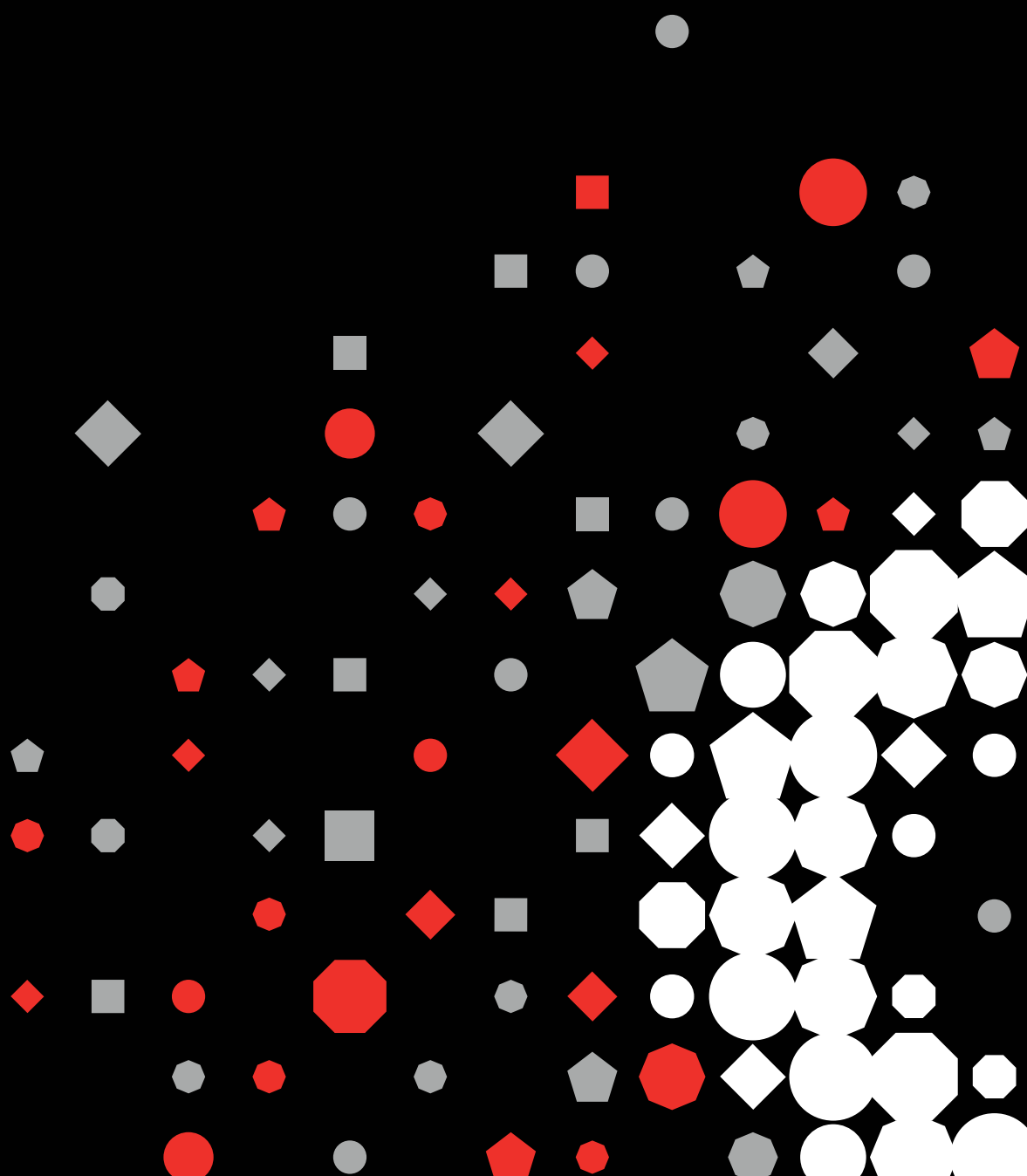


Making Apprenticeships Work

The Employers' Perspective



Foreword



Kirstie Donnelly MBE
Managing Director, City & Guilds

I am delighted that the City & Guilds Group and the Industry Skills Board (ISB) are publishing this report, which I believe makes a vital contribution to the discussion around how apprenticeships should be designed to best suit apprentices and employers in the coming years, in order to deliver quality outputs and a quality experience.

I am also enormously grateful to the ISB members for their commitment to apprenticeships and for their dedication to making sure future provision is sustainable. The ISB was set up to look at the wider skills agenda, and this report forms part of their wider drive with the City & Guilds Group to ensure businesses become better informed in how they train staff at all levels and the benefits of doing so. Case studies from ISB members have underpinned the report and proved invaluable in informing the delivery model. It is a model that, if we can all stay true to, will ensure learning is placed right at the heart of apprenticeships and ensure a sustainable, progressive journey is delivered - ultimately this is what will help us all achieve quality and quantity in the apprenticeship system.

The report has been focused in its approach to look at the quality and recruitment of apprentices, alongside increasing employer commitment and required governance. It considers specifically the opportunities available to school leavers and young people, rather than related issues such as wages or adult apprenticeships and it does not consider Degree Apprenticeships. I hope we will be able to consider other matters with the ISB in the future, but given the importance of giving young people the best start in life and ensuring that education and the skills system meets the needs of employers, I am pleased to see the right issues in the report being brought to light.

The City & Guilds Group is a leader in global skills development. Our purpose is to help people and organisations to develop their skills for personal and economic growth. Made up of City & Guilds, City & Guilds Kineo, The Oxford Group and ILM, we work with education providers, businesses and governments in over 80 countries.



Andy Smyth

Chair of the Industry Skills Board, Trustee Board Member for the City & Guilds of London Institute and Development Manager of Vocational Learning at TUI Group

After years of being marginalised or seen as a lesser option, it is wonderful that there is now widespread understanding among businesses and policymakers that apprenticeships are vital to enhancing Britain's productivity, boosting our economy and ensuring we have the skilled workforce we need for the future.

Nevertheless, there remains a lack of consensus about how apprenticeships should be delivered, with outstanding questions about how money should be channelled or how training should be structured.

With the Government committing to an ambitious target of three million apprenticeship starts over the next parliament, and plans for an apprenticeship levy underway, it is crucial that we get things right over the course of this Parliament.

Over recent months, the City & Guilds Group and the ISB, which I am delighted to Chair, have attempted to answer some of these questions. It has been fantastic to get together as a diverse group of employers to develop an analysis and understanding of what constitutes best practice and ensure this is communicated to policymakers. The City & Guilds Group should be commended for facilitating the work of the ISB and ensuring employers have a central voice in this process.

This is a crowded field of research, and we have attempted not to replicate past discussion, but build on the outcomes of the Richard Review, as well as recent explorations of apprenticeship provision by the Education Select Committee, Demos, and other organisations.

The report sets out a 25-point action plan that can be taken to make apprenticeships suit the needs of all concerned, including to enhance quality and access, build employer commitment and leadership, and ensure quality and learning are always at the heart of what is on offer. The report includes a model which we have developed to put quality and learning at the heart of apprenticeships. I believe this could be used by employers and training providers as a model for all structured workplace learning and development.

We believe apprenticeships should be offered not as a separate route in or specifically as a tool to enhance social mobility, but as one of several 'normal' pathways. The actions we outline are intended to shift apprenticeships from the position of being transient initiatives with value at one specific moment, to being sustainable talent management programmes designed to facilitate career progression. We want and expect an apprenticeship to become a fully desirable pathway for young people, alongside a degree.

Equally, as employers we believe we have a social responsibility to ensure that apprenticeships are designed in light of available destination pathways. Training will increase the level of skills individuals have, but not necessarily expand employment opportunities in their region. The action plan we suggest will be meaningless unless business leaders also measure opportunities and collaborate with SMEs to provide training.

Our recommendations have been developed out of years of experience in different sectors, and a recognition that we need a long-term approach. Now is a critical moment, and we cannot afford to get it wrong. It is my hope that this report contributes in some way to the development of a world class apprenticeship system in the UK.

Industry Skills Board Members

The Industry Skills Board has developed this report by working together as a group over the last year. We as members commend our proposals to you.

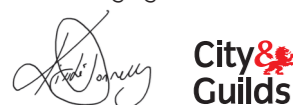
Andy Smyth (Chair)

TUI Travel UK & Ireland
Development Manager
Vocational Learning



Kirstie Donnelly

City & Guilds
UK Managing Director



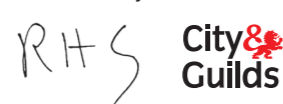
Liz Deakin

City & Guilds
Head of Customer Management
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Richard Guy

City & Guilds
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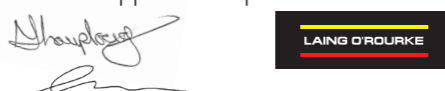
Aaron Coulson

National Grid
Talent Development Manager



Alison Lamplough / Scott Bell

Laing O' Rourke
Head of Operational Training Representing /
Head of Apprenticeships



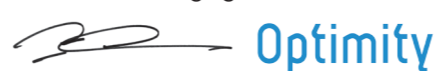
Ann Brown

Nationwide Building Society
HR Director



Anthony Impey

Optimity
Founder & Managing Partner



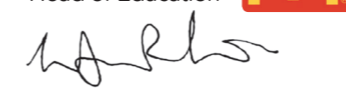
Dominic Gill

Microsoft UK
Apprenticeship Lead



Lesley Roberts

McDonald's
Head of Education



Mark Lavington

PGL Travel
HR Manager



Mike Thompson

Barclays
Head of Early Years



Nicky Taylor

Ginsters
Head of Learning and Development



Sandra Warren-Smith

Compass Group
Head of Education



Warren Page

Xtrac Ltd
Apprentice Co-ordinator



Mark Maudsley

Group Training Associations
England (GTA)
Chief Executive Officer



Stewart Segal

Association of Employment and
Learning Providers (AELP)
Chief Executive Officer



Supporters

Tom Wilson
Trade Union Congress (TUC)
Director, Union Learn

The TUC, while not employers, were also represented on the ISB and provided a welcome additional perspective from the viewpoint of apprentices, other learners and providers. They also support the thrust of the report.

Contents

- 07** Chapter 1 – Introduction and strategy
- 11** Chapter 2 – Putting quality at the heart of apprenticeships
- 20** Chapter 3 – Increasing and sustaining employer commitment to apprenticeships
- 28** Chapter 4 – Increasing take-up by young people
- 34** Chapter 5 – Employer-led governance
- 36** Chapter 6 – Conclusion and recommendations

Several ISB members volunteered their own apprenticeship practice as case studies. These have been referenced throughout the report and the full case studies are available in a case study supplement that can be found at: cityandguilds.com/industryskillsboard

01

Introduction and strategy

1.1 Apprenticeships in 2015

Apprenticeships have never enjoyed a higher profile. Politicians believe they can deliver productivity gains and reduce skills shortages and youth unemployment, although they are split on what the future of apprenticeships should look like. The public is also now generally positive about apprenticeships.

However, in a recent Demos survey¹, while the vast majority of parents thought that apprenticeships were a good thing, only 32% said that they would want their child to undertake one. Given the evidence from the Government and in wider research projects indicating that young people who take apprenticeships will earn more as a result and enjoy high job security, this is a worrying attitude². At the same time Government is aiming to substantially grow apprenticeship numbers, especially for young people. We have therefore tried to answer the fundamental question:

How can we implement and build on the current apprenticeship reforms and put quality at the heart of apprenticeships so as to reach a position where a similar number of young people choose an apprenticeship route as choose to pursue higher education?

1. The Commission on Apprenticeships, Demos, March 2015
2. Returns to Intermediate and Low Level Vocational Qualifications, Department for Business, Innovation & Skills, September 2011

1.2 About the report

The City & Guilds Group works in the UK and around the world to help people get into a job, develop on-the-job and progress into the next job. It is an independent body and remains a charitable trust with a broad interest in doing the best for employers and the public. Last year the City & Guilds Group published two reports: *Sense and Instability*³ (concerned with achieving stability and ending the ever-changing skills policy landscape) and *Remaking Apprenticeships: powerful learning for work and life*⁴ (concerned with learning in apprenticeships). This report builds on their content and messages.

This report has been produced by the Industry Skills Board (ISB). This group is comprised of employers directly involved in the delivery of apprenticeships and proud of what they do in this field (see pages 4-5 for membership) and supported by the City & Guilds Group. The report features case studies drawing on ISB members' direct experience. Over the last nine months, they have addressed the question of apprenticeship quality (set out in section 1.1) and developed a strategy for achieving growth with a strong focus on quality. This report seeks to provide a straightforward set of actions that should accordingly be taken by Government, employer groups and employers as well as by the City & Guilds Group. The ISB and the City & Guilds Group do not wish to be signatories to proposals aimed only at others. Rather we are committed to leading by example and taking action in order to bring about long-term, sustainable solutions.

The report is designed to be concise and straightforward. The ISB endorses the recent recommendations of the Education Select Committee⁵ and Demos⁶ and aims to avoid repetition of their arguments and recommendations. The ISB also broadly accepts the Government's strategy for apprenticeships. As *Sense and Instability* demonstrated, it can be damaging to assume that the obstacle lies in wrong or insufficient skills policy, and the ISB believes that producing the desired outcomes requires only a small number of policy changes.

The ISB believes that success will be predicated on changes and actions related to implementation of policy. This is therefore where the recommendations of this report are concentrated.

1.3 The report remit

Government, employers and general stakeholders want to achieve growth in apprenticeship opportunities for young people, and for these to offer a route to a good career to the same approximate numbers as full-time higher education (HE) does. This can only be achieved with a strategy based on quality as well as quantity. The report therefore seeks to deal with both. We have not attempted to address the role of apprenticeships for the 25+ age group, either in terms of Degree Apprenticeships or the related wage issues. These are big subjects in their own right that the ISB intends to return to.

Our review identifies that approximately 40% of the labour force is in skilled occupations that naturally fall to training via an apprenticeship. It is therefore a sensible long-term aim to increase the proportion of young people entering apprenticeships by age 24 from 20% to 25% (based on an assessment of available data from the Department for Business, Innovation & Skills (BIS) and the Skills Funding Agency (SFA)⁷).

We believe that apprenticeships can become a sustainable and universally respected high-quality and high volume route to excellent careers if a small number of policy changes and a larger number of operational matters are addressed.

3. *Sense & Instability: three decades of skills and employment policy*, the City & Guilds Group, October 2014

4. *Remaking Apprenticeships: powerful learning for work and life*, the City & Guilds Alliance, December 2014

5. *Apprenticeships and traineeships for 16 to 19 year-olds*, Education Select Committee, March 2015

6. *Demos*, March 2015

7. The available data is for apprenticeship starts and usually covers start at each level or multiple starts from the same learner.

We have therefore counted only Level 2 starts as new entrants and used a range to allow for multiple entrants

1.4 Strategic plan

ISB employers believe that a strategic plan should be implemented in four areas:

1 Putting quality at the heart of apprenticeships:
We cannot avoid the issues around what constitutes a quality apprenticeship, but we believe this can be dealt with without excluding large numbers of occupations or roles. We therefore recommend that employer groups create progression pathways to higher levels for every sector where this is possible. We provide a model for quality, learning and assessment and a practical prescription for action, including a powerful commitment from the City & Guilds Group.

2 Employer commitment:
Motivation among employers to take on apprentices tends to vary. We believe it is possible to make a step change in employer commitment. However this must be sustainable. Employers should be given involvement and responsibility for the two big levers, while the Government and others such as trade unions act to safeguard the needs of the individual apprentice. We therefore explore;

- How licence to practice could be extended on an employer-led voluntary basis
- The options for the operation of the apprenticeship levy

We also look at growth in apprenticeships in the public sector and at supply chain level, as well as other collaborative initiatives in the private sector.

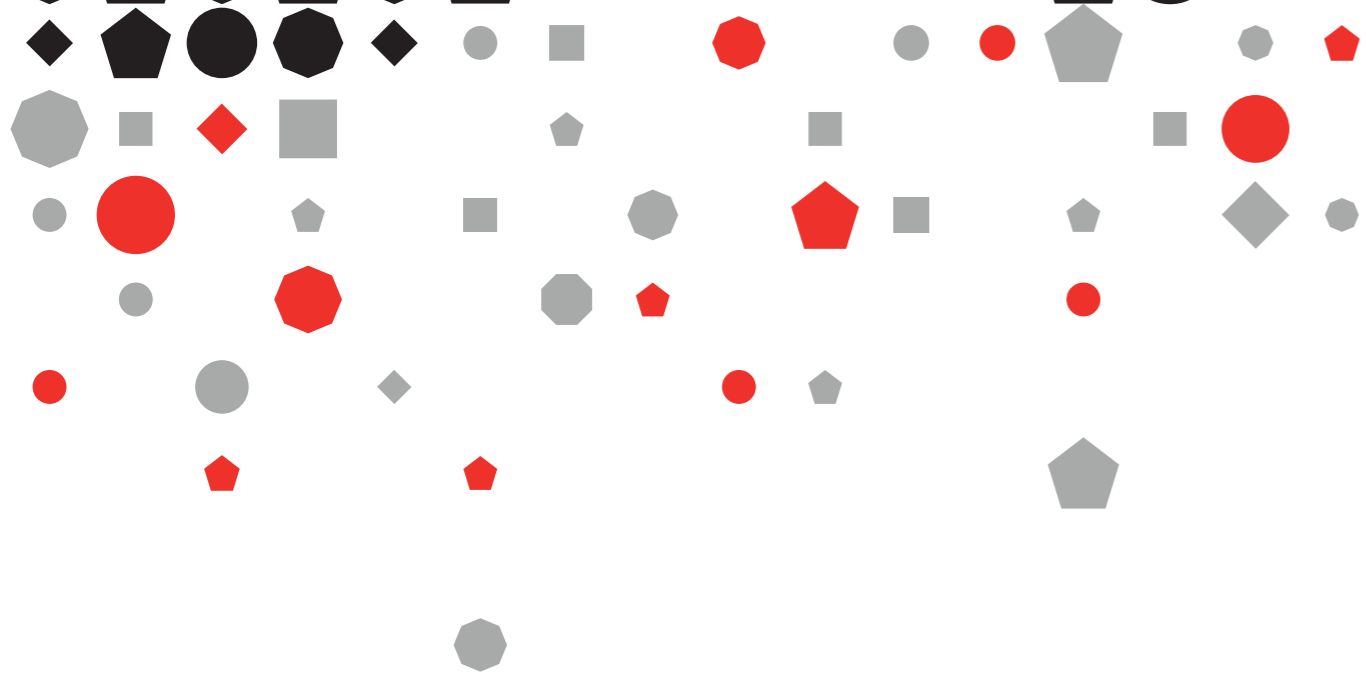
3 Access:
It should be as easy for young people to opt for and access an apprenticeship as it is for them to access Higher Education. This is held back by one policy issue and two major operational problems:

- We agree with the Education Select Committee that careers guidance in schools is inadequate⁸. Likewise, we believe that, for all groups of young people, it is skewed away from the intended employment destination at the end of full-time education (at all levels) and towards a course-based approach
- It should be far easier for young people to 'see', apply for and get onto an apprenticeship as they lead up to leaving full-time education (at all ages). We propose that employers seek to increase the proportion of apprenticeships offered as vacancies and that the government incentivises this. We then propose and describe a UCAS-style application process
- Those on full-time vocational courses should be assisted by colleges and providers to progress onto apprenticeships in order to complete their education and training and secure a career

Although we have not looked at the issues in detail, we also believe that addressing cultural barriers affecting access, including gender and ethnic minority, should be a high priority.

4 Leadership:
Apprenticeship policy should be governed by employer-led structures (which include champions of individual apprentices such as trade unions) for stable long-term development, with Government directly responsible for a small number of key decisions such as pay levels, levy collection, funding allocation, and ensuring stakeholder representation.

8. *Apprenticeships and traineeships for 16 to 19 year-olds*, Education Select Committee



02

Putting Quality at the Heart of Apprenticeships

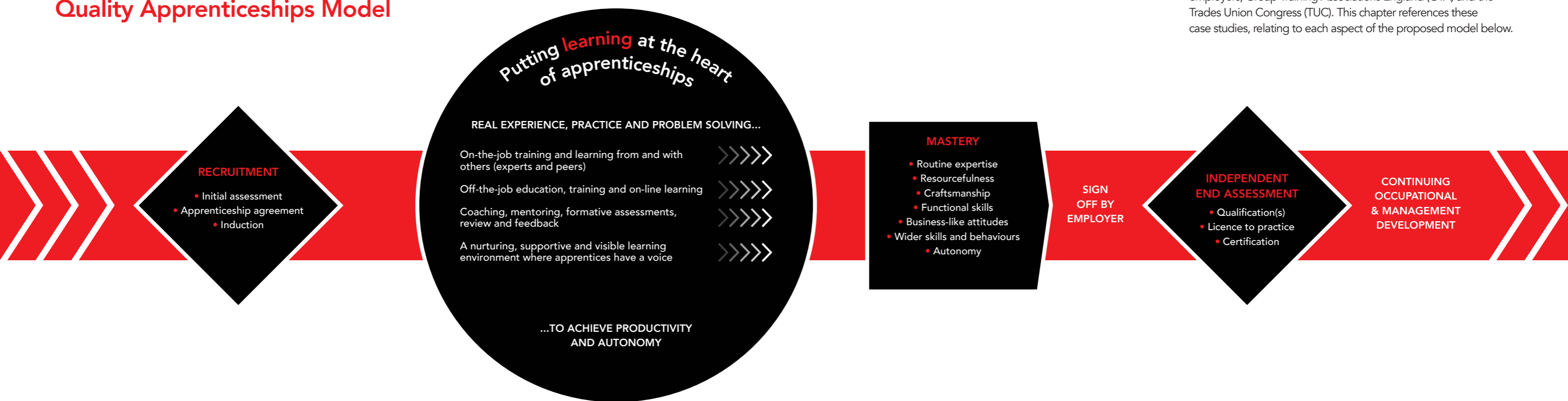
2.1 What is quality in apprenticeships?

Real growth in sustainable volumes of apprenticeships can only be secured through a strategy with quality at its heart. Our group has carefully considered what would really achieve actual and perceived quality as the central theme in apprenticeships. Our view is that this is about:

- Recruitment into apprenticeships that are intrinsically demanding and worthwhile
- Training and learning programmes that use a range of effective methods and are built on the support of highly skilled adults in the workplace
- High standards built into a demanding assessment at the end of the apprenticeship
- Progression opportunities that display the potential career routes beyond the initial apprenticeship

A model for these four components of quality, illustrated in the diagram below, has been developed based on the lessons from *Remaking Apprenticeships*⁹, the experiences of ISB employers, and the current Government apprenticeship reforms. The supplement to this report contains a set of case studies taken from ISB member employers, Group Training Associations England (GTA) and the Trades Union Congress (TUC). This chapter references these case studies, relating to each aspect of the proposed model below.

Quality Apprenticeships Model



2.2 Recruitment into demanding and worthwhile apprenticeships

The first question is: 'How do we make sure that apprenticeships are demanding and worthwhile?' The BIS policy (adopted for the new Standards¹⁰) of a single apprenticeship for a single occupation could help address this issue.

This policy will result in a wider range of apprenticeship occupations at all levels being offered to young people from the start of their training, either directly or via progression pathways. In turn, this is likely to result in an increase in applications from young people of a wider range of abilities. The majority of apprenticeships started by 16 to 24 year-olds currently begin as vacancies, and we also make proposals in chapter 3 to try to increase this number.

If more apprenticeships are offered as new jobs or roles and these represent a wider range of occupations and programmes, then the apprenticeship offer to young people could improve substantially, both in perception and reality. This could provide a highly positive move in the right direction. We would also encourage a drive to secure a wider range of opportunities as a result of the work of trailblazer employer groups.

Different roles with different employers within the same occupation can have very different skills and knowledge requirements (e.g. some retail sales staff require a very high level of interpersonal sales skills and product knowledge, while other retail roles necessitate a more limited level). We also need to strengthen the occupational profile component of the Standards to provide a clearer definition of what the role entails. Skills, knowledge and behaviours are a strongpoint of most Standards and have been emphasised by BIS, but the occupational role definition has not been and is weak in some Standards.

■ In practice - Recruitment into demanding and worthwhile apprenticeships

- Laing O'Rourke and National Grid recruit from full-time education between September and December annually
- Nationwide, Laing O'Rourke, Xtrac, National Grid and the GTAs recruit apprentices directly onto Level 3 and/or Higher Level programmes with GCSE entry
- TUI, Nationwide, Barclays, Laing O'Rourke, McDonald's, PGL Travel Ltd, National Grid, Compass and the GTAs use various specialised assessment techniques, as well as interviews to select for abilities and soft skills
- Some ISB members recruit apprentices with prior learning from full-time vocational courses
- Laing O'Rourke, Nationwide and Xtrac recruit graduates and non-graduates to different programmes and move them between as and when appropriate
- TUI, McDonald's and PGL recruit a mix of 16 to 18 year-old leavers (some when they are older) and graduates onto the same programme and have many non-funded apprentices
- McDonald's operates a 'Not going to Uni' recruitment campaign
- Microsoft uses its brand to operate a common programme across its suppliers/partners
- Barclays recruits from the third sector and job centres and operates a pre-employment programme
- Optimity uses a community 'sponsor' for each apprentice and operates a pre-employment programme
- Xtrac's induction includes a parents' evening and factory tour
- All ISB employers recruit externally onto their apprenticeships

2.3 Training and learning programmes

The City & Guilds Alliance's 2014 report *Remaking Apprenticeships*, written by Professor Bill Lucas and Ellen Spencer of the Centre for Real-World Learning at the University of Winchester, provided deep insight into the wide range of learning methods for apprenticeships. The ISB supports its conclusions and actions related to them are integrated into the action plan (see pages 18-19).

Learning methods for apprenticeships is a neglected area of national action and policy. The Specification for Apprenticeship Standards (SASE)¹¹ sets out requirements based predominantly on the number of Guided Learning Hours (GLH) required in qualifications for the Qualifications and Credit Framework (QCF)¹² and on the rules for delivery. Yet there is no overall learning framework for apprenticeships and no policy on aspects including workplace mentors or the training of trainers, as there was in the past. The only policy on learning inputs is that defining the minimum proportion of GLH that must be off-the-job.

This lack of emphasis on workplace learning, along with an approach to funding, qualifications and quality assurance guided by Ofsted's requirements for colleges and training providers, has unintentionally meant a gradual move towards a system that acts and responds as if the college or training provider is providing the apprenticeship. Yet in reality the employer provides the vast majority of the content of any apprenticeship (regardless of business size) and is supported by their chosen provider.

- **Duration:** A minimum 12-month duration has been introduced as a way of indirectly improving the skill level provided by the apprenticeship. We expect many more new apprenticeships to be much longer than they are now. However, setting an absolutely fixed minimum duration is a crude and inadequate method of dealing with quality. It has led to problems for seasonal employment in the tourism sector where high-quality, intensive apprenticeships have been delivered over more than one season, with a view to a return to employment and training the following year. The Government has already committed to addressing this issue. Our view is that it could be dealt with either by allowing national employer groups to propose shorter durations, with safeguards for very exceptional circumstances, or by changing SFA rules regarding breaks from training.

Flexibility in this regard would be particularly beneficial to employers whose workforce returns year-on-year, thus this is our preferred approach.

- **Describing apprenticeships:** BIS has committed to producing a definitive list of apprenticeship titles and these should always be used when describing and advertising vacancies. The Standard will therefore always be immediately available as a description of the occupation.
- **Initial assessment:** This can now be carried out based on the Standards, or on the National Occupational Standards (NOS) if more detail is required. This will need to include a thorough approach to assessment (and sometimes accreditation) of prior learning, which is especially important for apprentices who have completed related vocational courses in further education (FE) and have a substantial body of related knowledge and skills. These applicants could be more highly sought after because a lower price could potentially be negotiated between the employer and the provider. Initial assessment should result in an individual training plan.
- **The apprenticeship agreement:** This will now be a three-way agreement between employer, training provider and apprentice (separate or incorporated into the contract of employment). This should also be signed by the trade union if applicable.
- **Induction:** This is already a well-established component of apprenticeships but could become more employer-driven in future.

10. New apprenticeship standards developed by employers, SFA, November 2014

11. Specification of Apprenticeship Standards for England, BIS, SFA and the Department for Education, March 2013

12. Qualifications and Credit Framework

If the aim is to recognise reality and return to a more employer-led approach to delivery, then, in addition to funding reform, the employer also needs to be in the lead for training and learning. Providers will need to work through and in support of employers, rather than directly and separately with apprentices, as is often the case. The action plan on pages 18-19 contains our proposals for facilitating this, including a City & Guilds Group commitment to supporting employers and providers in various ways. Actions include:

- **On-the-job training and learning from and with others (experts and peers):** This is the most important component of any apprenticeship. A summary of the extensive range of effective workplace learning methods from *Remaking Apprenticeships* is reproduced below.

■ In practice - On-the-job training and learning

- All ISB employers and GTAs see on-the-job training/learning as central and as constituting most of the apprenticeship
- Microsoft and Compass facilitate networks and online forums
- McDonald's appoints many 'crew trainers' (five per store)
- Xtrac and GTA apprentices experience all departments
- Optimity uses mentor/apprentice agreements

- **Coaching, mentoring, formative assessment, review and feedback:** There has been some confusion about the place of formative or continuous assessment in new apprenticeships outside of qualification structures. This form of assessment is critical and should be based on the new Standards (and NOS if more detail is required) including 'behaviours'. It ought to be possible for the majority of formative assessment to be delivered by employers in future using simple tools. The City & Guilds Group is committed to developing these.

■ In practice - Coaching, mentoring, formative assessment

- All ISB and GTA employers use line managers, mentors and apprenticeship programme managers to coach, assess and provide feedback
- At Laing O'Rourke; fourth year apprentices train first years
- At Compass, Level 3 supports Level 2
- McDonald's rewards with NUS cards and railcards

- **A nurturing, supportive and visible learning environment where apprentices have a voice:** This is seen as particularly vital by ISB members, who overwhelmingly feel that young apprentices change the workplace for the better and that adults almost automatically create a very supportive and 'parental' environment. *Remaking Apprenticeships* also deals with the need for visibility of the learning processes, as suggested in research by John Hattie¹³. Trade unions should also be a component of the apprentice voice, where appropriate.

■ In practice - A nurturing, supportive and visible learning environment

- ISB and GTA employers, with their staff, create a supportive, nurturing, parental environment
- Microsoft apprentices have a voice via the appointment of 50 'top apprentices' to feedback on the programme

- **Real experience, practice and problem-solving to achieve productivity and autonomy:**

Achieving the overall outcome of autonomy (the capability to work productively with minimal supervision) is especially key. We expect the new apprenticeships to generally take longer before employers will sign off apprentices for a holistic end assessment. We feel that the end assessment should reflect full productivity and autonomy. Where productivity is particularly important we hope it is explicitly built into the Standards.

■ In practice - Real experience, practice and problem-solving to achieve productivity and autonomy

- ISB and GTA employers focus on real experience with problem-solving and mistakes to achieve full autonomy and productivity from apprentices

Learning methods that work

- Watching
- Imitating
- Listening, transcribing and remembering
- Trial and error, experimentation or discovery
- Deliberate practice
- Drafting and sketching
- Assessment for learning
- Teaching and helping
- Conversation
- Reflecting
- Being coached and mentored
- Real-world problem-solving
- Making
- Individual or collaborative enquiry
- Thinking critically and producing knowledge
- Competing
- Simulation and role play
- Games
- In virtual environments
- Seamlessly blending virtual with face to face
- On the fly

The City & Guilds Alliance's 2014 report *Remaking Apprenticeships* was written by Professor Bill Lucas and Ellen Spencer of the Centre for Real-World Learning at the University of Winchester

- **Off-the-job education, training and online learning:** The minimum requirement for the new standards is now 20% of learning time, down from 30%. To an extent there is no need for any specific requirement for this – what matters is that the apprentice develops the skills to pass the end assessment, not how learning occurs. However it is important to use the most efficient, effective and cost-effective delivery methods. There are broadly three situations that tend to produce a higher input of off-the-job education and training:

1. The need to acquire an extensive body of knowledge (as distinct from 'know how,' which is better acquired in the workplace)
2. A need for formal practical training inputs to cover skills that are either absent from the workplace or that are difficult to deliver in the workplace.
3. Maths and English (and other required functional literacies)

It will be important for employer groups and providers to promote a mix of training and learning methods so that employers can choose the best one for their situation.

■ In practice - Off-the-job education, training and online learning

- Microsoft-appointed providers offer completely different training methods, including traditional classroom, e-learning and residential 'immersion'
- National Grid and GTA apprentices spend the first year in off-the-job training
- Xtrac utilises college day-release, supplier-led training and in-house workshops
- Nationwide provides access to a 'learning zone'
- McDonald's offers drop-in sessions
- GTAs closely integrate on and off-the-job training so that these complement and reinforce.

2.4 High standard apprenticeships

Mastery: This rather traditional word is used in the action plan, as we lack a modern equivalent that conveys the same meaning as powerfully. The learning outcomes are taken from *Remaking Apprenticeships*, but we have added 'behaviours' because this is the term used in the new Standards, and employers feel these skills are extremely important. We have also included autonomy as a specific outcome. The City & Guilds Group is committed to developing tools and support services to assist in the delivery and assessment of these learning outcomes, and to delivering end assessment that reflects 'mastery' and autonomy.

Sign-off by the employer: It is expected that sign-off will be a formal process and that employers will generally be cautious about it. We see this as an extremely positive driver for quality.

Independent end assessment: This is a critical feature of the new system. The City & Guilds Group intends to use assessors drawn from employers' and providers' staff and other available freelancers. We see the independent assessor role as sitting at a higher level than that of trainer, coach or assessor in the current system and perhaps closer to the status of an Ofsted inspector (albeit with a different set of skills). ISB members feel it is crucial that assessors have the highest levels of up-to-date occupational competence, whereas competence as an assessor is something that can be trained for. Qualifications and Licence to Practice are dealt with in chapter 3.

Certification: ISB members felt that it was very important that a certificate be issued for the end assessment. The City & Guilds Group intends to do this. Employers are also keen to access end assessment for other staff such as adults already in employment who have learnt informally.

■ In practice - High standard apprenticeships

- ISB and GTA employers highly value autonomy, 'soft skills', craftsmanship, knowledge/product knowledge and business-like attitudes. These are as true for customer service roles as for product development
- Apprentice progression upwards is high amongst all employers
- National Grid operates 'refresher training cycles' every three to five years
- Optimity apprentices specialise in certain programmes for mastery of depth

2.5 Career progression

ISB employers all felt strongly that every apprentice should embark on continuing training and development once they complete their apprenticeship and that this would fit naturally into their existing arrangements for Continuing Professional Development (CPD).

However further action on this is required. In some sectors (e.g. engineering) there is a clear career path in terms of both progression at work, and training and qualifications. Such career progression pathways should exist for every sector where progression is possible, including to professional status where this is feasible. If this were available then young people seeking an apprenticeship would see on application not only the Standard describing the occupation they are entering, but also the future possibilities for their career.

Qualifications: Many new Standards include qualifications as mandatory, while others do not, meaning the end assessment may in effect become the qualification.

Our concerns here relate to the progression of apprentices upwards and sideways where the body of knowledge they acquire builds up and becomes a passport to entry to higher levels and especially to HE. Employer groups should consider these issues carefully and include qualifications where appropriate either as mandatory or recommended in the assessment plan. The City & Guilds Group's intention will be to offer qualification options wherever there will be demand from employers and apprentices.

■ In practice - Career progression

- All employers feel strongly that apprentices should continue to develop and progress and all have mechanisms for this
- GTA apprentices have a 60% progression to technician and/or professional level
- The Unionlearn Technician Pathways project encourages professional status

Results: Putting Quality at the Heart of Apprenticeships

- Completion of apprenticeships in the businesses run by ISB employers ranges from 85% to 100%. Apprentices stay longer after their apprenticeships than other employees.
- Job satisfaction is enhanced for adults because they take pride in seeing young people come through and support the company in its decision to deliver apprenticeships.
- In TUI apprentices perform on average 17% better and stay longer.
- McDonald's, Xtrac, Compass and National Grid report significantly higher productivity amongst apprentice-trained staff.
- The view from Nationwide, Barclays, and McDonald's is that apprentices create innovation and improve processes.
- Apprenticeships are a way of driving change in the gender mix for a given role.
- Research by Microsoft indicates added value of £12,000 per year per apprentice, and an increase in apprentices' salaries (after training) of 38%.
- Optimity is achieving 20% annual growth, driven partly by apprentice recruitment, training and input.
- All employers said that apprentices were promoted or progressed faster than other staff.

Action Plan: Putting quality at the heart of apprenticeships

Component of quality Putting quality at the heart of apprenticeships

Action: Employer groups/governance bodies

- Consider adoption of a training/learning and assessment framework within the sector

Action: The City & Guilds Group

- Investigate and take on board lessons from other countries using the City & Guilds Group's international work as the basis
- Create and promote at conferences etc. to increase the profile of training and learning practices
- Develop the concept of a 'City & Guilds apprenticeship' based on the quality model
- Research content of apprentices' Individual Training Plans (ITPs)
- Make better use of ITPs

Action: Government/others

- Develop policies in support of quality, training and learning in apprenticeships
- Adopt a suitable overall quality training, learning and assessment framework for apprenticeships
- Develop the Ofsted inspection framework to focus on this model
- Base success rates for new Standards on achievement of end assessment measured against entry for this (early leavers monitored separately)
- Include occupation in destination outcomes from apprenticeship and FE courses

Component of quality Recruitment into demanding and worthwhile apprenticeships

Action: Employer groups/governance bodies

- Take advantage of single occupation for each apprenticeship to develop a wider range of opportunities
- Review occupational profiles and strengthen if necessary

Action: The City & Guilds Group

- Support employer groups
- Produce 'Skillscan' type tools that are both online and paper-based
- Develop tools for assessment (and accreditation) of prior learning related to prior full time vocational programmes

Action: Government/others

- Keep to approach of a single occupation for each apprenticeship so that a wider range of opportunities will be available
- Create a list of all apprenticeship occupations linked to Standards, Standard Occupational Classifications (SOC) and NOS
- Produce clear guidance on occupational levels
- Drive for a wider range of opportunities
- Allow flexibility regarding breaks in training for seasonal apprentices

Component of quality Progression

Action: Employer groups/governance bodies

- Define career progression pathways for all sectors where progression is possible
- Include qualifications in Standards or as recommendations in assessment plans

Action: The City & Guilds Group

- Support employer groups

Action: Government/others

- Allow employer groups to set qualifications requirement (as recently adopted)

Component of quality Training and learning

Action: Employer groups/governance bodies

- Adopt appropriate policies on mentoring and actions on workplace learning and formative assessment to support sector employers
- Instigate approaches to testing and developing methods of training and learning

Action: The City & Guilds Group

- Develop/modify qualifications and support materials/guides for mentors and workplace trainers
- Develop guides for employers and providers on apprenticeship training delivery in the workplace (including behaviours)
- Develop formative assessment tools (which can be used by employers) based on a Standards and NOS
- Assist employers/providers to design and accredit programmes

Action: Government/others

- Put training and learning, especially workplace learning, at the heart of apprenticeship policy
- Develop overall policy and support for workplace training, mentors/workplace trainers

Component of quality High standards and achieving 'mastery'

Action: Employer groups/governance bodies

- Governance structures to oversee quality and raise standards
- Build learning outcomes, productivity and autonomy into Standards
- Raise standards over time

Action: The City & Guilds Group

- Support employer groups to build the outcomes into their Standards
- Develop supportive materials and guidance on the learning outcomes, autonomy and 'mastery'
- Ensure that the learning outcomes are built in to formative and end assessment
- Drive up standards with governance and other Registered Assessment Organisations
- Adopt policies on independence
- Develop tools to support employers/providers in formative assessment and recording achievement
- Expect to see employer sign-off when accessing end assessment
- Develop end assessment service using highly occupationally competent assessors
- Assess and strengthen profiles when developing assessment specs
- Issue certificates for end assessment

Action: Government/others

- Ensure funding system does not pressure providers to shorten duration and allows for a period of consolidation after final payment and before end assessment
- Define clear policy on independence
- Strengthen guidance on occupational roles within Standards

03

Increasing and sustaining employer commitment to apprenticeships

3.1 Motivation to recruit apprentices

There are significant differences between the motivations of employers to recruit an apprentice or to convert an existing employee into an apprentice. Employers will often be driven by one or more of the factors below, with different implications on uptake and sometimes the quality of the apprenticeship:

1. Recruit and train future talent
2. Train and accredit existing staff in order to increase their skills base
3. Exercise corporate (or non-corporate) social responsibility (CSR)
4. Train for the future skills needs of the employers' sectors (historically known as 'overtraining')
5. Funding and other financial incentives or requirements, especially in future to 'get back' the levy contribution
6. Improved status for the employer
7. Incentives related to licence to practice
8. Compulsion

We have identified four important initiatives, related to the motivations above, that are being taken up or could be explored to significantly increase employer commitment and take-up of apprenticeships:

- Efforts by Government to increase take-up in the public sector
- Extension of licence to practice
- Increasing the availability of 16 and 17 year-olds for the core apprenticeship trades
- The proposed apprenticeship levy

In this chapter we explain our proposals, followed by an action plan for employer groups, the City & Guilds Group and the Government.

3.2 Increasing take-up in the public sector

In parts of the public sector use of apprenticeships is largely motivated by CSR considerations. Therefore apprenticeships are often seen as a limited volume initiative taken for the social good, with apprentices seen as surplus staff who must apply for a job at the end of their training. This tends to arbitrarily limit apprentice numbers and often involves separate and limited apprenticeship budgets.

Accordingly, apprenticeships tend to be positioned as 'an initiative' sitting alongside other (usually education-based) recruitment approaches, rather than as an integrated, normal method of recruitment.

The Government is committed to growth in public sector uptake by setting targets for each department and using policy around procurement related to points 5) and 8) opposite. In August guidance was issued around procurement¹⁴, which we strongly endorse, with one additional suggestion. Volumes of apprentices and sustainability of this form of recruitment and training could be restricted unless the motivations detailed in points 1) and 2) are developed. It is unclear whether there is any intention to address these issues, but without doing so apprenticeships may not become a high-volume route to occupational competence in the public sector. **The Government's aim should be to reach the point – occupation-by-occupation – at which apprenticeships are fully integrated and become a normal entry route.**

3.3 Licence to Practice

Research by the UK Commission for Employment and Skills (UKCES)¹⁵ has found that regulation covers between 33% and 50% of the workforce. They also considered the efficacy of regulation in encouraging more and better training, with generally positive results. The City & Guilds Group has also begun research in this area and hopes to align the position on regulation with occupations suitable for apprenticeships.

It could well be that coverage of various forms of regulation is greater for apprenticeship occupations than the overall workforce. Many trailblazer employer groups have considered how they could further licensing arrangements for their occupations. We do not propose the introduction of any compulsory extension of licence to practice. **Rather we believe that a national employer-led governing body or similar (outlined in chapter 5) should take forward a concerted but voluntary approach to extension, occupation-by-occupation and sector-by-sector, working with the relevant employer groups.**

3.4 Self-sustaining apprenticeship occupations

There are a number of well-embedded occupations where 16 to 18 entry is the norm. In these, a 'virtuous circle' operates such that ex-apprentices recruit new ones, thus sustaining the model. Craft occupations like these represent the high quality core of apprenticeships. These include engineering and construction, motor vehicle repair and maintenance, hairdressing, plumbing and electrical occupations. Some do have a licence to practice of some sort but would be sustainable even without. We estimate that these cover approximately 10% of the workforce.

The key issue here is the difficulty employers (mainly SMEs) are having in recruiting 16 and 17 year-olds. Apprenticeships of this sort tend to involve a great deal of workplace training alongside 'day-release' taking place over a relatively long duration, especially where Level 3 is the aim. The employers involved have great difficulty moving up the age range to recruit because the total wage costs of such lengthy apprenticeships - when set against the development of productive capacity of apprentices - would result in a very high net cost. There is a real danger that we could lose or significantly reduce volumes in these apprenticeships unless more young people become available (see chapter 4).

14. Procurement Policy Note 14/15: supporting apprenticeships and skills through public procurement, Cabinet Office, August 2015

15. Understanding Occupational Regulation: Evidence Report 67, UKCES, March 2013 and A Review of Occupational Regulations and Its Impact: Evidence Report 40, UKCES, October 2011

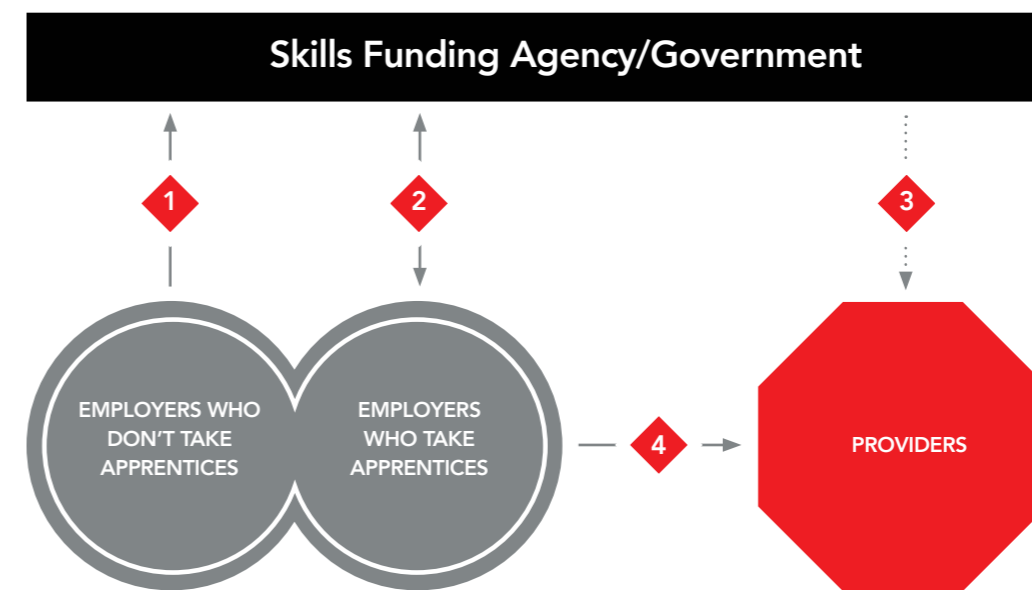
3.5 Apprenticeship Levy

The Government has opened a consultation on the proposed apprenticeship levy¹⁶, which will lead to decisions and announcements in the forthcoming Comprehensive Spending Review (CSR) and the Autumn Statement. ISB employers have been involved in informal consultations on the proposals and our working assumptions are set out in the box below.

We feel that there are two options for the basic model here illustrated opposite.

- **Option 1:** Levy rebated for take-up in cash
- **Option 2:** Levy based on virtual account

Option 1 – Levy rebated for take-up in cash, at source or in arrears

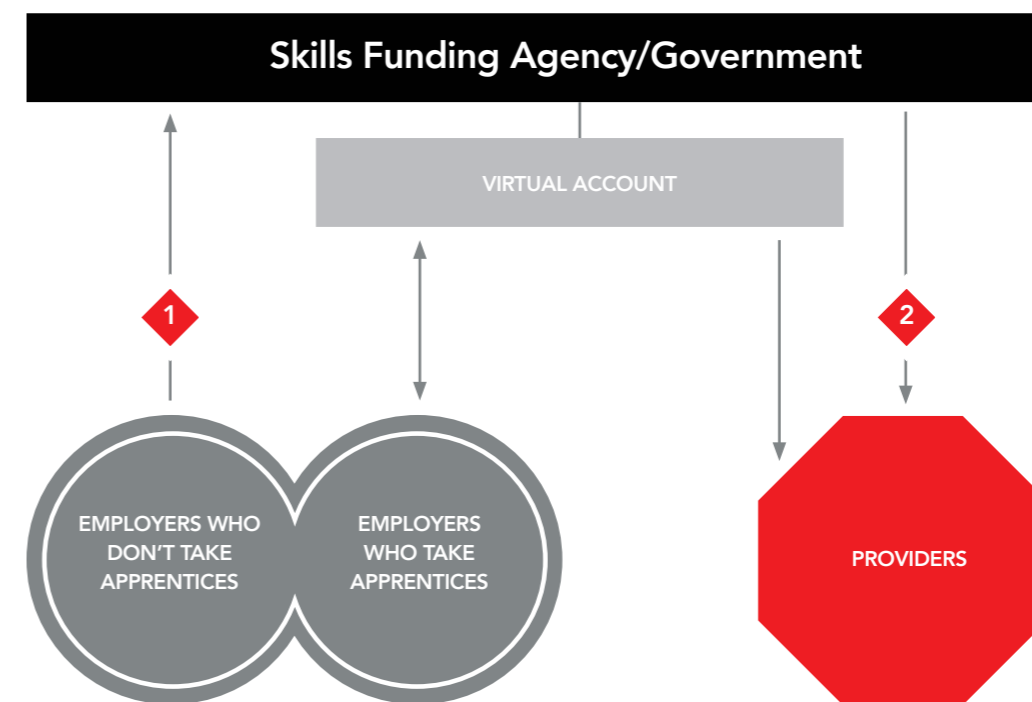


- 1 Levy payment
- 2 Levy rebated in cash at source or later for apprentice take up
- 3 Option of using provider to quality assure employer activity
- 4 Cash payments where employers use providers

Key features

- BIS proposal for direct grant employers only
- Real employer-led system
- Highest incentive to take up
- Price variability via employers
- Highest employer control

Option 2 – Levy based on virtual account: cash to providers



- 1 Levy payment
- 2 Cash

Key features

- BIS proposal for all large employers except direct grant
- Good incentive to take up
- Price variability limited
- No recognition of employers own training delivery
- Good employer control

Our Working Assumption on the Levy Model

Scope

- The levy is apprenticeship-only, although we would argue for widening the scope later on, for example to cover traineeships, end assessment for existing employees, management training, workplace trainer training and other specific CPD actions
- No differentiation by age-group, although this could change especially if employers want to prioritise 'Large employers' only – this could be 250+ employees but has not been settled yet
- To yield approximately £2.1b from 9,000 UK private and public sector employers for the UK (based on 250+ employers at 0.5% of payroll)

Collection

- UK-wide and paid to HMRC
- Taken from payroll as a percentage using PAYE or National Insurance
- Apprentice pay will be included in this
- No cash contribution to apprenticeships required from levy paying employers on top of the levy
- Groups and franchise operations would be taxed collectively and could opt to be 'rebated' as a whole

Expenditure

- Paid out in England, with other nations receiving money raised in the usual way e.g. via the Barnett Formula for Scotland. This raises the issue of whether other nations will be able to spend money raised for apprenticeships on other skills initiatives and whether each nation's employers will receive back the same sum of money they put in.
- Current intention is no cash to be paid back to employers; rather it will be 'virtual' money that 'returns' to the employer, to be held in a virtual account and spent with providers
- Principle is that 'employers can get out more than they put in' but virtual money means there may be a limit
- Exception of large employers currently on direct grant who will continue to receive cash back

Option 1 - Levy rebated for take-up in cash

This true cash-back model is desirable for many employers, because it recognises their own training and provides the strongest incentive for take-up. While this would require the SFA to develop a new approach to quality and contracting, this does not seem insurmountable, especially since it applies only to large employers. The SFA would have a number of options here:

- Strong quality assurance of end assessment
- The new sectoral and occupational governance arrangements that many trailblazers have proposed and BIS is currently deliberating (see chapter 5)
- Using providers to quality assure employer activity they are not necessarily delivering
- Building capacity in local enterprise partnerships (LEPs)
- Using an 'accountable body' model as for European Social Fund (ESF) funding

Despite these advantages, our understanding is that the Government is already committed to Option 2:

Option 2 - Levy based on virtual account

- The employer's levy payment would go in cash to HMRC as a tax but would be represented in a virtual account held by the employer
- Employers would then use the account to make expenditure decisions on the purchase of training from providers
- Those providers would receive actual cash from the SFA in broadly the same way they do now

If Option 2 is to be based on a detailed account (similar to a bank account) this too would provide for a good degree of incentivisation while retaining control of cash between the SFA and providers. The downside would be that employers' own training delivery would count for nothing, despite it typically making up the vast majority of apprenticeships.

Option 2 does include cash-back for the small number of employers who currently have direct funding from the SFA (fewer than 100). In addition, within the current funding system we estimate that more than 1,000 employers (many of which will become levy payers) are receiving funding as subcontractors to training providers and colleges, for delivery of all or part of the training. The provider quality assures this. This produces some of our best, genuinely employer-led training. This employer subcontracting is not allowed in the trailblazer funding system because it tends to push employers and providers to claiming the price cap rather than a negotiated lower figure. This will be much less of an issue when the levy is introduced and could therefore be permitted as it is in the current system.

Our proposal is therefore:

- Option 2 for most large employers with cash back (option 1) for the few directly funded employers
- Changes to the system to better facilitate employers to become directly funded (and hence move from option 2 to option 1)
- To retain the option for employers to receive funding from providers as they can now
- Governance of levy expenditure to be overseen by an employer-led governance group encompassing trade unions and other champions of the individual learner (see chapter 5)
- A strong emphasis on quality, as covered elsewhere in this report

■ In practice: Training apprentices that are not direct employees - Ginsters 'Nurturing Excellence'

Ginsters plays an integral role in an innovative approach to increasing the number of apprenticeship opportunities in Cornwall.

By pursuing a food and drink sector collaboration called Nurturing Excellence, a dedicated Project Co-ordinator has helped to introduce 97 new apprenticeship places over the last three years, many of which have come as a result of encouraging micro and small businesses to expand their operation and to develop their existing workforce. In addition to Food Industry Skills, key areas of apprenticeship uptake have focused around bakery, butchery, dairy, fish and brewing. Given the majority of apprenticeship opportunities were to support business expansion, the level of employment sustainability has been exceptional.

3.6 BIS Consultation on the proposed apprenticeship levy

Employers in the ISB and the City & Guilds Group have dealt collectively with some of the policy questions in the consultation, as set out below.

Should a proportion of the apprenticeship funding raised from larger companies be used to support apprenticeship training by smaller companies that have not paid levy?

Yes in aggregate at national level. If all of the funds paid in are not used by all of the levy paying employers involved taken as a whole, then these 'surplus' funds should be used to support apprenticeships in SMEs.

Should employers be able to spend their apprenticeship funding on training for apprentices that are not their employees?

Yes in individual cases, when employers are unable to deliver sufficient apprenticeships to 'use' all of their own contribution. Many employers will want to be able to use some of these funds to support and drive their supply chain. There are some good examples of this already involving ISB employers, including at Microsoft (see supporting case study supplement) and at Ginsters (see opposite).

How should these ceilings be set and reviewed over time?

The ceilings should be set by ascertaining the cost of training, as has been the case in trailblazer development so far. There are concerns that the SFA is seeking to change this principle.

How best can we engage employers in the creation and wider operation of the apprenticeship levy?

By the creation of a national employer-led body to take policy decisions on levy expenditure and on other policy matters in apprenticeships (see chapter 5 of this report).

Does the potential model enable employers to easily and simply access their funding for apprenticeship training?

Yes, if the proposed account is a realistic purchasing mechanism. No, where employers deliver a substantial part of the training themselves.

Should we maintain the arrangement of having lead providers or should employers have the option to work directly with multiple providers and take this lead role themselves if they choose to do so?

No. Employers should be allowed to use more than one provider as long as each delivers the whole programme for a given group of apprentices. There should be a lead provider in relation to each apprentice. We want to make it possible for employers to continue to be able to use different providers for different apprenticeship programmes and we must reduce the huge waste of money currently swallowed up in subcontracting fees. If lead providers are required then subcontracting providers must be free to enter into direct contracts with the SFA.

If employers take on the lead role themselves, what checks should be built in?

This issue does not arise under our proposed system, because part-programmes would not be managed by employers.

Should training providers that can receive levy funding have to be registered and/or be subject to some form of approval or inspection?

In principle employers should be able to choose any provider. We would however support quality assurance processes. In practice this means allowing new providers to enter the SFA system for levy purposes when employers wish to use them. We have queried the role of Ofsted in this, partly because this is now employers' money, and partly because the Ofsted process is too focused on success rates rather than the quality of training. This is distorting the current system.

How should the new system best support the interests of 16 to 18 year-olds?

Government needs to take action to create a level playing field in relation to the choice young people make between staying in full-time education or entering an apprenticeship. On the levy, if the SFA retains current policy on calculating the cap (cost) then no special system is necessary. If, however, the SFA bases pricing the cap on a different method, then an additional payment or grant for 16 to 18 year-olds would be needed to meet the legislative requirement on Government to fully fund their training for 16 to 18 year-olds.

Are there any other issues we should consider for the design and implementation of the levy that haven't been covered by the consultation questions we have asked you?

Yes. We detail these in this chapter, especially in relation to employers' own delivery and provider or employer subcontracting.

3.7 Levy funding structure: Key issues for consideration and decision

The Government's proposal to introduce an apprenticeship levy poses a number of key issues.

Three different markets: The apprenticeship levy will create the following markets:

- **SMEs** that have to make a cash contribution (currently on a 1:2 basis) and face a direct additional cost for growth in numbers and no return for their own delivery
- **Larger businesses** (of 250+ employees) facing an involuntary 1:1 contribution, no barrier to growth and significant incentives to do so. These businesses would be able to receive all their 'money' back in a virtual account for spending with providers, although they would receive no return for their own training delivery
- **Direct grant large employers** making an involuntary 1:1 contribution and seeing a return in cash for this, with a very high incentive for growth and a cash return for their own delivery

Pricing: In a virtual account model with no separate voluntary cash contribution, there will be only a limited incentive to negotiate on price with providers. The vast majority of employers can be expected to act sensibly and not deliberately increase prices just to be seen to secure their 'money'. However there would be only a limited incentive to make the money go further, unless an employer had 'spent' their levy contribution and was unable to acquire further funds to train additional apprentices. Therefore the price would tend to equal the cap (in contrast to the SME position). BIS could opt for a fixed price, which would then be different from the cap imposed on SMEs.

Employer delivery of training: Employers will almost always deliver a substantial part of the apprenticeship training themselves. Yet, with the exception of direct grant employers, it is possible they will not receive back any of their own money to fund this delivery.

Many more employers are likely to wish to opt for direct grant because of this inconsistency. The question is how this can be opened up in a practical way while still maintaining quality? For example, could Ofsted inspections be based on sectors or areas, or could LEPs use 'accountable bodies' to manage and quality assure employers receiving funding (and smaller providers, currently subcontracted) as for the ESF? It is already policy to allow subcontractors to opt for direct SFA trailblazer funding, so reform is to be expected in this area anyway. Another way of enhancing employer-led training here is to continue to allow provider to employer subcontracting as is currently the case. This has been disallowed in the trailblazer funding system but there will no longer be any need to do this in relation to levy paying employers.

Topping up: Under the planned system, employers will be able to 'get more out than they put in' so there are considerations as to how or when it should be possible to 'top up' the account. It may be that this should be done when the employer has spent their levy fund, or it could be made contingent on a reduced price. It is also unclear whether there will be a limit? It should also be possible for large firms to be able to assist SMEs in their supply chain, by making funds in their account available for the use of other employers who need this contribution.

Recruitment: Challenges facing employers in recruiting apprentices, especially at 16 to 18, could inhibit employers from doing the right thing to get their levy back. Equally, ineligibility of certain groups barred from funding (e.g. graduates) would be a problem, because some employers deal with many of these and would expect to receive funds back for training them.

Accountability: Ofsted is currently involved via providers and direct grant employers. It is difficult to see how providers could be responsible for overall quality accountability and performance under a levy/account regime. It would be possible to move to area and/or sectoral inspections for levy-paying employers, as has been done before for example with regard to the Department for Work and Pensions' New Deal provision.

Action Plan: Increasing and sustaining employer commitment to apprenticeships

Objective Make apprenticeships a normal method of recruitment and training of young people at all levels in the public sector

Action: Employer groups/governance bodies

- Develop more new Standards for public sector occupations
- Review education and training, occupation by occupation and create an apprenticeship route using the standards and qualifications already required

Action: Government/others

- Set departmental targets as planned
- Integrate apprenticeships into procurement rules
- Central unit to engage in developmental process with each department related to all key occupations

Action: The City & Guilds Group

- Support employer groups on assessment development
- Develop and deliver end assessment as appropriate

Objective Develop and extend coverage of forms of licence to practice

Action: Employer groups/governance bodies

- Review occupations and consider the development of some form of licence to practice (working with national employer governance group)

Action: Government/others

- Ask national governance body to review position for all occupations
- Work with employer groups to adopt an action plan for development

Action: The City & Guilds Group

- Support employer groups as necessary
- Develop and deliver end assessment as appropriate

Objective Use levy to increase employer take-up while maintaining and improving quality of apprenticeships

Action: Government/others

- Create a realistic account structure for employers to operate with virtual money
- Make it easier for employers to opt for direct grant
- Continue to allow provider/employer subcontracting
- Allow larger employers to use levy to assist associated SMEs
- Change policy on eligibility of graduate entry

04

Increasing take-up by young people

4.1 Recruiting young apprentices

There are a series of obstacles to the recruitment of young people to apprenticeships, particularly in attracting 16 and 17 year-olds to some of the highest quality apprenticeships. With so many young people in full-time education and with schools and sixth forms incentivised to keep them there, in most parts of the country employers find it difficult to recruit 16 and 17 year-olds to good apprenticeships. This chapter considers issues around careers guidance, the application process and progression routes, concluding with an action plan (see page 32).

4.2 Careers guidance

Without delving too deep into the very poor state of careers education and guidance, ISB members strongly support the proposals of the Education Select Committee and the Demos Commission. We are disappointed the Government recently rejected some of the Committee's potentially most effective proposals, and wish to make two further points in relation to careers guidance:

- **Society has essentially misled young people:** Poor guidance around years 10 and 11 affects young people of all abilities, whatever their likely route. The young have been led to believe that because most graduates secured high skilled training/work in the past (when there were far fewer graduates) and because the average pay of graduates later on is significantly higher than average pay (skewed by very high earnings in certain occupations) they would be foolish not to take a degree¹⁷. The 50% participation target that was in place for a number of years also affected this. But evidence indicates the low-level employment prospects of many graduates¹⁸, with many more likely to end up in non-graduate employment¹⁹. It also shows how much better the prospects are for vocational or science graduates. While we have no desire to push all young people in these directions, we owe it to them to be honest here.
- **The advice focuses on the short-term:** We believe the nature of the advice is too focused on the next course. Effective careers guidance begins with decisions on preferred career destinations and then looks at the routes to get there. We need to go from 'what do you want to do next?' to 'what do you want to become and how can you get there?'

17. Over-qualification and skills mismatch in the graduate labour market, CIPD, August 2015

18. Futuretrack Stage 4 Report, Higher Education Careers Services Unit, March 2013

19. CIPD, August 2015

Our belief here is based on experience and we would very much like to see research into this issue via interviews with young people themselves. The Association of Colleges' (AOC) report *Careers Guidance: Guaranteed*²⁰ makes clear the need for more direction and structure in careers advice sessions.

4.3 Accessing an apprenticeship

Many people in full-time education, whether in year 11, 12 or 13, decide an apprenticeship is the right route for them. But this means nothing if they cannot access opportunities in the right timeframe. The Government's national vacancy system has been a positive step, although it needs to build in a vacancy filling service and monitoring process. Yet this can only put vacancies in front of potential applicants and deal with the applications. Many apprenticeships do not appear as vacancies, and those that do appear throughout the year.

Applicants often find it much harder to secure an apprenticeship than to enrol in a sixth form or at college or university. At the same time, employers struggle to find academically middle ability young people with the skills needed to fill vacancies. This indicates dysfunction in the process. This transition is the point at which full-time education based on fixed academic years is connected with the labour market (which creates vacancies throughout the year).

We need a process that can at least improve this connection and that:

- Relates broadly to the timetable of the expected final year of full-time education (whether that is year 11, 12 or 13)
- Encourages more employers to offer their apprenticeships as vacancies and where possible to fill them between July and October
- Enables young people to leave some full-time education courses (mainly vocational ones) part-way through a year if they find a suitable apprenticeship, while continuing to complete their course (see page 30)

The first step would be to encourage providers and employers to offer more of their apprenticeships as vacancies. The majority of apprenticeships for 16 to 18 year-olds (71%)²¹ are already entered via vacancies and for 19 to 24 year-olds this is 40%. In both cases many of the remainder have been employed for less than six months before converting to an apprenticeship. Employers cannot create additional vacancies directly for this purpose but there should be scope to incentivise providers and employers to increase these proportions by bringing forward some apprenticeships that are now conversions and engaging in more planning (as many already do).

20. *Careers Guidance: Guaranteed*, Freshminds on behalf of the AoC, May 2014

21. BIS Research paper Number 205: Apprenticeships Evaluation: Learners, BIS, December 2014

With a modest increase, we could reach a point whereby the vast majority of 16 to 18 year-olds and more than 50% of 19 to 24 year-olds entered an apprenticeship via a vacancy. This would provide a solid foundation for young people to be able to 'see', apply for and secure the choice of an apprenticeship. This would in turn improve the quality of entrants from an employer perspective, and this virtuous circle would then encourage more employers to take similar action to secure the best recruits.

The second step is around timing and application. Young people need to be able to apply for and secure an apprenticeship from autumn to around May of their expected final year, with a view to starting between July and October. The old Careers Service operation facilitated this process, as it knew which employers were likely to post vacancies each year and canvassed them for details. Training providers have continued with some of these functions and large employers can operate such arrangements for themselves. **But our view is that a UCAS-style operation should be put in place to strengthen this access.** This would work as follows:

- It would be based on providers, colleges, larger employers and employer groups, posting opportunities earlier in the year and conducting a selection process akin to that of universities
- Providers and employers would make offers based on the opportunities they know they will have (judged by past years and their work with their employers)
- Applicants would accept offers in order similar to the current UCAS approach. So for example if a provider usually has around 200 vacancies for engineering Level 3 they might make 150 offers
- There would be a process analogous to 'Clearing' to fill outstanding vacancies and support young people who had not secured a place by (say) the end of May

This process would encourage more young people to opt for apprenticeships and would generally improve the quantity and quality of applicants for employers. It would need to be launched as a partial system and be improved over time. This approach would be easier to implement for Level 3 and higher at first, but as it became established it could operate for all levels and even all vacancy types. We propose the development of a potentially comprehensive system in order to lead the way but we should not crowd out other initiatives (such as those taken by specific sectors) or services which have been developed to deal with this as a market opportunity. The core system could be developed by UCAS or it could be set up by the SFA linked to its vacancy filling system. The City & Guilds Group would be willing to support this development as appropriate.

4.4 Progression of full and part-time vocational students to apprenticeships

Many young people take full or part-time vocational courses at Levels 2 and 3 in FE colleges in years 12 and 13 (and 14 in some cases). Systematic tracking of destinations of full-time students in FE has only recently been implemented. Our understanding is that this does not yet include tracking of destination occupation. **Anecdotal evidence indicates that it is likely there will be limited progression from full-time vocational courses into structured training/employment related to the vocational subject.**

Young people who have successfully completed a course in their chosen area still need workplace training to secure a career in this area, especially if they seek a career at Level 3+ but also for many Level 2 occupations. Some, of course, never have any intention to progress in this way, but a substantial proportion will wish to do so, and will not be able to without structured training in the workplace. They will still need an apprenticeship, although their prior learning may shorten the training required.

4.5 Next steps

We have a situation whereby:

- Employers have difficulty recruiting young people to their apprenticeships
- Young people completing vocational courses often do not secure their chosen career
- A link between these two problems has not been made in terms of policy or in practice in many colleges and providers

The two diagrams opposite illustrate the current picture and the ideal situation. While some of this sort of progression does occur systematically, especially in areas like engineering, early years and construction, colleges have a huge opportunity to offer unified programmes to young people that start with a full-time course and include the next step of apprenticeship training, arranged by the college (alternatively colleges could partner with apprenticeship providers).

This issue derives from a discontinuity between concepts, policy and practice related to full-time education on the one hand, and training in the labour market on the other. All young people take a general education up to the age of 16 and may continue with this afterwards, with some then moving into the vocational education and training system (either on a full or part-time vocational course in an FE college at 16 or 17, at a university at 18, or into an apprenticeship at 16, 17, 18 or later). Crucially, even if they make this move because they want to pursue a career, the vocational education course is not going to be enough by itself to secure that career. They will also need workplace training and hence an employer to provide this. This is true for courses ranging from a year-long Level 2 course in construction taken at 16 to a degree course in architecture.

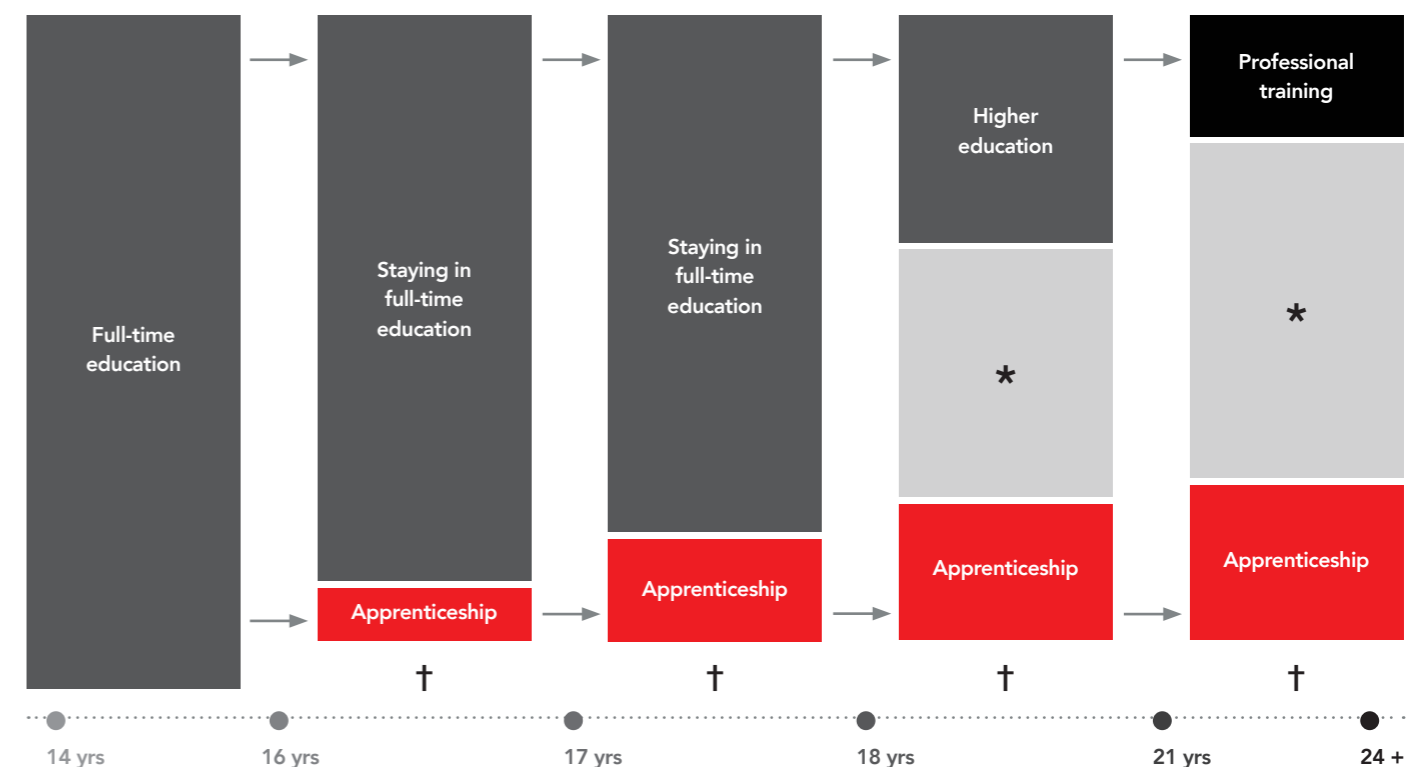
The gap lies not between those who take a degree and those who enter an apprenticeship (and the 25-30% who do neither), but between those:

- who secure vocational education and the workplace training to go with it
- who secure only general and/or vocational education but no workplace training

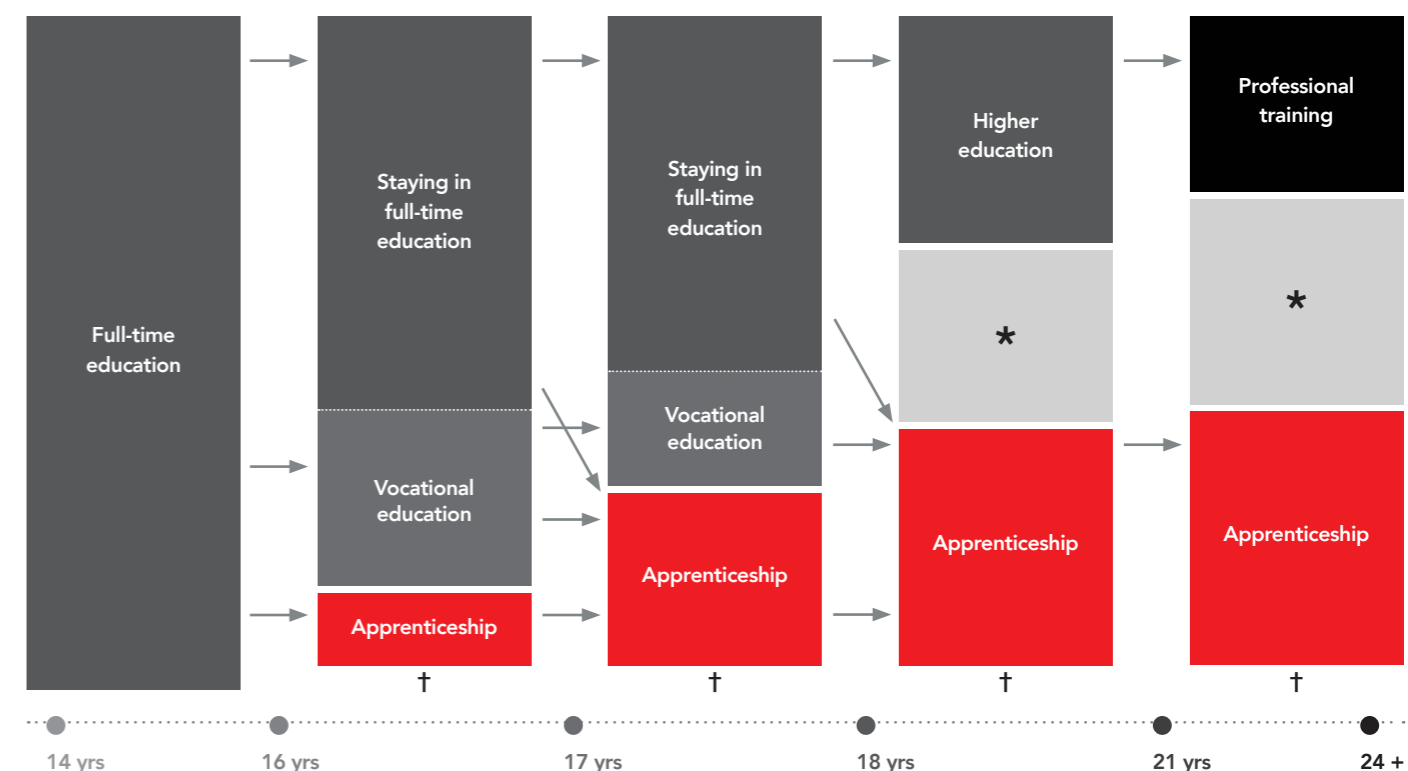
The former category includes all apprentices, as well as young people who take vocational degrees followed by workplace training (leading to professional or associate professional status) and those who take vocational courses in FE followed by workplace training (often also via apprenticeships). Many universities and colleges have also sought to incorporate workplace learning and experience into their courses. Overall, this group seemingly accounts for around half of all young people, and they are well-served by the system.

Those in the latter group are not. They may have an excellent education but they have not secured a career, and while they may secure a management development programme place with a large employer or find a route later, this often proves very difficult. We need to put far more effort into helping young people who take vocational courses in FE and HE to secure necessary employer-based training after they complete their course.

Current education to employment transition routes



The ideal education to employment transition routes



Graph for illustrative purposes only. Proportions are purely representational.

Action Plan: Increasing take-up by young people

Initiative / Service Careers education and guidance

Action: Employer groups/governance bodies

- Consider the development of careers resources for their occupational area

Action: The City & Guilds Group

- Research practice in careers guidance
- Continue to expand its 'Apprentice Connect' programme, which uses apprentices as ambassadors to deliver careers guidance in schools

Action: Government/others

- Accept and implement the recommendations of the Education Select Committee and Demos Commission on Apprenticeships

Initiative / Service

Develop a UCAS-style applications process for apprenticeships for use by full time students in years 11, 12 and 13, and encourage the development of similar systems for specific sectors

Action: The City & Guilds Group

- Work with the Association of Employment and Learning Providers (AELP) and the AOC to support the development of the system

Action: Government/others

- Fund initial investment and development
- Introduce a process to measure first-time entry to apprenticeships from 16 to 25 (as for HE)
- Address issues such as access by gender and ethnic minority via this route

Initiative / Service Progression of full-time vocational students to apprenticeships

Action: Employer groups/governance bodies

- Endorse or otherwise full-time vocational courses and their relationship to apprenticeships
- Map out progression routes

Action: The City & Guilds Group

- Assess all full-time 'Technical' (Levels 2 and 3) against the related apprenticeships and modify content where necessary so as to assist progression

Action: Government/others

- Incentivise colleges to offer packages of full-time vocational courses and apprenticeships, and to secure workplace training for vocational course completers
- Incentivise colleges to develop packages and/or form partnerships with apprenticeship providers

05

Employer-led Governance

5.1 Introduction

This chapter considers issues around employer-led governance, including the Trailblazer process.

5.2 The Trailblazer development process

Sector Skills Councils (SSCs) are employer-led bodies but the direct involvement of employer groups has made a real difference. **This has been a success in terms of employer motivation and involvement.**

We now need to develop a sensible long-term governance structure that secures the advantages of the new employer groups while integrating, changing or abolishing what was there before. The page opposite summarises the current position.

The ISB proposes a system based on the principles set out below:

- At the national level, we feel it would be beneficial to devolve many decisions relating to apprenticeships to an employer-led governing body separate from Government. This would provide a better chance of long-term stability for the development of apprenticeships while leaving the Secretary of State with the power to drive the system politically. Government should remain responsible for pay levels, funding allocation, levy collection and for stakeholder representation. This should include strong SME involvement and representation of champions of individuals such as trade unions.
- At the sector or occupational level we propose to build on the trailblazer employer group's model but to integrate this with the forms of Industrial Partnership and/or SSC. At this level, a long-term governance arrangement is needed but without forfeiting the advantage of direct drive from employers that has clearly benefited the trailblazers. These bodies/groups could also be involved in national issues over time, such as use of levy.

Current Landscape

- SSCs and bodies continue to exist but in a confused position and largely without funding
- Industry Training Boards in Construction and Engineering Construction, with levy/grant powers
- 'Industrial Partnerships' responsible for skills in a number of high value added sectors usually bringing SSCs into the structure or linked
- Industrial Strategies for more sectors than Industrial Partnerships
- UKCES is an employer advisory body which also oversees SSCs
- Trailblazer groups are based on sectors and/or groups of occupations
- First wave were derived from Industrial Partnerships
- The majority of SSCs have now supported the Trailblazer development in some way
- Professional bodies are also in a governance role in a number of areas

Issues:

- In terms of coverage of the economy it is mainly the public sector occupations which are not covered (e.g. education, health, parts of transport, water and sewage, public administration)
- SMEs are under-represented
- Trailblazer employer groups vary substantially in their accountability to the wider sector/occupational area
- Occupational base in some areas is highly specialised and will lead to many more Standards than existing Frameworks
- Long-term maintenance and development not built in systematically
- A number of groups made proposals for long-term governance and these are on hold until pending ministerial decisions on governance
- Relationship of governance to industry and occupational mix. SSCs and the professions have a good structure in relation to the economy, some occupations are missed, mainly public sector
- Direct employer involvement has made for a more effective development
- Levy plan – need for strong employer-led governance here

5.3 The proposed future model

The ISB's suggested approach would be as follows:

- A national employer-led governing body for apprenticeships with responsibility for policy, use of levy, funding approach, licence to practice development and infrastructure
- Government would remain responsible for a small number of decisions related to use of public funds, levy collection, non-levy funding allocation to apprenticeships and stakeholder representation
- The SFA or a similar body would continue to operate aspects including contracting and allocations, but would work on behalf of the employer governing body where appropriate
- Over time both governance and the levy would extend to skills policy beyond apprenticeships, especially workforce development and vocational education
- The national body should be employer-led but the need to protect the interests of individual apprentices is also understood. There should be representation on the national employer-led body for members who would champion the needs of individual apprentices, such as trade unions, MPs and awarding bodies
- Review and modify the SSC structure in order to provide sensible coverage and, where there are Industrial Partnerships, the SSCs would be integrated
- The national body would have a direct relationship with SSCs and LEPs
- SSCs would be operated on a co-funded basis similar to Industrial Partnerships
- Trailblazer groups would be linked to SSCs/professional bodies but the aim would be to avoid 'absorption'

06

Conclusion and recommendations

6.1 Conclusion

This is a pivotal moment in the history of apprenticeships. The ISB and the City & Guilds Group believe there is now an unrivalled chance to ensure businesses and young people are equally well-served by the system. As this report has set out, small tweaks and actions by relevant parties in the implementation of policy on quality, standards and recruitment could have a significant impact.

Our report includes recommendations setting out steps that should be taken by employers, by the City & Guilds Group and by Government, aiming to drive up quality, enhance commitment from businesses and public sector managers, widen access, and strengthen leadership. We have also included a summary of our comments on the proposed apprenticeship levy, in view of this being introduced and implemented over the course of 2016 and 2017.

In addition to the detailed action plans, we conclude with a concise 25-point action plan that can and should be taken in the coming months and years by employers to make apprenticeships work. These do not cover all aspects of apprenticeship policy, and there is certainly scope for further reform with regard to apprenticeships for the 25+ age group. That said, we believe they can go a long way to achieving quality in learning and assessment. There is no one solution, but we are clear that with some policy changes and a rethink of certain operational aspects, apprenticeships can become a respected and successful tool in building the future workforce and helping young people progress towards meaningful employment.

6.2 25-point Action Plan

The Industry Skills Board's 25-point action plan to make apprenticeships work:

1. BIS should adopt policies and an overall framework for the components of a quality apprenticeship, with Ofsted inspections based on the same framework.
2. BIS, employer groups and the City & Guilds Group should put training and learning (especially workplace learning) at the heart of policy and action for apprenticeships.
3. BIS should hold to its policy on a single apprenticeship for each occupation and build on this to encourage a wider range of apprenticeships to be offered.
4. The SFA should modify arrangements for breaks in training so that apprentices in high quality seasonal industries can continue their training on return.
5. Employer groups and assessment organisations should use new governance arrangements to drive up standards in apprenticeships.
6. The end assessment Standard should reflect full productivity, autonomy and mastery.
7. The independent assessor role should be higher level than that of a trainer, coach or assessor in the current system. End assessors should be highly occupationally competent.
8. Employer groups and providers should offer and promote different mixes of training and learning methods to enhance employer choice and allow employers to take on more or less of the training and learning themselves.
9. Every apprentice should embark on continuing training and development once they complete their apprenticeship and all sectors should produce progression pathways where this is possible.
10. The Government should include occupation in destination outcomes from apprenticeship and FE courses.
11. Success rates for new Standards should be calculated based on achievement of end assessment measured against entries for assessment, with early leavers monitored separately.
12. The Government should work to reach the point where apprenticeships are fully integrated and become a normal entry route into all public sector employment.
13. Action should be taken to increase the availability of 16 and 17 year-olds for the core apprenticeship trades.
14. A national employer-led governing body should take forward a concerted but voluntary extension of the licence to practice.
15. The apprenticeship levy should be based on a virtual account (similar to a bank account) and it should be made easier for larger numbers of employers to opt for direct funding.
16. It should continue to be possible for providers to subcontract to levy paying employers.
17. Oversight of levy expenditure policies should be passed to an employer-led governing body and quality should be made a strong focus of action here.
18. Careers advice should provide clarity about career destination and the routes to get there, and about the implications of graduate versus non-graduate employment and of specific degree courses.
19. A UCAS-style operation should be put in place to strengthen access to apprenticeships for young people expecting to leave full-time education in years, 11, 12 and 13.
20. Research should be conducted into making careers advice more focused on preferred career destinations.
21. BIS should encourage and incentivise providers and employers to increase the proportion of apprenticeships offered as vacancies.
22. Colleges should embrace and offer programmes that start with a full-time course and then include the next step of apprenticeship training. The Government should incentivise this.
23. More effort should be given to helping young people who take vocational courses in FE and HE to secure the employer-based training after completion.
24. At the national level, many decisions relating to apprenticeships should be taken by an employer-led governing body. This should function separately from Government, with certain decisions remaining with Government.
25. At the sector or occupational level we should build on the Trailblazer employer group model but integrate this with the new form of Industrial Partnership and/or SSC.

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