



# COVID-19 and Social Mobility

## Impact Brief #3: Apprenticeships

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### KEY FINDINGS

- The COVID-19 health crisis is having significant impacts on apprentices, their employers and learning providers. Companies are furloughing or making staff redundant, off the job learning has been disrupted, and apprentices, already on low pay, have faced additional financial strains.
- Many young people from disadvantaged backgrounds undertake apprenticeships. They are more likely to be concentrated in apprenticeships at lower levels, be paid lower salaries, and work at smaller companies.
- Going forward, employers are unlikely to be recruiting apprentices in the numbers we have seen recently, meaning there will be fewer apprenticeship vacancies available for young people to access and more competition for the fewer opportunities.
- In the first half of 2019/20, apprenticeship starts were already down by 7% on last year and we expect these to drop significantly further for the rest of the year.
- As of early April, employers surveyed reported that on average just 39% of apprenticeships were continuing as normal, with 36% having been furloughed and 8% made redundant. 17% of apprentices had their off-the-job learning suspended.
- On average, these employers felt that 81% of their apprentices would return to their course once economic restrictions were relaxed. 58% were confident all their apprentices would return, while 17% reported that fewer than half of their apprentices would resume.
- Around a third (31%) reported that they were likely to hire fewer apprentices over the coming year, or none at all.
- Firms worried about their ability to survive the crisis were more likely to say their apprentices were unlikely to resume, and more likely to cut future apprenticeship recruitment. Half of such businesses reported they would be recruiting fewer apprenticeships, or none at all. This picture is likely to have worsened since April.
- Apprentices themselves are encountering significant challenges. 37% of surveyed employers reported that some of their apprentices were not able to work from home due to a lack of equipment, or because their role was not suitable for such work. A further 14% said some apprentices could not access learning from home due to a lack of internet or devices.
- Employers are encountering a variety of issues with their apprentices. A quarter (24%) of employers surveyed reported that a learning provider had closed, with 16% reporting that a learning provider had been unable to continue provision for other reasons. While 16% said apprentices had been redeployed to other 'keyworker' roles in the business, 29% reported that their apprentices did not yet have the skills for such redeployment.
- With young people now not in school or college to access face to face career guidance or able to attend networking events or work experience opportunities it will be harder for disadvantaged young people to access high quality information and skills needed to secure an apprenticeship.

### INTRODUCTION

The COVID-19 pandemic has caused complex challenges across the apprenticeship landscape. The unique position of apprenticeships – which combine education, training and employment – has made the sector particularly vulnerable to the current health crisis. Impacts on training providers and access to learning are being compounded by the profound impacts on employers and the economy. Some apprentices, particularly those working in the sectors and industries most adversely affected by COVID-19, are being

made redundant, being furloughed or experiencing breaks in learning, with a minority of apprentices able to continue their apprenticeships as normal. For those apprentices who have been able to continue their learning, this has moved online, raising further issues: Not all will have equal access to required devices, internet access or a suitable home learning space, leaving them unable to access training.

On top of this, apprentice recruitment is being put on hold, with no clear idea of when opportunities will start

to increase again. We know that careers guidance for young people interested in apprenticeships is already inconsistent<sup>1</sup> and young people are now navigating this complex landscape without face to face support from their schools or colleges, while closures continue. This could potentially put this year's school leavers at more of a disadvantage to those who are older and have more knowledge of where to find and successfully access vacancies. Sutton Trust polling of young people in Year 13 has shown that they feel career and education

advice has particularly suffered during lockdown in comparison to the support they have received for learning.<sup>2</sup> Schools are carrying a significant burden at this time, and addressing the basic needs of their pupils is inevitably taking precedence.

However, as the impacts of the pandemic on the economy develop, the importance of apprenticeships as a model for education and training is only going to increase. A skilled workforce will be more important than ever to rebuild the economy and apprenticeships offer opportunities to those out of work to retrain or learn the skills that will be needed when the pandemic subsides. This makes it vital that every effort is put in now to ensure that all parts of the apprenticeship supply chain can continue into the future – and the progress made in recent years is not lost.

In our Better Apprenticeships research, we explained that since the age-based funding rules were relaxed in 2006, the apprenticeship programme has been largely adult based, with the majority of apprentices over 19 and many aged 25 and above.<sup>3</sup> Many of these apprentices are also existing employees rather than new starters. This is important to bear in mind in light of the survey evidence below. In the 2018-19 evaluation report, around six in ten apprentices already worked for their apprenticeship employer before starting their apprenticeship.<sup>4</sup> The vast majority (88%) of apprentices who were 25 and over were already employed before their apprenticeship, compared to 50% of apprentices aged 19-24 and 29% of apprentices aged 16 – 18. Now COVID-19 is exacerbating the disadvantages already facing young people seeking apprenticeships.

This report is the third in a series of impact briefs released by the Sutton Trust in response to the COVID-19 pandemic, looking at the implications of the current crisis on apprenticeships, with a focus on young people from less advantaged backgrounds. The brief will look at how employers, training providers and government can lessen the impact of the crisis on current and future

apprentices, to help ensure all young people, no matter their background, continue to have the opportunity to both access and succeed on an apprenticeship.

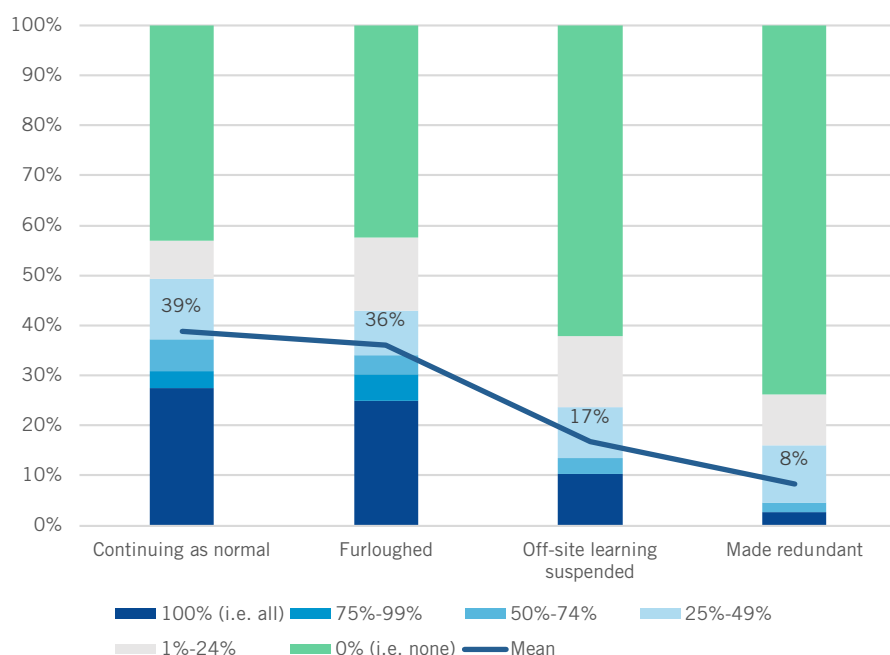
### IMPACT ON APPRENTICES

Considering the uncertainty caused by the pandemic, both current and future apprentices are likely to need more support than before. Many apprentices have been made redundant. Others are facing a decrease in wages due to being furloughed, whilst also experiencing barriers to their learning provision with many unable to continue training. For future apprentices they will be missing out on crucial face to face information and guidance through schools and colleges. Even if they can navigate the landscape independently, they will be faced with a diminished numbers of vacancies, making them even more competitive to access.

In early April we surveyed senior HR decision makers across the country to gauge the impact of the pandemic on apprentices.<sup>5</sup> While the number of companies employing apprentices in the sample was relatively small (around 150), the responses paint a picture that is indicative of the challenges faced by employers and

apprentices at large. Employers surveyed reported that, on average, just 40% of their apprentices were continuing as normal, with the remainder of apprenticeships disrupted in some way. 43% of respondents indicated that none of their apprentices had been able to continue as normal, while 28% reported that all of their apprentices were able to do so. Employers on average were furloughing 36% of their apprentices, though in some cases this was much higher. 30% of employers indicated that they were furloughing more than three quarters of their apprentices. On average employers reported that 8% of their apprentices were being made redundant, though only 26% of employers had needed to make at least one redundant. Some apprentices however had remained in their jobs, but off-site learning had been suspended, either due to a provider shutting down, or the apprentice being unable to access remote learning. On average employers reported that 17% of their apprentices fell into that category. Figure 1 shows the average proportion of apprentices reported in each category by employers, along with the distribution of reported percentages. For example, it shows that on average employers reported 39% of their apprentices were continuing

Figure 1. Average proportion of apprentices reported by employers in each status, along with distribution



Source: YouGov HR decision makers omnibus for the Sutton Trust, April 9th-16th

as normal, there was substantial variation: 43% of employers said none of their apprentices were, with 28% saying all of their apprentices.

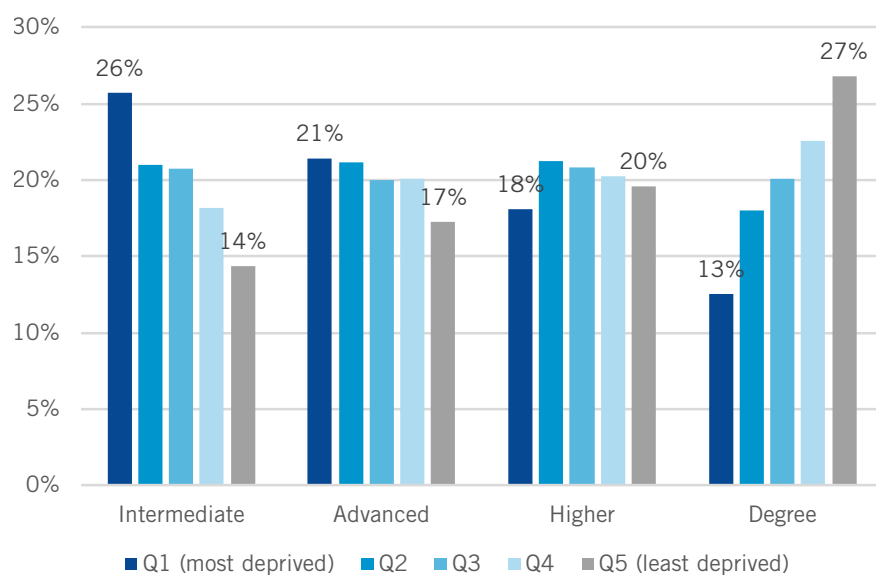
From a social mobility perspective, we know that apprentices from lower socio-economic backgrounds are clustered in lower return and lower level apprenticeships. In 2018-19, 43% of all apprentices were in the two quintiles with the highest deprivation, around 167,500 apprentices. 84% of these apprentices were clustered in intermediate (66,500) and advanced apprenticeships (73,700).<sup>6</sup> Figure 2 shows the breakdown of deprivation by apprenticeship level, with intermediate (level 2) apprenticeships and degree (level 6 and 7) apprenticeships forming mirror images of each other. The former is dominated by those from more deprived areas, and the latter by those from less deprived areas. There are twice as many degree level apprentices from the wealthiest areas as there are from the poorest.

Higher level apprenticeships, typically undertaken by those who are older or more affluent, as explored in greater detail in the degree apprenticeship report that accompanies this brief,<sup>7</sup> are more likely to be with larger employers.

Conversely, younger apprentices from lower socio economic backgrounds are more likely to have been in sectors which have been vulnerable in the crisis, for example the hospitality sector. 21% of small employers surveyed rated themselves as unlikely or unsure they would survive the crisis, compared to 14% of large employers.

Newer apprentices may also be at more risk from the current crisis as they have only just started their apprenticeships and may not have developed the skillset needed to redeploy to other roles. In fact, 29% of employers reported that their apprentices did not yet have the skills and training to be redeployed into other roles they would have liked to fill. Many of those in higher apprenticeships, by contrast, are current employees rather than new starters.<sup>8</sup> As newer apprentices are likely to have lower levels of skills and

Figure 2. Proportion of apprenticeship starts 2018/19, by apprenticeship level and Index of Multiple Deprivation quintile



Source: DfE FE data library - Apprenticeship starts by indices of multiple deprivation

experience than colleagues who were existing employees in a business, they may be considered more disposable by employers having to make cutbacks.

Apprentices concerned that they are more at risk of redundancies, while balancing a significant change in their working practices may also affect their mental health and wellbeing. The level of support they will need both now and once they begin to re-integrate back into the workforce should be carefully considered and implemented.

### Access to training and assessments

COVID-19 has led to a variety of issues surrounding apprentices' ability to access training and assessments. The government's training guidance for apprentices reiterates that employers can use the job retention scheme for their apprentices and confirms that apprentices can continue their training whilst furloughed.<sup>9</sup> This is a positive move, and employers are clearly taking advantage of this, but every employer may not be aware that apprentices can continue or begin their apprenticeship training whilst furloughed, which may need to be emphasised more.

The Department for Education (DfE) has encouraged training and assessments to be delivered remotely

wherever possible. Although some providers will be using distance-learning tools, for others this will not be possible for a range of reasons. If the technical system was not already in place, apprentices, especially those from lower income backgrounds, may not have the equipment, access to internet or a suitable home learning space. In our survey 37% of these employers reported that some of their apprentices were not able to work from home due to a lack of equipment, or because their role was not suitable for such work. A further 14% of employers asked said they had apprentices who could not access learning from home due to a lack of internet or devices with which to access learning.

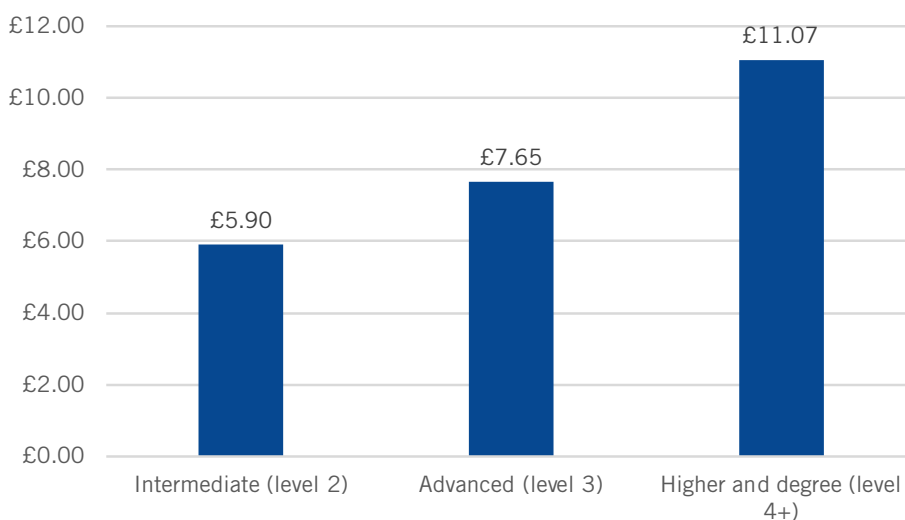
Even if an apprentice does have the access, tech and skills needed, the training provider may not. While IT contractors or the apprentice's employer could potentially help here, they may be overwhelmed with demand at a time when they are likely to not have a fully staffed team, or it may come at a cost the provider is unable to fund. Initially some providers were furloughing staff, which meant that even if all these barriers were overcome, there may not have been the teaching staff needed to deliver the training. This was supported by our survey, with a quarter (24%) of employers reporting that a learning provider had closed, with another 16% reporting that the

learning provider had been unable to continue provision for other reasons. The provider relief scheme being implemented may now have started to address this barrier for eligible providers, as some will be in a better financial position to bring staff back to deliver the government funded provision.

In mid-April the Association of Learning Providers (AELP) found that 43% of the providers they asked were managing to train apprentices and other learners at between 80 and 100% of their pre-pandemic capacity. For providers to have put in place digital learning so quickly, whilst experiencing the loss of funding that may have come with some apprentices being put on a break in learning, is a considerable achievement.<sup>10</sup>

If apprentices are ready to undertake their end point assessments it is being encouraged that these happen remotely, wherever possible. The Chief Executive of the Institute for Apprenticeships and Technical Education (IfATE) Jennifer Coupland has backed this, saying there should be a “significant shift” towards online assessments, but acknowledging there will be challenges ensuring quality, which is a concern not just for the apprentice but the sector as a whole.<sup>11</sup> There have been estimates that only 40% of current frameworks or standards could be assessed remotely,<sup>12</sup> with worries that variation between external quality assurance providers could lead to diminishing consistency across the system. The IfATE has tried to ease these worries by stating that External Quality Assurance (EQA) providers have now agreed assessment plans to be rolled out remotely for over 50 apprenticeship standards and that around 300 of the 538 standards approved for delivery have no end point assessment due in the coming months. However, AELP also found that a third of apprentices now have less than a 1 in 5 chance of completing their programmes in the expected timescale<sup>13</sup> which could have a direct impact on apprentices gaining pay rises or promotions they may have been anticipating once completing their apprenticeship.

Figure 3. Median hourly pay for apprentices in 2018/19 by apprenticeship level



Source: 2018/19 Pay Survey

### Financial impacts

Many apprentices are likely to face financial difficulties in the coming months. While apprentices can be furloughed, for many their wages are already low, so they may struggle to cope on levels any lower than they already receive. Even before the current crisis, many apprentices were struggling financially.<sup>14</sup> Since April 2020 the minimum wage for apprentices under 19 and those in their first year is just £4.15 per hour, and in the most recent 2018/19 Pay Survey among Level 2 and Level 3 apprentices in England, the median basic pay was just £6.95 an hour.<sup>15</sup> Given the low levels of pay for apprentices, and the high proportion citing financial difficulty on their current wages, many are likely to face significant financial challenges if this is reduced.

The government have announced that furloughed apprentices must be paid at least the appropriate minimum wage<sup>16</sup> for all the time they spend training.<sup>17</sup> For the majority of apprentices their furlough payment will be sufficient to cover the training hours being paid at their appropriate minimum wage. Where there is a shortfall between the time spent training (which they have to be paid minimum wage for) and the amount of their furlough payment, the employer has to top it up.

While this was welcome news for some apprentices, it may have come too late for some who have already

been made redundant or put on breaks in learning. It will also not support the majority of apprentices as they will not be doing enough training to be in excess of their furlough payment.

The government should widen this minimum wage requirement to include all usual weekly hours, not just those spent training. It is vital that the financial security of apprentices already on low wages is protected, both by government and employers themselves.

### IMPACT ON TRAINING PROVIDERS AND EMPLOYERS

#### Funding for training providers

All providers who deliver apprenticeship training, whether they are colleges, independent training providers or universities will be facing challenges during this crisis. The government have already implemented several measures to limit the damage and allow apprenticeships an opportunity to continue.

Breaks in learning for up to 12 weeks can now be actioned by the provider or employer, whereas previously it was only the apprentice who could initiate a break in learning. However, any such break in learning raises issues for everyone involved. For apprentices, learning being put on hold and assessments being delayed could lead to some not returning and subsequently not completing their



apprenticeship, as well as delays to promotions and pay increases. For training providers, the government guidance confirms that they will continue to be paid for the training they have delivered and can evidence, but this payment will be made retrospectively.<sup>18</sup> Providers will not be paid for learners who are on breaks in learning, which could lead to some coming under significant financial strain, with the potential of some collapsing altogether.

The DfE has now confirmed that some apprenticeship training providers may be eligible for support under the Cabinet Office's supplier relief scheme to ensure some service continuity.<sup>19</sup> This will provide targeted financial relief. However, concerns were immediately raised that many providers will miss out on this support, specifically those whose funding comes through levy contracts with employers, rather than direct funding through the Education and Skills Funding Agency (ESFA).<sup>20</sup> FE Week found 593 current providers that have received non-levy funding this year amounting to £690 million, with over a thousand providers using levy funding which will not be supported through the scheme. It was also clarified that any apprenticeship funded via an employer transfer

is ineligible, reducing further the amount that providers can claim through the scheme. The extent of ineligibility for this relief is of serious concern.

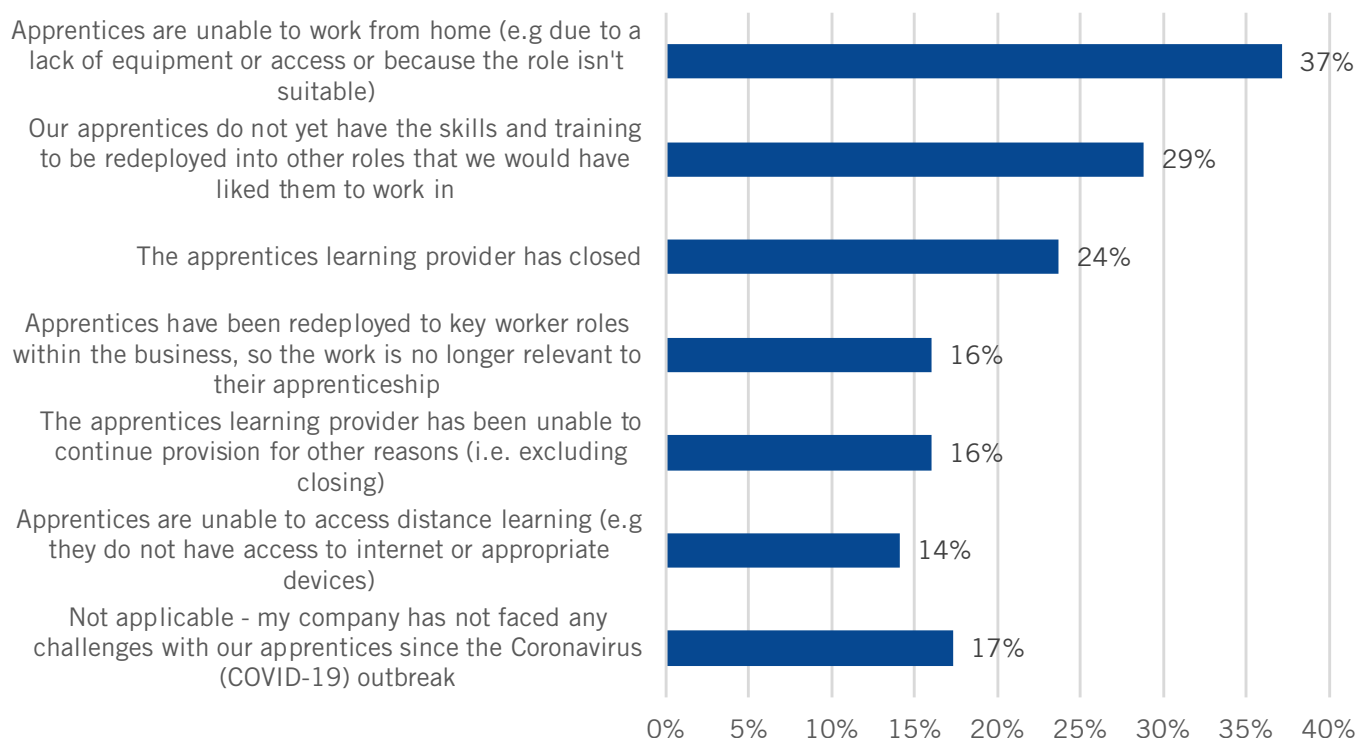
Providers ineligible for this scheme have been encouraged to consider their eligibility and apply for the financial support already announced for businesses<sup>21</sup> but only 4% have successfully received a Coronavirus Business Interruption Loan.<sup>22</sup> It is crucial that training providers are still standing at the end of this crisis in order to play a key role in supporting the economic recovery post-outbreak. However, the longer providers do not receive funding the less likely it is they will be in a place provide the training that will be desperately needed. At the end of March AELP found that 83% of their training providers were furloughing employees, with consequent impacts on delivery.<sup>23</sup> In April they warned that a quarter of providers rated their chances of surviving the crisis at less than 50-50.<sup>24</sup> This could have serious and immediate impacts on apprentices. AELP have reported an estimated 52,000 apprentices could lose their apprenticeship due to providers potentially closing down, with another 60,000 adversely affected by mothballing.<sup>25</sup>

## Problems encountered by employers

Apprenticeships would not be possible without employers, and they have a bigger input than ever before in the development of apprenticeships. Employers throughout the economy are currently battling for survival and we found that 10% of apprenticeship employers surveyed rated their business as unlikely to survive the Covid-19 crisis, with a further 5% unsure. 85% said their business was likely to survive, slightly higher than employers not employing apprentices (80%). For employers who do not survive the pandemic, their apprentices are left to find a new employer to complete their apprenticeship. This is a hard ask: at such a challenging time for the economy it is unlikely employers will be in a position to take on apprentices and for those who are taking on apprentices who have partially completed their course elsewhere is likely to be challenging.

Employers are having to make tough choices to survive and may see apprentices as an easier option to cut back on, especially newer apprentices who potentially do not have the training or experience to redeploy to other roles. While 16% of employers

Figure 4. Problems encountered by apprenticeship employers during the COVID-19 health crisis



Source: YouGov HR decision makers omnibus for the Sutton Trust, April 9th-16th

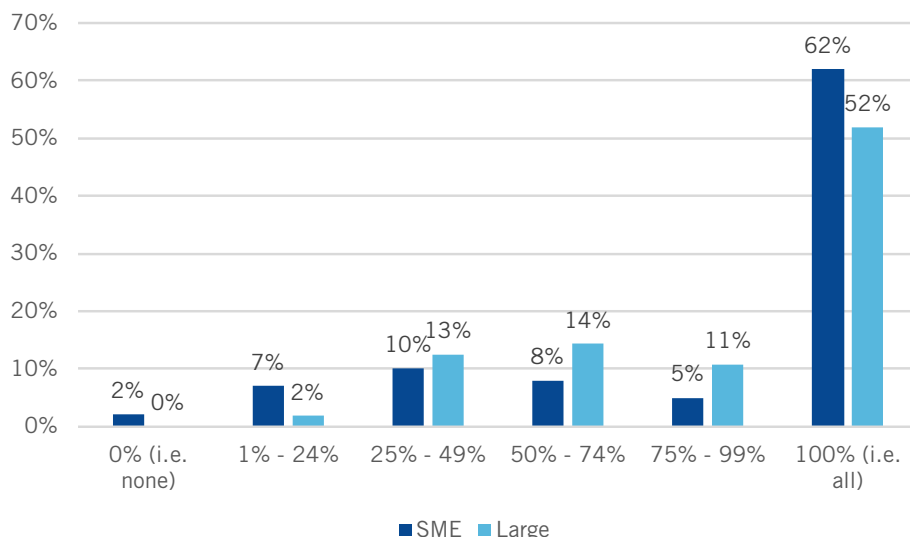
said apprentices had been redeployed to other 'keyworker' roles in the business, 29% reported that their apprentices did not yet have the skills for such redeployment (Figure 4).

Unsurprisingly then, we have already seen apprentices experiencing redundancies. The government said that apprentices made redundant are to be supported to find a new employer within 12 weeks. However, it appears to be the responsibility of training providers to ensure this happens, which is likely to be extremely challenging for them to do so successfully in the current economic climate, alongside many providers having to furlough staff or close completely. The 12 week timeframe should be kept under review and extended if necessary, as 12 weeks in the current circumstances is not a long time to find a new role. The ESFA may step in if a significant number of apprentices are made redundant in one instance to offer 'practical support' – but it is unclear what this support would be.<sup>26</sup>

Employers are also facing a multitude of challenges surrounding maintaining and progressing their current apprentices. Just 17% of the HR leaders we asked reported that they had not faced any challenges with their apprenticeship programme since the outbreak, and since the survey in mid-April it is likely this may have reduced further.

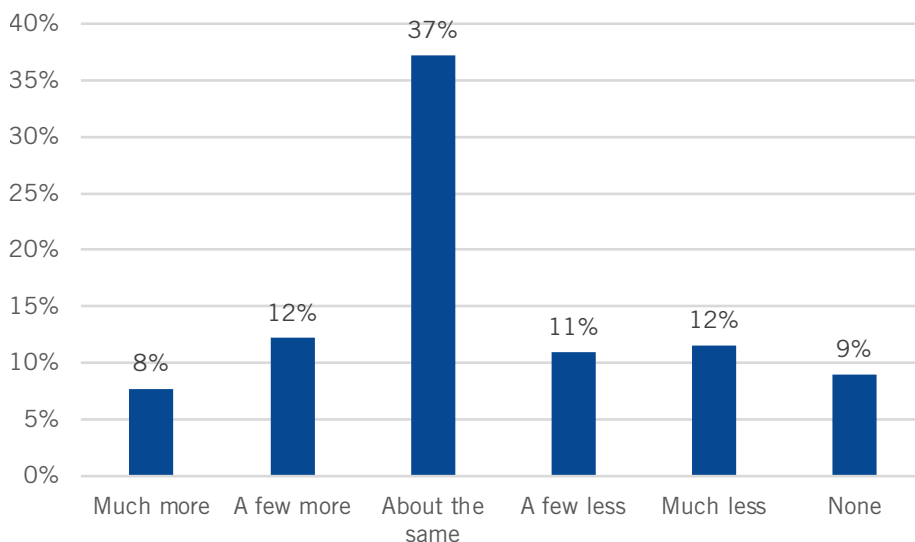
So far, we have seen 60% of employers stop all new apprenticeship starts,<sup>27</sup> and with so much uncertainty this is unlikely to improve in the near future. September is the next peak in the year for apprentice starts so it is vital that that where employers can, that they continue the recruiting and on boarding of apprentices. With the decrease in apprenticeship vacancies, they will become even more competitive and difficult to access. We know that less advantaged young people already face barriers in accessing higher level apprenticeships and this is likely to worsen.<sup>28</sup> It is more essential than ever that employers are reaching out to disadvantaged young people to

Figure 5. Proportion of apprentices expected to resume studies by employers, by size of company



Source: YouGov HR decision makers omnibus for the Sutton Trust, April 9th-16th

Figure 6. Anticipated number of apprentices hired in the year following the COVID-19 outbreak, compared to the year before



Source: YouGov HR decision makers omnibus for the Sutton Trust, April 9th-16th

ensure barriers can be broken down and young people are equipped to access competitive apprenticeships. As part of this, the Sutton Trust is launching its first apprenticeship summer school. This will be delivered digitally this year to ensure we are providing information and guidance around apprenticeships at a time when young people are missing out on face to face outreach.

### PROSPECTS FOR RECOVERY

In recent years, apprenticeships have been gaining increased

traction and recognition, and we have been hearing more about positive apprenticeship experiences, increasing awareness of a valuable route into the workplace. However, the pandemic risks this progress. During a significant economic downturn, they may seem an easier option for employers to cut, and employers may become less willing to invest in them in the short-term. The resilience of the apprenticeship system will undoubtedly be tested in the coming months.

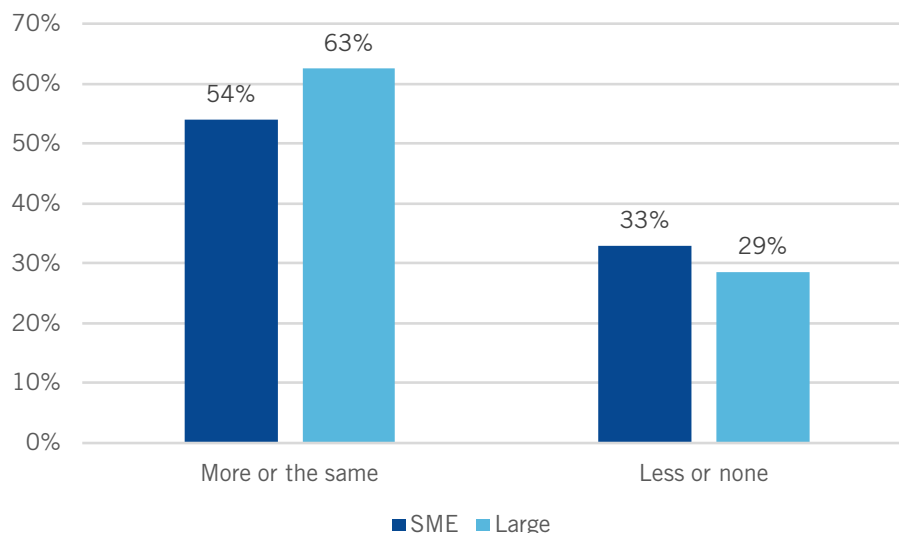
Making the case for the economic

value of apprenticeships is crucial at a time like this. As employers recover from the economic consequences of COVID-19, their initial priorities may not involve recruiting apprentices. Currently there are just over 6,000 apprenticeship vacancies being advertised on the Find An Apprenticeship website, with 52% at intermediate level, 44% at advanced level and only 3% for higher and degree level apprenticeships. The sharp drop in employers taking on new apprentices<sup>29</sup> and the already high dropout rates<sup>30</sup> for apprentices look set to rise even higher. Some apprentices will have been made redundant, some breaks in learning may lead to apprentices not returning, and some apprentices may not be able to survive on low furloughed wages meaning they may try and seek alternative employment.

COVID-19 has shone a light on certain sectors such as health and social care, engineering and technology, influencing public opinion towards how essential vocational routes are in developing future talent. If employers are to recover and thrive going forward, new skills and ways of working will be crucial. This provides an important opportunity for development through apprenticeships. Flexibility and a new set of skills may be required to thrive in the post-pandemic workplace, and businesses could use their levy allowance to build capacity by upskilling current staff or taking on new apprentices, who are keen to develop new skills. In particular, employers should be encouraged to significantly focus on supporting young people into apprenticeships, as we know that they are likely to particularly suffer in the coming months and years. Leaving education or training in the middle of a recession and suffering unemployment leaves scars that continue throughout a young person's career.<sup>31</sup> It is vital that we do everything we can to avoid these scars for the 'Covid Cohort'.<sup>32</sup>

In our employer survey, HR decision makers were cautiously positive about their current group of apprentices (Figure 5). 65% of respondents felt that more than three quarters of their apprentices would resume their studies once restrictions were

Figure 7. Anticipated number of apprentices hired in the year following the COVID-19 outbreak, compared to the year before, by size of company



Source: YouGov HR decision makers omnibus for the Sutton Trust, April 9th-16th

elapsed, including 58% saying that all apprentices would continue. 17% reported that fewer than half of their apprentices would return. On average, the employers reported that 81% of their apprentices would resume. We will have to wait and see if this surprisingly positive outlook plays out as anticipated, but the figures are likely to reflect the high proportion of apprentices which are existing employees. Apprentices employed as new starters are likely to be more vulnerable.

The perceived likelihood of survival for a company obviously influences perceptions of the future for their apprentices. While 69% of those who felt likely to survive reported that more than three quarters of apprentices would resume, this was just 44% for those who rated themselves as unlikely.

Employers were also asked about the prospects for future hiring for the next year (Figure 6). Again there were some signs of optimism. 31% of companies said they were likely to hire fewer apprentices over the coming year than before the outbreak, or none at all. However, a significant proportion of companies reported they were likely to increase their apprentices (20%). 37% said they would hire about the same, the most common response.

Worries for the viability of the company again impacted anticipated

hiring. While 61% of those likely to survive rated themselves as likely to hire the same or more apprentices, for those worried for their future, this was 44%. There were also some differences by the size of the company (Figure 7), with larger companies appearing to show greater resilience in anticipating to hire apprentices at the same or higher rate.

## DISCUSSION: POLICY IMPACTS

The apprenticeship sector is in the midst of a profound challenge, with the crisis having severe impacts on employers, providers and apprentices themselves. As is being seen across society, the virus is exposing and exacerbating existing inequalities. In the case of apprentices, it is those from disadvantaged backgrounds who are most vulnerable. They undertake lower level apprenticeships, are paid less, are more likely to be recent starters, and are most likely to struggle to access remote learning. As competition for fewer apprenticeship vacancies increases, the potential for apprenticeships to drive social mobility is likely to be seriously affected.

It will be essential to monitor closely the affect the pandemic is having on apprentices. It has been promising to see the IfATE asking apprentices for comments on the impact that Covid-19 is having on their learning in their recent satisfaction

survey.<sup>33</sup> But to complement the apprentice voice, the publishing of key data around apprentice starts, participation, completion and breaks in learning is essential. The initial apparent cancellation of regular apprenticeship statistics was of concern. The publication of as much information as practicable will allow transparency as to how the situation is developing, which is vital information for everyone involved in the apprenticeship sector.

That is not to say however that there is nothing that can be done. But many of the challenges facing the sector will require all players in the apprenticeship landscape to work together. The primary goals should be to ensure current apprentices can complete their apprenticeships, and young people are still able to access and acquire high quality apprenticeships in the future.

Even small changes can have substantial impacts. More should be done to highlight to employers that furloughed apprentices can continue to carry out training where possible. This could help to address issues across the board. The more hours of learning an apprentice can complete whilst furloughed, the more hours they are then entitled to the appropriate minimum wage, meaning they do not have to survive on even lower wages than normal. It also enhances their chances of completing their apprenticeship in the expected timeframe or reduces the delay they may face.

Protecting training providers is also of paramount importance. Continuing training would ensure training providers are receiving an income and put them in a better situation to survive the crisis. Where this isn't possible, providers in danger of folding should receive further support. The government has stated that it doesn't want to see viable businesses go to the wall during this crisis, and the benefits to society of a functioning apprenticeships system mean that the survival of training providers are even more important.<sup>34</sup> The Supplier Relief scheme should ensure all providers are supported sufficiently to retain capacity in the apprenticeship sector to deliver the skills that will be needed to support

the economic recovery.

Even before the pandemic, the expansion of higher-level apprenticeships that were going to older, potentially existing employees was questioning whether one of the core objectives of providing young people a good quality training route into their chosen career was being met. Now more than ever employers should be focusing their attention on young people and new starters as we know they will be severely affected by the impact of COVID-19 on the economy. The government should direct the focus of the limited apprenticeship vacancies towards young people and promoting social mobility.

With young people now missing out on face-to-face information and guidance, apprenticeship open days and direct opportunities to interact with employers, digital programmes have a huge part to play to ensure they are informed about their future decisions. Outreach work should not be stopped but transitioned to digital delivery where possible. Now is not the time to let up on widening access to opportunities, as those opportunities become more valuable than ever but harder and more competitive to access.

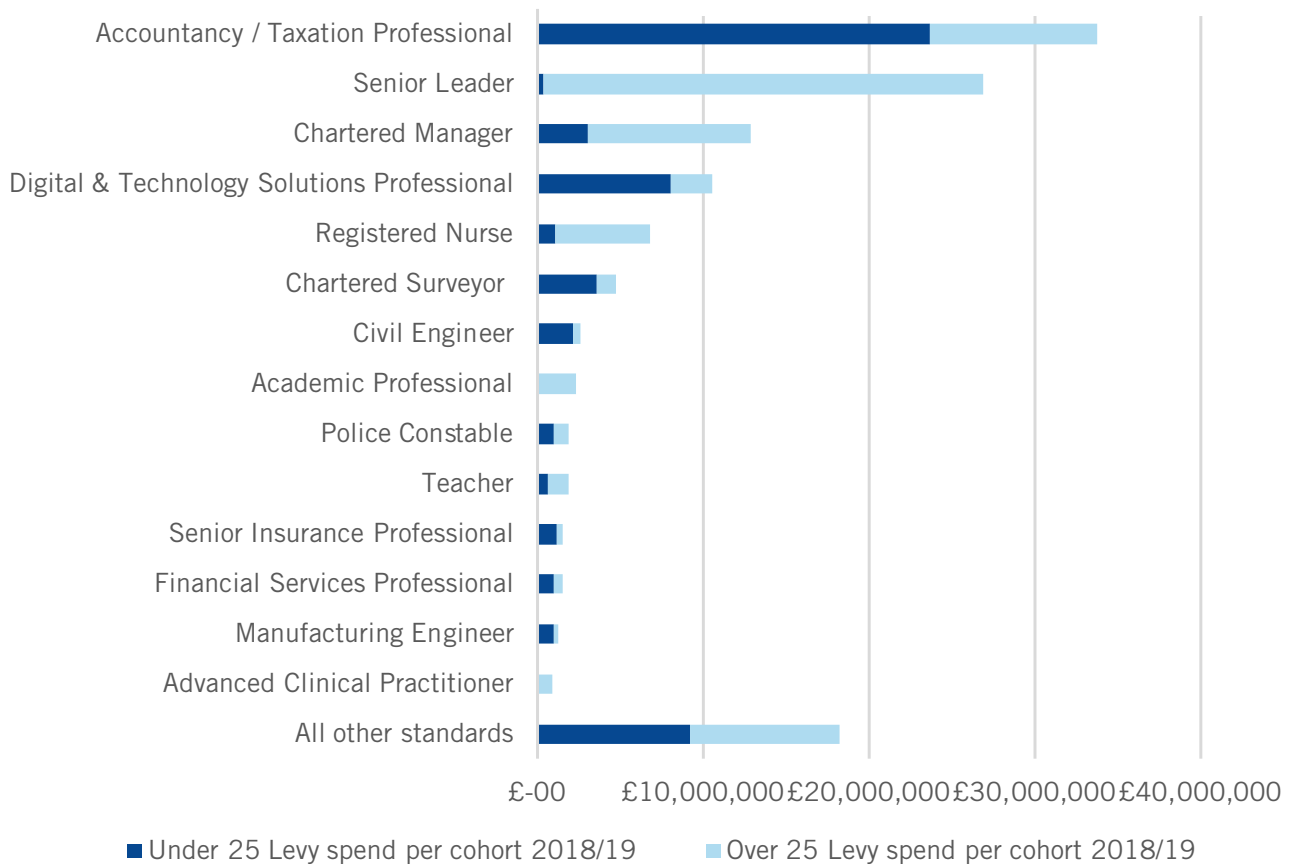
In the context of an economic downturn, the prospects for the apprenticeship levy, already under strain, look even more difficult. Levy contributions are likely to go down as company turnovers drop, putting an even greater pressure on the funds available for providing apprenticeships, both for levy paying employers, but also small and medium employers who don't pay the levy, but rely on government funding for their apprentices. As our report on degree apprenticeships highlights, there are significant concerns about the prioritisation of spending in the levy. As much was spent in 2018/19 for the new cohort of senior leader apprentices, as was spent on degree apprentices under 25 as a whole. Levy funds in general are increasingly skewed towards older apprentices, on higher salaries and from wealthier areas. (Figure 8) This was already a concerning direction of travel, but in the context of economic contraction, this is

unsustainable. It is vital that the levy is refocused on providing genuinely new opportunities for young people, and those who would benefit most from upskilling, and not becoming a vehicle for subsidising training for senior employees. Employer 'top ups', where employers are required to pay a certain percentage of training costs for certain types of apprentice, for example those who are older, are already well-paid, or already have an equivalent qualification, could help both to relieve pressure on funds, while also incentivising apprenticeship provision in areas where it could have greater benefit. A maximum salary ceiling should also be considered, ending the practice of levy funds being spent on highly remunerated senior staff.

The potential of apprenticeships to offer social mobility, to increase opportunity and to deliver the skills needed by the economy remains undimmed by the virus. With focused effort, the apprenticeship programme, which has made so much progress in recent years, cannot just survive, but help to offer a way out of this crisis.



Figure 8. Apprenticeship Levy spend per cohort in 2018/19 by age and apprenticeship framework/standard, level 6 and 7 apprenticeships only (degree level)



Source: Authors' calculations from DfE monthly apprenticeship starts, levy statistics and ESFA funding bands

## RECOMMENDATIONS

- 1) The current support measures for apprenticeship training providers do not go far enough. **The COVID supplier relief scheme for training providers should also cover levy-funded apprenticeships**, in order to ensure that providers survive the crisis and can drive the next generation of apprenticeships.
- 2) **The priority for current apprentices should be to continue training where possible, even when on furlough or if redeployed within a company.** This can create a virtuous circle for the apprentice, provider and employer.
- 3) **The government should require employers to top up the wages of furloughed apprentices up to the appropriate minimum wage for all usual hours per week, not just those spent training.** Additionally, where employers can, they should top up the 80% of furlough funding to 100% for apprentices on low wages, to secure the finances of all the lowest paid apprentices.
- 4) **Information, advice and guidance for young people considering apprenticeships should be protected.** While young people are missing out on face-to-face support and open days, outreach from employers, and support from schools and colleges should continue and be moved online where possible.
- 5) In order for apprenticeships to deliver on the levelling up agenda as we come out of the coronavirus crisis, **social mobility and widening opportunity should be an explicit criterion in a review of the apprenticeships levy.** The balance of apprenticeships across age groups, levels, those with equivalent or lower qualifications (ELQ) and existing versus new starters should be examined.
- 6) With the likelihood of limited funding in the future, it is even more vital that apprenticeship levy funding is focused in the right direction, to ensure both effectiveness and sustainability. **The government should consider a maximum salary ceiling for levy-funded apprentices**, ensuring that levy funding is not being spent on highly-paid and well-qualified senior staff. Other measures to reduce the strain on levy funding should also be considered, **for instance, requiring employers to 'top up' levy funding for certain categories of apprentice**, or otherwise incentivising apprenticeships most conducive to increasing opportunities for groups who need it most.

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