



NORTH WEST
BUSINESS
LEADERSHIP
TEAM

Shaping the Workforce of Tomorrow

Boosting England's business-led apprenticeship system





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London First



London First's mission is to make London the best city in the world in which to do business. We believe that to achieve this London also needs to be a great place to live, work, visit and invest, and that it needs to work hard for the whole of the UK. London is the UK's capital and a global player, it has risen to the top of all the main international rankings — but it wasn't always that way and we cannot afford to be complacent.

London First was set up by business leaders with the belief that they could drive positive change. We operate as a business campaigning force, with over 200 members, and are uniquely placed to champion the city.

We give London's employers a powerful voice, prioritising the critical interventions needed to keep our capital competitive and connecting with allies to create solutions that help our country succeed as one.

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North West Business Leadership Team (NWBLT)



The NWBLT's mission is to make the North West the UK's best region in which to do business, work and live for generations to come. The NWBLT brings together leaders of national and international businesses with substantial commitments and interests in the North West of England.

Working together we seek to lead, inspire and harness the power of business to help deliver sustainable prosperity for our region. Membership of the Team is made up of senior executives from the region's major businesses. It operates as an independent business voice for the whole North West and provides valuable strategic support for the region's Local Enterprise Partnerships.

www.nwblt.co.uk

 @nwblt



Foreword



This report is being launched at a critical time for the UK and its economy. If we are to rise to the challenge of delivering sustainable inclusive growth, ensuring that everyone has the opportunity to access the right training for them is crucial. To do this we must better align our education and skills system with new and existing employment opportunities.

High quality apprenticeships are an essential ingredient to achieving this goal. Some good progress has been made and there is much to be positive about. Many more major employers have engaged for the first time since the introduction of the Apprenticeship Levy. It has undoubtedly extended the depth and breadth of opportunities open to young people wanting to earn while they learn. Equally importantly, the levy has enabled more existing employees to reskill or upskill – better equipping them to face the challenges of the future.

However, the current system has also introduced a level of complexity and confusion amongst employers that has contributed to a dip in the number of apprenticeship starts overall and has had a dampening effect on the diversity of apprentices. Levy-paying larger employers are being prevented from making the best use of their funding; in our survey of UK businesses we found almost a fifth (17%) have not used their full allocation and face their unused funds expiring and being returned to the Treasury. Indeed, Government figures show that £96m of unused funds expired in summer 2019 alone. At the same time, they are finding it challenging to transfer levy money to Small and Medium Enterprises (SMEs) which have traditionally been major recruiters of young people. And we also know that programme starts for 16 to 18 year olds have fallen by nearly a quarter compared with the year before the levy was introduced.

The problem is not that businesses lack the will to use the system. A recent Association of Employment and Learning Providers survey of training providers found that three out of four could no longer meet demand from SMEs to train new apprentices, due to lack of funding. A quarter of training providers have had to turn away a small business interested in taking on an apprentice, while 17% of them have stopped recruiting apprentices altogether for new and existing SME customers.

The North West Business Leadership Team (NWBLT) and London First have come together to see how we can help to change this. This report outlines the key issues facing businesses of all types and sizes wishing to recruit new apprentices and train existing staff. Importantly, it identifies pragmatic, achievable changes that could make a significant difference.

We stand ready to work in partnership with Government and businesses large and small. We are committed to help to make the changes needed, to celebrate best practice where we find it, and to ensure that the UK has the apprenticeship system it deserves and needs to flourish into the future.



Sandy Lindsay MBE,
Vice Chair, North West
Business Leadership Team



Jasmine Whitbread,
Chief Executive,
London First

Executive Summary

Apprenticeships matter to business

Apprenticeships are one of the most important links between education and industry. This connection is longstanding and successful – they have been a part of England's education system for centuries, and since 2011 more than 3.6 million people have enrolled on an apprenticeship. When apprenticeships work well, they benefit employees, young people, communities and the whole country, not just businesses.

At its best, the apprenticeship system provides employers with access to employees with the skills, knowledge and behaviours required to succeed in today's workplaces. Apprenticeships also open new pathways into employment, deepening the pool of labour that businesses can access.

Businesses are committed to the apprenticeship system but they, and training providers, tell us that the apprenticeship system is currently not operating at its best. New apprenticeship starts are falling and the reputation of the system is suffering. Recent reforms have not had the intended impact. Businesses are concerned about the direction of a system that should be integral to their success. This is particularly the case for SMEs, which find that the funding mechanism frequently leaves them unable to hire apprentices, contrary to the Government's stated intent to increase the number of small businesses taking on apprentices.

Businesses make it clear that substantial reforms would be counterproductive. They are not calling for a radical reshaping of the way apprenticeships work. Businesses need stability to be able to invest in apprenticeships over the long term and want to see pragmatic, achievable change.

The purpose of this report is to catalyse this positive change in England's apprenticeship system.

London First and the NWBLT have collaborated to produce this report on behalf of businesses in their regions and, by extension, throughout England. Here we present the views of businesses – large and small – on the issues they face engaging with the apprenticeship system as it stands and their recommendations for pragmatic changes which will help them to recruit new – and support current – apprentices. We have also engaged training providers and local government bodies to develop a balanced understanding of what is going on, what needs to change and how that change will affect the apprenticeship system.

In particular, this report addresses changes businesses believe are necessary to improve the efficacy of the system in light of the April 2017 'Apprenticeship Levy' reforms.

Since 2011 more than
3.6 million
people have enrolled
on an apprenticeship



Our businesses have identified four issues which, if addressed, would further enhance how the apprenticeship system supports businesses to meet skills needs.

Those issues, plus solutions to them, are outlined here:

Issue	Solution	First action to take	Responsibility
<p>1. The apprenticeship system can be difficult for businesses to navigate, the right information can be hard to find and communication between employers and 'the system' is problematic</p>	<p>Enhance information and support: Enhance the Institute for Apprenticeships and Technical Education's (IfATE) position as an employer-driven 'one-stop-shop' for information and support. Review the current approach to increase direct interaction between business and the Institute</p>	<p>Create and promote a single landing website which guides employers and apprentices through the apprenticeship system, and which includes simple FAQs, the 'Find Apprenticeship Training' tool, case studies and a live chat facility</p>	<p>Department for Education together with the IfATE</p>
<p>2. Inflexible rules prevent levy funds from being allocated to the needs of business</p>	<p>Increase flexibility: Give businesses greater flexibility in how they use funds and transfer them to other businesses</p>	<p>Allow levy payers to bulk transfer funds in a single, simple digital transaction, based on their preferences, and make the funding of training for all ages, including under 19s eligible through these transfers</p>	<p>Department for Education / HM Treasury</p>
<p>3. Not all apprenticeships are achieving the desired level of quality</p>	<p>Ensure quality: Ensure that effective and robust Quality Assurance processes underpin the apprenticeship system</p>	<p>Appoint a task force to address the current blockages in End Point Assessment (EPA) processes</p>	<p>Department for Education together with the IfATE and Ofqual</p>
<p>4. Apprenticeship Standards development, approval and review processes are lengthy and resource-intensive</p>	<p>Promote efficiency: Streamline processes so that all Standards are approved within eight months and reviews are carried out quickly and regularly so that Standards remain up-to-date</p>	<p>Work with IfATE members, employers, training providers and End Point Assessment representatives to speed up the Standards approval and review system</p>	<p>The IfATE</p>

1. Introduction



A business-led action plan for apprenticeships

This report makes a clear set of recommendations to Government on pragmatic, business-backed changes, which can be made to ensure that apprenticeships policy supports UK businesses. It is intended for Government policy makers and others with an interest in the continued success of the apprenticeship system.

This report is structured as follows:

- **In Chapter 2** – Apprenticeships in England – we provide a brief overview of the purpose of apprenticeships and how they work, plus an outline of recent Government reforms through the Apprenticeship Reform Programme. This chapter contains descriptive, factual information about the apprenticeship system.
- **In Chapter 3** – The Impact of Reforms – we look at the quantitative data on the impact of recent reforms on the apprenticeship system, including changes in overall apprenticeship starts by level, sector and region and apprentice demographics.
- **In Chapter 4** – What are the Issues? – we present the feedback from businesses, training providers and Government entities about the key issues they face when engaging with the apprenticeship system.
- **Finally, in Chapter 5** – Our Action Plan for Government – we present pragmatic, business-backed changes to the apprenticeship system, which if implemented by Government would help to achieve overall objectives for apprenticeships and improve employers' ability to engage with the system.

Methodology for representing the views of business

The views presented here are a summary of findings from 20 in-depth interviews with businesses, training providers and local government representatives, 619 survey responses we received from individual businesses, plus feedback from London First's and NWBLT's prior and ongoing conversations with businesses about the issues they encounter.

Interviews were conducted in August – September 2019 with senior leaders and executives, which formed the 'exam questions' for the survey, which was open for five weeks during September – October 2019.

2. Apprenticeships in England

This section of the report outlines essential features of apprenticeships and the apprenticeship system. The purpose is to provide readers with the background knowledge required to appreciate why the key issues outlined in Chapter 4 are causing problems for businesses.

What are apprenticeships?

Apprenticeships are paid jobs which offer learners practical, business-led training which helps them get a job or a better job. For businesses, they ensure that employees are equipped with the skills they need to drive productivity and keep their business moving forward. Apprentices are entitled to the same benefits as employees, receiving a salary, holiday leave and a contract of employment.

Apprenticeships contain a mixture of on-the-job and off-the-job training, although 'off-the-job' training may still occur in the apprentice's workplace, such as

seminars and workshops delivered internally.

They are likely to include a mixture of learning and assessment delivery models, always with a focus on providing learners with skills, knowledge and behaviours which are relevant to their workplace.

The minimum duration of an apprenticeship scheme is one year, with certain schemes taking up to six years to complete.¹

At the end of an apprenticeship delivered on an Apprenticeship Standard, an apprentice must pass an End Point Assessment, which is conducted by an independent End Point Assessment Organisation and seeks to ensure the apprentice can perform their occupation to the standard expected.

Apprenticeship Frameworks do not include an End Point Assessment.

Apprenticeships can provide training equivalent to five GCSE passes up to a full Master's degree, as shown in the table below.

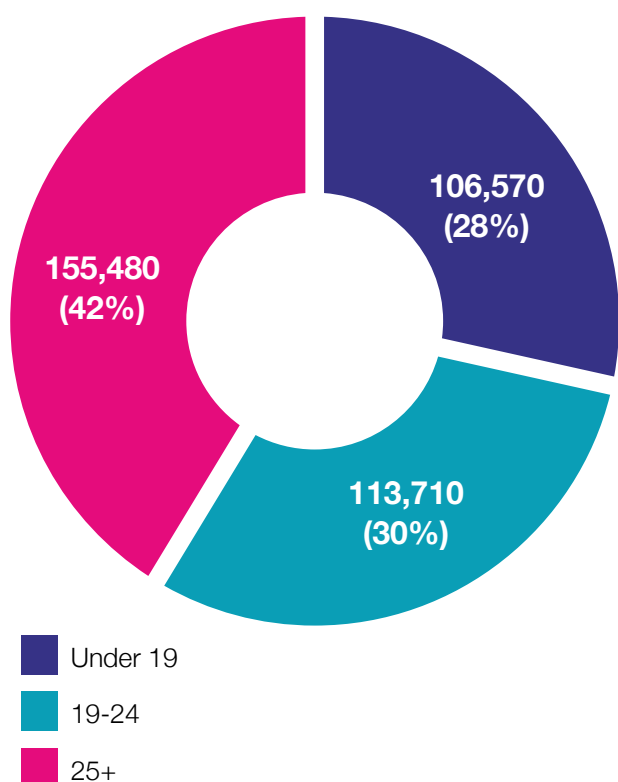
Name	Apprenticeship Level	Equivalent educational level
Intermediate	2	5 GCSE passes
Advanced	3	2 A-Level passes
Higher	4, 5, 6 and 7	Foundation degree and above
Degree	6 and 7	2 Bachelors or Master's degree

¹ Department for Business, Innovation and Skills, (2012): New minimum twelve-month duration for all apprenticeships. The one year minimum duration was introduced in 2012 in response to business concerns about the quantity of apprenticeships delivered in short timeframes which did not assure apprentices were work-ready upon completion.

As of November 2019, there are 230 Apprenticeship Frameworks and 505 Apprenticeship Standards available. The number of different apprenticeships available changes over time as new occupations appear and old ones are superseded.

In England, those aged over 16 are eligible to enrol in an apprenticeship scheme if they are not in full-time education. There is no upper age limit on eligibility, with a large share (30%-60% depending on sector and level) of apprentices aged over 25, as shown in the figure below.

Figure 1: Apprenticeship starts by age cohort, 2017/18



Training apprentices

Apprenticeships are provided by approved, dedicated training providers ('main providers') which deliver training to apprentices on behalf of employers, and by employer providers, which are employers that pay the Apprenticeship Levy and will directly deliver training to their employees. Providers may also subcontract some aspects of provision to other organisations².

The cost to deliver each different apprenticeship is allocated to one of 30 funding bands, which range from £1,500 to £27,000, based on an agreed maximum expected cost of delivery for that apprenticeship.

The upper limit of each funding band sets the maximum amount of funds an employer who pays the levy can use towards an individual apprenticeship. The upper limit of the funding band also sets the maximum price that Government will 'co-invest' towards an individual apprenticeship. The funding band maximum is not a funding rate. Employers negotiate with training providers and End Point Assessment Organisations and agree a suitable price. If the costs of training and assessment go over the funding band maximum, employers pay the difference.

² Department for Education (2019). Register of Apprenticeship Training Providers.

The Apprenticeship Reform Programme

Government has maintained a longstanding objective to improve the provision and quality of apprenticeships and vocational education. The Government introduced the modern apprenticeship scheme in 1994. Since then, there has been a gradual increase in apprenticeship starts, building from 50,000 in 1994 to a peak of 521,000 in 2011/12.

The objectives of the Government's Apprenticeship Reform Programme are to³:

- **Meet the skills needs of employers** - and the country, by being high quality, relevant programmes that result in apprentices becoming fully competent in their occupation;
- **Create progression for apprentices** - by creating high quality programmes that result in apprentices becoming fully competent with transferrable skills in an occupation that offers progression;
- **Widen participation and social mobility in apprenticeships** – to ensure that more people from a diverse range of backgrounds have access to the benefits of apprenticeships at all levels;
- **Create more quality apprenticeships** - through our campaign work and by creating a sustainable funding system and a high quality apprenticeships offer.

The Programme will also contribute to the Government's Industrial Strategy and its drive for greater social justice, as well as the wider reform programme for the Post-16 sector.

The Programme's overall vision is to create a world-class, sustainable apprenticeship system offering large volumes of high quality employer-led apprenticeship opportunities to a diverse range of individuals and to meet the skills needs of employers

DfE Benefits Realisation Strategy, March 2017

³ Department for Education (2017). Apprenticeships Benefits Realisation Strategy

The Apprenticeship Reform Programme includes a number of coinciding reforms which are all intended to contribute to the objectives above. These reforms include:

- Introduction of the Apprenticeship Levy;
- Creation of the IfATE;
- Transition from Apprenticeship Frameworks to Apprenticeship Standards;
- Introduction and roll-out of T-Levels;
- Other reforms to the provision of training and management of the system, such as the introduction of the Digital Apprenticeship Service.

Here we provide a brief outline of the reforms that are most relevant to employers and the issues outlined in Chapter 4 of this report.

The Apprenticeship Levy

The Apprenticeship Levy is a 0.5% levy on wage bills for all organisations with an annual wage bill in excess of £3 million.

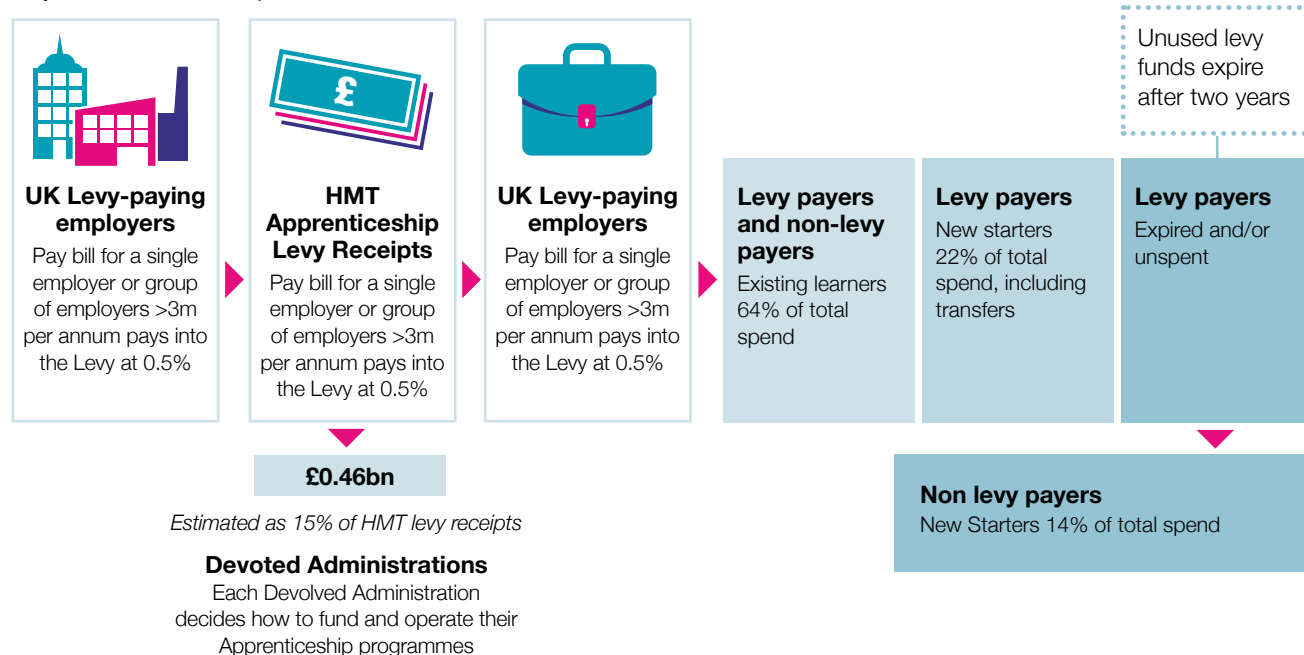
The levy is designed to contribute to Government's overarching ambition for the apprenticeship system – to put employers in control at the heart of the system – by securing a sustainable funding source for apprenticeship training.

The figure below provides an overview of how levy funds are collected and what they are used for.

Under 2% of all UK public and private employers pay the levy, but these businesses represent over 60% of total employment⁵. In its first year, the levy raised £2.7 billion and is forecasted to increase to £3.4 billion per year by 2024⁶.

Figure 2: How the levy works⁴

Levy income and forecast spend for 2019-2020



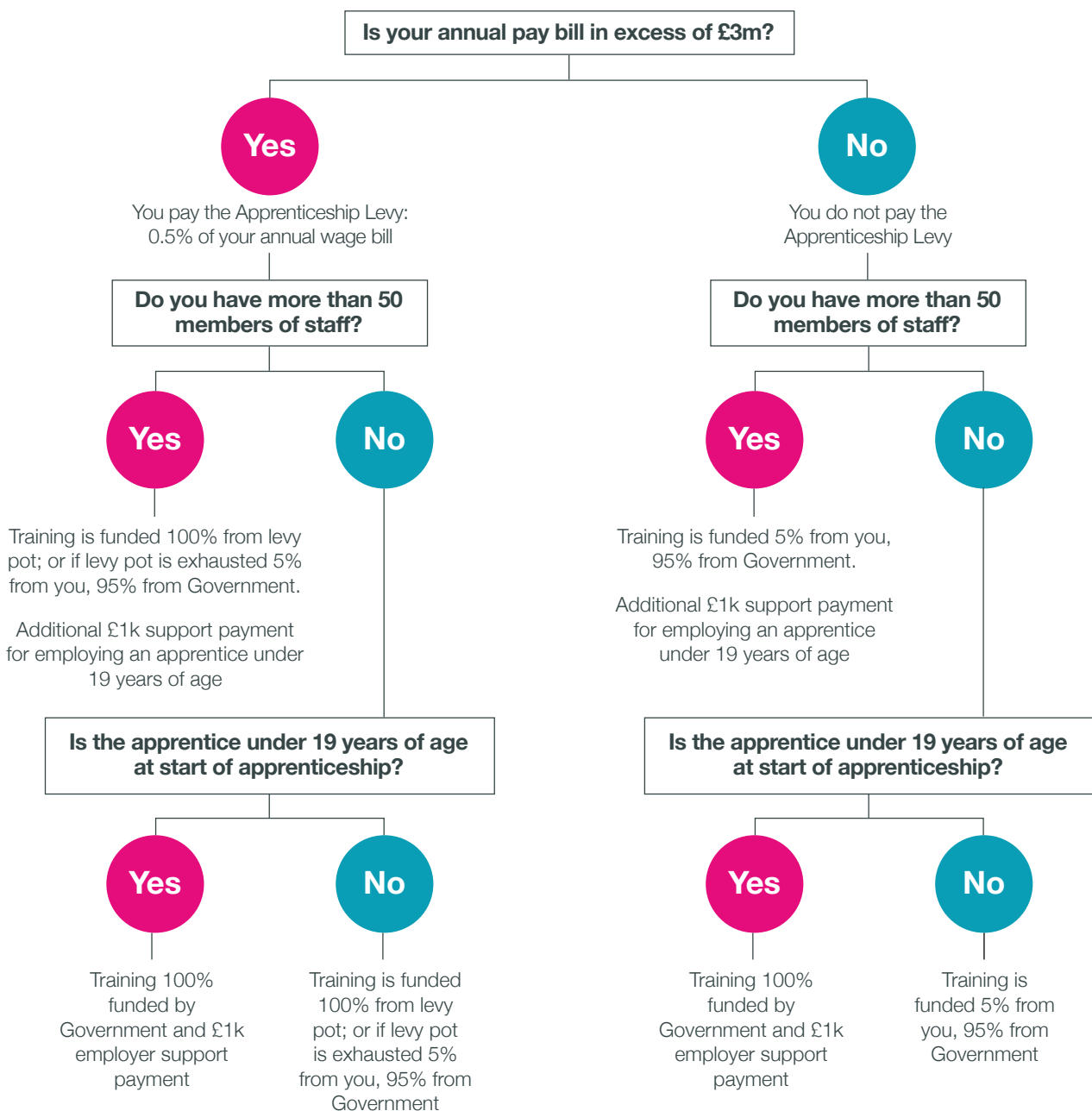
⁴ Department for Education (2019)

⁵ House of Commons Briefing (2019). Apprenticeships and skills policy in England, p.12

⁶ Budget 2018 Current Receipts, Table C5, p.96

Levy contributions expire from an employer's Digital Apprenticeship Service (DAS) account after 24 months on a "first in/first out" basis, meaning funds from September 2017 will expire in September 2019. This expiry window is intended to ease Government financial planning given that some levy-payers will accrue a large sum in their pot⁷. When funds 'expire' they are transferred to HM Treasury and are no longer available to fund apprenticeships. The figure below shows how businesses who take on apprentices fund their training.

Figure 3: How businesses fund apprenticeships – information valid for apprentice starts from 1 April 2019



⁷ Department for Education (2019). Apprenticeship funding in England from April 2019

The Institute for Apprenticeships and Technical Education (IfATE)

Established in 2017, The Institute for Apprenticeships and Technical Education is an employer-led crown Non-Departmental Public Body. The IfATE oversees the development, approval and publication of Apprenticeship Standards and assessment plans as well as the occupational maps for T-Levels and apprenticeships.

Working with employer groups called Trailblazers, the IfATE develops Apprenticeship Standards and assessment plans, as well as making recommendations on funding bands to the Department for Education for each Apprenticeship Standard.

The Institute has a role overseeing External Quality Assurance (EQA) across all EQA providers to ensure quality, consistency and credibility. They are accountable for the quality of apprenticeships and technical education.

Transition from Apprenticeship Frameworks to Apprenticeship Standards⁸

Apprenticeship Standards, which are occupation-focused, are replacing Apprenticeship Frameworks, which are qualification-focused. Apprenticeship Standards were first introduced following the 2012 Richard Review of Apprenticeships, which recommended that apprenticeship outcomes should be 'meaningful and relevant to employers'.

Standards are designed to provide employers with greater control over what is included within an apprenticeship so that what an apprentice is taught aligns more closely with the skills, knowledge and behaviours that businesses require them to have.

Apprenticeship Frameworks are due to be withdrawn from the system by August 2020.

The introduction and roll-out of T-Levels⁹

T-Levels are new courses coming in September 2020, which will follow GCSEs and will be equivalent to 3 A-Levels. These 2-year courses have been developed in collaboration with employers and businesses so that the content meets the needs of industry and prepares students for work.

T-Levels will offer students a mixture of classroom learning and 'on-the-job' experience during an industry placement of at least 315 hours (approximately 45 days). They will provide the knowledge and experience needed to open the door into skilled employment, further study or a higher apprenticeship. T-Levels will become one of the main choices for students after GCSE alongside:

- Apprenticeships for students who wish to learn a specific occupation 'on the job'
- A-levels for students who wish to continue academic education.

T-Levels will be based on the same Standards as apprenticeships, designed by employers and approved by the IfATE.

⁸ House of Commons Library (2019). Apprenticeships and skills policy in England.

⁹ Department for Education (2019). Introduction of T-Levels.



Case Study:

Apprenticeships successfully supporting evolving business needs

Company: BAE Systems

Sector: Aerospace, Defence and Security

Location: Multinational

Size: 80,000+

Number of apprentices: 2,000

BAE Systems is an employer apprenticeship provider, delivering its own apprenticeship training with some specialist areas contracted out to other providers. Like many manufacturers in the UK, BAE Systems faces the challenge of an ageing workforce. A strong apprenticeship programme helps support long-term workforce planning and creates the opportunity to tailor the skills taught to what the business needs. BAE Systems has found that apprentices tend to be loyal to the business with a very low level of staff turnover.

In the past five years, BAE Systems has nearly doubled its number of apprentices to about 2,000 positions in 25 different types of apprenticeship. Roughly half of these are in the 16-18 age range, and most of the remainder are 19-24. A decade ago, the company's apprentices would have been almost entirely in engineering, but they now provide an increasing number of opportunities for apprentices in occupations such as project management, administration, finance and sales. A growing share of the apprenticeship intake is for engineering degree apprenticeships.

BAE Systems has been at the forefront of apprenticeship changes in the last few years, chairing trailblazer groups and helping to design relevant Standards, which helps the company train its many specialist engineers and technicians. The organisation has made a significant investment in responding to the levy, creating a dedicated in-house project team to oversee the complex workflow associated with managing thousands of apprentices. With this demand the company expects to utilise its levy and is drawing from its digital account without loss of funds.

BAE Systems, together with fellow employers across the sector will be working with the Institute for Apprenticeships and Technical Education to update a number of Apprenticeship Standards as part of the Engineering Route Review, ensuring that Industry 4.0 skills are covered.

3. The impact of reforms



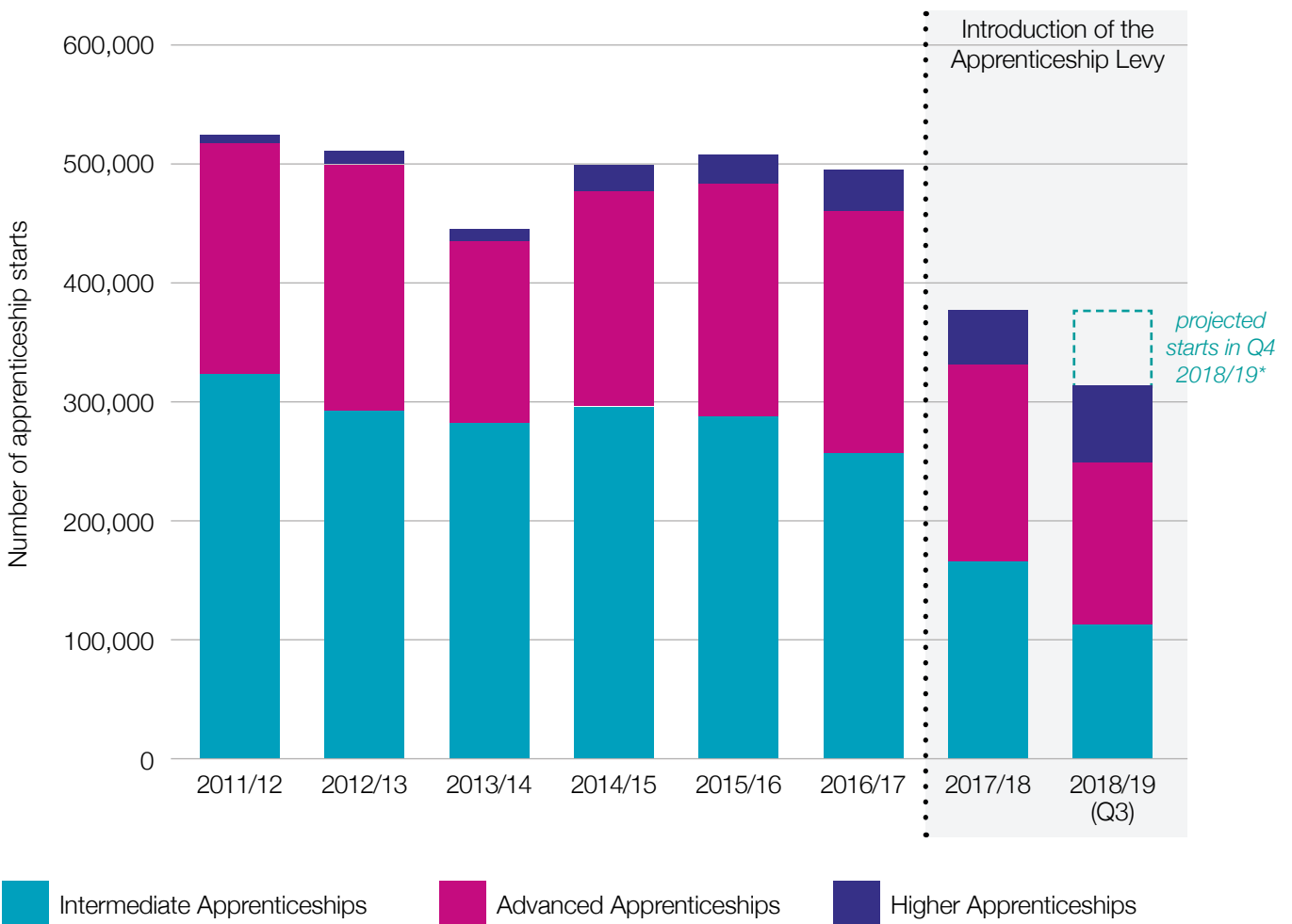
Although the reforms to the apprentice system have been broadly welcomed by businesses, they have also had a concerning impact on the number of apprenticeships starts, as well as the diversity of those taking up these opportunities. This chapter looks at what is causing this shift, using a selection of quantitative evidence. This information is based on the Department for Education's Apprenticeships and Traineeships Statistical Dataset (2019) unless otherwise noted.

Figure 4 below shows total apprenticeship starts per year from 2011-2019, split by the level of that apprenticeship. It shows that from 2011 – 2016 apprenticeship starts were basically steady at around

500,000 starts per year. Starts were predominantly in Intermediate Apprenticeships (60% of the total) and Advanced Apprenticeships (37%), with Higher Apprenticeships accounting for just 3% of starts over that time.

Since the introduction of the Apprenticeship Levy in April 2017, however, the picture has changed. Starts for 2017/18 dropped by 120,000 (24%) from 495,000 to 375,000, driven by a fall in the number of starts in Intermediate Apprenticeships. Starts in Higher Apprenticeships have increased and now account for 12% of total starts since the levy's introduction – a four-fold increase, albeit from a low base.

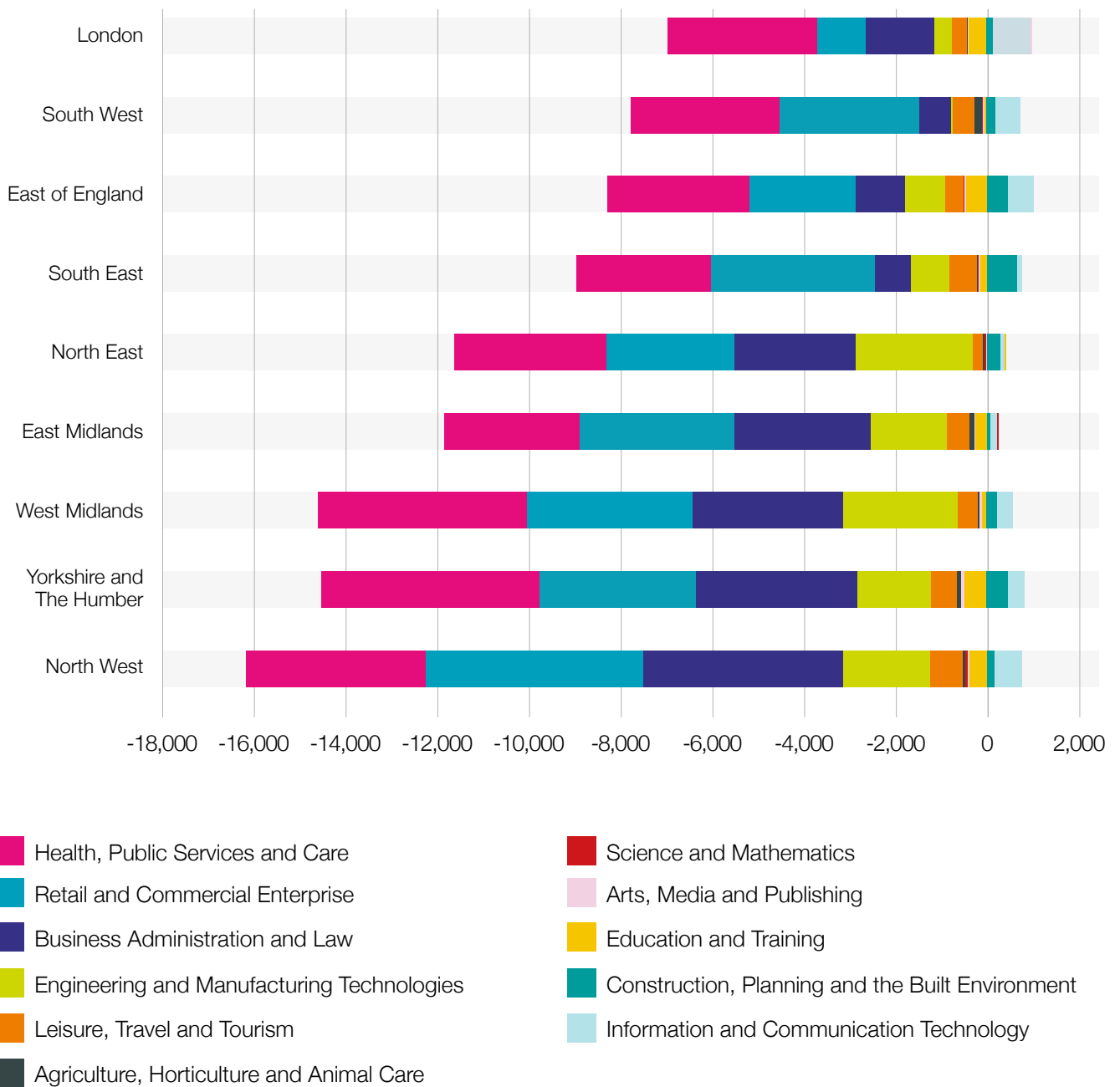
Figure 4: Change in apprenticeship starts, 2011-2019



* Note: Projected starts in Q4 2018/19 were calculated based on the proportion of Q4 starts to total starts 2017/18

Figure 5 shows the change in apprenticeship starts by region and sector following the introduction of the Apprenticeship Levy. It shows the year-on-year change in apprenticeship starts using data from 2016/17 and 2017/18.

Figure 5: Change in apprenticeship starts by region and sector, 2016/17 to 2017/18



Please note: to enhance legibility not all percentage values are shown

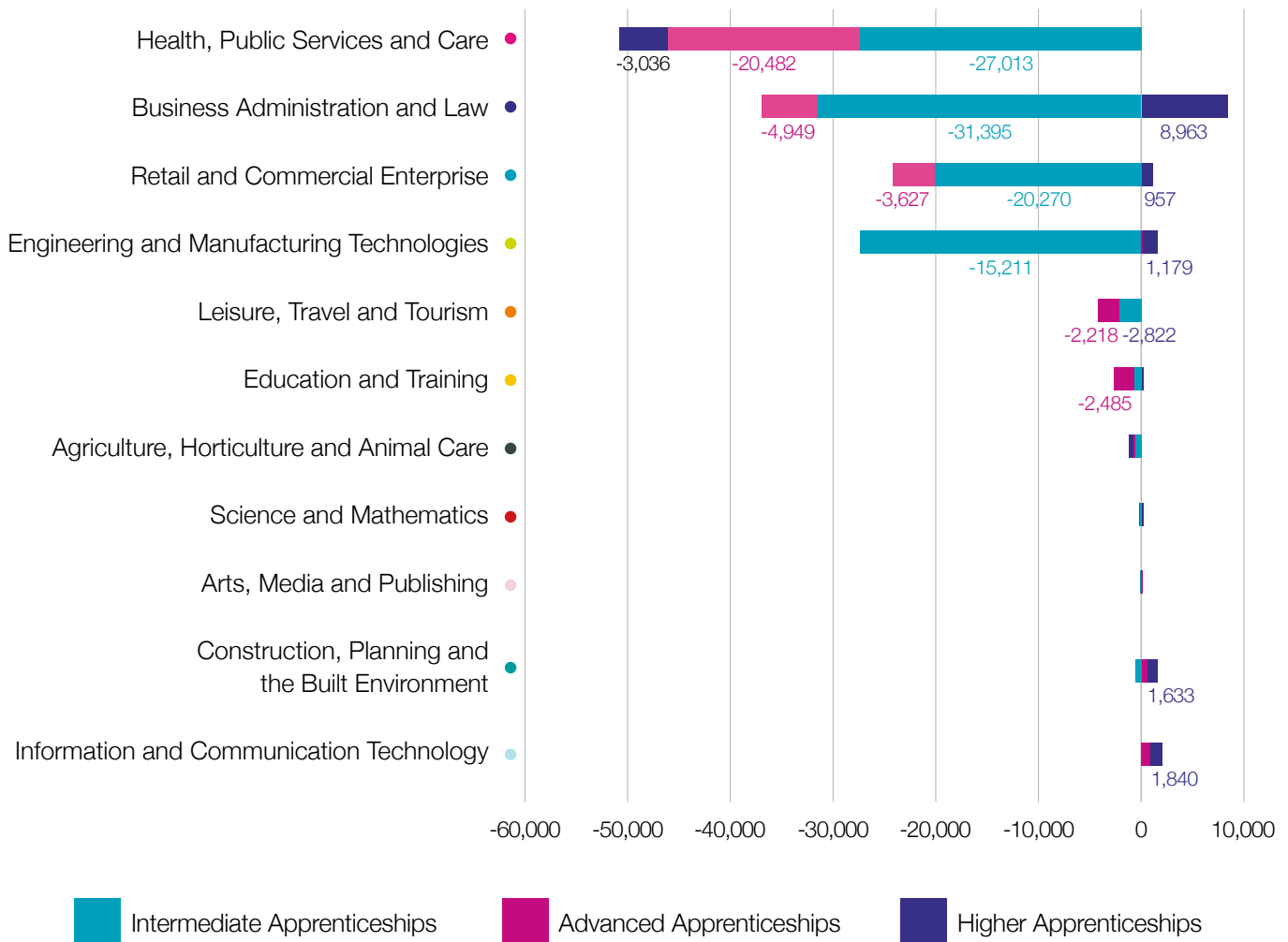
This analysis shows that:

- **All regions experienced a decline in apprenticeship starts.** The North and Midlands have experienced more substantial decreases in apprenticeship starts than London and the South, with the North West experiencing the largest single net decline at 15,400. This is likely connected to the sectoral composition of the North's economy compared to London and the South East, as sectors which are strongest in the North also tend to be those sectors which have experienced more substantial declines in apprenticeship starts.

- **The three most popular subject areas account for a substantial proportion of the decrease in starts.** Health, Public Services & Care along with Retail & Commercial Enterprise decreased the most across most regions, falling by roughly 25%-42% (1,000-6,000 fewer apprentices in each region). Business, Administration & Law decreased by a smaller share, falling by 10%-30% across all regions.

Figure 6 below shows the change in apprenticeship starts by subject area and apprenticeship level following the introduction of the Apprenticeship Levy. It shows the year-on-year change in apprenticeship starts using data from 2016/17 and 2017/18.

Figure 6: Change in apprenticeship starts by sector and apprenticeship level, 2016/17 to 2017/18



This analysis shows that:

- **Intermediate Apprenticeship starts fell across all subject areas.** The largest reductions in Intermediate Apprenticeships occurred in Business, Administration and Law; Health, Public Services and Care; and Retail & Commercial Enterprise.
- **The mix of apprenticeships in Business, Administration and Law is shifting towards Higher Apprenticeships.** Although the Business, Administration and Law subject area witnessed the largest single decline in Intermediate Apprenticeships (-31,395) this decline was partially offset by a substantial increase in starts in Higher Apprenticeships. This is a positive outcome in line with Government stated objectives of increasing the number of Higher Apprenticeships and one that business welcomes.
- **Apprenticeship starts have increased in Construction, Planning & Built Environment and Information & Communication Technology,** which is likely to reflect the system successfully responding to employer skills needs in these sectors. For both of these subject areas the increase has been driven by more starts in Higher Apprenticeships and, to a lesser degree, Advanced Apprenticeships. This is encouraging, given the importance of these sectors to the UK's clean growth ambitions and local industrial strategies.

As well as the overall decline in apprenticeship starts following the introduction of the levy, there has also been an impact on the characteristics of people choosing to start an apprenticeship. The following metrics suggest that the levy's introduction has had a dampening effect on the diversity of apprenticeship starts:

- The number of women starting apprenticeships has **declined at twice the rate as for men** (80,000 fewer starts compared to 39,000) – the first time since 2009/10 that women have accounted for less than half of apprenticeship starts
- **28.4% of learners were aged 16-18.** 16,180 fewer starts in this age group following the levy's introduction. However, a 48% increase in the number of starts in Higher Apprenticeships.
- 87% of learners starting apprenticeships were White. **The proportion of starts from learners from Black, Asian, and Minority Ethnic (BAME) backgrounds was 11.2%** (compared to 14% across the population). This proportion was steady following the levy's introduction.
- 11% of apprenticeship starts were learners with learning difficulties and/or disabilities. **The proportion of new starts by learners with learning difficulties and/or disabilities has been increasing steadily since 2013/14.**

One positive effect of the levy's introduction is the increase in apprenticeship starts in Higher Apprenticeships, which shows that learners are increasingly viewing the apprenticeship system as a pathway into higher-skilled employment.

4. What are the issues?

The data shows a profound change in the number of apprenticeship starts, as well as the composition of those undertaking apprenticeships and the kinds of apprenticeships they are pursuing.

We have spoken to businesses and training providers in London, the North West and throughout England to understand how they have been affected by recent changes to the apprenticeship system. This section presents a summary of their views on the key issues they encounter when engaging with the apprenticeship system.

The key issues are:

1. The apprenticeship system can be difficult for businesses to navigate, the right information can be hard to find and communication between employers and 'the system' is problematic;
2. Inflexible rules prevent funds from being allocated to their best possible use;
3. Not all apprenticeships are achieving the desired level of quality; and
4. Apprenticeship Standards development, approval and review processes are lengthy and resource intensive.

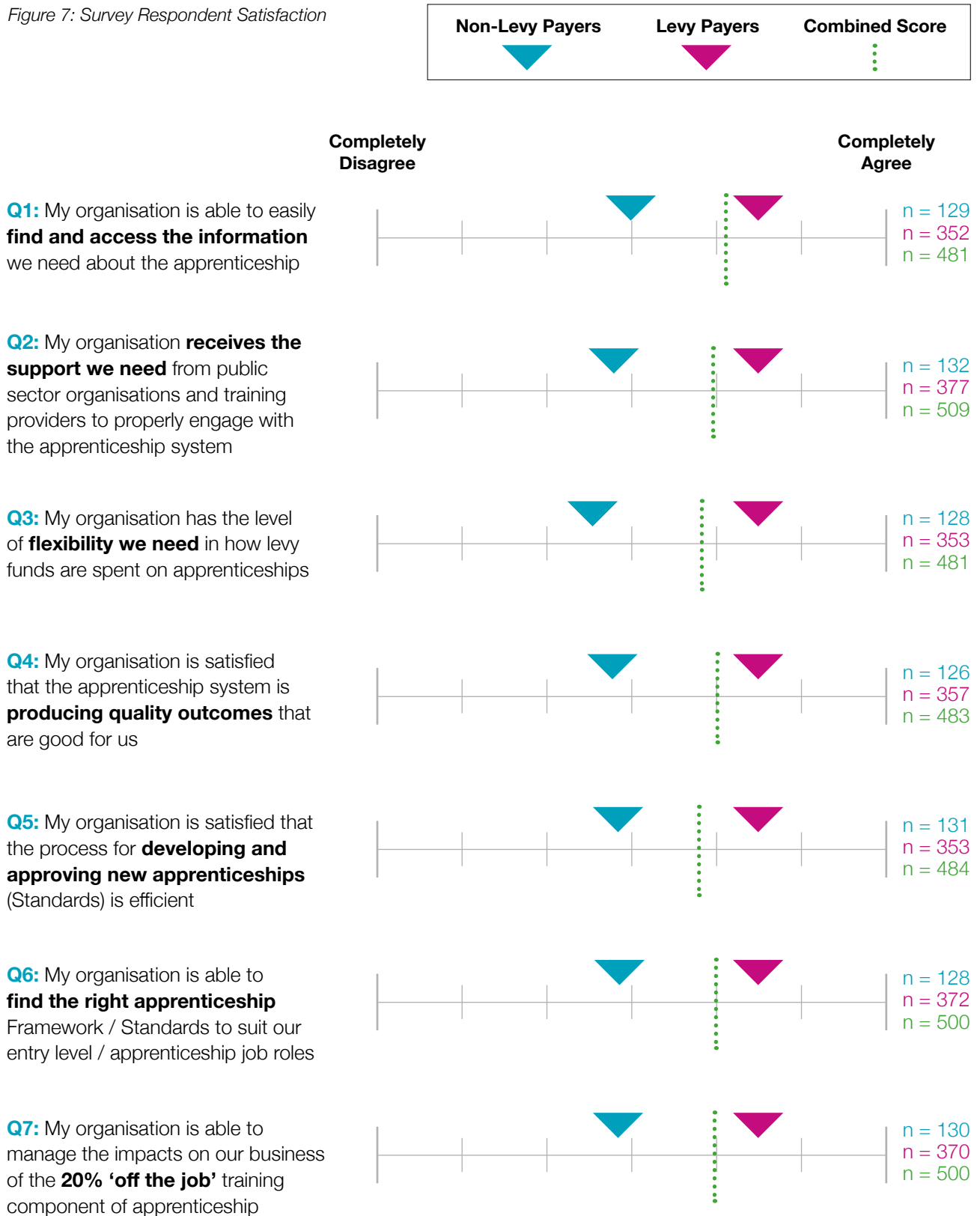
Our consultation with business illustrated a significant split in the opinions of businesses that pay the Apprenticeship Levy and those that do not. On the whole, levy payers are more able to navigate the apprenticeship system than non-levy payers.

We published a survey to collect feedback from businesses throughout the country, asking them to indicate their level of agreement on a scale of 1 [completely disagree] to 7 [completely agree] (with 4 being neutral) with a number of statements about their satisfaction with the apprenticeship system. The scales on page 20 show the average score for each statement and indicate that levy payers are consistently more satisfied.

We're very committed to apprenticeships. As a company we're very keen on giving people opportunities. To show you don't have to go to university to have a fulfilling career. If we want to properly deliver our aims of giving people opportunities, we absolutely must bring people in at different stages in their career.

Associate Director – Emerging Talent Lead, Mace

Figure 7: Survey Respondent Satisfaction



1. The apprenticeship system can be difficult for businesses to navigate and the right information can be hard to find

The apprenticeship system is complicated and employers are often uncertain of their obligations to their apprentices, providers, regulators and other entities. Over time, this confusion undermines the reputation of apprenticeships as a concept and a 'brand' and makes employers less willing to engage with the system.

Businesses report being aware of no single source they can rely on for information about the apprenticeship system, meaning accurate information is hard to find. Businesses – particularly SMEs – are unsure who to turn to when trying to address their most complex problems.

Large levy-payers report requiring new Learner Management Systems and teams of staff so they can manage their apprenticeship obligations. Smaller businesses often do not have the resources available to invest in the systems and processes required to hire apprentices, reducing their engagement with the apprenticeship system.

The introduction of the levy was an overwhelming change. We have no internal resources to work with different providers, interview them and manage our apprentices. It was a big jump that landed on us with no guidance. The levy has increased our administrative burden. It's a pure cash outflow.

HR Director, Encirc

This analysis shows that:

- Important information is spread across multiple places, making it hard to access and use.** It can be difficult to find the correct information or for businesses to even be aware of what information exists. For example, awareness of the National Register of Levy Payers appears particularly low, which means SMEs find it difficult to identify levy-paying businesses from which they could receive levy funds. Further, it is often unclear who the intended audience is supposed to be for a piece of information. The apprenticeships.gov.uk website contains information for prospective applicants and employers on a single page, however business awareness of the website is low.
- Businesses need more support in understanding and complying with the 20% off-the-job component of training.** Some businesses – particularly SMEs – struggle to provide adequate cover for the time their apprentice spends away from the workplace, which inhibits them from hiring apprentices at all. Others remain unsure about how off-the-job training should occur, including the rules about what off-the-job training may be delivered within the workplace. Extra information and support would help businesses clarify how the 20% off the job component of training should occur.

- Business and training providers would like more support to understand and adapt to continual reform.** Multiple coinciding reforms to the apprenticeship system over the past five years have added complexity to the system and require continual adaptation to new processes and requirements with limited support in how to do so.
- It is very difficult to feed information back into the system.** Businesses wishing to start a dialogue with Government or other entities within the apprenticeship system frequently report being unable to do so, or not receiving a response to their questions or comments. Further, many businesses find it difficult to know who they should approach with their questions and feedback.

Some companies report proactively filling this information gap by providing business-to-business mentorship to other organisations to dispel myths and promote engagement within their sector. Similarly, some training providers are experts at navigating the complexity of the system and helping businesses understand what to do. These practices, however, are entirely dependent on strong relationships for them to occur.

We understand that the Department for Education is working to develop a one-stop-shop approach to providing information and support. This effort will be extremely important to addressing current issues around information and accessibility and should be done in partnership with businesses and training providers.

Survey Question: *My organisation is able to manage the impacts on our business of the 20% off the job training component of apprenticeships:*

Non-Levy Payers

Agree: **45%**
Disagree: **49%**

Levy Payers

Agree: **75%**
Disagree: **17%**

n = 130
n = 370

2. Inflexible rules prevent levy funds from being allocated to the needs of business

Inflexible rules prevent funds from being used to deliver training where it is most needed, and the 24-month expiry window means that funds disappear from the system faster than firms are able to use them.

All businesses, regardless of whether they pay the levy or receive funding from the Government or another business face a similar challenge: the use of apprenticeship funds is currently restricted to an overly limited set of training activities. Apprenticeships are not suitable for all business needs. Robust and accredited traineeships, pre-apprenticeship training and potentially other forms of in-work training are also important. Current inflexibility around the levy leaves some businesses with little choice but to pursue objectives which may not match up with Government objectives for how levy funds are spent, such as converting existing graduate level programmes for current employees into apprenticeships. This risks undermining the long-term credibility of apprenticeships for businesses and apprentices.

Levy payers and non-levy payers face different challenges associated with the inflexibility of funding:

- Levy-payers' issues are typically about being unable to use funding in a way that suits their business needs; and
- Non-levy payers' issues are typically to do with access to funding itself.

For levy-payers:

- **Rigid rules mean funds frequently expire before they can be used.** Because businesses do not want to see their levy funds "go to waste" despite difficulties finding other organisations to transfer funds to, there is an incentive for businesses to spend money on training which may not be critical to their needs. Businesses report that greater flexibility in how funds can be spent and transferred would increase their ability to fund the training that is most important to their business (and ultimately our wider economy).

- **Transferring funds to non-levy payers is complicated and time-consuming because funds cannot be block transferred.** The process requires active management in order for levy funds to be spent how the levy-payer wishes them to be spent. Built up funds cannot be 'block transferred' to other organisations or bodies; instead transfers must occur on a month by month basis.
- **Funds cannot be spent to cover the administrative burden of hiring apprentices.** Because of the complexity of navigating the apprenticeship system these administrative costs can be significant for SMEs and larger businesses operating on tight margins, and so they cannot afford to hire apprentices even when levy funds may be available.

Survey Question: *Are you on course to spend all your levy funds?*

Yes: **68%**

No: **17%**

Unsure: **15%**

n = 366

Survey Question: *(asked only to levy-paying organisations who expected not to spend all their levy funds this year): What proportion of your levy funds will your company under-spend?*

Less than one quarter: **39%**

Between one quarter and one half: **47%**

Less than one half: **14%**

n = 64

“The funding environment for apprenticeship providers is incredibly uncertain, making long-term investment in the sector next to impossible. It is currently less of an investment and more of a gamble! For as long as funding levels of apprenticeships can be changed with as little as three months’ notice, no one will make the long-term investments in technology and innovation so badly needed to meet the demands of the economy. As other sectors have shown, greater certainty in the funding landscape will have a transformative impact on investment, resulting in the development of the world-class apprenticeship education system that is needed by this country’s employers to succeed.”

Chair, Federation of Small Business Skills Policy Board and CEO of Optimity

For non-levy payers:

- **Insufficient funds exist in the system to enable non-levy payers to hire apprentices.**
The proceeds from the levy are intended to fund the apprenticeships for both levy-payers and non-levy-payers. Given that levy-payers have priority access to their own levy funds, to help SMEs a separate funding pot has been set aside for them. However, in practice this has proven to be hugely insufficient for the needs of SMEs, leaving many unable to access apprenticeship funding at all. Training providers are finding their limited non-levy allocated funds (‘the funding cap’) runs out well before they are able to satisfy SME demand for apprenticeships. Providers report turning potential SME employers away because they have exhausted their pot of non-levy funds.
- **Access to levy funds is often dependent on strong relationships with levy-paying businesses,** but many SMEs do not have levy-paying organisations located near them or part of their supply chain, so these relationships are difficult to establish. Few ‘match-making’ services exist to help link levy-payers and non-levy payers together.

The management of the levy comes with additional responsibilities that some employers just can’t take on

Apprenticeship Lead, Liverpool Combined Authority

Businesses appreciate that recent reforms have tried to secure a stable funding mechanism for the apprenticeship system. However, as outlined above, in its current form the levy is unable to provide businesses with the funding they require to invest in apprenticeships.



Case Study:

Inflexibility of funds

Company: Mace

Sector: Construction

Location: London

Size: 6000+

Number of apprentices: c.100

Other issues: Lack of Apprenticeship Standards; difficulties managing providers

Mace is committed to providing high quality apprenticeships. In July 2017, Mace has ranked as the Top Apprenticeship Employer in Central London and 3rd across the UK by RateMyApprenticeship.co.uk and has continued to gain recognition for its approach to apprentices and trainees, including winning Best Advanced Apprenticeship at the School Leaver Awards 2019

Since the introduction of the Apprenticeship Levy in 2017, Mace has spent under just over 12% equivalent to £215,000 out of their total levy pot of £2m. Mace would need to double apprenticeship recruitment to a total of 300 in order to spend their contributions before the 24-month spending window expires.

Although Mace is keen to transfer unspent levy contributions, the inflexibility of the levy-transfer process prevents them from doing so. Despite the share of levy funds transferable increasing to 25% in 2019, there are restrictions preventing an effective levy-transfer process.

Levy funds cannot be block-transferred. Instead, the recipient firm receives transfers on a monthly basis. Levy-transfers can only be used on Standards which have incomplete coverage. For the most part, transfers can only fund new starts. The levy can only be used to fund one part of the cost and resource required to support an apprentice effectively.

If the levy-transfer process were to function optimally, this would result in over £400m transferred to non-levy paying SMEs in the construction industry. Mace's experience shows that the levy transfer process needs to be improved to truly provide a secure funding stream for apprenticeships.

3. Not all apprenticeships are achieving the desired level of quality

Businesses require assurance that the apprenticeship system provides them with access to a well-trained and appropriately skilled workforce.

Concerns exist in two key areas:

- **Assuring quality of training provision -**
Employers need assurance that providers can deliver appropriate training. However, it is difficult to find information on employers' satisfaction with a training provider, undermining trust that apprentices will be work-ready on completion of training. There has been a substantial increase in the number of training providers registered on the Register of Approved Training Providers (RoATP) and its 'Trip Advisor style' feedback tool, but businesses awareness and take up remains low.
- **Assuring work-readiness of apprentices at the end of their apprenticeships -** End Point Assessments (EPAs) are a welcome Quality Assurance feature of Apprenticeship Standards. However, bottlenecks in the system are resulting in lengthy delays between an apprentice finishing their training and their EPA being conducted. Further, some businesses expressed concern that apprenticeship training is being geared towards an apprentice passing their EPA rather than actually assuring they are work-ready upon completion of their training.



4. Standards development, approval and review processes are lengthy and resource intensive.

The Standards development and approval process is expensive, time-consuming and inconsistent across sectors. This inhibits businesses' timely access to skilled employees and, by deterring businesses and training providers from being involved in the development process, may reduce the quality and relevance of Standards to business needs.

In particular:

- **The complexity of getting Standards approved slows down the process**, meaning Standards cannot keep up with changing industry skills needs. We recognise that in 2018/19 the IfATE approved 167 Apprenticeship Standards, exceeding their target by 24¹⁰. However, delays in the transition from Frameworks to Standards mean that there is still no Business Administration Level 2 Standard apprenticeship available, despite all Frameworks being withdrawn from 1 August 2020. This is a significant concern for training providers, which risk the training they currently deliver – and which they know is popular to employers - being withdrawn from the system with no replacement on offer, due to delays in a process they cannot control.

- **Developing new Standards relies on individual businesses being willing to contribute their time, which can be difficult, especially for SMEs.** Even where businesses are keen to recruit apprentices into an industry requiring Standards to be developed, it can be difficult to form a Trailblazer group or to meet with other employers in the same industry to identify a skills gap. This can be off-putting for businesses which must devote substantial time and resources to engage with apprenticeships. This is particularly the case for SMEs which have only limited resources they can apply to influence the apprenticeship system.
- **The review process for existing approved Standards is unlikely to keep pace with rapidly evolving business requirements.** The IfATE is aware of this difficulty and has recently made progress to review Standards which underpin apprenticeships in job roles where business skills needs evolve most rapidly, including digital, engineering and agriculture Standards.

The transition to Standards has been very difficult. Standards were developed separately. The quality regulation within the system isn't in place. There is no consistency.

CEO, Association of Employment and Learning Providers

¹⁰ Institute for Apprenticeships and Technical Education (2019). Annual Report and Accounts for year ended 31 March 2019.



Case Study:

Lack of Apprenticeship Standards

Company: Encirc

Sector: Glass manufacturing

Location: Elton, Cheshire

Size: 1000+

Number of apprentices: 0

Other issues: 20% off-the-job training; accessing providers

Founded in the border counties of Northern Ireland in the 90s and expanding into Britain in 2004/5, Encirc is a young, innovative glass manufacturing company which invests heavily in its physical capital. The company is home to two of the biggest glass furnaces in the world and makes eight figure investments to re-vamp their manufacturing process every decade.

Since the Apprenticeship Levy was introduced in 2017, the company has ceased recruiting any apprentices in their Cheshire plant which used to employ two to four apprentices each year. Encirc currently recruits five to eight apprentices in their Derrylin plant based in Northern Ireland. Recruitment difficulties have meant that Encirc has scarcely used their Levy contributions.

Although Apprenticeship Standards provide apprentices with more job-specific skills compared to Frameworks, in Encirc's case, this has resulted in apprentices not having the necessary cross-disciplinary skills to be work-ready in the company's highly innovative, technically demanding environment.

Attempts to establish a Trailblazer group through the Association of British Glass over previous years were unsuccessful. Recruiting apprentices is a widespread problem across the glass manufacturing sector.

Whilst the company is taking a proactive approach to engaging with England's Apprenticeship system with plans to recruit a Talent Manager in place, the lack of a suitable Apprenticeship Standard to address Encirc's skills needs will create additional challenges for Encirc's Talent Management Team.

5. Our action plan for Government

Businesses are committed to the apprenticeship system. At its best, it provides employers with access to employees with the skills, knowledge and behaviours required to succeed in today's workplaces. Apprenticeships also open new pathways into employment for people, thereby deepening the pool of labour that businesses can access.

However, businesses and training providers tell us that the apprenticeship system is not operating nearly as well as it could. Although **businesses make it clear that substantial reforms would be counterproductive**, the pragmatic changes we are suggesting here would contribute to the overarching objective of putting employers at the heart of the apprenticeship system. Making these changes should help to increase the overall number of apprentices hired at all levels and the quality of the training they receive. These proposals have the strong backing of both businesses and training providers.

We call on the new Government to implement our plan for change:

1. Enhance the Institute for Apprenticeships and Technical Education's (IfATE) position as an employer-driven 'one-stop-shop' for information and support. Review the current approach to increase direct interaction between business and the Institute;
2. Give businesses greater flexibility in how they use funds and transfer them to other businesses
3. Ensure that effective and robust Quality Assurance processes underpin the apprenticeship system;
4. Streamline the Standards development, approval and review process so all Standards are approved within eight months in line with the current IFATE target¹¹.

¹¹ The IfATE's annual report for 2018-19, p.18

1. Enhance the Institute for Apprenticeships and Technical Education's (IfATE) position as an employer-driven 'one-stop-shop' for information and support. Review the current approach to increase direct interaction between business and the Institute;

Better support through the IfATE will enable businesses to engage with the system more effectively and with greater confidence in what they are doing. A single authoritative communicator of information will provide clarity.

Businesses require access to **a single, highly optimised, easy to find landing website** which is a one-stop-shop for the information they need, including:

- The Register of Accredited Training Providers (RoATP);
- The 'Find Apprenticeship Training' tool;
- Find an Apprenticeship;
- The Register of End Point Assessment Organisations (RoEPAO);
- National Register of Levy Payers;
- Funding bands list;
- Information on Trailblazers;
- Best practice in the Standards development process; and
- Frequently Asked Questions which provide greater clarity regarding common misconceptions that exist in the system, such as around levy obligations and off the job training requirements.

This website must be interactive, featuring 'live chat' functionality to connect businesses directly with subject matter experts who can answer questions in real time on how to navigate the apprenticeship system.

Beyond the provision of information which is easy to access from a single place, businesses require support in how to navigate the apprenticeship system. Support will be most effective if it is administered by a single authoritative body, allowing businesses to become familiar and develop relationships with a single trusted source. The Institute for Apprenticeships and Technical Education (IfATE) is designed to play this role and is well-placed to do so. It requires more support to complete this work, and must find ways of being able to provide 'on the ground' guidance for employers. **Closer partnerships between the IfATE and (for instance) local Growth Hubs, Local Enterprise Partnerships and Mayoral Combined Authorities would ensure businesses could access local support that is backed by the IfATE's subject matter expertise.**

Businesses require assurance that the apprenticeship system truly is employer-led and central to this is enhancing and publicising the employer-centric nature of the IfATE. The IfATE is the lynchpin in the apprenticeship system and it is vital that it represents the views of businesses. Whilst the IfATE has strong business and provider representation, we want to ensure that:

- **The IfATE has clear mechanisms for two-way communication with businesses and training providers.** This could be accomplished in a number of ways, including regional and sectoral forums, regular roadshows, a strong and active and responsive web presence. The most important thing is that businesses can feed in views and get a response from the IfATE in a timely way and an assurance that they are listening and welcoming feedback – ie we are all working together towards a shared aim of making apprenticeships stronger.

- **The IfATE properly represents (and reflects in its activities) the views and interests of SMEs** as well as larger firms and providers. The strength and effectiveness of the apprenticeship system depends on SMEs being able to use the system as well as any large business.

20% Off the Job Training: of particular concern to employers of all sizes and in all sectors is the rigidity and confusion around the 20% off the job training, both in terms of a belief that it is not always necessary and is actively dissuading a large number of employers from employing apprentices and in the huge confusion surrounding what it constitutes and how to meaningfully log it. This needs to be addressed in all comms.

First action to take: create and promote a single landing website which guides employers and apprentices through the apprenticeship system, and which includes simple FAQs, the 'Find Apprenticeship Training' tool, case studies and a live chat facility



Case Study:

Successful integration of apprenticeships into business

Company: Grant Thornton UK LLP

Sector: Professional services

Location: National

Size: 4,500+

Number of apprentices: 800+

Grant Thornton is a leading professional services firm employing over 4,500 people within the UK. The company ranks within the top 10 accounting firms and has a strong position in the mid-market and public sector.

To date, Grant Thornton has received several awards in recognition of the company's effort to promote opportunity through social mobility and inclusivity. Since the introduction of the Social Mobility Employer Index in 2017, Grant Thornton has consistently featured in the Top 10 and was ranked number 1 in its first year.

Reflecting the awards the company has received, Grant Thornton has shifted its split of school-leavers to graduates intake since the Apprenticeship Levy was introduced in 2017. The company employs over 800 apprentices, with a significant proportion of these joining as school-leavers - approximately 25%. This is a shift from previous recruitment practices which historically had 10/90 split of school leavers to graduates.

To achieve a more diverse workforce, Grant Thornton has evolved its recruitment practices, placing greater emphasis on strengths and potential as opposed to previous experience and formal qualifications. This entails removing academic barriers to entry in the recruitment process and proactively working with disadvantaged communities and schools and engaging a broad range of universities.

The company's success in adapting post-levy changes is attributable to its strong involvement with the apprenticeship system and the nature of the accountancy industry. Grant Thornton was heavily involved in developing Apprenticeship Standards in the accountancy sector through the Trailblazer group to ensure the emerging Standards were fit for purpose.

The benefits of Grant Thornton's focussed engagement with apprenticeships are twofold. Firstly, it meant that the company had timely access to Standards that fit their skills needs and allowed them to move faster than their competitors. Secondly, it meant that the company had a strong grasp of how the system operates so they could effectively utilise their Apprenticeship Levy and entirely align it to their workforce development plans.

Grant Thornton is a success story showing that England's apprenticeship system can achieve intended outcomes under the right conditions. It also underscores the importance of investing time and effort, and a commitment to social mobility, to achieve successful results. It is important that the system continues to support companies – including SMEs – to contribute to evolving Standards.

2. Give businesses greater flexibility in how they use funds and transfer them to other businesses

Greater flexibility will allow businesses to support a broader range of training activities. In particular, simplified rules and greater flexibility in how funds can be transferred to other businesses will ensure funds can be spent on training where it is most required for our wider economy.

The Department for Education working with The Treasury (HMT) could implement a package of interventions to help secure this outcome:

- Allow levy funds to be used for a wider range of pre-employment activities (not including continual professional development), such as training programmes in employability skills, and traineeships.
- Allow transfers to be used to fund training for 16 – 18 year olds in SMEs with fewer than 50 staff, for which transfers to fund training are not currently permitted.
- Consider extending the 24-month spending window in consultation with employers.

- Allow levy payers to ‘block transfer’ funds to SMEs/funding pools (ie a general pool that all SMEs, or all SMEs in a particular sector, can draw from) rather than having to make month by month transfers. So that the transfer process is transparent, and to give levy payers comfort that once transferred their funding will be used appropriately, block funds could be transferred into escrow accounts. An escrow account is a holding account controlled by an independent, third party organisation. It helps to ensure that levy-payers retain visibility of how their funds are used, **should they wish to**, because the business that is due to receive the funding can only access it once it meets certain conditions set by the transferring business eg that the funding is used for specified training purposes.
- Develop a national or regional ‘match-making’ service for distributing levy funds to SMEs, which could be based on the model deployed by the Greater Manchester Combined Authority.

First action to take: Allow levy payers to bulk transfer funds in a **single, simple digital transaction**, based on their preferences and make the funding of training for all Under 19s eligible through these transfers



Case Study:

Local support helps employers engage with apprenticeships

Authority: Greater Manchester Combined Authority

Objective: Develop a package of support measures for non-levy paying employers across the city region that creates additional high quality apprenticeship opportunities within their businesses

Location: National

Web address: <https://www.greatermanchester-ca.gov.uk>; See also <http://levymatchfinder.co.uk>

The Greater Manchester Combined Authority (GMCA) seeks to provide localised support to businesses and training providers in the North West. They focus on:

- Workforce planning advice and support
- Support with salary costs for SMEs to cover backfilling costs while apprentices are completing their 20% off the job training
- Quality advice and improvements
- SME-focused marketing and promotion
- Support with training costs – Levy Matchmaking Services

The intention of this local support is to put these elements together as a package which significantly reduces the cost of employing an apprentice (salary and training co-investment) whilst providing the workforce planning and business development support required to ensure a high quality opportunity is created.

Of particular interest to this report is the Levy Matchmaking Service:

Launched in August 2019, Greater Manchester Combined Authority's online matchmaking service is the first of its kind. It aims to simplify the Apprenticeship Levy transfer process by matching large companies with unspent levy funds to non-levy paying SMEs who want to hire apprentices but do not have the resources to finance their training.

Employers large and small can register on the website to transfer or receive funds from their apprenticeship digital accounts covering the training costs of a specified apprentice. Successful matchmaking ensures that levy contributions are retained within the Greater Manchester area, easing business concerns that funds are “disappearing” out of the apprenticeship system.

The service also helps training providers to use their limited non-levy funds more effectively, and only once levy funds are not available. Employers, levy and non-levy can participate in this matchmaking service by signing up to the Government's Digital Apprenticeship Service portal.

3. Ensure that effective and robust Quality Assurance processes underpin the apprenticeship system

A focus on robust Quality Assurance will reassure businesses about the value they receive from engaging with the system and will help to enhance the system's public reputation and brand.

Ways that the Department for Education together with the IfATE and Ofqual could enhance Quality Assurance include:

- Increase take-up and awareness of provider rating systems to ensure businesses can source providers which deliver appropriate training, in particular the 'Find Apprenticeship Training' tool on the Government's education website.

- Ensure that there are Quality Assurance bodies to support End Point Assessments for the pipeline of apprentices who are about to complete their training and/or are waiting on an EPA to occur in order for their training to be completed.
- Work with large employers and providers to provide sensible and robust self-EPA methods where there are no suitable external End point Assessment Officers (EPAOs).

First action to take: Appoint a task force to address the current blockages in End Point Assessment (EPA) processes.



4. Streamline processes so that all Standards are approved within eight months and so that reviews are carried out quickly and regularly to keep Standards up-to-date

Streamlined processes will improve the apprenticeship system's ability to respond quickly and effectively to changing business skills needs.

Our understanding is that the IfATE has begun a process to move towards eight-month approval times for new Standards¹². This should be followed through on. Further interventions to streamline the Standards development and approval process which can be implemented by the **Department for Education together with the IfATE** include:

- Remove hurdles within the approval process by reducing the number of accrediting bodies and other entities involved in developing and approving Standards.
- Aid employers to develop Standards through Trailblazer groups by providing them with clearer guidance on what fit-for-purpose Standards look like.

- Support greater SME engagement through better resourcing and outreach from Trailblazer groups and via sector/business organisations.
- Involve training providers in Trailblazer groups, as active participants with the skills and knowledge of what employers and apprentices need plus expertise in how to translate this into curricula.
- Set a timetable for the review of existing Standards to ensure they remain fit for purpose as skills needs evolve over time.

First action to take: *Work with IfATE members, employers, training providers and End Point Assessment representatives to speed up the Standards approval and review system.*

¹² National Audit Office (March 2019). Report by the Comptroller and Auditor General: The Apprenticeships Programme.

Appendix – Survey Results



NWBLT and London First published an online and telephone survey as part of the consultation which occurred to produce this report.

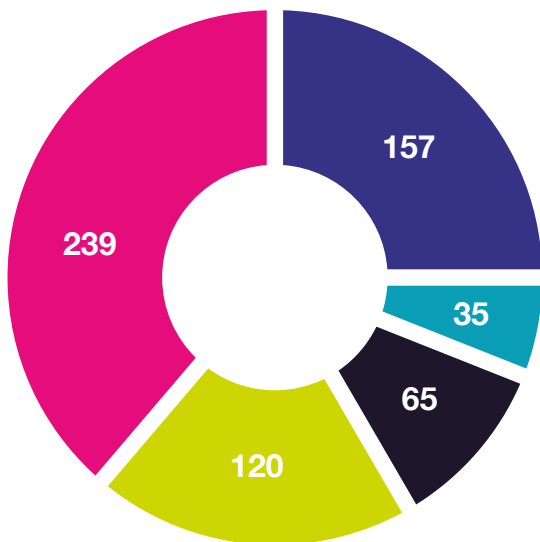
The survey was targeted at businesses of all sizes which interact with the apprenticeship system, including levy and non-levy paying businesses which currently – or would like to – hire apprentices, and those which pay the Apprenticeship Levy but do not hire apprentices.

The survey was not designed for training providers or policy makers for the apprenticeship system – as these organisations were consulted separately through interviews.

The survey was open from Monday 16 September to Friday 18 October 2019, and received 619 individual responses. Summary results from the survey are presented here.

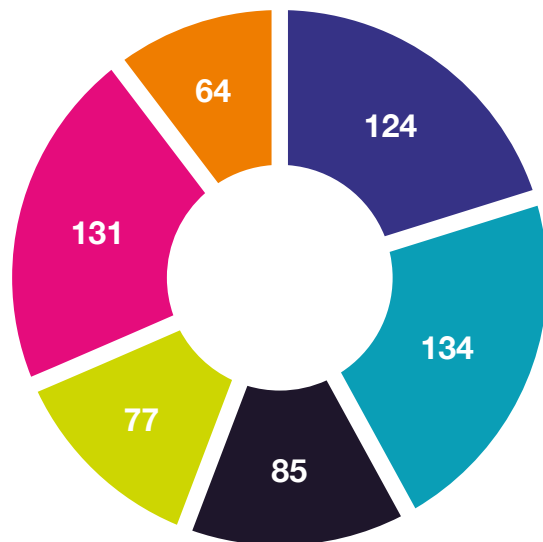
Survey respondent demographics

Q1: How many employees are there in total in your organisation?



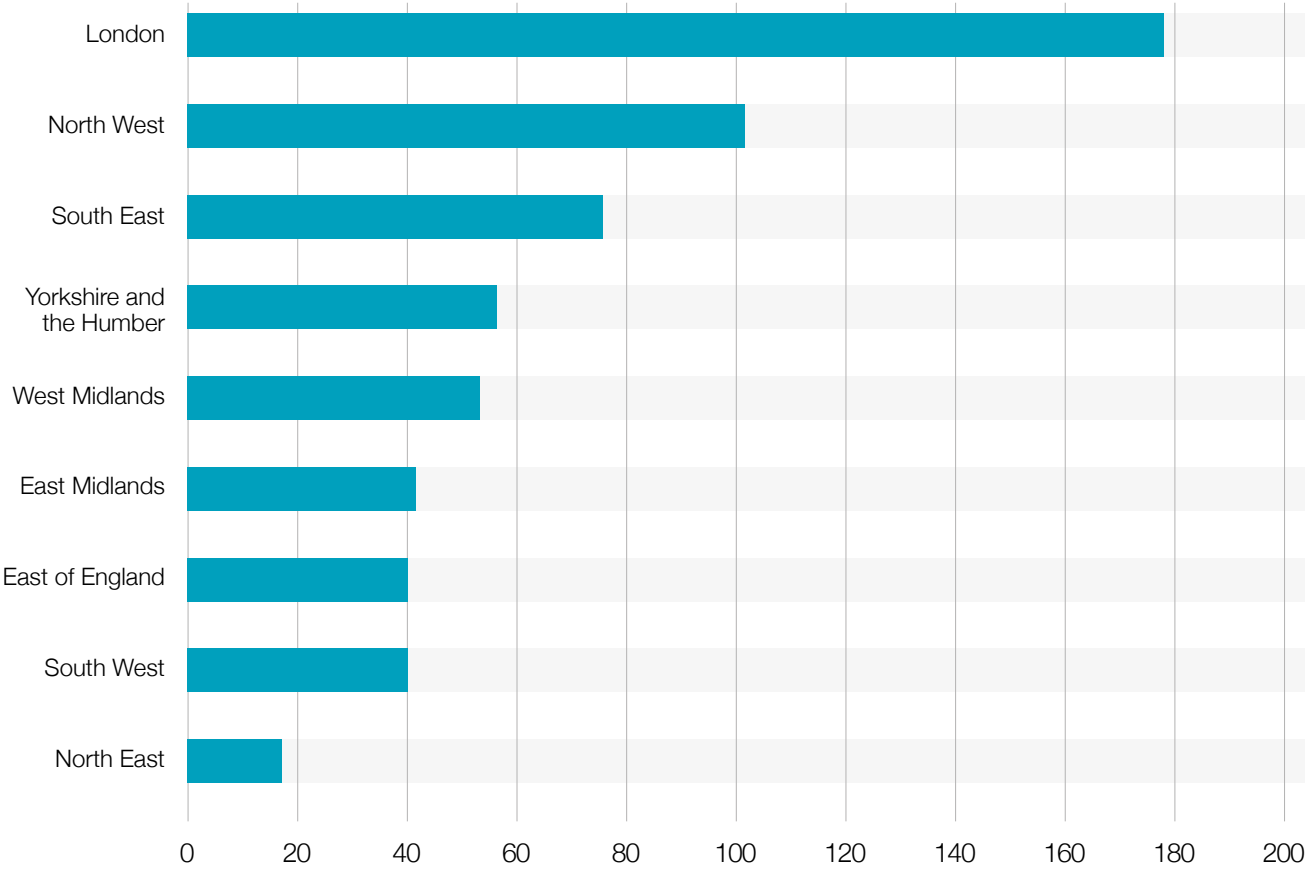
- 1-24 employees
- 25-49 employees
- 50-99 employees
- 100-199 employees
- 200+ employees

Q2: How many apprentices are currently undertaking an Apprenticeship with your organisation?

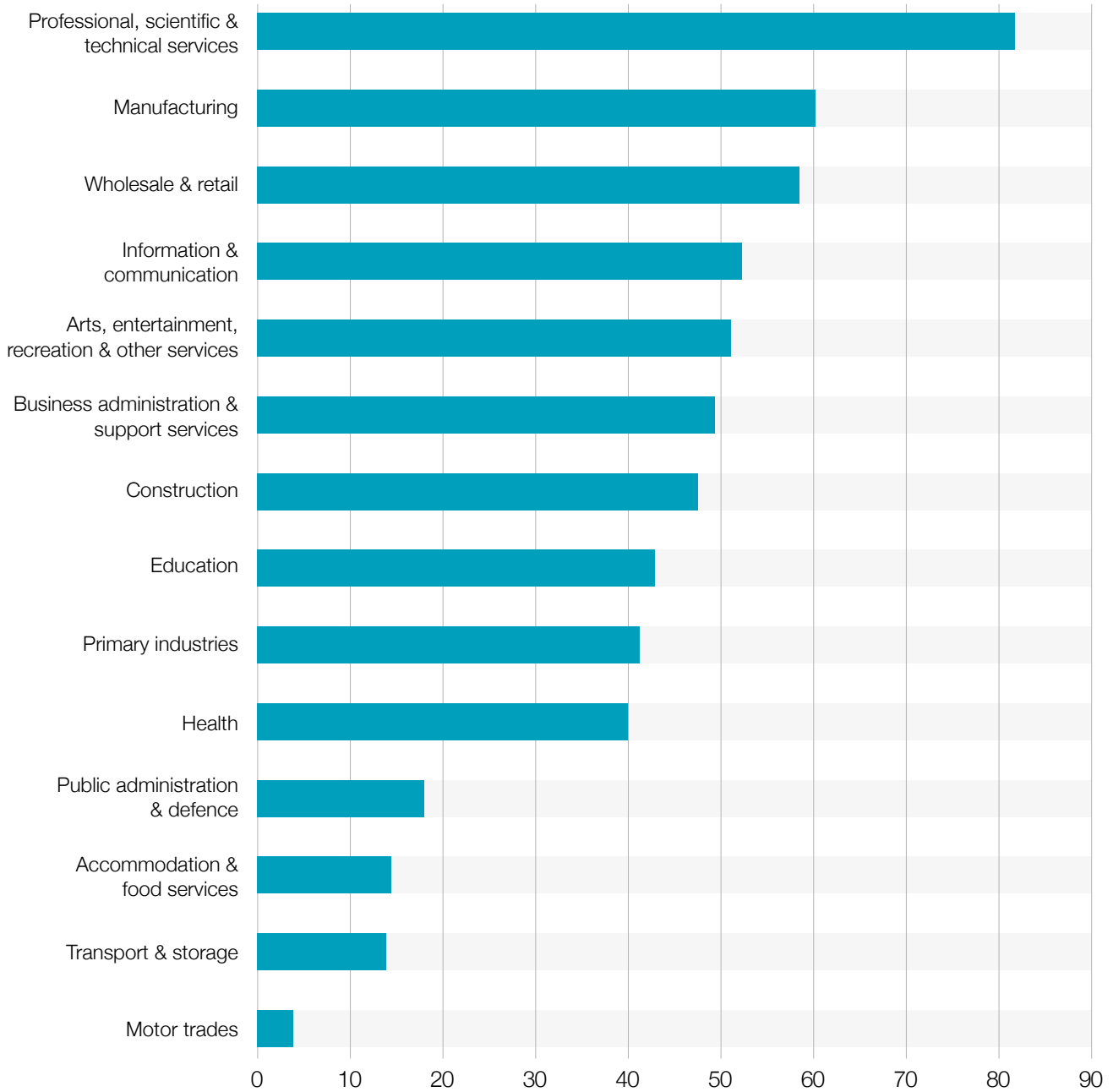


- 0 apprentices
- 1-5 apprentices
- 6-10 apprentices
- 11-19 apprentices
- 20-99 apprentices
- 100+ apprentices

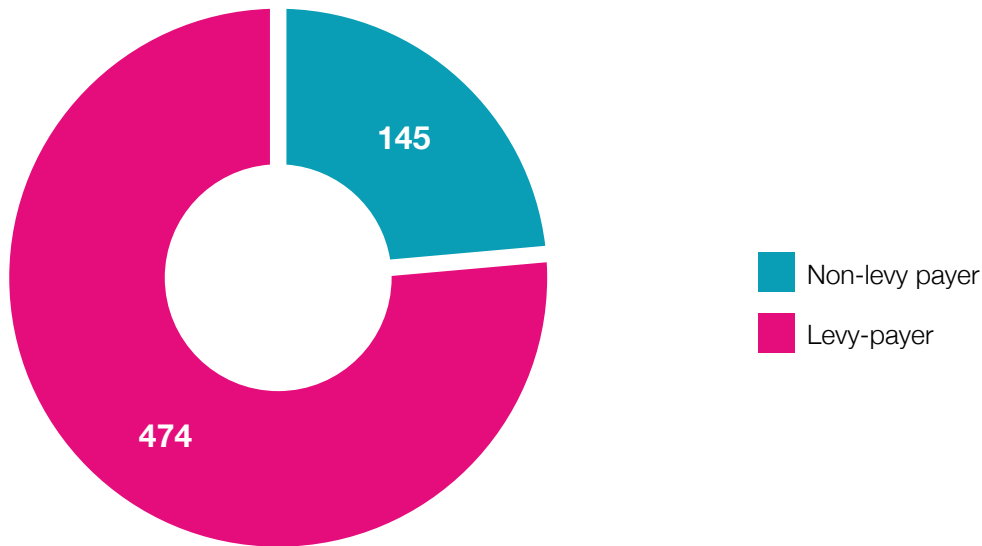
Q3: What region is your organisation mostly based in?



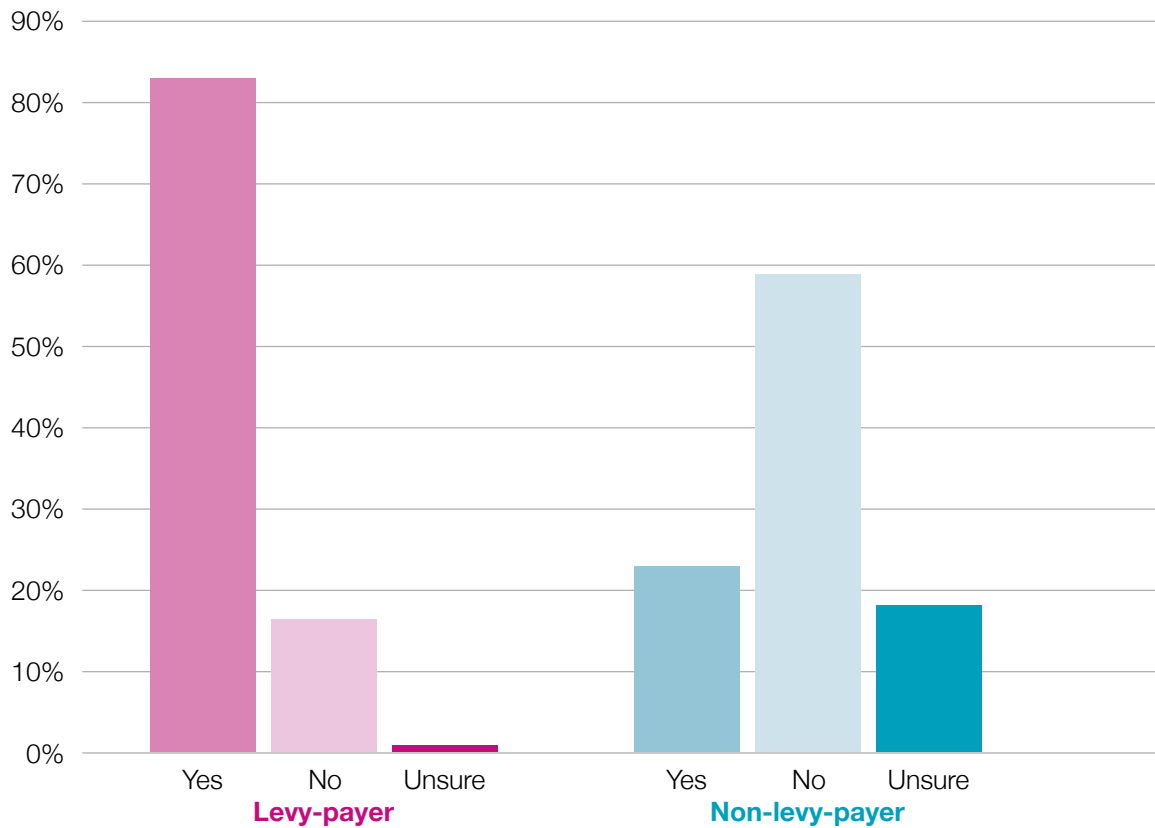
Q3: What region is your organisation mostly based in?



Q5: Does your organisation pay the Apprenticeship Levy?



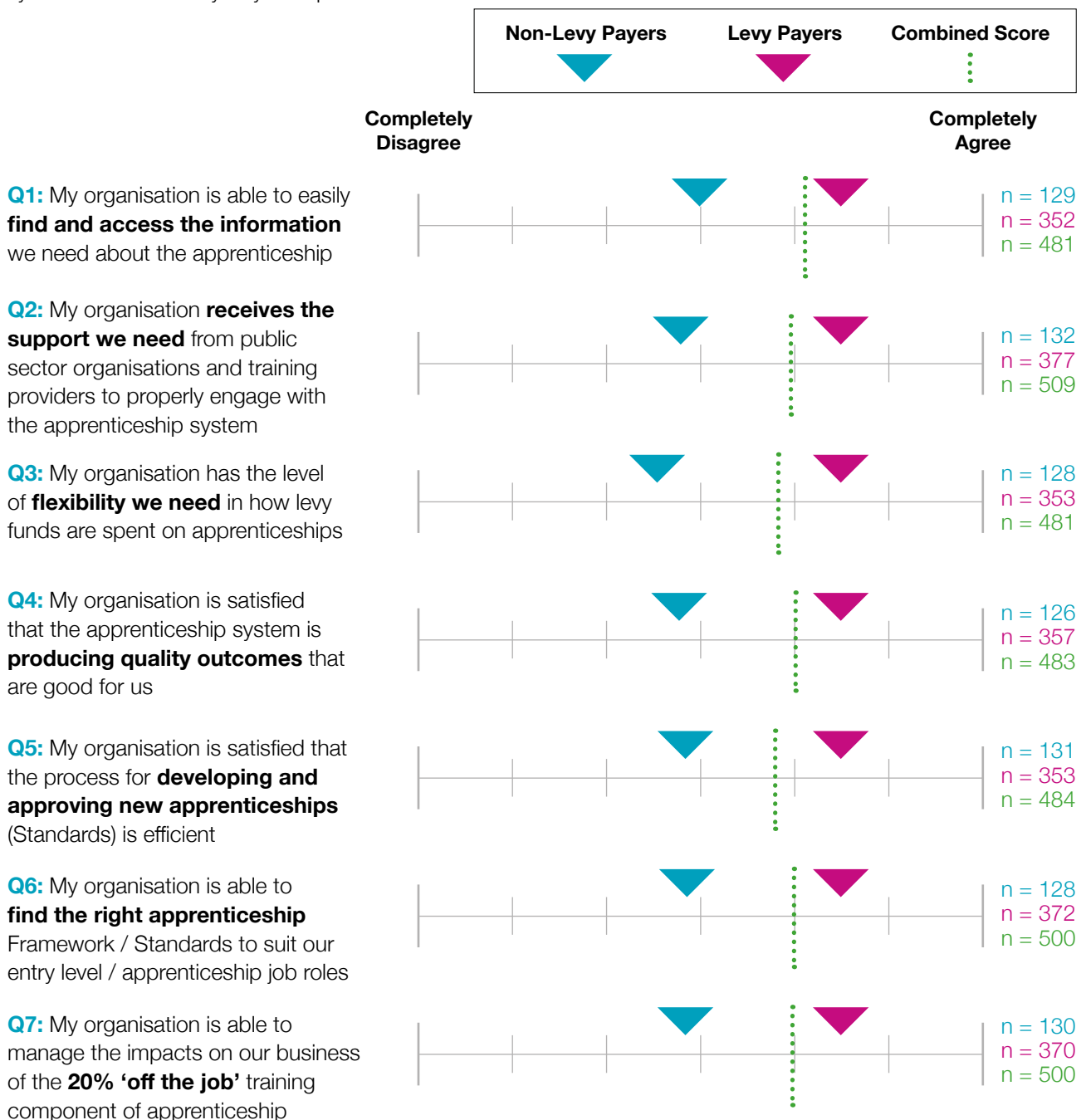
Q6. In the past year, has your organisation been able to recruit the number, type and quality of apprentices that meet your business needs?



Respondent Satisfaction Ratings

For the questions below respondents were asked, on a scale of 1 [completely disagree] to 7 [completely agree] (with 4 being neutral) to indicate their level of agreement with the statement. The scales show the average score for each question, with results split between Levy and Non-Levy paying respondents.

The results indicate that on the whole, Levy Payer respondents are more satisfied with the apprenticeship system than Non-Levy Payer respondents.

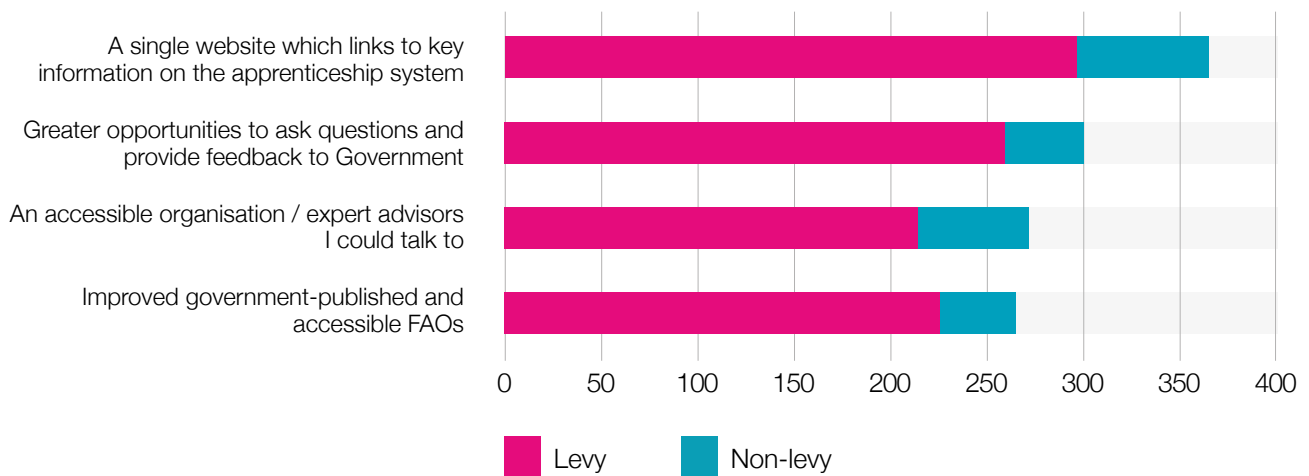


Respondent Support for Changes

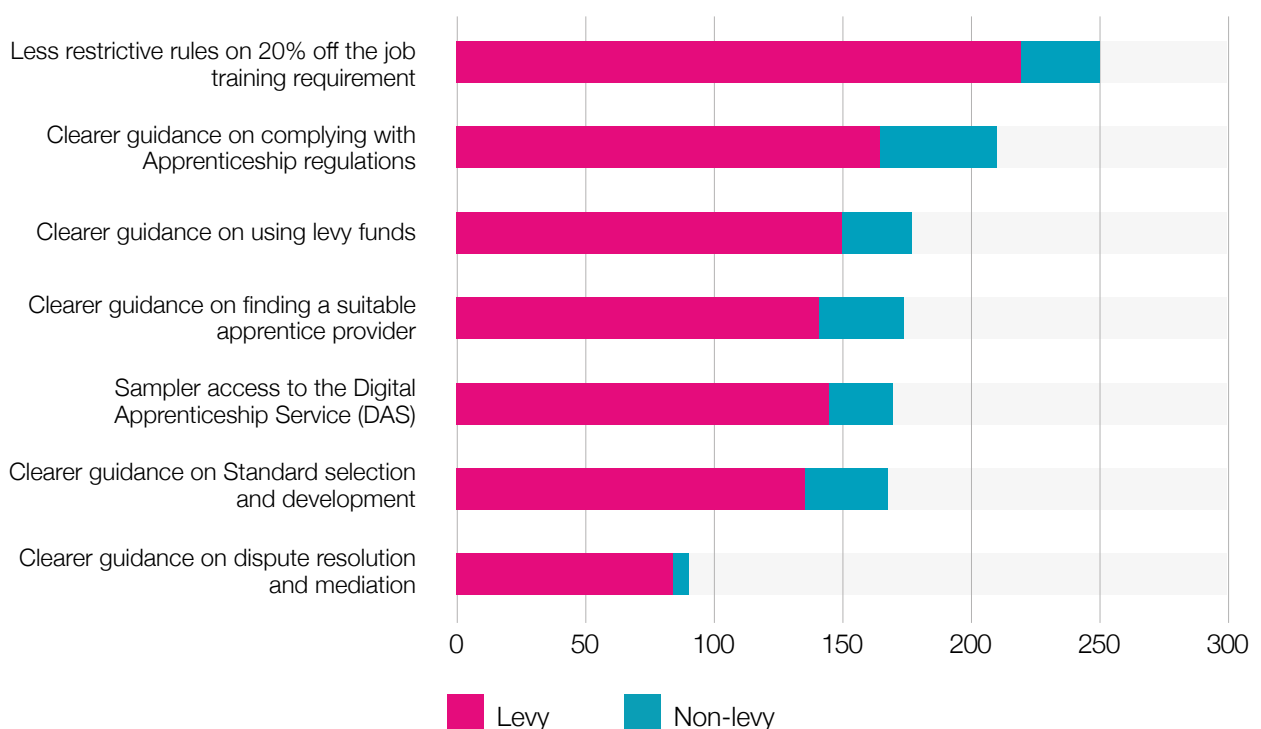
For each question below respondents were asked to identify up to three changes which could be made to help them engage more effectively with the apprenticeship system in response to a particular issue.

Results have been split between Levy Payer respondents (n = 474) and Non-Levy Payer respondents (n = 145).

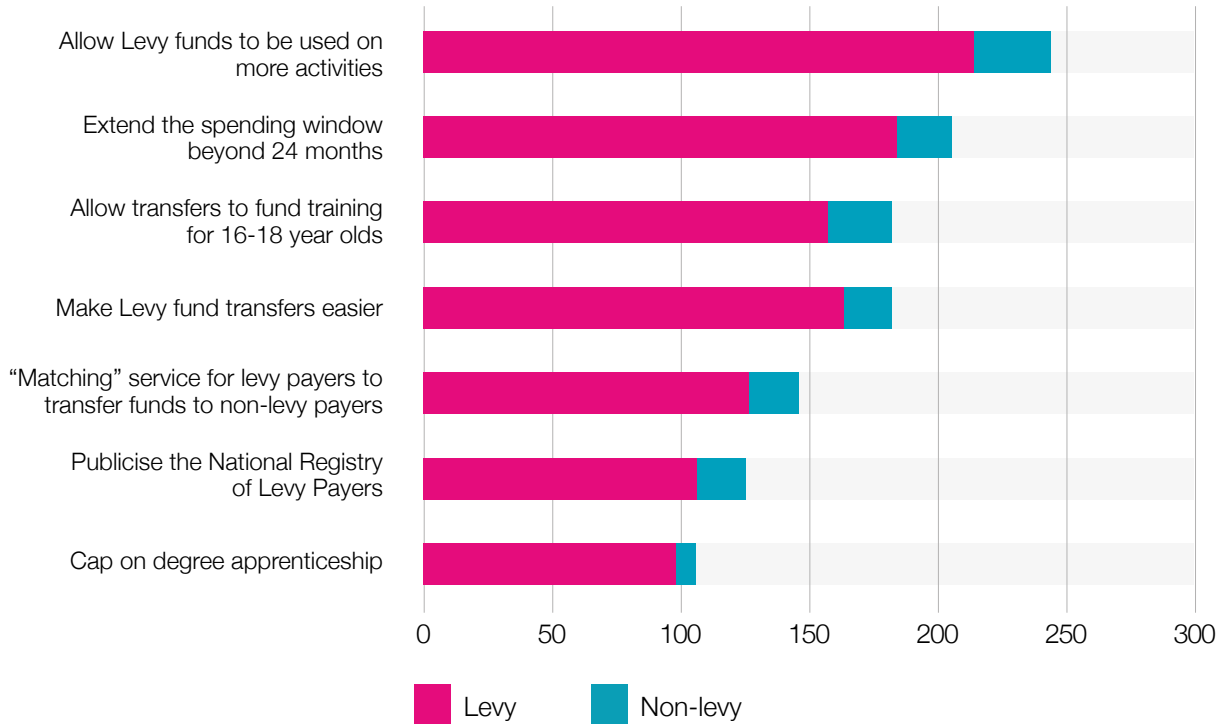
Q1: Which of the following would help your organisation access and provide



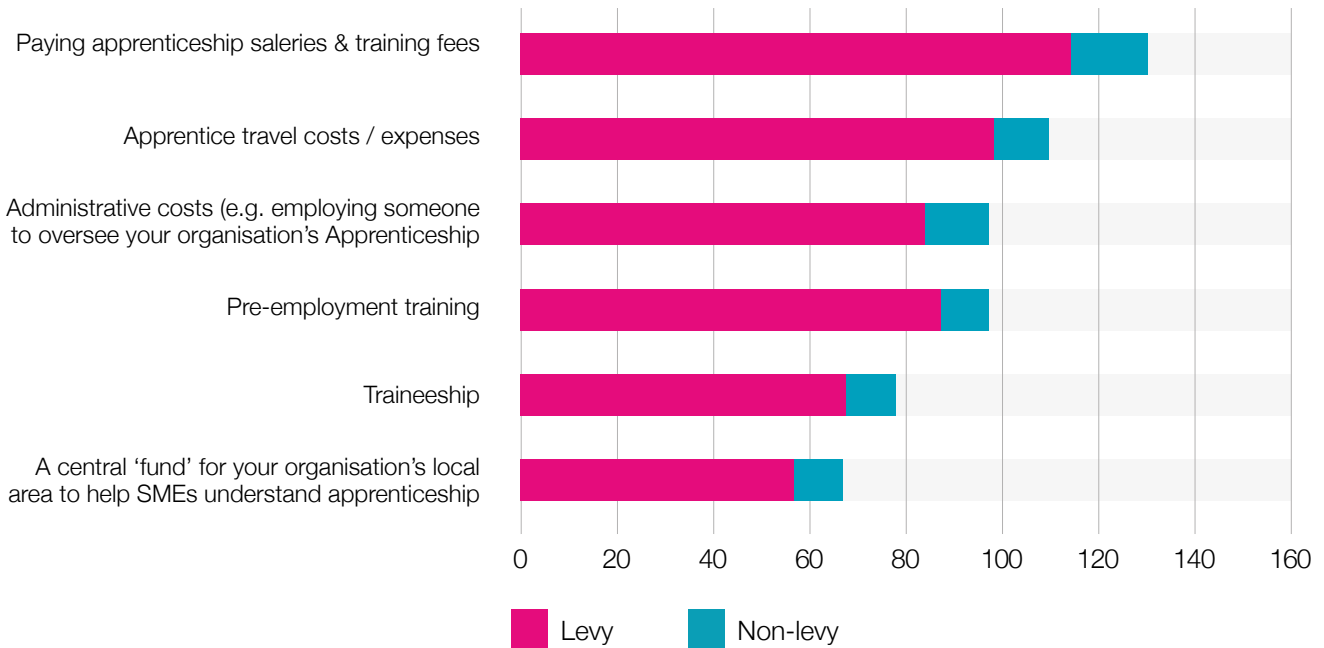
Q2: Which of the following would help your organisation engage with the Apprenticeship system?



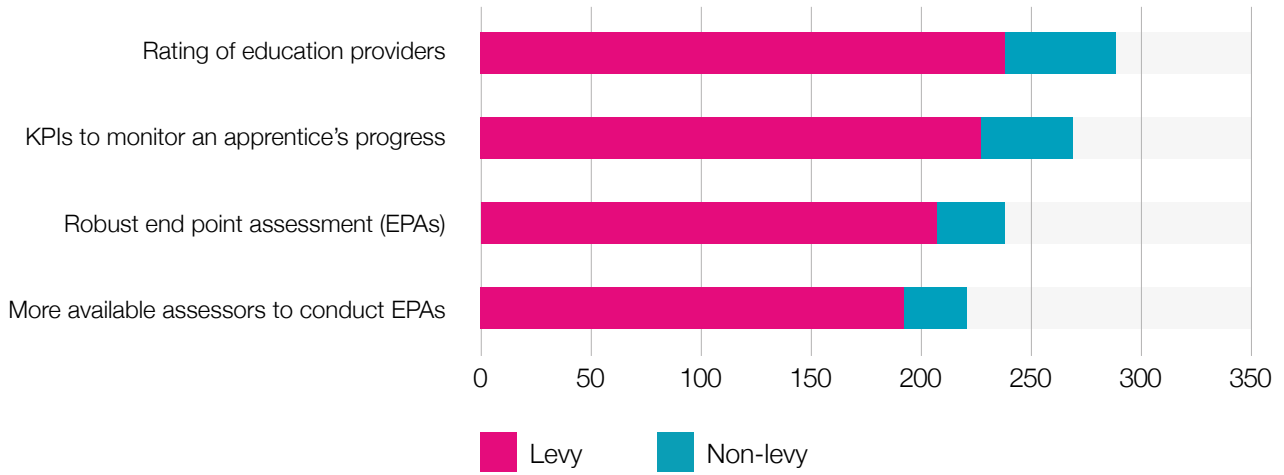
Q3: Which of the following funding interventions would help your organisation engage with the Apprenticeship system?



Q4: Which of the following activities would your organisation like to spend Levy funds on?



Q5: Which of the following would provide greater Quality Assurance within the Apprenticeship system?



Glossary of Terms



- 1. Advanced Apprenticeships:** Level 3 apprenticeships, generally considered to be the same as two A level passes.
- 2. Apprenticeship Framework:** a qualifications-focussed approach to assessing whether apprentices are work-ready developed by sector bodies. Apprenticeship Frameworks are to be phased out by August 2020.
- 3. Apprenticeship Funding Bands:** Each apprenticeship is allocated to one of 30 funding bands, which range from £1,500 to £27,000. The upper limit of each funding band sets the maximum amount that can be used toward apprenticeship training.
- 4. Apprenticeship Levy:** a 0.5% levy on wage bills for all organisations with an annual wage bill in excess of £3 million. It is intended to provide a sustainable, secure funding source to deliver high quality apprenticeship training.
- 5. Apprenticeship Levy Payers:** an organisation whose annual wage bill falls above the £3m threshold mandating them to contribute a 0.5% levy on their total wage bill.
- 6. Apprenticeship Non-levy Payers:** an organisation whose annual wage bill falls below the £3m threshold and does not have to pay the Apprenticeship Levy.
- 7. Apprenticeship Standards:** an occupations-focussed approach to assessing whether apprentices can demonstrate the knowledge, skills and behaviour required of their work role. Apprenticeship Standards are developed by groups of employers commonly known as Trailblazers.
- 8. Degree Apprenticeships:** a new programme offered by some universities allowing apprentices to gain a Bachelor or Master's degree. They combine full-time work with part-time study.
- 9. Digital Apprenticeship Service (DAS):** An online portal allowing levy-paying employers to manage their levy contributions and their apprenticeship training needs.
- 10. End Point Assessment (EPA):** tests that apprentices will undergo at the end of their training to demonstrate that they have acquired the necessary knowledge, skills and behaviour outlined in the Apprenticeship Standard.
- 11. Higher Apprenticeships:** Level 4 or higher apprenticeships, can be equivalent to a Foundation Degree with opportunities to progress to Level 7, equivalent to a Postgraduate Degree. Higher Apprenticeships can take up to five years to complete.

- 12. Institute for Apprenticeships and Technical Education (IAfTE):** an employer-led crown Non-Departmental Public Body which oversees the development, approval and publication of Apprenticeship Standards and assessment plans as well as the occupational maps for T-Levels and apprenticeships.
- 13. Intermediate Apprenticeships:** Level 2 apprenticeships, and generally considered to be the same level as five GCSE passes.
- 14. Off-the-job training:** training received by the apprentice during normal working hours but not delivered as part of their normal work duties, for the purpose of achieving the knowledge, skills and behaviours of their apprenticeship.
- 15. On-the-job training:** training received by the apprentice for the sole purpose of enabling the apprentice to perform the work for which they have been employed. This training does not specifically link to the acquisition of new knowledge, skills and behaviour set out in the Apprenticeship Standard.
- 16. Register of Apprenticeship Training Providers (RoATP):** a register of organisations that are eligible to receive government funding to train apprentices.
- 17. Register of End-Point Assessment Organisations (RoEPAO):** a register of organisations that are qualified to conduct independent End Point Assessments at the conclusion of the apprentice's training.
- 18. T-Levels:** A new vocational alternative to A-levels coming in September 2020, which will follow GCSEs and will be equivalent to 3 A-Levels. These 2-year courses have been developed in collaboration with employers and businesses so that the content meets the needs of industry and prepares students for work.
- 19. Trailblazer Groups:** a group of employers commonly within one sector or occupation who work with the Institute for Apprenticeship and Technical Education to jointly develop Apprenticeship Standards and are responsible for their subsequent reviews.
- 20. Traineeships:** a training programme incorporating a work placement. Eligible for those aged between 16-24 who do not yet have the skills to be work-ready or to apply for an apprenticeship.

Thank you to all who gave their time to contribute to this report and respond to the survey particularly to Metro Dynamics for carrying out the consultations and pulling it all together.

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