development. In addition, the government's skills strategy has made clear that Level 3 should be the benchmark to which all apprentices 'aspire'.

24. The conversion rate for Level 2 construction apprentices successfully moving on to Level 3 programmes is currently around 25%. However there is a need to increase this conversion rate to provide the flow of Level 3 skills the industry needs. The number of Level 3 apprenticeship starts in construction has declined in recent years—falling by 26% between 2007–08 and 2009–10.

25. The nature of the construction industry means that the reduction in apprentice funding post-19 has a particularly strong impact on the numbers starting Level 3 apprenticeships compared to other industries:

- Construction apprenticeships are comparatively expensive to deliver. Research by the Warwick Institute for Employment research found the average net cost to a construction employer of a three year apprenticeship to be £22,000—this compares to an average cost of an apprenticeship of £4,200 in hospitality and £2,300 in retail.¹⁶⁴ Costs to colleges and training provider of providing construction training are equally high due to costs associated with materials and the large square footage required. Many providers will limit provision by trade and refuse to contemplate certain activities at Level 3 due to the significant reduction in funding.
- Health and safety requirements within the industry due to the need to use certain types of specialist equipment, mean many apprentices can not start their training until they are slightly older (mainly when they can drive). As a result it is unlikely that successful apprentices will be able to start a Level 3 programme before the age of 19 and be eligible for full funding.
- The qualifications profile of many entrants to construction—with 70% of apprentices entering the industry with GCSE results D-E—is incompatible with putting an entrant onto a Level 3 programmes immediately.

26. A solution proposed by the construction industry, would be a flexible delivery contract for those starting a construction apprenticeship at age 16–18 which would provide full funding for Level 2 and Level 3 apprentice training regardless of age upon converting to Level 3. Under this contract learners who have the potential can continue to Level 3 within the same contract therefore maintaining levels of funding; those who are deemed to have achieved their current full potential at Level 2 and do not wish to proceed to the next level can leave

¹⁶⁴ The Net Benefit to Employer Investment in Apprenticeship Training, Warwick Institute for Employment Research, 2008.

the programme with no detrimental impact upon provider performance stats—they will be classed as a Level 2 success not an ‘early leaver’. It is estimated that introducing flexible delivery contracts or equalising 19+ funding to current 16–18 rates would cost a maximum of £14 million per annum in construction trades.

THE INTRODUCTION OF FUNCTIONAL SKILLS COULD NEGATIVELY IMPACT ON APPRENTICESHIP ACHIEVEMENT RATES

27. The construction industry recognises the importance of all apprentices achieving a strong baseline in literacy and numeracy in order to support their future progress in work and life. However there are concerns that the recent Ministerial announcement that all apprentices will have to achieve a minimum of Level 2 in English and maths, alongside the introduction of Functional Skills into apprenticeship frameworks from September 2012, will make it more difficult for many construction apprentices to complete their frameworks. In particular the standards within functional skills programmes at all levels are generally considered to be more difficult than the current key skills framework which they will replace.

28. At present a large proportion of learners recruited into construction craft apprenticeships, and ultimately developed into highly skilled craftspeople, come with GCSE grades ranging from D-E rather than A-C. The risks associated with the introduction of Functional Skills and the new literacy and numeracy requirements are:

- If the current recruitment pool and percentage breakdown of GCSE results remains the same there could be a significant drop in achievement rates due to an inability to achieve Functional Skills whilst the learner is more than capable of achieving all the other elements of the framework. Not only will this have a negative impact on the futures of a large number of learners it will also significantly reduce the value for money element associated with the funding received.
- There is also a risk that employers, aware of the higher level requirements, may raise the bar for applicant requirements in terms of current educational standards achieved at time of application.
- Colleges generate income for on-programme learners and, as with employers, if they believe applicants with lower level grades may not be able to complete a full programme and the achieve framework they may insist upon higher GCSE grades for all applicants.
- Both of the points above create the risk of excluding a large cohort of capable candidates due to their perceived inability to achieve the requirements of Functional Skills, despite the fact that experience demonstrates they are more than capable of developing into skilled craftspeople in their chosen trades. Functional Skills could lead to the creation of another band of school leavers excluded from the opportunity of an apprenticeship, and rather than raising standards could leave large numbers without a skilled career option and with no level of additional support in literacy and numeracy.

29. The government must work more closely with Construction Skills and the construction industry to assess the impact the introduction of Functional Skills, and the new literacy and numeracy requirements, will have on the completion of apprenticeships within the industry. There is a clear need to balance quality and accessibility within apprenticeship frameworks, and mitigate against measures that pose unnecessary obstacles to a young person’s ability to complete their apprenticeship and get a foothold within the industry. We are aware that other sectors have raised similar concerns about the difficulty of functional skills for some apprentices, and the more classroom based methods of assessment which can be a ‘turn-off’ for some young people, particularly those who performed less well at school. The government must provide re-assurance on these issues before Functional Skills are introduced in September 2012.

SMES REMAIN AN UNTAPPED MARKET FOR APPRENTICESHIPS—GREATER COLLABORATION WOULD BOOST PROVISION

30. The construction industry is characterised by a number of large contractors, who operate sub-contracting relationships with SMEs. The construction industry value chain consists of 300,000 firms, including many small and medium sized family and local businesses.

31. There remains significant untapped potential to increase apprentice provision in the industry, particularly amongst SMEs. Construction is therefore a prime sector for the extension of collaborative apprenticeship models—either through large firms supporting SMEs in their supply chain by training more apprentices than they need; or SMEs accessing training through Apprenticeship Training Agencies or Group Training Associations.

32. There is good practice on which to build—for example Carillion recruits and trains around 1,000 apprentices every year, a large number of whom are placed within the supply chain. However the additional costs taken-on by larger firms needs to be recognised, and they need to be able to access further support.

33. UKCG members support the work of CITB-ConstructionSkills who currently operate three Shared Apprenticeship Schemes, with plans to expand to the programme to include potentially ten more. The scheme operates broadly along the lines of an Apprenticeship Training Agency and are led by local bodies—such as local authorities or housing associations—who can influence regional work flows. Apprentices are employed by the shared apprentice holding company with placements provided within different construction firms.

34. The sector welcomes initiatives such as the Growth and Innovation Fund, and the £250 million fund announced by the Prime Minister on employer ownership of skills. These programmes will allow employer or employer bodies to bid for matched contributions aimed at supporting greater collaboration on skills and developing employer centred solutions.

35. While this additional funding to support collaborative models on skills is welcome, many construction employers will be unaware of the money which is available and how to access it. The National Apprenticeship Service and sector skills councils must ensure firms are aware of the existence of the funds; and provide guidance on the procedures for bidding and putting proposals together.

3 February 2012

Written evidence submitted by Unite the Union

This evidence is submitted by Unite the union. Unite is the UK's largest trade union with over 1.5 million members across the private and public sectors. The union's members work in a range of industries including manufacturing, financial services, print, media, construction, transport, local government, education, health and not for profit sectors.

EXECUTIVE SUMMARY

- Unite believes the term apprentice and the apprenticeship system in the UK is in danger of being systematically devalued whilst government subsidises big employers to finance every day training requirements of young workers with government funding.
- The UK manufacturing and constructions sectors have serious skills shortages and skills gaps, when these are coupled with an aging workforce the consequences for the UK economy are tangible.
- Unite questions whether the National Apprenticeship Service has been a success, when the apprenticeships on offer are short term, low paid and of no economic value to the young person or the UK economy.
- Unite has serious concerns around the provision of non-economically viable technical certificates and Vocationally Related Qualifications (VRQ).
- Unite believes the marketing of the technical certificates and VRQs has been totally misleading to the public, young people, their parents and potential employers.
- Over subscription for popular and well regarded apprenticeships is of serious concern to Unite. For example, BT has around 15,000 applicants each year for the 100 places they have for apprentices—more competition than for places at the Oxbridge colleges.
- Unite believes government should be funding far more higher (level 3) apprenticeships than intermediate apprenticeships. There also needs to be a commitment by government to re-finance investment in the funding of adult apprentices.
- Unite has consistently called for the UK procurement process to include clauses whereby when contracts are awarded a set number of apprenticeships must be offered.
- Unite has been instrumental in advocating work based learning with the Trade Union Learning Fund and the support and mentoring of young apprentices has been included in this process.
- Unite has also worked extensively with sector skills councils to promote good quality apprenticeships such as those offered by Cogent and the Technical Apprenticeship Service.
- Unite believes there must be a concerted effort on the part of employers and government to ensure apprenticeships are open to all, especially those from minority ethnic groups and women, both of which are woefully under represented in apprenticeship schemes.
- Unite has consistently stated that only industry recognised apprenticeships should be recognised and government must be rigorous when determining apprenticeship criteria and funding.
- In the construction sector Unite has worked closely with the ECA to ensure the highest quality, industry recognised, gold standard advanced craft apprenticeships as the industry standard and which training providers follow implicitly.

1. INTRODUCTION

1.1 Unite welcomes the opportunity to respond to this inquiry about apprenticeships. In the first instance there must be a recognition that the apprenticeship system in the UK has changed radically over the past 10 years, with some very good initiatives and investment taking place but equally some very perturbing elements of apprenticeship policy, the take up and completion of apprenticeships and the quality of the apprenticeship experience which Unite finds very worrying.

1.2 Unite believes that although the status of apprenticeships in the UK was improving this has now changed and the system is in danger of being devalued due to companies who are re-classifying workers as apprentices to attract government funding. This also means that if a worker is classified as an apprentice then they do not

need to be paid the minimum wage and the employer can choose to pay very low rates of pay—in some cases as low as £1.25 an hour—Government must rectify this and ensure funding is targeted at skill sets which will advance the UK economy and enable growth in GDP.

1.3 The UK has serious skills shortages and skills gaps, when this is coupled with an ageing workforce the consequences for the UK economy are tangible and not to be ignored. The expansion of full time higher education over the past ten years has helped many to achieve more academic qualifications but the number of young people holding vocational qualifications at the level of a QCF level 3 diploma/NVQ Level 3 has not matched that expansion.

2. NATIONAL APPRENTICE SERVICE

2.1 The National Apprenticeship Service (NAS) was created in 2009 to provide a conduit for employers, young people and training providers to find out information, apply for apprenticeship places and for information about training providers. The service has clearly been successful in the sense that for the year 2010/11 440,000 learners started an apprenticeship.¹⁶⁵

2.2 However, Unite is very concerned that many of these apprenticeships will be low quality, the young person undertaking the “apprenticeship” would have been receiving the training from their employer anyway and that employers are exploiting the system to get state funding for training. This clearly devalues the apprenticeship system.

2.3 As such Unite would question whether the NAS has been successful. An apprenticeship should not constitute a one year training course with no meaningful trade, occupation or profession at the end of it and with no formal pathway to take up further training or education if required. Unite also believes that it is inappropriate for government funding to go to big employers who would have had to train the workers anyway when small and medium sized enterprises (SMEs) in manufacturing and the supply chain do not recruit apprentices because of problems with the cost of training and their inexperience at accessing government investment.

2.4 As a consequence Unite believes it would be more appropriate if there was a two tier system for training young workers, on one side there must be progression based advanced and higher apprenticeships for the highly skilled and high technology jobs across the manufacturing sector. These would be for at least three years and four years where required for advanced and higher apprenticeships in relevant occupational disciplines, and would work in conjunction with ultimate access to University degrees in the relevant industrial sectors, within clearly signposted career progression pathways.

2.5 On the other side there should be a training scheme for young people, some of whom could already be in employment but this would encompass industrial sectors such as retail, banking and services. These could be for one year and could ensure that the young person has the full opportunity for training and development, but this would not be called an apprenticeship and would also not apply to anyone between the ages of 16 and 18 as these young people should still be in full time education.

2.6 Such schemes should be titled correctly, utilising words like “introduction to” “access to” and “pre-apprenticeship training”, reflecting exactly what such schemes will and will not deliver.

2.7 Of other concern to Unite has been the provision of non-economically viable technical certificates and Vocationally Related Qualifications (VRQ) in the further education system, marketed by misleading terminology such as, “Programme Led Apprenticeship” (PLA). These courses when delivered in isolation in simulated college environments and with no employment and requisite work based learning that would usually come with the job, and at completion only delivers knowledge based technical certificates or VRQs, are missing the vocational competency elements required in a bona fide competence based vocational qualification.

2.8 Unite believes the marketing of technical certificates and VRQs has been totally misleading to the public, young people, their parents and potential employers which has ultimately further demeaned the respected image of what should constitute an apprenticeship.

2.9 Unite believes the term apprenticeship and the apprenticeship system as a whole is in danger of being systematically devalued whilst government subsidises big employers to finance every day training requirements of young workers with government funding. This will also reduce the amount of funding available for the highly skilled and highly technical apprenticeships which are desperately needed in the manufacturing sector to mitigate an ageing workforce with skills shortages and gaps.

2.10 As a consequence of the level of apprenticeships on offer by NAS Unite has worked with a number of organisations to promote and provide good quality worthwhile apprenticeships. For example Cogent has set up a Technical Apprenticeship Service (TAS) and aims to create 250 skilled apprenticeships this year in the Chemicals, Polymers and Life Sciences sectors.

2.11 Unite is part of the steering committee and believes that TAS presents a far superior option to the Apprenticeship Training Agencies which are promoted by NAS. TAS aims to encourage apprentices to progress to higher levels of learning and promote the new Higher Level Apprenticeship.

¹⁶⁵ www.fenews.co.uk

3. YOUTH UNEMPLOYMENT

3.1 Unite recognises that youth unemployment remains a major concern. The latest figures show that the number of young people not in education, employment or training (NEET) has risen to a record high of 1.1 million. Almost one in five 16 to 24 year-olds in England were classed as a “Neet” between July and September this year, according to statistics published by the Department for Education. Even more worryingly, this figure has risen by 137,000 compared with the same period last year.

3.2 The figures also show that just over 21% of 18- to 24-year-olds are not in education, work or training. Unite believes this is a shocking indictment on the present government and it is vitally important to get this cohort into employment or education, not only to ensure that they achieve their own personal potential but also that the UK benefits from the contribution they can make to the wider economy.

4. FUNDING

4.1 One way to do this is to improve the take-up of apprenticeships and while any additional funding commitment for apprenticeships is welcome, Unite wants to ensure that the funding attracts the right employers with the right ambition, who are keen to get the best out of the apprentice in return for providing quality on and off the job training and skills development in a nurturing and motivating environment.

4.2 While there remain excellent examples of quality apprenticeships in the labour market it is vital that government ensures that funding reaches the right companies that will improve growth in the UK economy and address any existing skills issues. Funding needs to continue and improve and Unite was disappointed to hear that funding for apprenticeships for over 25s has been cut.

4.3 Unite has consistently advocated that some funding needs to be available for workers who have been made redundant or those who require the opportunity to re-skill or up-skill in the workplace. Employers clearly see the benefits of workers who already have existing skills and experience but the training they need to achieve new skills and knowledge should be shared between the employer and government investment.

4.4 The reduction in funding for adult apprentices is proving to be a big disincentive for employers to recruit them especially SMEs. Unite believes that offering subsidies to this employer group would generate greater demand for adult apprentices and could ensure improved levels of completion rates due to the maturity and existing experience of the candidates.

4.5 There has also been an increase in low quality apprenticeships that do not deliver what is expected, either in terms of suitable and appropriate training and skills development or appropriate pay rates, which can vary significantly across industrial sectors. This latter point plays an important part in the decision of the apprentice to stay and complete the apprenticeship¹⁶⁶ and also adds to the high levels of low completion rates.

4.6 Unite accepts that funding of apprenticeships is an important aspect of the UK skills agenda, however we would urge caution about subsidising employers through funding opportunities directed at apprenticeships, while some employers are failing to deliver the full apprenticeship experience. This really must be challenged by government with the best examples of apprenticeships used as models for other employers to match.

5. HIGH QUALITY APPRENTICESHIPS

5.1 Despite the recession, there remains a demand in some areas of the economy for highly skilled and experienced workers. Indeed an ageing workforce is identified in a number of industries such as manufacturing and engineering. However, these industries are failing to recruit sufficient apprentices to cope with the numbers set to leave in the coming years. For example Ford recruited six apprentices in 2011, while Jaguar LandRover (JLR) took on 160 in one year. Over subscription for popular apprenticeships is also a problem, for example BT, has around 15,000 applicants each year for the 100 places they have for apprentices—more competition than for the Oxbridge colleges.

5.2 This level of disparity has created a gap in skills and experience which may be difficult to recover from and there are already problems emerging in the West Midlands with a shortage of engineers and maintenance fitters for the vehicle building industry brought about by the latest investment into JLR. This shortage of skilled engineers and fitters is replicated across a number of European member States and could prove a serious problem for UK productivity.

5.3 Unite has always advocated that apprenticeships should be at least level 3. The requirement by the Lisbon Treaty for all EU member States to achieve a highly educated and highly skilled workforce is seriously compromised in the UK if apprenticeships are not set at level 3. There should be significantly more apprenticeship places at level 3 and this could be achieved by reducing the funding available to all companies in all industrial sectors. Government must ensure that the policies, procedures and investment are in place to produce the highly skilled workforce needed to facilitate growth in the UK economy.

5.4 Unite has been at the forefront of promoting skilled and worthwhile apprenticeships. This has been achieved through seminars, promotional events and working collaboratively with sector skills councils to try to ensure the apprenticeship brand remains valued. In 2010 Unite promoted apprenticeships in the print industry

¹⁶⁶ IPPR, Rethinking Apprenticeships Nov 2011.

in conjunction with Proskills and in 2011 a seminar was held jointly by Unite and Cogent to promote apprenticeships which resulted in Sir Alex Ferguson speaking at the conference about his experiences as a young apprentice and how important apprenticeships are to the wider UK economy¹⁶⁷ the positive outcome from these events is that employers have approached TAS with expressions of interest in recruiting apprentices.

5.5 In 2012 Unite has worked with the sector skills council SEMTA to promote apprenticeships in aerospace, engineering, marine and vehicle building. This will be done via a series of seminars attended by trade union learning reps, union stewards, company managements, human resource directors and academia. All of these events are focussed on the provision of high value, gold plated apprenticeships.

5.6 Unite has consistently called for the UK procurement process to include clauses whereby when contracts are awarded a set number of apprenticeships must be offered. There also needs to be a complete review of how women and young people from minority ethnic groups can be encouraged to apply and complete apprenticeships. In the workplace Unite supports apprentices and works hard to ensure that employers are encouraged to take apprentices on and also to try to ensure those groups who are woefully under represented are assisted to take part in apprenticeship schemes.

6. CONSTRUCTION SECTOR

6.1 In January 2012, the CEO of the Electrical Contractors Association (ECA), Steve Bratt, while applauding government plans to promote vocational training, warned that only industry recognised apprenticeships should be recognised and urged that government think very carefully when determining apprenticeship criteria and funding. Steve said “our country is at a crossroads, and if we don’t act now to shore up the skills deficit in our craft industries by investing in skilled apprenticeships, we have little chance of successfully emerging out of recession”.

6.2 Equally as concerning to Unite and the ECA is the aforementioned continuing provision of NQF Technical Certificates in the further education system, whereby young people are herded into colleges to undertake technical/VRQ qualifications but essentially not backed up with an apprenticeship or employment—therefore no work based learning or VQ competency assessment—which means no meaningful qualifications or competencies at the end of their course.

6.3 This in turn then sees part qualified individuals, who although may have achieved their underpinning knowledge, have no meaningful job experience or competencies which are an intrinsic element of a real apprenticeship, which by its true definition is all about learning, experience and receiving appropriate mentoring in the world of work.

6.4 The safety concerns regarding this are obvious, particularly when considering fields such as electricity and construction. Furthermore this situation undermines traditional apprenticeships, and creates unregulated competition for jobs where the under qualified or non qualified then undercut competent and qualified individuals working in the same field.

6.5 Unite has worked closely with the ECA to ensure the highest quality, industry recognised, gold standard advanced craft apprenticeships. This was developed via the Joint Industry Board for the Electrical Contracting Industry (JIB) which training providers follow as the industry standard for actual delivery within an employment framework to support the successful completion of the apprenticeship framework. The JIB scheme has delivered over 160,000 successful apprenticeship completions since its inception in 1968 in the UK.

6.6 The charitable training provider JTL delivers 70% of the apprentices each year for the sector. The scheme is so successful that they receive around 35,000 enquiries per year, leading to 20,000 applications per year with only 2,000 taken on out of the 9,000—12,000 who pass the aptitude test. Yet, the skills shortages and skills gaps continue and the industry is in the same position as other industrial sectors in the UK and suffers an aging workforce.

6.7 This system is as far removed as possible from what is viewed as an apprenticeship at NAS. Under the NAS system thousands of young people are fed through a process which provides them with no legitimate training or qualifications, is a sad indictment on the current government’s commitment to training young people in the UK and ultimately offers them no skills and no future. Unite believes this cannot continue and there needs to be a realisation by government that they must address the issues raised in this submission because ultimately it will impact on the productivity and profitability of UK plc.

6.8 There is clearly an appetite and enthusiasm amongst young people to become involved and engage in skilled professions and trades within manufacturing, engineering, construction and cutting edge technologies. However, the key is the apprenticeship placements and these can only be stimulated by increasing economic activity and implementing the measures to ensure companies provide the apprenticeship placements.

UNITE RECOMMENDATIONS

- Government must ensure the apprenticeship system in the UK is both robust and rigorous, ensuring there are high quality, industry recognised apprenticeships on offer for those who wish to participate.

¹⁶⁷ <http://www.themanufacturer.com/articles/alex-ferguson-encourages-uk-apprenticeships/>

- Government must address the chronic skills shortages and skills gaps in the UK manufacturing, engineering and construction sectors. Providing funding for gold standard apprenticeships will go some way to addressing the shortages.
- The procurement process is an ideal way for government and local authorities to lead the way in providing high quality apprenticeships—especially for those groups who are currently grossly under-represented.
- There are a number of key “good” employers who provide exemplary apprenticeships. Unite believes these employers should be encouraged to mentor SMEs¹⁶⁸ to assist them with the recruitment and training of apprentices.
- Government must act swiftly on the latest report from the National Audit Office (NAO) which supplies evidence to show that adult apprentices provide a tangible financial return on the initial public sector investment in their training by refunding the scheme.
- Unite would recommend a review of the current funding of NAS to see whether this investment would provide a better return by funding strategic places for apprentices in large key employers who have already shown they are offering high quality, gold standard apprenticeship training.
- Government must act on the undermining of the current apprenticeship system with the provision of non-economically viable technical certificates and VRQs by overhauling the existing system.
- Government must fund a strategic shift away from the current focus on intermediate apprenticeships to higher level 3 and above; it is only in this way the UK will be in a position to see economic growth and ensuring a highly skilled workforce for the long term future prosperity of the nation.

3 February 2012

Written evidence submitted by Visa Europe

1. ABOUT VISA

1.1 Visa Europe is the leading European payment system that makes money flow more easily, quickly and securely between consumers, retailers, businesses and governments. A not-for-profit membership association, Visa Europe is owned and operated by more than 3,700 European member banks and was incorporated in July 2004. Visa Europe is independent of global Visa Inc., with an exclusive, irrevocable and perpetual licence in Europe, while both companies operate to ensure global interoperability. Visa enjoys unsurpassed acceptance in over 200 countries around the world.

1.2 There are 115 million Visa debit, credit and commercial cards in the UK. £1 in every £3 spent in the UK is now spent on a Visa card. Across Europe, there are 445 million Visa cards, and in the 12 months ending September 2011, those cards were used to make purchases and cash withdrawals to the value of €1.7 trillion. 14% of consumer spending at point of sale in Europe is with a Visa card, and almost 80% of that is on Visa debit cards.

1.3. For more information, visit www.visaeurope.com

2. VISA EUROPE'S APPRENTICESHIP PROGRAMME

2.1 Visa Europe is committed to meeting future skills gaps through its apprenticeship programme. We established our apprenticeship programme in August 2011, and now have 19 apprentices in the UK and are recruiting further apprentices and will have a total of 30 by August 2012—comprising 2% of our European workforce.

2.2 We provide budget to meet the wage and training needs of our apprentices. The Government provides around 5% of our overall costs.

2.3 Apprentices may be placed on one of three frameworks: IT and Financial Accounting as Higher Level apprenticeships lasting three years, or Business Administration on a Level 2 12 month apprenticeship.

2.4 The Higher Level Apprenticeships are designed to meet the long-term needs of the organisation and assist in talent planning and the meeting of future skills gaps.

2.5 The first intake of Higher Level apprentices will graduate in September 2014, and can look forward to permanent roles as subject matter experts within our IT and financial accounting divisions.

2.6 We currently have one apprentice in our Finance Department, and will take on an additional apprentice this year. At the end of the four years they will move into a qualified accounting technician role, have gained AAT Level 4 qualification, and be recognised by the Chartered Institute of Management Accounting.

2.7 Higher Level apprentices, on completion of the course, can expect to command salaries that match their skills in the IT industry, which are in demand.

¹⁶⁸ Small and medium sized enterprises.

2.8 Level 2 apprentices are expected to have five GCSEs grades A-D including in Maths, English and Science. We have focused on grades A-D in order to promote inclusivity and to make it easier to reach a wider cohort of young people. The first intake will complete their apprenticeship in September 2012 and we hope to find suitable positions for the majority.

2.9 Our Level 2 apprentices are paid £10,000 per annum, whilst our Higher Level apprentices are paid £15,000 per annum, with increases based on the achievement of key milestones.

2.10 We are proud that our apprenticeships are looked upon as excellent opportunities, both because of the quality of remuneration and training, and the job opportunities available on completion.

3. EXECUTIVE SUMMARY

3.1 Visa Europe is committed to meeting future skills gaps through its apprenticeship programme. Our apprentices have had a tangible impact on the business, and will help to meet future needs.

3.2 Further support from the National Apprenticeship Service would enhance the system, particularly in terms of bridging the gap between business and education.

3.3 Visa Europe has concerns that Higher Level apprenticeships, which attract less government funding, may be outside the reach of many companies, particularly SMEs, which could otherwise offer useful opportunities.

3.4 More needs to be done to promote apprenticeships and change the perceptions of parents, teachers and careers influencers, so that higher apprenticeships are recognised as a viable alternative to university.

3.5 Employers offering apprenticeships can benefit from building links with local schools. In addition, early engagement with pupils will help to increase awareness of all the academic and vocational options available to them.

3.6 A strong signal would be sent to pupils and teachers through the development of a system similar to UCAS for apprenticeships. Whilst the National Apprenticeship Vacancy Service database is a step in the right direction, a more prominent service, which forms as much a part of the school year as UCAS entries, would encourage teachers to give equal consideration to vocational and higher education.

3.7 More needs to be done to encourage young women to take up apprenticeships. We are aware of national differences, and see the same patterns reflected in applications to our programme, which has a knock-on impact on the intake.

4. QUESTIONS POSED BY THE COMMITTEE

4.1 *How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)*

4.1.1 Our apprenticeship programme has been in place since August 2011. Since then we have had very limited dealings with the NAS. We were asked to facilitate a visit from their COO, which we were very keen to support; unfortunately this visit was cancelled by the NAS.

4.1.2 For additional support, we used an apprenticeship consultancy organisation to help us acquire the knowledge needed in order to design and implement our three apprenticeship programmes. We would however welcome a more proactive approach from the NAS going forward, particularly in helping bridge the gap between business and education in order to raise awareness of apprenticeships.

4.1.3 Independently, in Basingstoke we are working with the Education Business Partnership, the Basingstoke Consortium, who know the area well and are able to assist us in our work with three local schools and colleges. They are very helpful in facilitating visits and helping us to promote the apprenticeship scheme. We are also working with Careers Info, a commercial organisation, which helps forge links between business and local schools and further education institutions.

4.1.4 We would welcome support from the NAS to help us and other businesses in this area.

4.2. *Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?*

4.2.1 We set up our higher apprenticeship programmes as our chosen method of recruiting entry level talent in order to support the longer term skills needs of our business. We do not run a graduate-entry programme. We value a high level of technical knowledge for our IT apprenticeships and have chosen to offer a foundation degree in computing and IT practice as well as a level 4 diploma in IT.

4.2.2 Due to the entry level requirements for our higher apprenticeship most of our applicants tend to be in the 19–24 year old bracket. In this category funding is significantly reduced. At the same time, the current changes in the HEFCE and HEIF spaces have meant significant increases in the cost of providing training. Costs this year have increased from £3,000 per annum per learner in 2011 to £9,000.

4.2.3 If the Government are looking to offer funding and to demonstrate support for higher level vocational education, then we would welcome further funding in the higher apprenticeship space. This would be particularly beneficial for SMEs who are unlikely to be able, on their own, to bear the significant training costs.

4.2.4 In the meantime, we still believe this is the appropriate level of apprenticeship for our business and will continue to explore how we can enhance this programme.

4.2.5 Separate of funding for training, we often come up against misperceptions around apprenticeships and particularly the higher apprenticeships. We would welcome initiatives aimed at changing the perceptions of parents, teachers and careers influencers so that they recognise higher apprenticeships as a viable alternative to university.

4.2.6 Independently, Visa currently works with three schools in the London area—Paddington Academy, Westminster Academy and City of Westminster College. We are working closely with them with initiatives ranging from mentoring of staff, to reading with pupils. We are being particularly pro-active in letting pupils know about our apprenticeship opportunities before they take their GCSEs so that they are aware of both academic and vocational options available to them. We are keen to raise their aspirations.

4.2.7 Our work with these schools and others, has led us to believe a strong signal would be sent to pupils and teachers through the development of a system similar to UCAS for apprenticeships. Whilst the National Apprenticeship Vacancy Service database is a step in the right direction, we are concerned that it will not have the same impact unless schools and other key third parties promote and buy into its use.

4.2.8 A more prominent service, which forms as much a part of the school year as UCAS entries, would encourage teachers to give equal consideration to vocational and higher education, and by raising the profile of apprenticeships help businesses to access pupils who might otherwise never consider a vocational path.

4.2.9 Finally we believe more needs to be done to encourage young women to take up apprenticeships. We are aware of national differences, and see the same patterns reflected in applications to our programme, which has a knock-on impact on the intake. Currently only two of our 13 IT apprentices are female, and one of five of our business administration apprentices. We are keen to ensure greater balance to meet the needs of our business.

4.3 Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

4.3.1 Both our level 2 and level 4 apprenticeships offer enough quality to our business. We believe they also offer transferable skills and qualifications to our apprentices. We also hope that the level of investment will help us to retain our apprentices in the longer term.

4.3.2 Following our first intake of apprentices we have found that they have made a tangible impact on the business after only three months—taking on valuable work—far earlier than expected. Much depends on the structure of the programme.

4.4 Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

4.4.1 As a large organisation, we do not feel it appropriate to comment.

4.5 Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

4.5.1 Please see the response to the previous question above, which gives our point of view on how there could be more focus on higher apprentices who tend to be 19+.

3 February 2012

Written evidence submitted by West Anglia Training Association

1. AUTHOR

Nick Harvey is currently working as a Training Officer in a GTA (a Charity) working with Advanced Engineering Apprentices for some four years. He has worked in engineering over 40 years and started life as a GPO telephony apprentice. He has worked his way up to middle management by Technical Qualifications, Specialist Courses and years of experience.

Having taught at a Regional College, run NVQ programs in industry and recently been published in “Maintenance Engineering” magazine he has a good insight into engineering and apprenticeships.

2. SUMMARY

In engineering the scheme is usually four years, there is no lack of applicants and the NAVMS works well in generating interest. There are however a too many applicants that are not well enough educated or do not have the attitude to work or aptitude.

This problem is a small part of the problem. Getting employers to “buy in” and correctly manage and resource the apprenticeship is the hardest part.

Free seminars set up by NAS and delivered by other Employers, Colleges and GTA’s to companies not having apprentices are needed. This would help them understand better the advantages and the necessary commitment over a long period.

There is capacity in the Training Providers to run with more trainees but the private and third sectors need good long term funding to provide excellence.

3. SUBMISSION

Electrical and mechanical apprentices usually have a four year program and this length, although necessary, is difficult for young people or rapidly changing companies to achieve without problems.

4. The young people are coming from school with little maturity and too many with poor skills in the three “R’s”. In order for them to succeed they have now had PLTS added to the framework. The idea is good but the level is usually too advanced and the parts they need should have been gained at school or in previous work.

5. It is significant that those joining after starting “A” levels have much better outcomes. They have the maturity, have discovered that the academic route is not for them and have the ability and motivation to make a success of the long program.

6. Part of any lack of enthusiasm is apprentice status and pay, direction. We hear that we need 50% going to university so many of the able are guided away from engineering and apprenticeships by schools, into softer skills courses.

7. RECOMMENDATION

Getting employers to “buy in” and correctly manage and resource the apprenticeship is the hardest part.

Free seminars set up by NAS and delivered by other Employers, Colleges and GTA’s to companies not having apprentices would help them understand better the advantages and the necessary commitment over a long period.

They would need to be encouraged to go by having exciting speakers, gifts and good lunches and would need contacts such as case workers/advisors so they could spread the word to their colleges.

You should have break out sessions for both managers and work place supervisors.

8. The “best” young people should be encouraged by schools into engineering and other manufacturing and “real” work sectors that will support a long term economic growth and a stable and rewarding career.

9. The “rest” should be better educated in the 3 “R’s” and exposed to personal development to see their potential and the possibilities “out there” in engineering and manufacture.

10. Some of this has started with schemes like work experience, PLP, Access to Apprenticeships etc. and these need continuing short term until the school leavers are developed sufficiently to get stuck into hard, dirty, but highly skilled work, and enjoy it.

12 January 2012

Written evidence submitted by West Berkshire Training Consortium (WBTC)

As a third sector training provider for Apprenticeships established in 1983 we have the following feedback:

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding departments? (BIS and Department for Education)

Is the extra funding promised by the government necessary for apprenticeships? How can it best be spent?

Apprenticeships for 16–18 year olds should be the priority and extra funding should be used to boost the number of employed Apprenticeships. However, the investment required to find, train and retain a 16–18 year old is significant and many employers find the return on investment can take months if not years. Additional funding promised by the government could best be used to incentivise employers and support them in the investment in 16–18 year old Apprenticeships.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

There are two types of Apprenticeship:

- Apprenticeships based on technical ability with little or no relation to managerial skills—ie accountancy, engineering, construction.
- Apprenticeships based on supervisory or managerial skill—ie business admin, customer service.

It is far more challenging to create further level 3 apprenticeships in the latter category for young people. The requirements of these apprenticeships typically mean that the learner will need to have spent many years in industry and gained promotion and experience. Therefore the age profile of apprentices in this category of level 3 apprenticeship is 25+.

Technical Apprenticeships are a far more reasonable prospect because the main assessment criteria stems from academic or skill ability. Therefore creating more level 3 apprenticeships should be targeted in these technical disciplines for young people.

Apprenticeships are rigorous when applied by quality training providers and awarding bodies. Some awarding bodies have lower standards and in conjunction with poor providers can deliberately manipulate the standards to turn out poor Apprenticeships. Longer standing providers in conjunction with good quality awarding bodies adhere to the rule and spirit of Apprenticeships.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not, what will?

Previous practical experience of bonuses/grants for employers has been very positive. These bonuses work especially well for very small employers for whom it can make the difference on whether they create a new Apprenticeship vacancy or not. In 2010 the availability of grants for SMEs to take on Apprentices aged 16–18 increased our enrolment of Apprentices by 33%. The grant or bonus should be sufficient to support the Apprentice wages for at least 12 weeks and therefore provide a cash flow cushion to the small enterprise long enough for their Apprentice to become productive. It is my view that direct grants to small employers are the single most effective tool to the creation of 16–18 year old Apprenticeship vacancies.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

It is clear that the direction of unit funding is downwards. At the same time the cost of delivering apprenticeships is increasing and the economic climate is such that many employers are unable or unwilling to contribute funds. It is not so much the appropriateness of the funding than the viability of the funding that is important. If providers are unable to cover their delivery costs through the funding then there is a danger that they will leave a market unfulfilled or will either seek to cut corners or cease investment in the apprenticeship arena. It is a fragile marketplace in which the diversity of the market is decreasing as smaller unique providers (unique by location, ethos or service) are unable to achieve economies of scale. Replacing them are large monolithic prime providers rationalising the apprenticeship market in much the same way as banks, energy companies and supermarkets have dominated other industries. It is certainly highly possible that, within a few years, apprenticeships will be delivered by providers 'too big to fail' offering an homogenised service. The independent sector will have shrunk, the third sector will have disappeared and the rich variety of provision will have diminished. From our point of view this will undoubtedly see less 'not for profit' providers which by definition spend more of their apprenticeship funding on employers and learners rather than on maintaining a profit margin. Not for profit providers are good value for money but they tend to be small and current policy is seeing this sector withdraw from the market.

Matt Garvey *Finst SMM MCIM*
Managing Director

19 January 2012

Written evidence submitted by the West Lancashire Challenge Project Partners

INTRODUCTION

1. West Lancashire Challenge is a Borough wide project, initially funded for two years (April 2011 to April 2013), by West Lancashire's Local Strategic Partnership to assist in the creation of apprenticeship, training and work experience opportunities within businesses, and increase participation in volunteering and community development.

2. The project provides information, advice and guidance on apprenticeship pathways to business and potential apprentices and is led by a core partnership of West Lancashire Council for Voluntary Service, West Lancashire College and West Lancashire Borough Council.

3. The Challenge project also works closely with Lancashire County Council and Jobcentre Plus to promote their employment initiatives locally. In particular Lancashire County Council's WorkStart and Future Horizon schemes and the Jobcentre Plus measures under the "Get Britain Working" banner.

4. From April 2012, the Challenge project is launching a one year £90,000 Supported Apprenticeship Scheme for organisations based within the Borough, which will provide financial support in the form of a wage subsidy, focused on social enterprises, but also eligible to voluntary organisations and private small businesses. The scheme aims to provide support for between 8–12 apprenticeships in total, awarded on a competitive basis and targeted at young unemployed people within the Borough.

5. West Lancashire Local Strategic Partnership's funding for the West Lancashire Challenge project is from the final round of the Local Area Agreement Performance Reward Grant monies.

6. The Challenge project partners welcome the Business, Innovation and Skills Committee's inquiry into apprenticeships and wish to highlight the points below.

ROLE OF THE NATIONAL APPRENTICESHIP SERVICE

7. That the National Apprenticeship Service provide a useful focal point for employers and individuals wanting information on apprenticeships and have been supportive of the Challenge project in raising awareness of apprenticeships eg by attending and speaking at employer events locally.

IMPORTANCE OF GOVERNMENT FUNDING

8. The Small Employer Incentive should provide an important "carrot" and "foot-in-the-door" to engage with small employers on the subject of apprenticeships and—provided the incentive is straightforward to apply for—should increase apprenticeship take-up.

9. At the time of writing it is still unclear in detail how the Small Employer Incentive scheme will operate and how it will link into the Youth Contract. However, the Challenge project will make local businesses in West Lancashire aware of the scheme once we have more details and we would encourage DWP to ensure Work Programme/other relevant provider's partner with local organisations such as district councils, local colleges and the voluntary and community sector to promote the scheme.

10. Where local schemes of funding exist to support employers to take on apprentices, a duty should be placed on Work Programme/other relevant providers to ensure national schemes such as the Small Employer Incentive and the Youth Contract "dovetail" so that the combined impact of the schemes is maximised.

11. The voluntary, community, faith and social enterprise sector is a vital hub for the support, and potential placement, of apprentices and should be fully utilised in the development of apprentice schemes.

QUALIFICATION STANDARD

12. Based on anecdotal evidence from local employers, the content of most Level 2 qualifications are considered appropriate for their business needs, (although in engineering disciplines this is sometimes "topped up" by further qualifications eg a Level 2 in Performing Manufacturing Operations alongside a Level 2 in Performing Engineering Operations).

13. The Challenge project partners support the government investing in creating more Level 3 apprenticeships, provided this isn't to the detriment of existing funding of 16–24 year olds for L2 apprenticeships. In this way the "skills ladder" should operate effectively, with successful L2 apprentices going onto complete L3 qualifications.

OPERATION OF GOVERNMENT FUNDING SCHEMES

14. The Challenge project partners appreciate the difficulty for Government in striking the right balance between ensuring the affordability of apprenticeship funding arrangements and the desire to encourage more apprenticeship provision, while avoiding deadweight costs. The current funding arrangement represents a substantial investment by Government, but the differing intervention rates between 16–18 and 19–24 age groups can lead to cherry picking, with one example given to project partners of a local young person, recently turned 19, informed by a private training provider that he is now "lower priority" for matching to available apprenticeship vacancies because of his age.

15. However, we recognise that a policy shift to the Government funding 100% of training costs for 19–24 year old apprentices (retaining the current exception for graduates) would come at substantial additional cost. Given this, the Government should continue to monitor what can be done more generally to encourage small and medium sized employers to take on unemployed 19–24 year olds as apprentices. This should include the continued use of financial incentives, such as the Youth Contract and Small Employer Incentive, but also encouraging apprenticeship provision through clauses in government procurement contracts.

Written evidence submitted by the West Midlands Training Provider Network

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

We believe NAS has provided a national profile for the Apprenticeship brand and their support in organising local and regional events has been well received. The Vacancy Matching Service, AV, has had an impact but is still highly controversial in terms of “other” organisations filling vacancies deemed as “not their employer”.

In terms of bridging the gap, the two departments have very different objectives and the tensions and mixed messages are very apparent at times. The creation of multi-agencies, including NAS, has added greater complexity and confusion within the market. There was an assumption when NAS came into being that colleges and private providers were not engaging with businesses or potential learners, yet this is a fundamental part of our business. We believe the Government failed to appreciate the extensive engagement that already takes place by providers and NAS has brought greater confusion to the employer market, cutting across the good work that providers already perform and adding a layer of bureaucracy. We believe NAS’s role, if any, is in relation to the “general” marketing of Apprenticeships. It is not our belief that NAS should be dealing directly with the employers themselves.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Although the apprenticeship brand has gained more credibility over recent years, there is still much work to do; especially in Schools. We strongly support the need to continue to maximise the funding available to support Apprenticeships, enabling providers to offer inspirational learning and added value initiatives. Apprenticeships offer a high quality vocational route, designed by employers to meet business needs, whilst at the same time ensuring apprentices develop a range of more generic skills that will allow them to progress within the workplace.

It is difficult to suggest changes to how the funds should be spent as Apprenticeships must remain a demand-led system, responsive to the real-time needs of employers in a fast changing economic environment.

Companies want incentives that impact on their bottom line and if the incentives can be passed down to help with this (ie help towards wage costs) it will obviously help. However, there is a very mixed message in terms of providers asking for employer contributions on the one hand, but the Government supplying grants on the other hand. All funding should be directed into the delivery of a quality brand as reductions in funding rates are unhelpful at a time when the government is trying to grow the number of young people starting Apprenticeships, creating a tension between increasing volumes and maintaining quality. Any funding model should be transparent and offer greater simplicity than the current model which is over engineered and excessively complex.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

We believe that all levels of Apprenticeships should offer high quality training/learning which brings extensive benefits to both the employer and the apprentice. Whilst we would encourage progression to Level 3 Apprenticeships wherever possible, it must be recognised that in many occupations and sectors a Level 2 Apprenticeship is the most appropriate level of qualification to start with, offering the right quality, skills, knowledge and benefits to the apprentices and their employers. Reduced funding can also significantly impact on progression as in some cases the reduced funding does not allow an organisation to carry out the quality learning journey necessary to achieve the higher level qualification.

There has been much publicity recently about a comparatively small number of apprentices that are completing their framework in surprisingly quick time—so called “short duration” Apprenticeships. These stories need to be properly verified with a thorough evidence based investigation to ascertain what is really going on in those very few cases or there is a real danger of ill-informed prejudice devaluing the excellent Apprenticeship brand and current flexibilities which enable Providers to design provision around individual needs will become inflexible and based on “time served” not need. Employment should remain a fundamental aspect of Apprenticeships; and should be available to all, regardless of age, to enable the brand to continue to improve its credibility.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

Although bonuses can help, historical evidence shows that this can encourage some employers to take someone on for the wrong reasons, and there is never a “long term plan” involved in the decision. This, however, doesn’t mean the apprentice loses out as they do gain valuable skills and experience for future job opportunities should they not be kept on. It will be important to monitor their take up and evaluate their success before taking any decisions on whether other forms of incentive are needed to encourage greater take up by SMEs.

It might be shown that the money could be better spent on more effective marketing and funding for more Apprenticeships. Bonuses and incentives always lead to changes in behavior amongst employers and these changes are not always as one might wish for or anticipate and may not represent best value for money.

Any bonus should ensure an element is paid upon completion of a qualification and a permanent Job.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

Apprenticeship funding must recognise the true costs of successfully delivering such a complex programme, often uniquely tailored to meet the needs of both the employer and of the apprentice and make available appropriate levels of funding based on those individual needs. Age and experience will, of course, be factors that would need to be taken into account. We do believe, however, that those learners who are 19–24 who do not have a Level 2 qualification or who had been unemployed at the start of the programme should have full funding and not reduced, as currently happens, by 50%.

It is clear that employers in many sectors are substantially subsidising training—and by many thousands of pounds in some of the more traditional sectors; a financial input that is not always recognised or acknowledged, in addition to all the “in-kind” support provided as well by employers.

Employers who are committing to Apprenticeships as a way forward in terms of their recruitment strategies and progression within the company need to be consistent to all age groups. Offering learning opportunities based on age is not an option to any company with values.

2 February 2012

Written evidence submitted by Michael Woodgate, Independent Skills Consultant

TERMS OF REFERENCE

This memorandum relates specifically to the Term of Reference “*Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?*”

I. EXECUTIVE SUMMARY

The reasons why apprenticeships are not working as well as they should be

1.1 Successful apprenticeships require more than the delivery of learning, adherence to frameworks and adequate funding. Simply focussing on the architecture and operational processes will not in itself improve the quality and value of apprenticeships.

1.2 No “apprenticeship solution” supplied by a learning provider, whether that provider is an internal training department or an external commercial organisation, can ever hope to deliver all that is necessary for a successful apprenticeship outcome, and nor should it attempt to.

1.3 Successful apprenticeships require consistent input from number of players—if *any* of this input is missing the apprenticeships are at a high risk of being mediocre and of little value to anyone other than the organisation providing the learning. The key players include:

- Learners.
- Employers.
- Learning providers.
- Sector Skills Councils.
- The National Apprenticeship Service (NAS) and other government agencies.
- The government

1.4 This paper seeks to identify what each of these needs to do for apprenticeships to be successful, how well they are currently doing it and what could be done to make their contributions more effective.

1.5 The *learner* needs the ability and desire to participate in the apprenticeship and the potential to complete it successfully.

1.6 The *employer* (paragraphs 3.13–3.20) needs to be fully committed to supporting the apprentice through the programme. Crucial to securing this commitment is realising precisely what “support” entails, and asking whether the workplace is fully equipped to offer this. This will include:

- A line management team willing and able to discharge their responsibilities to support the apprentice.
- Work place colleagues of the apprentice who can offer support, guidance and a degree of training.

- Time and resource to contribute to the management, in partnership with the learning provider, of the apprenticeship process.
- A recognition that workplace culture and behaviours will have a greater impact on an apprentice's "soft" (employability) skills than any formal training intervention.

1.7 Learning provision (paragraphs 3.21–3.27) needs to deliver high quality, imaginative and innovative teaching. In some sectors there is a shortage of people with the necessary expertise who are able to teach and available to do so. As well as supplying good teaching, learning providers have a responsibility to build genuine partnerships that will support employers to develop the skills of their people, apprentices especially.

1.8 The legacy of Train to Gain (paragraphs 3.24–3.27) has left many providers ill equipped to deliver successful apprenticeships as their business models are predicated on assessment rather than teaching, quantity rather than quality of outcomes, and the retailing of products rather than the understanding of employer and learner needs.

1.9 Sector Skills Councils (paragraphs 3.28–3.34) are responsible for the design of apprenticeship frameworks that deliver value added outcomes. However, many of these frameworks specify learning outcomes in English and maths at levels below those expected of 16 year old school leavers. Following the publication and acceptance of the findings of the Wolf report, this situation is no longer tenable.

1.10 Sector Skills Councils have a responsibility to do more than simply write apprenticeship frameworks—they are expected to be proactive in increasing the quantity and quality of apprenticeships in their sectors. The fact that the government has felt the need to launch the "Employer Ownership of Skills" pilot, which focuses particularly on apprenticeships, suggests that SSCs have not met expectations in this area.

1.11 A National Apprenticeship Service has a role setting and enforcing the highest standards of apprenticeship delivery, in partnership with other government agencies (paragraphs 3.35–3.50). This will involve:

- (a) Offering advice and guidance to employers and learners, and matching applicants to vacancies.
- (b) Overseeing the contracting with organisations to deliver apprenticeships—recent media publicity about a plethora of low value apprenticeships indicates that the contracting and quality assurance processes need radical review.
- (c) Ensuring that the apprenticeships delivered are of the highest quality and represent a good return on investment for the taxpayer—while various agencies inspect various aspects of an apprenticeship, it is unclear who inspects delivery of the apprenticeship as a whole, particularly whether the requirements for minimum Guided Learning Hours (GLH) (paragraphs 3.40–3.49) have been met.

1.12 The government (paragraphs 3.51–3.54) has to be passionate about quality and committed to securing a healthy return on investment for the taxpayer. It also needs to recognise the depth and complexity of the issues around apprenticeships, and understand that the greatest challenge is a fundamental lack of employer demand.

Recommendations

1.13 The government needs to set out clearly its vision, aspiration and expectations for apprenticeships and ensure that this message clearly gets through to employers, potential apprentices and learning providers.

1.14 It also needs to recognise the breadth and depth of the challenges associated with realising this vision. The overwhelming challenge is the relatively low number of employers willing and able to take on apprentices, a challenge which will not be addressed by simply reducing regulation or lubricating the process with a bit of extra money here and there.

1.15 BIS should instruct its agencies and partners, principally NAS and the SSCs, to come up with an evidence based, long term strategy that will "deliver the vision" of an apprenticeship system to rival that of Germany and other leading industrial nations.

1.16 Because many Level 2 jobs simply don't have enough learning in them to justify an apprenticeship the government should abolish Level 2, Intermediate apprenticeships. It should commission the design of new frameworks and programmes for those young people, and others, who need support into Level 2 employment.

1.17 As part of the drawing up of a strategy to improve radically apprenticeship quality and take up Sector Skills Councils should examine the state of apprenticeships in their sector, identify the barriers to and opportunities for high quality apprenticeships and work with employers and others to come up with innovative approaches that will overcome the barriers and make the most of the opportunities.

1.18 SSCs should work with their National Skills Academies to embed the spirit and practice of the Training Quality Standard. This would mean these academies offering sector employers holistic support for skills development, including apprenticeships, rather than just becoming state funded peddlers of "training solutions".

1.19 NAS and its associated agencies SFA/YPLA and OFSTED have the opportunity radically to overhaul the way apprentice contracts are awarded, audited and inspected. A new framework should concentrate on the enablers of good apprenticeship delivery, rather than just the outcomes. A key enabler is adequate guided

learning, and robust inspection of the quality and quantity of this needs to be at the heart of any inspection framework.

2. INTRODUCTION

2.1 I am a specialist in the field of work based training and development having spent over 20 years working in the logistics industry as a driver and in both training and operations management roles. Subsequently I spent seven years working for the Logistics Sector Skills Council on employer engagement, as well as developing programmes and standards for training providers. I also chaired the SW Region cross sector Skills for Life Alliance.

2.2 During this time I have become thoroughly convinced of the effectiveness of “demand led learning” while at the same time frustrated at how rarely this actually happens. The evidence I submit to the inquiry is based on the experience I have gained working in the field of learning and development as an employer, learner, trainer, SSC employee and consultant.

2.3 Other submissions to the inquiry will no doubt articulate the concerns about the quality of apprenticeships currently being delivered in England and the fears that the brand risks becoming devalued. I not propose to go into this in any great detail, rather this memorandum seeks to identify:

- (a) Why apprenticeships are not working as well as they should be.
- (b) What could be done to improve the situation.

2.4 This relates specifically to the TOR “Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?” Because all the terms of reference are to a large extent connected to each other the analysis and recommendations that follow will I hope prove useful to the inquiry as a whole.

3. WHY APPRENTICESHIPS ARE NOT WORKING AS WELL AS THEY SHOULD BE

Background

3.1 A good apprenticeship represents a good deal for everyone—the learner has a chance to develop their skills while at the same time earning money, the employer gets a capable and motivated young person who has none of the baggage that accompanies older recruits, and the government gets the country’s youth trained and into productive, value added employment relatively cheaply.

3.2 However in recent months concerns have grown about the quality of many of the apprenticeships being delivered and whether learners, employers and taxpayers are getting their money’s worth out of these programmes. Stories and investigations are appearing with increasing frequency in the both the mainstream and specialist media and more are undoubtedly in the pipeline. Recent changes in personnel at the top of both the National Apprenticeship Service and the Skills Funding Agency indicate that BIS is aware of these concerns and seeking to address them.

3.3 The shortcomings in apprenticeships are part of a wider malaise which affects workplace skills development as a whole. It is a widely held popular fallacy to assume that the way to develop people’s skills is to train them, and if we get the training delivery right (appropriate qualifications and frameworks) and the funding balance right (appropriate contributions from learner, employer and taxpayer) then the skills of the nation will improve. In popular discourse “skills” invariably equal “training”, though a short pause for thought should reveal that effective and lasting skills development is a lot more complex than this.

3.4 Part of the problem is that too many people have a vested interest in perpetuating this myth. The last government’s target driven approach equated skills with qualifications, because, as member of the Leitch committee once said, “that way we can measure them”. Training providers clearly have a commercial interest in persuading employers that their “skills solutions” are what they need. And for busy employers, the idea that someone else (an external provider or internal training department) is going to take responsibility for developing the skills of their people means there’s one less thing to worry about.

3.5 Of course training plays a major role in skills development but training alone is rarely a solution to anything. Effective “work based learning”, the category in which apprenticeships clearly fall, only happens in well run organisations. Training is part of good management, it can never be a substitute for it.

3.6 To understand better the issues that affect the effectiveness of apprenticeships it helps to step back and ask a few key questions:

- Why do apprentices need to learn?
- What do they need to learn?
- How are they going to learn?

3.7 The answers to the “Why” and “What” questions are fairly well known, though it’s worth restating them, if only to assess whether some apprenticeships currently being delivered contribute to the realisation of these aspirations.

3.8 Apprenticeships are there to develop *technical skills* and know-how which the economy needs, particularly the more advanced skills on which future growth will depend. This is what Germany has traditionally been good at and the UK has not. Alongside the technical skills is the essential *knowledge and understanding* which underpin the consistent practical application of these skills.

3.9 But apprenticeships are more than simply imparting technical knowledge and competence. They are about developing the young person's wider employability skills including literacy, numeracy, thinking skills and, probably most crucially from the employer point of view, the willingness and ability to learn. It is this that in many cases constitutes greater added value than that derived from the purely technical learning. The transformative effect of a high quality apprenticeship on the life of a potentially disaffected young person is inspiring. When apprenticeships work, there are few educational programmes that beat them in terms of distance travelled, value added and return on investment for the taxpayer. That's why it is so important that we get them right.

3.10 This leaves the crucial question of how people learn and what needs to be in place to ensure that this learning happens. Effective learning will involve:

- Training—being shown how to do things.
- Practice—repeating tasks and becoming better at them.
- Critical self questioning—learning from one's mistakes.
- Teaching—imparting of knowledge and understanding.
- Self study, research, fact finding.
- Discussion, questioning.
- Mentoring.
- Coaching.
- Being managed and supported.

3.11 No “apprenticeship solution” supplied by a learning provider, whether that provider is an internal training department or an external commercial organisation, can ever hope to deliver all that, and nor should it attempt to. Successful apprenticeships require consistent input from number of players—if *any* of this input is missing the apprenticeships are at a high risk of being mediocre and of little value to anyone other than the organisation providing the learning.

Key roles and functions in successful apprenticeship delivery

3.12 Firstly the *learner* needs the ability and desire to participate in the apprenticeship and the potential to complete it successfully. It also helps if they have high but realistic expectations of the programme and so become active, demanding participants in it.

3.13 Secondly the *employer* needs to be fully committed to supporting the apprentice through the programme. Crucial to securing this commitment is realising precisely what “support” entails, and asking whether the workplace is fully equipped to offer this. A key component of this support is those involved in the apprentices' line management—the supervisors and first line managers who will be working with them day to day.

3.14 Many of these people will have little or no experience of employing and supporting young people. In addition they are often unlikely to have had any training or development themselves, having been promoted from the shop floor because they are good at their job and have a bit about them. If this particular skills gap is not identified and addressed it is unlikely that an apprenticeship programme will succeed.

3.15 As well as thinking of the demands on the apprentices' managers, consideration needs to be given to the role of the apprentices' colleagues. They will be the ones showing them how to do things and working alongside them as they learn by their mistakes. Being technically good at your job is absolutely no guarantee that you will be able to pass on that knowledge and expertise to others. People need to be identified who can “buddy” apprentices and, if they are to perform this role effectively, their needs have to be established and met, if necessary through train the trainer and/or mentoring programmes.

3.16 The employer will also need to commit to the ongoing management of the apprenticeship programme by actively participating in planning and review meetings with the learning provider. At one end of the spectrum these will be tick box sessions where the minimum formalities are completed in order remain compliant and draw down funding. At the other end is the situation where, for instance, the apprentice's supervisor knows what subjects have been covered in the recent two week block release at College, and puts them on tasks the following week that allow them to apply that knowledge in the workplace.

3.17 The latter approach involves a lot more time and people, but is essential if the apprenticeship is to be of value.

3.18 All this will be dependent on the employer taking full responsibility (or “ownership” as the jargon has it) for the delivery of the apprenticeship. This approach recognises that the bulk of the learning is going to happen in the workplace, so the workplace needs to be equipped to meet these responsibilities. It is about

recognising that working practices and organisational culture are going to have a far bigger impact on “soft skills”, such as working with others and relating to customers, than any formal training course.

3.19 Above all this involves treating the training provider as a partner rather than simply a supplier of a product, or “apprentice solution”. This will in many instances require a cultural shift away from supply driven learning, where training is something “done to” both individuals and organisations who are to a large extent passive recipients. There is no doubt that the target driven approach of the last decade, backed up by generous funding, has encouraged this way of doing things.

3.20 The size of the task facing employers wishing to run a successful apprenticeship scheme can be daunting and it is entirely understandable that many employers will not feel entirely confident that their organisations are up to the challenge. Doubts and uncertainties are difficult to admit, to articulate and to address. Often they come out as catch all grumbles about excessive paperwork, or that the apprenticeship framework is not relevant or that the young people simply aren’t motivated these days. While some of these may be real concerns, they should not mask the bigger and more fundamental obstacles which employers face, and the support many will need to overcome them.

3.21 Thirdly *learning providers* quite clearly need to provide high quality learning which engages and stimulates the apprentices. But in addition they need to support the employers to recognise and discharge their responsibilities associated with a successful programme. As has been said this involves partnership working and moving their offer away from simplistic training solutions and towards more general business support. The Training Quality Standard specifically deals with the quality and nature of “employer engagement” and its principles require more than lip service to be paid to them.

3.22 Of the three partners involved in the delivery of apprenticeship, it is almost always the case that the bulk of the expertise about learning and development will lie with the provider. They are the ones who understand learning processes, apprenticeship frameworks, funding regimes and inspection requirements. Neither the employer or learner have much interest in these and nor should they—they simply want a successful outcome. This imbalance of expertise puts the provider in a stronger position than suppliers in other fields—when purchasing learning, as opposed to other goods and services, employers are relatively undiscerning and undemanding customers.

3.23 It is to be hoped that the workings of the market will ensure that providers who enter into genuine partnerships with employers to deliver high quality apprenticeship programmes will enjoy more commercial success than those which relentlessly push retail products. But it must be recognised that commercial pressures, previous funding regimes and an inability to understand the real hopes and fears of employers have to an extent corrupted the learning supply side.

3.24 Train to Gain was a quite spectacular failure in terms of what the taxpayers got for their money. But an equally worrying aspect is the legacy it left behind, particularly in terms of provider behaviour. Since Train to Gain largely involved providers going around the country assessing people who were competent at their job, issuing NVQ certificates and then drawing down a healthy slice of funding, whole organisations adapted or emerged based on this simple model.

3.25 What was missing from this process was any element of teaching, of people learning things they didn’t know, of people changing the way they thought about things, of people deepening their understanding as well as just their knowledge. Also missing was any element of meaningful employer engagement—the “training” was all free; all the employer had to do was sort out the logistics of assessor visits, complete the relevant paperwork, sit back and then attend the photo-shoot when the local press turned up to watch the staff waving their NVQ certificates in the air.

3.26 There is no evidence that the employers found any value in any of this. If all these free qualifications had been so wonderful, why weren’t employers queuing up to buy them once the funding stopped? Instead, once the funding was withdrawn, the learning providers simply kept their business model, but looked for another source of income.

3.27 Apprenticeship funding is the obvious substitute for the vanished Train to Gain largesse. Some providers have been quite blatant about it, readily admitting that they will simply replace Train to Gain funding with the money available for all age apprenticeships. Yet these are the providers who often have little or no teaching (as opposed to assessing) capacity, and very little experience of effective employer engagement. It is precisely these two factors that have the greatest influence on the success of an apprenticeship.

3.28 As well as those involved in the delivery of apprenticeships there are other important players behind the scenes. *Sector Skills Councils (SSCs)* design the apprenticeship frameworks as part of their remit to embed value added skills development into their industrial sectors.

3.29 In 2010–11 66% of all apprenticeships were at the intermediate level (Level 2). Almost 40% of these level 2 apprenticeships are in just four areas—Health and Social Care, Retail, Customer Service and Business Administration. Despite the *Wolf report* asserting that the most valuable vocational skills a young person can have are English and maths, all four of these frameworks specify that the apprentice need only achieve Level 1 (GCSE grade D—G) in both of these subjects. Many of the other 60% of Intermediate apprenticeships also specify this level of achievement in maths and English.

3.30 It does not help that the Specification for Apprentice Standards in England (SASE) only requires Level 1 English and maths in Intermediate apprenticeships, and few SSCs have asked for more from their learners, lest it “put people off” or make the programme “too academic”.

3.31 This is directly at odds with the government’s intention to make Level 2 (GCSE “C” and above) English and maths compulsory for all those staying at school post 16. If young people at school need to do this, surely those in other equivalent learning environments need to do the same?

3.32 The implications of this are worrying. Significant amounts of taxpayers’ money are being used to educate young people to a level which is lower than the one they should have achieved on leaving school. Furthermore this a level that leaves them fundamentally ill equipped to deal with the challenges of the 21st century labour market, but yet constitutes an acceptable outcome as far as the designers, approvers and funders of these apprenticeships are concerned.

3.33 SSCs need also to address the wider issues of apprenticeship take up and delivery beyond simply designing the frameworks and getting them approved. This means asking the bigger questions about what affects the quality and quantity of apprenticeships in their sector and working with employers and others to develop innovative ways to answer them.

3.34 In his foreword to the Employer Ownership of Skills Pilot, Charlie Mayfield, Chair of the UKCES, writes: “It is a chance for employers to define the skills that their business and employees really need. It is a chance to work with trades, unions, colleges and training providers to scale up partnerships that will deliver valuable skills and create new opportunities... It is an open invitation to employers to put forward bold propositions that will help their business and employees grow.” This is an excellent articulation of precisely what SSCs should be doing—the fact that the government finds it necessary to launch this pilot suggests that there are real concerns about how effective SSCs have been.

3.35 As well as the SSCs, government agencies the *National Apprenticeship Service (NAS)*, the *Skills Funding Agency*, the *Young People’s Learning Agency* and *OFSTED* have key roles to play in ensuring that apprenticeships are effective.

3.36 NAS “supports, funds and co-ordinates the delivery of Apprenticeships throughout England”. How well it does this I leave to others to judge as I have little experience of dealing with them. But any judgement on NAS’s performance will depend on how the terms “support” “fund” and “co-ordinate” are defined and what is expected of NAS in these areas.

3.37 When it comes to finding advice, guidance and support in taking on apprentices employers have a very limited range of options. Their trade associations are unlikely to have the expertise, their Sector Skills Councils are too strategic to offer one to one advice, and Business Link has become virtual. This leaves the training providers as the major source of information about apprenticeships and there is clearly a need for an alternative source of good quality, independent and honest advice. NAS needs to be equipped to provide this.

3.38 NAS is also responsible for overseeing the issuing of contracts for apprenticeship provision. In light of the mega contracts issued to providers working with two well known supermarkets there are concerns that the contracting criteria focussed more on the number of apprenticeships that would be delivered than on the capacity of the providers to offer high quality learning and comprehensive employer support.

3.39 When awarding contracts for apprenticeship delivery clear evidence needs to be seen that the contractor is equipped to provide all the things which make for a successful apprenticeship. These include:

- Qualified teachers with the necessary industry expertise.
- Innovative and stimulating learning programmes.
- Good maths and English provision.
- High quality and accessible learner support.
- Comprehensive support for the employer and workplace, including supervisor, manager and mentor training.
- Information, advice and guidance to both employer and learner, to include the willingness to advise that an apprenticeship will not be appropriate in some instances.
- A demonstrable commitment to and belief in apprenticeships, and organisational values that reflect this.

3.40 NAS is also required to define a number of the standards against which providers will be assessed. There may be scope for restating and clarifying these, particularly in the area of “guided learning hours (GLH)” which the Specification of Apprentice Standards in England (SASE) requires. The SASE specification says:

3.41 “*An Apprenticeship framework must specify the annual number of Guided Learning Hours (GLH) that an apprentice must receive, and the number and percentage of annual off the job GLH that an apprentice must receive.*”

3.42 It adds: *This must be a minimum of 280 GLH of which at least 100 GLH or 30% (whichever is the greater) must be delivered off-the-job and clearly evidenced. The remaining GLH must be delivered on-the-job*

and clearly evidenced. Guided learning relates to training which is designed to achieve clear and specific outcomes which contribute directly to the successful achievement of the Apprenticeship framework.

3.43 A further clarification of what “guided learning” is comes in the Ofqual advice for writing *Qualification Units* which defines GLH thus: “GLH represents only those hours in which a tutor, trainer or facilitator is present and contributing to the learning process. In some organisations this is referred to as ‘contact time’.”

3.44 From these specifications it is clear that Guided Learning involves two key elements:

- (i) Learner contact with someone actively supporting the learning.
- (ii) Activity designed to achieve clear and specific learning outcomes.

3.45 Off the job guided learning hours spent away at College are straightforward to count and evidence. But off the job guided learning can also occur in the workplace, provided it is “away from the immediate pressures of the job” which is entirely right and proper. However this can be an opportunity for the less scrupulous to count some activity as “off the job GLH” when they probably shouldn’t.

3.46 Similarly “on the job GLH” can be open to a wide variety of interpretations. “I’ll show you how to do this” and “I’ll watch you while you do it yourself” are both examples of on the job guided learning. “Let’s go and sit in the canteen and talk about how you got on this morning” could legitimately be called off the job guided learning. But “You seem OK to be left on your own, I’ve got to go out this afternoon, ask one of the supervisors if you need any help” is simply doing a job in managed, supervised environment in much the same way as people in any organisation work.

3.47 There is the potential to take the view that “if an apprentice is at work they are learning, and therefore all hours spent at work are guided learning hours”. This also explains how apprenticeships can be completed within three months yet still comply with the regulations.

3.48 What is at issue is the boundary between management/supervision and learning/mentoring. It is right that in practice this boundary is blurred and ill defined, for that is how effective learning happens, through an holistic, joined up approach. But at the same time there need to be clear, enforceable guidelines that ensure that the apprentice, the employer and the taxpayer are not short changed in terms of the amount and quality of learning delivered.

3.49 Key to all this, and other factors which affect the quality and value of apprenticeships, is a robust yet supportive audit and inspection regime. While NAS and the SSCs set the standards and expectations for apprenticeship provision a variety of organisations are responsible for inspecting its quality. Awarding organisations will check to see that the assessment criteria for the qualifications specified by the apprenticeship have been met. The SFA/YPLA will audit the financial aspect while OFSTED will look at the quality of learning delivery. It is not clear, to me anyway, who inspects the apprenticeship as a whole, and who, for instance, counts the Guided Learning Hours and makes sure they have been recorded and evidenced correctly.

3.50 And just as the contracting criteria need to focus on the enablers of quality delivery, so the inspection regime needs to do the same. As well as the focus on teaching quality and quality assurance systems other questions have to be asked about the nature and quality of the support given to employers and learners. Simply saying “the outcomes have been achieved, therefore the learning must have happened” will do nothing to improve quality.

3.51 The final key player in all of this is the *government*, more specifically *BIS*. It is not unreasonable to expect that, if the “architecture” (frameworks, qualifications, funding, contracting and inspecting organisations, etc.) is in place, good quality apprenticeships will follow.

3.52 Unfortunately all the evidence is that this is not happening and the government, which is currently not getting a good return on its investment, needs to start demanding some improvement. The first step is to identify the problem and the signs are that the days are the short, sharp, cheap and far from cheerful apprenticeship are numbered. The government needs to make it clear to anyone who will listen that its focus is now on quality, sustainability and value for money rather than simply chasing numbers.

3.53 But once this problem is addressed a bigger and more intractable one is revealed, namely a serious shortfall in employer demand for apprenticeships. It is no good any government announcing added funding for apprenticeships if there aren’t the employers to take advantage of it.

3.54 Stimulating demand is a complex issue which requires addressing the issues raised in this submission and others as well. It will not be solved by quick fixes—platitudes such as “cut red tape” and “less regulation” are always brought out in these circumstances, but they have little or any relevance to the problem. Rather the government needs to charge its agencies and partners (NAS, SSCs) with responsibility for developing a comprehensive, evidence based strategy to increase radically employer participation in apprenticeships.

4. WHAT COULD BE DONE TO IMPROVE THE SITUATION

4.1 For apprenticeships to be of a quality high enough to benefit both apprentices and their employers, there needs to be, first and foremost, clear leadership from *government* and *BIS* in particular.

4.2 This starts with recognising that there is a problem—simply standing up at conferences and celebrating the number of apprenticeships that have been completed is no longer enough, and I think this is now widely acknowledged. Not only does poor quality of learning supply represent a poor return on investment for the taxpayer, it also contributes directly to a reduction in demand from employers.

4.3 The government needs to set out clearly its vision, aspiration and expectations for apprenticeships and ensure that this message clearly gets through to employers, potential apprentices and learning providers. We have to move away from a situation in which apprenticeships are viewed as just another funding stream whereby a provider can retail some qualifications, or an employer can get their routine training costs funded.

4.4 It also needs to recognise the breadth and depth of the challenges associated with realising this vision. The overwhelming challenge is the relatively low number of employers willing and able to take on apprentices, a challenge which will not be addressed by simply reducing regulation or lubricating the process with a bit of extra money here and there.

4.5 BIS cannot do this alone. It should charge its agencies and partners, principally NAS and the SSCs, to come up with an evidence based, long term strategy that will “deliver the vision” of an apprenticeship system to rival that of Germany and other leading industrial nations. Such a strategy will require a thorough, in depth look at the factors that make for successful, sustainable, value added apprenticeships and conversely, the factors that produce the opposite.

4.6 Notwithstanding the results of this essential strategic review there are other measures that could be taken now to improve the situation.

4.7 The government should abolish Level 2, Intermediate apprenticeships and commission the design of new frameworks and programmes for those who need assistance into Level 2 occupations. Many Level 2 jobs simply don't have enough learning in them to justify an apprenticeship—it is difficult to see how 280 hours of genuine guided learning are required to reach a level of occupational competence in warehousing or retail for example.

4.8 In many jobs basic training in how to do the job, operate the equipment and complete the paperwork together with practice and good, supportive line management will be sufficient to achieve required competence. This is a perfectly acceptable learning model and one which is practised daily in workplaces across the country. It's just that it's not an apprenticeship and should not be treated or funded as such.

4.9 What is needed instead is a series of programmes to support those people (of any age) who are not ready to participate in the ubiquitous learning model described above. Such programmes, delivered to people either new to a job or hoping to start one, would include:

- Level 2 English and maths.
- Other employability skills.
- Practical training where appropriate.
- Underpinning knowledge/industry overview.
- Structured work experience.

4.10 These would need to be designed on a fairly bespoke basis—different job roles will require different amounts of learning time and therefore funding. Similarly learner needs will vary widely—the design of the frameworks and the associated funding regime will need to be smart and flexible if such programmes are to deliver value.

4.11 English and maths should, in the spirit of the Wolf report, be set at Level 2 except in exceptional circumstances. It is important to raise aspiration and expectation and take this almost last chance to improve people's abilities in these areas.

4.12 As part of the drawing up of a strategy to improve radically apprenticeship quality and take up *Sector Skills Councils* need to look at the state of apprenticeships in their sector, identify the barriers to and opportunities for high quality apprenticeships and work with employers and others to come up with innovative approaches that will overcome the barriers and make the most of the opportunities. Such work involves more than discharging their statutory obligations around apprenticeship design, approval and administration—what is required is a more proactive approach than some SSCs are currently taking.

4.13 And those with *National Skills Academies* have an opportunity to work with the learning supply side to embed the spirit and practice of the Training Quality Standard. This would mean these academies offering sector employers holistic support for skills development, including apprenticeships, rather than just becoming state funded peddlers of “training solutions”.

4.14 A major factor behind the failure of the current apprenticeship system to deliver quality value for money is the way contracts to deliver apprenticeships are awarded and the way adherence to the spirit and the letter of these contracts is audited. *NAS* and its associated agencies *SFA/YPLA* and *OFSTED* have the opportunity radically to overhaul the current system.

4.15 It was recently observed that there were 1000 pages of banking rules and regulations and the Royal Bank of Scotland did not break one of them as it collapsed so spectacularly in 2008. All that micro regulation could not uncover the fact that the bank's business model was fatally flawed.

4.16 There are parallels here with the world of training and development. The current contract awarding and auditing regime is not producing apprenticeships of the quality required. Before handing an apprenticeship contract to anyone NAS need to see their equivalent of the business model—how do you see your apprenticeships, how will you deliver them, what makes them special, who are your teachers, how will you work with the employers, why are you worthy of funding?

4.17 The inspection/auditing regime needs to reflect this, concentrating on the enablers of good apprenticeship delivery, rather than just the outcomes. A key enabler is adequate guided learning, and robust inspection of both the quality and quantity of this needs to be at the heart of any inspection framework.

3 February 2012

Written evidence submitted by the Worcestershire Health & Care NHS Trust

How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)

Good source of information. Regional contacts have provided an excellent service eg re funding issues, provider problems, selection of new providers.

Approved employers should be able to add vacancies directly to the system to avoid delays.

The funding being paid directly to the training providers means the employer can't impose any financial penalties if they fail to meet the service specification. This doesn't work and the funding should be paid directly to the employer to help ensure the quality of the service received is maintained or some of the money should be held back by the SFA until the employer gives approval for it to be issued to the training provider. If the money is given direct to the employer checks will need to be made to ensure the organisation is using the money to fund apprenticeships.

Is the extra funding promised by the Coalition Government necessary for apprenticeships? How can this funding best be spent?

Yes—genuine apprenticeships require input and commitment from managers and supervisors and there needs to be an incentive to employers to recruit and develop them. Funding should go direct to employers via a bidding system and not just based on the size of the employer.

Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

Level 2 apprenticeships are a good starting point as long as we have some control over the training provider if they don't meet our quality standards. There needs to be development/progression available beyond Level 2.

Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

Should be on the basis where employers can bid for the money if they have a clear business case and evidence to back up the quality of their scheme. Any funding will help employers and encourage them to start apprenticeship schemes but the Government needs to ensure they are genuine schemes that offer progression for apprentices and not a way of obtaining cheap labour.

Is the current funding arrangement for training of apprentices of 100% for 16–18 year olds and 50% for 19–24 year olds appropriate?

Question the basis for applying different funding levels for different age groups. Can lead to discrimination by some employers. Better for the funding to be spread equally over the two age groups.

Also it is a minefield to work out whether certain qualifications attained prevent the employer from applying for funding eg Level 3 qualifications when applying for a Level 2 apprenticeship. The apprenticeship also includes getting experience in a work setting and young people.

10 February 2012

Written evidence submitted by Working Links

ABOUT WORKING LINKS

Working Links is an organisation that is committed to helping people transform their lives by finding sustainable employment. Established in 2000, our mission is to end social exclusion—our method is to give people the skills, training and confidence they need to enjoy a fulfilling working life.

We work in Great Britain's most deprived communities and over the last decade have helped some 70,000 young people gain sustained employment and progress in the workplace.

We deliver employability programmes across Britain and we run programmes specifically for young people, including Apprenticeships. We also help ex-offenders to turn away from a life of crime and into employment by providing rehabilitation and resettlement programmes in custody and in the community. We have recently been selected to partner Her Majesty's Prison Service (HMPS) in forthcoming bids for the delivery of prison services.

As a public, private, voluntary organisation we are uniquely placed to bring together employers, government and providers from all sectors to work in partnership to reduce youth unemployment.

INTRODUCTION

Working Links recognises that youth unemployment is a profound economic, social and political challenge for the nation. The recent report by ACEVO "*Youth unemployment: the crisis we cannot afford*" provides evidence that whilst youth unemployment levels have been exacerbated by the current economic difficulties, we have a "structural" Youth Unemployment problem, in which 7–9% of young people were heading towards long-term worklessness even when the economy was booming.

We believe that Apprenticeships represent a key tool in tackling youth unemployment by providing practical entry pathways into sustainable employment for young people. We acknowledge the efforts being undertaken by the Government to boost and enhance Apprenticeship provision. We therefore welcome the BIS Committee's commitment to explore this policy area.

Our submission is rooted in our expertise and our knowledge of the challenges that young unemployed people face. We are actively working to implement new solutions to tackle youth unemployment which place Apprenticeships at the centre. In particular, Working Links has been running a new initiative in the South-West of England which seeks to link together Work Programme participants with employers offering Apprenticeships. Using specialist tutors we are offering intensive pre-apprenticeship training to young Work Programme participants and we are engaging with employers, the National Apprenticeship Service and training providers to ensure all participants can progress into available Apprenticeship opportunities.

The key to reducing youth unemployment is to give young people the skills, support and practical opportunities they need to find sustainable careers in a challenging labour market. Mainstream education does not necessarily give young people the crucial employability and communication skills they need to get a job, and Apprenticeships have a significant role to play in helping young people to develop these.

We welcome the government's commitment to promoting and funding more Apprenticeships, but believe that much more must be done by all of us who are involved in delivering skills and training to young people. Strong consideration in particular must be given to the needs of those aged 16–24, as unemployment can have a particularly significant impact or "scar" on their lives at this crucial age.

Apprenticeships are an indispensable tool in addressing the *challenge of youth unemployment and we welcome the decision* of the Business, Innovation and Skills Committee to review the current delivery of Apprenticeships.

"LEARNING A LIVING"

In July 2011, Working Links published a research report into the role Apprenticeships could play in tackling youth unemployment entitled *Learning a Living*. Some of the key recommendations that we made were as follows:

- We recommended that the government should embed employability in the curriculum and link mainstream education to the world of work.
- We recommended that the government should fund more pre-Apprenticeship training, and access to Apprenticeships should be better linked to the Work Programme to help young people who are long-term unemployed.
- We recommended that government should continue its efforts to promote the benefits of an Apprenticeship to young people.
- We recommend that schools should explain the full vocational education offer (including Apprenticeships) to young people.

Since last summer, youth unemployment has continued to rise—notably passing the one million mark for the first time in November 2011. We have produced an update of *Learning a Living* which considers how

recent government initiatives reflect the recommendations we made, and outlines the further actions that we are undertaking based on the conclusions we drew from our original report.

Since the launch of our original report the government has announced a number of positive initiatives to address this crisis. We wholeheartedly welcome these developments and believe that the potential of Apprenticeships to help reduce unemployment is even greater now than it was when we commissioned our research.

Building on the findings of *Learning a Living* we looked further at how Apprenticeships could better serve young unemployed people. We are running a pilot scheme in the South West of England aimed at connecting businesses willing to offer Apprenticeships with young people who have been referred to the Work Programme. We are developing this initiative in partnership with employers and other providers to create an intensive pre-Apprenticeship training and development programme. Our pilot is due to end in the first half of 2012 and will address the practical challenges of linking Apprenticeships with the government's flagship Work Programme.

We welcome the Government's commitments to reduce youth unemployment by boosting Apprenticeships but submit that more needs to be done in this area. Building on the progress secured thus far we believe that there are a number of areas which would benefit from specific attention by government and all concerned with this agenda. These are as follows:

- *Getting the best from Apprenticeships*—Employers are looking for particular skills when they hire. Our research told us that young people and employers understand the importance of “soft skills” such as motivation, communication and team working. However, we are not spending sufficient time in our schools equipping young people with these skills.
- *Apprenticeships for all who want them*—We support the expansion of Apprenticeships, yet for the system to benefit those furthest from the labour market, more must be done to extend the potential of Apprenticeships to this group. Our experience suggests that focussed pre-Apprenticeship training can hugely increase a young person's chance of securing an Apprenticeship. This is particularly critical for those learners who require development of numeracy and literacy skills and the aforementioned range of “soft skills”.
- *Promoting the benefits of Apprenticeships*—More work needs to be undertaken by government and of course careers advisors to promote Apprenticeships to employers and young people.

Perceptions of Apprenticeships suffer from negative misconceptions. In our view we should celebrate the inherent distinctions between academic and vocational qualifications and not assume that they are identical. Blunt comparisons can devalue both forms of qualification.

The UK currently has a good measure for academic achievement in the GCSE. What would now prove beneficial would be a consistent scale of measures for vocational qualifications. NVQs might prove suitable for this purpose but to some degree appear to have been devalued. An alternative measure to consider for this purpose could be Apprenticeship levels (L2, L3, and L4).

- *Employability training and careers guidance in schools*—Young people of school leaving age require sound advice and guidance to adequately equip them to make choices that will lead to sustainable and fulfilling employment. It appears that young people and employers perceive advice and guidance in schools as inadequate and weighted heavily towards academia. Our research revealed that only 24% of young people were given advice on Apprenticeships in school. Furthermore, we were informed that 95% of employers feel that careers advice services could do more to engage business and employers to provide young people with careers advice and employability skills.

WORKING LINKS RESPONSE TO INQUIRY TERMS OF REFERENCE

1. *How successful has the National Apprenticeship Service been since it was created in April 2009? Has it helped bridge the gap between the two funding Departments? (BIS and Department for Education)*

The NAS has proved successful in developing and delivering Apprenticeships in England. It has consistently met its annual targets and raised quality and attainment levels. There would be value in it now focussing upon enhancing its promotion of Apprenticeships to young people within schools, which our report “*Learning a Living*” indicates is necessary to fully embed them within the education system.

NAS has proved that they can deliver a marked increase in quality Apprenticeships, yet they need to now focus on working to improve the breadth of careers advice that young people receive. Through greater interface with the DfE, local schools, the careers service and employers, they could work to raise the profile of Apprenticeships as a valued alternative to academic pathways. To complement this push it would be beneficial for NAS to market and promote Apprenticeships through regular, high-profile campaigns.

We welcome the fact that BIS and DfE are aiming to bridge the gap in policy and funding mechanisms and would encourage them to persist in this. In our experience young people leaving school are less aware of apprenticeship and vocational pathways than they are of the comparable academic options. We found that 79% of young people and 76% of employers feel that education policy is too focused on academic qualifications.

2. Is the extra funding promised by the Coalition Government necessary for Apprenticeships? How can this funding best be spent?

Working Links believes that the additional funding is necessary in supporting and encouraging employers to recruit Apprenticeships and has underpinned the growth of the programme and levels of available provision. In particular, we welcome the funding incentives that have been pioneered for SMEs, as they will encourage the creation of new Apprenticeship places.

We note that, for a plethora of reasons, over-25s in particular are taking up apprenticeships. Given this fact, we would counsel that more could be done to ensure that those in the 16–24 age bracket access Apprenticeships.

In order to focus resources on tackling youth unemployment we would also suggest that a funding incentive be established for providers to support young unemployed people to access Apprenticeships.

3. Are apprenticeships of a high enough quality to benefit apprentices and their employers? Should there be more Level 3 apprenticeships?

High quality Apprenticeships are highly desirable. However, care needs to be taken to ensure there are clear and supported career progression paths in place for young people to take the necessary steps required towards achieving such standards (ie sufficient Level 2 Apprenticeships) to fulfil this crucial function.

The specific question of the availability of Level 3 apprenticeships must also be defined according to sector need. Clearly areas such as engineering and manufacturing do require Level 3, however within retail and hospitality Level 2 is valuable in allowing the employer to develop the young person in a structured manner.

The move to making Level 3 a “benchmark” and therefore a funding priority could prove detrimental to the harder to reach unemployed young people. This group requires access to Level 2 in order to be in a position to progress onto higher level qualifications at an appropriate stage. In principle increasing the volume of Level 3 Apprenticeships is welcome but not at the expense of the clear progression route provided by accessing Level 2 Apprenticeships. Development of higher quality NVQs should not preclude the availability of crucial entry-points into the system which enable young people to enter the world of work.

4. Apprenticeship bonuses—how should they function? Will they encourage the involvement of more small and medium sized businesses to take on apprentices? If not what will?

The Apprenticeship bonus will serve to incentivise small businesses. However, to make the most of this they need to be appropriately targeted and marketed. For employers, awareness of what support is available is key.

In addition to the incentives system, Working Links believe that there are alternative ways to boost apprenticeship take-up such as through Group Training of Hosting initiatives, whereby SMEs collaborate and share responsibility for developing Apprenticeships within their sector.

CONCLUSION

The government has said that addressing high levels of unemployment, and especially high youth unemployment, is one of its top priorities. We welcome this focus. But we also know that government cannot address this challenge alone.

Working Links’ original research has strengthened our understanding and reinforced our belief that collaborative working is the key to ensuring Apprenticeship opportunities are optimised. Our focus is to deliver sustainable employment opportunities for young people through Apprenticeships and other programmes. We are committed to giving young people the start they need to make a future built on lasting and fulfilling work. We stand ready to work with the Business, Innovation and Skills Committee in supporting their work in this crucial area.

17 February 2012

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