

Research report

January 2018

Assessing the early
impact of the
apprenticeship
levy - employers'
perspective



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Assessing the early impact of the apprenticeship levy – employers’ perspective

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Contents

Introduction	2
1 Current state of play: apprenticeships provision in England	3
2 Employer survey findings	5
Conclusions and recommendations	14
Appendix – Apprenticeship programmes case studies	18
Endnotes	24

Introduction

‘The apprenticeship levy has been designed to counteract the long-term decline in employer investment in training in the UK.’

The Government has reformed apprenticeships and how they are funded. Starting in April 2017 all UK employers in the public and private sector with a pay bill of over £3 million have had to contribute to the apprenticeship levy (0.5% of their annual pay bill). The apprenticeship levy has been designed to counteract the long-term decline in employer investment in training in the UK and is estimated to raise an estimated total of £2.6 billion in 2017/18, rising to £2.8 billion in 2019/20 (according to the OBR).

At the same time the Government has undertaken a series of reforms to improve the quality of the apprenticeships. These include a minimum duration of 12 months, a requirement for 20% of the training to be undertaken off the job, and the creation of new employer-led apprenticeship standards to replace frameworks.

The research in this report is designed to shine a light on these issues by exploring the views of employers on their attitudes to the levy, their likely response to it in terms of their investment in apprenticeships as well as its likely impact on their wider learning and development strategies and activity. It is based on a survey of YouGov’s employer panel of 1,000 organisations and primarily focused on the impact of the

levy on organisations in England. The data is weighted to be representative of the UK public and private sector business population by size of employer and sector.

While it is still too early to assess the long-term impact of the levy on both apprenticeships and overall employer investment in workforce training and development, the research provides some indications of the likely direction of travel. The data collection from the survey itself took place in early July 2017 three months in from the introduction of the levy and associated funding reforms. We recognise that the policy will take some time to bed in; however, interestingly, the results are in many cases aligned with similar information we collected back in 2016. Alongside this we have drawn on the latest available government data which further support the key findings of this research.

The rest of the report is structured as follows:

- Section 1 provides an overview of apprenticeship provision in England.
- Section 2 presents the findings of the employers’ survey.
- The final section summarises our key findings and sets out a series of recommendations.

1 Current state of play: apprenticeships provision in England

In 2016/17 there were a total of 494,900 apprenticeship starts in England, slightly down on the previous year's figure of 509,400. However, annual data masks a large drop in the number of apprenticeship starts since April 2017 when the apprenticeship levy and associated funding reforms were introduced: over the period May 2017 to July 2017 there were just 48,000 apprenticeship starts, a decline of 59% on the previous year's figures for the same period.¹

The number of intermediate starts has fallen over the last five years by around 21% (since 2011/12), while the number of advanced starts has grown slightly (+5%), and there has been substantial growth in the number of higher apprenticeship starts, albeit from a low base (+32,900, or +889%).²

Despite some recent improvements, on balance, apprenticeship provision in England is still very much weighted towards intermediate/level 2, with very few starts at higher level. This means that we still lag considerably behind the best systems in Europe – such as Germany, Switzerland and Austria – where nearly all apprenticeships are at advanced or higher level.³ Level 2 intermediate apprenticeships can play a role in supporting young people to develop their employability skills; however, there are concerns over the quality of many apprenticeships at this level and on the returns they provide to individuals. For instance, in 2015 Ofsted reported that inspectors had found examples

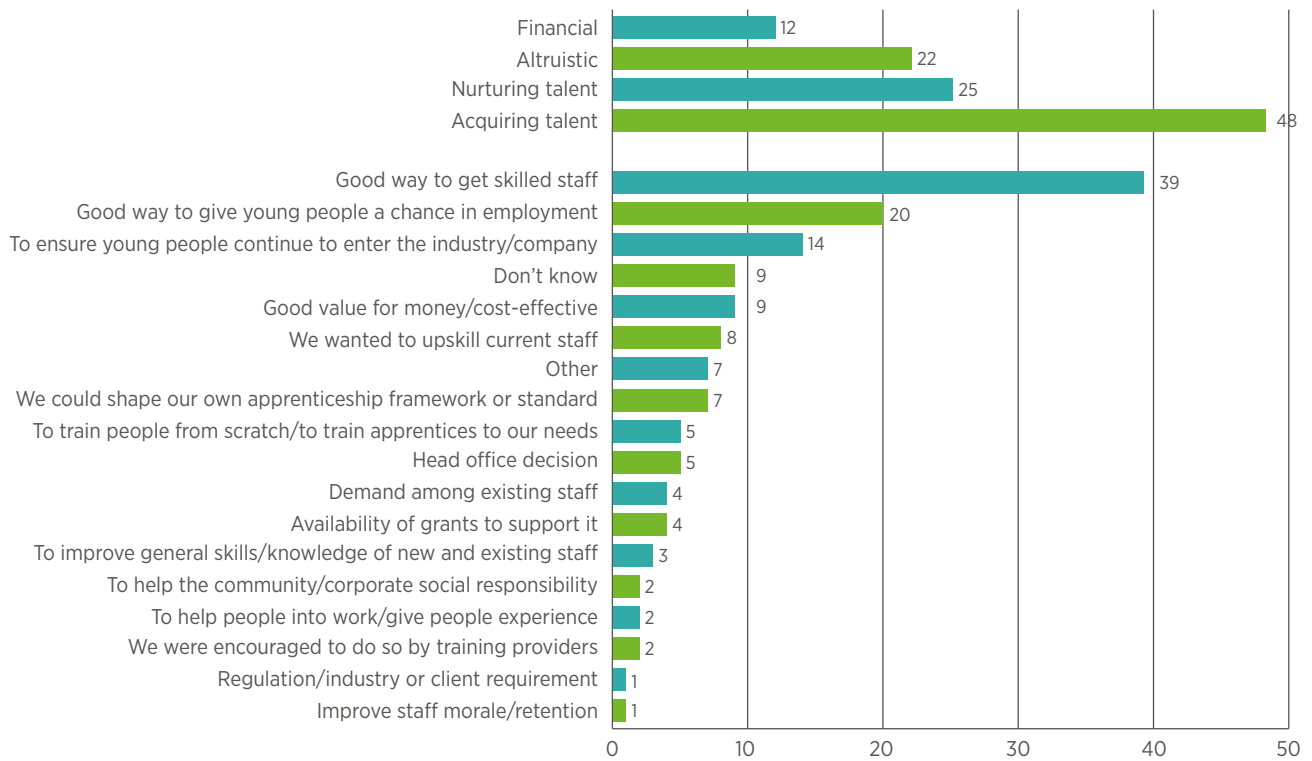
of intermediate apprenticeships that offered little or no off-the-job training, only delivered low-level skills, and that some apprentices were being accredited for 'making coffee, serving sandwiches or cleaning floors'.⁴

There are also concerns that the current apprenticeship system is not functioning well enough as a route into the labour market for young people. In 2016/17, just 25% of apprenticeship starts went to young people aged under 19, compared with a figure of 29% for those aged 19–24 and 46% to those aged over 25. The IFS has expressed concerns that recent changes to the funding regime will further incentivise employers to take on older apprentices: under the old funding regime, 100% of training costs were subsidised for 16–18-year-old apprentices, while for older apprentices the subsidies were around 40–50%; under the new system, 90–100% of training is subsidised for all apprentices.⁵

Younger apprentices also tend to be concentrated in apprenticeships that offer lower returns in terms of wages. Two-thirds of apprenticeship starts for under-19s are at intermediate level, and over half are in subject areas where the future wage returns are estimated to be the lowest (retail, health and care, and business, administration and law).⁶ More positively, 22% of young apprentice starts in 2016/17 were in engineering and manufacturing technologies and 47% of these starts were at either advanced or high level. Engineering and manufacturing apprenticeships at

'Despite some recent improvements, on balance, apprenticeship provision in England is still very much weighted towards intermediate/level 2, with very few starts at higher level.'

Figure 1: Reasons for starting to offer apprenticeships, 2016 (%)



Source: Employers Perspective Survey 2016
 Base: employers who offered an apprenticeship in last three years

both level 2 and 3 offer considerable wage returns compared with classroom learning.⁷

The *Employer Perspectives Survey 2016*⁸ provides some timely data on employers' use of apprenticeships, with around 10,000 employers in England being interviewed between May and August 2016. Around 12% of employers currently have staff who are undertaking an apprenticeship; however, this figure is much higher amongst large employers (52%). Almost half of employers who offer apprenticeships do so to acquire new talent (48%) or build their talent base (25%), with only a small minority offering apprenticeships for financial reasons (12%).

For those employers who don't currently employ an apprentice, and don't offer any apprenticeships, the

most commonly reported reasons for not doing so were: that they are not suitable for the size of their establishment (20%); that they are not looking to recruit new staff (19%); that staff are already fully skilled (13%); or that they don't suit their business model (9%).

Most employers (65%) had only one apprentice at their organisation, although larger employers were much more likely to have multiple staff on an apprenticeship. The majority of employers who have, or offer, formal apprenticeships provided formal training sessions as part of the apprenticeship – however, of particular concern, more than one in five employers do not offer formal training sessions.

2 Employer survey findings

The findings of this report are based on a survey of over 1,000 business leaders and HR professionals. Fieldwork was undertaken between mid-June and early July 2017 – and provides an early indication of the impact of the apprenticeship levy on employer behaviour. The figures have been weighted and are representative of the UK business population.

Current provision of apprenticeships

In all, just over four in ten organisations in the survey of 1,000 employers report that they offer official apprenticeships. This is substantially above the national average: according to the 2016 *Employer Perspectives Survey*, around 18% of employers either have, or offer, apprenticeships.

Public sector organisations are most likely to offer official apprenticeships (62%) followed by not-for-profit organisations (45%), while just over a third (36%) of private sector employers provide apprenticeship opportunities. Large employers with over 250 employees (55%) are much more likely than small employers (23%) to report that they offer official apprenticeships.

Organisations who report that they have to pay the apprenticeship levy are much more likely to offer official apprenticeships than those who do not, figures of 72% and 17% respectively.

The survey data suggests that on average most apprentices are offered an employment opportunity on completion of their apprenticeship. Offering employment and progression opportunities post-apprenticeship is important for both organisations and individuals.

Private sector employers are much more likely to offer employment opportunities on completion than public or not-for-profit organisations. Surprisingly, the size of an employer makes very little difference, with both SMEs and large organisations reporting that around two-thirds of apprentices are offered employment opportunities on completion. A slightly higher proportion of apprentices are offered employment opportunities after completion in levy-paying organisations compared with non-levy-paying employers (70% and 60%, respectively).

‘The survey data suggests that on average most apprentices are offered an employment opportunity on completion of their apprenticeship.’

Table 1: Proportion of organisations that offer official apprenticeships (%)

	All	Private	Public	Not-for-profit	SMEs	Large organisation	Levy-payers	
							Yes	No
Yes	42	36	62	43	23	55	72	17
No	54	60	33	55	75	39	27	83
Don't know	4	4	5	2	2	5	1	0

Base: all: 1,139; private: 832; public: 239; not-for-profit: 68; SMEs: 467; large organisations: 672; levy-payers: 392; non-levy-payers: 494

Table 2: Proportion of apprenticeships that are offered employment opportunities once they have completed their apprenticeship (%)

	All	Private	Public	Not-for-profit	SMEs	Large organisation	Levy-payers	
							Yes	No
Mean	56	61	48	47	56	56	58	54
Median	66	75	50	50	67	65	70	60

Base: all: 1,139; private: 832; public: 239; not-for-profit: 68; SMEs: 467; large organisations: 672; levy-payers: 392; non-levy-payers: 494

According to government survey data from the 2015 Apprenticeship Evaluation,⁹ around two-thirds (65%) of employers' apprentices were still with the company around a year to a year and a half after completion – in line with our estimates. The research found considerable variation in retention rates by broad framework areas, with employers mainly providing agriculture, arts and media, ICT, and retail apprenticeships significantly less likely to have kept all or some of their apprentices than average. The evaluation also provided some insight into the proportion of employers offering progression routes as part of their apprenticeship offer. The survey found that over half (53%) of employers offered qualifications at level 4 and above, with a quarter (26%) offering higher apprenticeships and one

in seven (13%) offering degree apprenticeships. Yet, despite the availability of progression routes, just 13% of employers had had any apprentice progress to a higher qualification.

The apprenticeship levy

While the levy had only been operational for two months by the time the fieldwork for this survey was undertaken, the results provide an early indication of the likely impact that the levy, as well as the new funding regime, is having on employer behaviour.

Around a third (34%) of survey respondents currently have to pay the apprenticeship levy. This is considerably above government estimates of 2% of UK employers. Of concern, however, is that over a fifth (22%) of employers still don't know whether they are liable to pay the levy or not.

Unsurprisingly, large organisations are more likely to have to contribute to the levy (50%); however, they are also more likely to not know whether they have to pay it or not (30%), highlighting the confusion that still exists amongst many in the business community. Just over one in ten SMEs (12%), on the other hand, have to pay the levy.

Organisations in the public sector (50%) are more likely to be liable, compared with less than a third of employers in the private (30%) and not-for-profit (31%) sectors. The majority (59%) of organisations who have to pay the levy already offer official apprenticeships; just 17% of levy-payers do not already have an apprenticeship offer in place.

The majority (72%) of employers who have to pay the levy have

Table 3: Proportion of organisations who currently have to pay the apprenticeship levy (%)

	All	Private	Public	Not-for-profit	SMEs	Large organisation	Offers official apprenticeship	
							Yes	No
Yes	34	30	50	31	12	50	59	17
No	43	49	23	48	78	19	17	67
Don't know	22	21	27	20	10	30	24	16

Base: all: 1,139; private: 832; public: 239; not-for-profit: 68; SMEs: 467; large organisations: 672; offers official apprenticeship: 479; does not offer official apprenticeship: 616

Table 4: Organisations' calculation of how much the levy will cost per year (£)

	All	Private	Public	Not-for-profit	SMEs	Large organisations
Mean	£409,037	£374,485	£361,198	-	-	£472,042
Median	£60,000	£60,000	£150,000	-	-	£100,000

Base: all: 281; private: 169; public: 94; large organisations: 245

Note: Figures suppressed for not-for-profit and for SMEs because of small sample sizes.

calculated what it will cost them; however, worryingly, one in eight (13%) still have not. For those employers who have calculated what it will cost them, Table 4 provides details of how much it will cost per year. The wide variation between the mean (the average) and the median (the middle number) suggests there is a skewed distribution, with a small number of employers paying considerable amounts into the levy.

The impact of the apprenticeship levy

The Government is committed to 3 million apprenticeship starts in

England in the five years from 2015 to 2020. To meet this target, there would have to be around 600,000 new starts per year, a fifth higher than the average number of starts over the last few years – implying that a considerable uplift would be required in the number of new apprentices.¹⁰

The employer survey suggests that the levy will help meet the Government's objective of driving up the overall number of apprenticeships. However, it is as yet unclear if this increase will be sufficient to meet the Government's target of 3 million.

The majority (73%) of levy-paying organisations expect to use the apprenticeship levy to either develop or expand an apprenticeship programme. A third of organisations are currently developing a new apprenticeship programme, 16% are planning to develop a new programme and 17% are currently expanding their existing apprenticeship programme.

Public organisations are more likely to say that they are already developing a new apprenticeship programme in response to the levy (40% compared with 33% of all

Table 5: Proportion of levy-paying organisations that expect to use apprenticeship levy funding to develop or expand an apprenticeship programme (%)

	All	Private	Public	SMEs	Large organisations
Developing a new apprenticeship programme	33	30	40	21	35
Planning to develop a new apprenticeship programme	16	19	11	28	14
Expanding existing apprenticeship programme	17	15	19	7	18
Planning to expand our existing apprenticeship programme	5	7	3	2	6
No, not making or planning to make any changes to our existing apprenticeship programme	15	13	17	13	15
No, reducing our existing apprenticeship programme	2	3	1	5	2
No, do not have an apprenticeship programme and are not planning to develop one	6	7	4	15	4
Don't know	7	7	6	7	7
Net: Yes	71	71	72	59	73
Net: No	23	23	22	34	21

Base: all: 388; private: 249; public: 118; SMEs: 55; large organisations: 333

Note: Figures not included for not-for-profit because of small sample size.

Table 6: Proportion of levy-paying organisations that expect to write it off as a tax/use it to provide apprenticeships (%)

	All	Private	Public	SMEs	Large organisations
Write it off as a tax and not use it to provide apprenticeships	19	21	16	35	16
We will use it to help provide apprenticeships	59	55	66	44	61
Don't know	22	24	18	21	23

Base: all: 388; private: 249; public: 118; SMEs: 55; large organisations: 333
 Note: Figures not included for not-for-profit because of small sample size.

levy-payers). This is likely linked to the target the Government has set public sector bodies with 250 or more staff to have at least 2.3% of staff as new apprentice starts over the period 2017–21.¹¹

Just under a quarter (23%) are not looking to either expand or develop an apprenticeship programme; however, this figure is considerably higher amongst SMEs, where over a third (34%) do not expect to use the levy in this way.

A significant proportion of employers expect to write off the apprenticeship levy as a tax and not use it to fund apprenticeships. More than four in ten employers either plan to write off the levy as a tax (19%) or say they don't know (22%). Among levy-paying SMEs, 35% plan to write the levy off as a tax. See Table 6.

Likely impact on overall level of workforce training

The introduction of the apprenticeship levy appears likely to help achieve the Government's ambition of raising overall employer investment in training amongst levy-payers.

In all, 45% of levy-paying organisations believe that the levy will have the effect of increasing the amount of training they offer in terms of number of staff receiving training, while just 9% believe paying the levy will actually reduce the overall number of staff receiving training. However, four in ten think the levy will make little or no difference (see Table 7) to the overall amount of training offered.

Public organisations and SMEs are more likely to say that the levy will mean that they reduce the

overall amount of training their organisation offers (13% and 16% respectively).

There is a relatively even split between employers who agree that the levy will have no or little impact on the quality of training that they provide to staff and those who think it will increase the quality of training (40% and 43% respectively). However, one in ten employers agree that it will decrease the quality of training overall (see Table 7).

However, there is a very significant contrast in views on the impact of the levy on the quality of training between public and private sector organisations, with the public sector much more likely to say that the levy will reduce the quality of training provided to staff – a figure of 16% compared with just 7% of private sector employers.

Table 7: Proportion of levy-paying respondents that agree with the below statements on the impact of the levy (%)

	All	Private	Public	SMEs	Large organisations
Increases the amount of training your organisation offers overall in terms of number of staff receiving training	45	48	41	43	46
Reduces the amount of training your organisation offers overall in terms of number of staff receiving training	9	7	13	16	8
Makes little or no difference	40	39	40	38	40
Don't know	6	6	6	2	7

Base: all: 388; private: 249; public: 118; SMEs: 55; large organisations: 333
 Note: Figures not included for not-for-profit because of small sample size.

Table 8: Proportion of levy-paying respondents that agree with the below statements on the impact of the levy (%)

	All	Private	Public	SMEs	Large organisations
Increases the quality of training overall your organisation offers to staff	40	42	38	39	41
Decreases the quality of training overall your organisation offers to staff	10	7	16	12	10
Makes little or no difference	43	45	38	42	43
Don't know	7	6	7	7	7

Base: all: 388; private: 249; public: 118; SMEs: 55; large organisations: 333
 Note: Figures not included for not-for-profit because of small sample size.

Our previous research – *Employer Views on the Apprenticeship Levy*¹² – highlighted a key concern by interviewees about the negative impact of the levy on the quality of training due to the risk of increasing the number of apprenticeships they provide without having the capacity to manage and mentor them.

One of the concerns highlighted in our previous research on the impact of the levy was that paying the levy would result in investment being taken away from other non-apprenticeship forms of workforce training and development.

This was reflected again in our latest survey results (see Table 9). In all, 26% of employers believe the levy would have the effect of reducing investment in other

forms of workforce training, with 14% of respondents saying the opposite. A further 47% don't believe the levy will make much difference in this respect and 1 in 12 don't know. SMEs (32%) are most likely to believe the levy will lead to less investment in other forms of workforce development.

Previous government efforts to boost employer investment in skills – such as Employer Training Pilots and Train to Gain¹³ – highlight the potential risk of high levels of deadweight (that is, low additionality as training would have occurred anyway in the absence of the apprenticeship levy) because of substantial rebadging of existing training provision as apprenticeships in attempts to recoup as much of the levy monies as possible.

Table 9: Proportion of levy-paying respondents that agree with the below statements on the impact of the levy (%)

	All	Private	Public	SMEs	Large organisations
Means your organisation reduces investment in other areas of workforce training and development	26	26	26	32	26
Means your organisation increases investment in other areas of workforce training and development	14	18	9	10	15
Makes little or no difference	47	43	56	49	46
Don't know	12	13	9	9	13

Base: all: 388; private: 249; public: 118; SMEs: 55; large organisations: 333
 Note: Figures not included for not-for-profit because of small sample size.

The results of this survey indicate that rebadging will be widespread: 46% of all respondents think that their organisation will be encouraged to rebadge current training activity as apprenticeships. The proportion is higher amongst public sector organisations, where over half think that they will be encouraged to rebadge.

Of those who think that the levy will encourage them to rebadge existing training activity into apprenticeships, the survey suggests that this is likely to occur

at all skill levels – see Table 10 – but will be heavily concentrated at level 2 and level 3. However, the survey also suggests that employers will look to use the money to rebadge graduate-level schemes (level 4 and 5 apprenticeships, 45% and 28% respectively). While the concerns about deadweight levels remain, an increase in the availability of employer-sponsored degree apprenticeship routes would be welcome, particularly given that the average university student in England will leave with debts in excess of £50,000.¹⁴

A recent *Financial Times* article¹⁵ reported that some businesses had started using the apprenticeship levy to fund senior executives on MBA courses, and our research suggests that a large proportion will use the levy to support similar activities. Over a third (36%) of respondents reported that their organisations are using or planning to use the apprenticeship levy to fund management and/or leadership training (Table 11). However, while this may help fill an important skills gap, non-sector-specific apprenticeships in generic

Table 10: Proportion of levy-payers who think that their organisation will/will not be encouraged to rebadge current training activity as apprenticeships (%)

	All	Private	Public	SMEs	Large organisations
Yes	46	43	52	33	48
No	34	33	36	43	32
Don't know	20	24	12	24	20
Of those who said yes...*					
Rebadge existing training activity into level 2 apprenticeships (intermediate – equivalent to GCSEs)	52	53	51	68	50
Rebadge existing training activity into level 3 apprenticeships (advanced – equivalent to A levels)	51	54	44	55	51
Rebadge existing training activity into level 4 apprenticeships (higher – higher education certificate, higher education diploma or a foundation degree)	45	43	48	35	46
Rebadge existing training activity into level 5 or above apprenticeships (degree level and above)	28	25	34	5	30
None of the above	8	8	10	–	9

Base: all: 388; private: 249; public: 118; SMEs: 55; large organisations: 333

*Base: all: 179; private: 108; public: 62; SMEs: 18; large organisations: 161

Note: Figures not included for not-for-profit because of small sample sizes.

Table 11: Proportion of levy-payers using or planning to use the apprenticeship levy allowance to fund management and/or leadership training (%)

	All	Private	Public	SMEs	Large organisations
Yes	36	38	31	27	37
No	41	41	43	54	39
Don't know	24	21	25	19	24

Base: all: 388; private: 249; public: 118; SMEs: 55; large organisations: 333

Note: Figures not included for not-for-profit because of small sample size.

Table 12: Employers' views on whether the levy will lead them to increase the proportion of level 2 apprenticeships they offer and decrease the proportion of level 3 and above apprenticeships, or vice versa (%)

	All	Private	Public	SMEs	Large organisations
We will increase the overall proportion of level 2 apprenticeships and decrease the overall proportion of level 3 and above apprenticeships	17	18	18	21	17
We will increase the overall proportion of level 3 and above apprenticeships and decrease the overall proportion of level 2 apprenticeships	18	18	19	30	17
There will be no change in the proportion of level 2 apprenticeships versus level 3 and above apprenticeships	33	29	37	18	35
Don't know	32	35	25	31	32

Base: all: 388; private: 249; public: 118; SMEs: 55; large organisations: 333

Note: Figures not included for not-for-profit because of small sample size.

skills areas, such as management training, are a new introduction and as such should be closely monitored to ensure that they are more than just professional training (as suggested by Policy Exchange 2016).¹⁶

The Government has consistently stressed that it wants to increase the quality of apprenticeships, as well as the quantity, in order to achieve parity of esteem between apprenticeships and higher education, with the stated aspiration that almost all young people will take one option or the other at 18.

However, currently over half of all apprenticeships generated each year are at level 2, equivalent to just five passes at GCSE. Unless more organisations start providing more level 3 and above apprenticeships, apprenticeships will not be regarded as a meaningful alternative to university and the apprenticeship route will continue to be regarded as a second-class option for non-academic students.

The last time we surveyed employers about this we found that employers who had calculated

the cost of the levy were twice as likely to increase the quantity of level 2 apprenticeships they provide and reduce the proportion of level 3 apprenticeships than vice versa. The survey findings are more positive – with equal proportions likely to increase the quantity of level 2 apprenticeships and decrease the quantity of level 3 and vice versa (17% and 18% respectively).

As highlighted in the previous section, concerns have been raised that recent changes to the funding regime will further incentivise employers to take on older apprentices: under the old funding regime, 100% of training costs were subsidised for 16–18-year-old apprentices, while for older apprentices subsidies were around 40–50%; under the new system, 90–100% of training is subsidised for all apprentices. Early evidence from experimental government statistics suggests that these fears may be justified; just 16% of apprenticeship starts between May and July 2017 – for levy-paying employers – were for those aged 16–18 (this compares with a figure of 26% of starts for 2015/16).

‘The Government has consistently stressed that it wants to increase the quality of apprenticeships.’

Table 13: Proportion of levy-payers who are likely to change who they offer apprenticeships to as a result of the apprenticeship levy and associated funding changes (%)

	All	Private	Public	SMEs	Large organisations
Yes, more likely to offer to existing employees	35	35	36	22	37
Yes, more likely to offer to new recruits	25	23	29	17	26
Yes, more likely to offer to 16–18-year-olds	15	16	14	15	14
Yes, more likely to offer to 19–24-year-olds	19	20	19	12	20
Yes, more likely to offer to those aged 25 and over	12	12	13	5	13
Yes, less likely to offer to existing employees	5	4	8	10	4
Yes, less likely to offer to new recruits	3	2	5	10	1
Yes, less likely to offer to 16–18-year-olds	4	5	2	11	3
Yes, less likely to offer to 19–24-year-olds	3	2	4	10	1
Yes, less likely to offer to those aged 25 and over	3	2	6	8	2
No, my organisation will not change who we offer apprenticeships to	25	23	27	33	24
Don't know	16	19	9	16	16

Base: all: 388; private: 249; public: 118; SMEs: 55; large organisations: 333

Note: Figures not included for not-for-profit because of small sample size.

Table 13 sets out employers' responses and supports concerns that employers will be more likely to offer apprenticeships to existing employees and those aged 19–24. Over a third of organisations (35%) agree that they will be more likely to offer apprenticeships to existing employees as a result of the levy and associated funding/eligibility changes. This compares with 25% who agree that they will be more likely to offer to new recruits. A slightly higher proportion of organisations would be more likely to offer apprenticeships to 19–24-year-olds (19%), compared with 16–18-year-olds (15%) and those aged over 25 (12%).

More positively, very few organisations agree that they would be less likely to offer apprenticeships to new recruits

or to younger apprenticeships (3% and 4% respectively), while a quarter of organisations (25%) will not change who they offer apprenticeships to as a result of the levy or associated funding/eligibility changes.

The apprenticeship levy offers organisations the chance to review their workforce strategies, diversify their workforces, and address skills shortages, and the survey results show that many employers are seizing the opportunity to do so. When asked about the future impact of the levy on their organisations, almost four in ten (39%) agreed that it would encourage their organisation to think more about their future workforce development strategy, 37% agreed that it would encourage them to address current skills/labour shortages

through apprenticeships, while almost a quarter (23%) agreed that it would encourage them to have a more diverse workforce. SMEs were more likely to say that the apprenticeship levy would have no additional impacts on their organisation (29%, compared with 24% of all organisations).

The appendix of this report provides three examples of organisations using the levy to take an innovative approach to addressing workforce challenges, including: engaging with schools to build a talent pipeline and address diversity challenges (Transport for London); using apprenticeships to tackle skills gaps and address an ageing workforce (BT Fleet); and developing an apprentice programme to support social mobility (Ofsted).

Table 14: Proportion of levy-payers who agree with the following statements about the future impact of the levy on their organisations (%)

	All	Private	Public	SMEs	Large organisations
It will encourage us to have a more diverse workforce	23	22	25	18	23
It will encourage us to think more about our future workforce development strategy	39	38	44	25	41
It will encourage us to address our current labour/skills shortages through more apprenticeships	37	35	39	29	38
Other	2	3	1	4	2
None of these – it will have no additional impacts on our organisation	24	23	24	29	23
Don't know	11	13	9	5	12

Base: all: 388; private: 249; public: 118; SMEs: 55; large organisations: 333
 Note: Figures not included for not-for-profit because of small sample size.

Support for a training levy?

The survey evidence suggests that employers' support for the principles of an apprenticeship levy has increased. In 2016 just 35% supported the levy; the current survey suggests that this has

gone up to 49% (this appears to have been caused by a fall in the proportion who stated 'don't know' before). Surprisingly, those who pay the levy are more supportive of it – 58% of employers. However, while apparent support for the

apprenticeship levy is on the rise, when given an alternative option of a training levy it drops dramatically. Among employers who currently pay the levy, 53% would prefer a training levy compared with just 17% supporting an apprenticeship levy.

Table 15: Proportion of organisations who support or oppose the apprenticeship levy (%)

	All	Offers apprenticeship		Pays/will pay the levy		Levy-payers			Large organisations
		Yes	No	Yes	No	Private	Public	SMEs	
Support	49	57	45	58	47	57	61	62	58
Oppose	24	24	25	29	23	30	25	24	30
Don't know	27	19	30	12	30	12	14	14	12

Base: all: 1,139; yes, offers apprenticeships: 479; no, does not offer apprenticeships: 616.
 Levy-payers – all: 388; private: 249; public: 118; SMEs: 55; large organisations: 333.
 Note: Figures not included for not-for-profit because of small sample size.

Table 16: Proportion of organisations who support an apprenticeship levy or a broader training levy (%)

	All	Offers apprenticeship		Pays/will pay the levy		Levy-payers			Large organisations
		Yes	No	Yes	No	Private	Public	SMEs	
An apprenticeship levy	9	17	4	17	6	17	18	22	16
A training levy	36	40	35	53	30	54	50	42	55
My organisation would not have a preference	30	18	40	14	47	12	19	25	13
Don't know	25	26	21	15	18	16	13	11	16

Base: all: 1,139; yes, offers apprenticeships: 479; no, does not offer apprenticeships: 616.
 Levy-payers – all: 388; private: 249; public: 118; SMEs: 55; large organisations: 333.
 Note: Figures not included for not-for-profit because of small sample size.

Conclusions and recommendations

‘Over a fifth (22%) of employers surveyed still don’t know whether they are liable to pay the levy or not.’

The purpose of this research is to understand the early impact of the apprenticeship levy on employer behaviour and assess the likely future impact on the quality and quantity of apprenticeships, as well as on broader investment in workforce skills development and training.

Before summarising the key findings, it’s important to note that there is still considerable confusion and uncertainty amongst employers about the apprenticeship levy. Over a fifth (22%) of employers surveyed still don’t know whether they are liable to pay the levy or not – worryingly, larger employers are more likely to report they don’t know whether they will pay it or not (30%) – while one in eight of those who will pay the levy report that they have still not calculated what it will cost them.

This means that, while it is still too early to assess the long-term impact of the levy on both apprenticeships and overall employer investment in workforce training and development, the research provides some indications of the likely direction of travel. The likely impact on the quantity, quality and accessibility of apprenticeships, as well as the overall impact on workforce training and development, are discussed below. This is followed by a series of recommendations to improve the operation of the system.

1 Impact on overall number of apprenticeships

The employer survey suggests that the levy will help meet the Government’s objective of

driving up the overall number of apprenticeships, with the majority (73%) of organisations expecting to use the levy money to either expand or develop apprenticeship programmes – although it is unclear if this increase will be sufficient to meet the target of 3 million. However, it should be of concern that almost a quarter of employers do not expect to use the levy to expand or develop an apprenticeship programme. This is considerably higher amongst levy-paying SMEs, where over a third report that they will write the levy off as a tax.

However, while the employer survey suggests that the levy will help drive up apprenticeship numbers in levy-paying organisations, it is unclear what the reforms will mean for non-levy-payers (who form the bulk of UK businesses). Non-levy-paying organisations (those with 50 or more employees but a salary bill of less than £3 million) have to co-fund off-the-job training (that is, contribute 10%), which is a significant change in incentives – in 2015, only just over a quarter (27%) of employers paid fees to a training provider for apprentices’ training.¹⁷ Indeed, this could be one factor driving the collapse of 59% in overall apprentice starts compared with this time last year.¹⁸

We have previously¹⁹ argued that there is an inherent contradiction between an arbitrary target set by government and a training system where volumes and levels are supposed to be based on demand from employers. However, while we feel the target is unhelpful and could risk driving quantity over

quality, we believe there is a need to do more to raise awareness of the apprenticeship levy and to increase SME engagement with the system.

Recommendations

- 1 Awareness-raising campaign** – there are still worrying levels of confusion amongst levy-paying and non-levy-paying employers with regards to the recent changes. The Government should provide funding to Local Enterprise Partnerships to raise awareness of reforms and the benefits of apprenticeships locally.
- 2 Boosting SME engagement** – SMEs account for nearly half of all business employment, yet are less likely to offer apprenticeships. The Government should invest £13 million a year to provide HR support to small businesses. Our research²⁰ has demonstrated this can greatly improve their managerial capability, which will allow them to respond positively to government initiatives, such as apprenticeships, in the future.
- 3 Focus on completions rather than starts** – we support the Learning and Work Institute's recommendation²¹ that the Government should focus on completions and not starts (completion rates stood at 67% in 2015/16) and should not seek to add to the 3 million target.

2 Impact on quality of apprenticeships

The Government has consistently stressed that it wants to drive up the quality of apprenticeships with the ultimate aim of achieving a parity of esteem between higher education and apprenticeship pathways. Yet, at the moment over half of apprenticeship starts are at level 2, which offer substantially lower wage returns compared with level 3 and above.²² The survey results suggest that for those that pay it, the levy will have

limited impact on the numbers of organisations offering higher-level apprenticeships, with equal proportions reporting that they would increase the quantity of level 2 apprenticeships and decrease the quantity of level 3 and vice versa (17% and 18% respectively), and a third reporting that there would be no change.

In quality terms there are concerns that a large number of the new employer-led apprenticeship standards are narrow and overlapping, restricting the extent to which apprentices gain transferable skills.²³ Further concerns have been raised around the removal of the requirement for apprenticeships to include specified vocational qualifications, which may weaken the ability of apprentices to signal their learning to other employers. In fact, it has been reported that over a third of new apprenticeship standards approved for delivery involve no funded qualifications other than a final assessment.²⁴ Others have also highlighted differences between our system and the 'best' international comparators; for instance, in most other countries the minimum legal duration is at least two years, whereas in England it is only 12 months.²⁵

We have previously argued that issues around quality are compounded in the UK, and in particular in England, by the lack of an institutional framework and industry-led institutions that can support collective commitment to skills and apprenticeships.²⁶ An increasingly employer-led system, in this context, means that demand is often weak and poorly articulated and is driven by the needs of individual employers rather than addressing sector-wide skills gaps/shortages. The system as it stands will work well for sectors which have strong

occupational identities and collective commitment to train – but sectors lacking this may drive employers to focus on low-level qualifications and high volume to recoup monies. There is a clear need to develop strong institutions to take a role in better articulating demand to shape provision.

Recommendations

- 1 The Institute for Apprenticeships and Technical Education (IfATE) must urgently review all standards** to ensure that they deliver quality, with any narrow and overlapping standards removed. In particular, where level 2 standards have been produced, there should be clear and justifiable rationale for their introduction relative to a level 3 qualification.
- 2 Reinstate the requirement for apprenticeship standards to include a qualification, membership of professional body, or a licence to practise.** This would provide apprentices with the ability to clearly signal their skills to employers. It would give apprenticeships a clear identity and increase their attractiveness to both young people and their parents. It would also support access to, and permeability between, apprenticeships and higher education.
- 3 Strong and sustainable institutions** – there is a need for a permanent and sustainable vehicle for articulating employer need. A first step could be to put apprenticeship Trailblazers – with expanded membership including trade unions and apprentice representation – onto a sustainable footing, tasking them with setting qualification, training and assessment standards for their sectors. Aligned to technical education reforms, there would be one Trailblazer for each

‘In other countries, apprenticeships are primarily a route into the labour market for young people; in the UK, on the other hand, apprenticeships are open to all ages, with the majority of apprenticeship starts going to those aged 19 or older.’

broad occupation or sector, and they would be responsible for developing a much smaller range of broader qualifications.²⁷

4 The IfATE should publish regular data on apprenticeship outcomes by provider, sector, occupation and region.

Data are widely available for higher education graduate outcomes by subject and institution; however, equivalent data is not available for apprenticeships. The IfATE should publish regular data on outcomes such as completions, earnings and progression using linked individual learner records and HMRC records.

3 Impact on access to apprenticeships for different groups

In other countries, apprenticeships are primarily a route into the labour market for young people; in the UK, on the other hand, apprenticeships are open to all ages, with the majority of apprenticeship starts going to those aged 19 or older. The IFS has expressed concerns that recent changes to the funding regime will further incentivise employers to take on older apprentices.²⁸ Alongside this, there are concerns that the current system is not offering a strong enough route into the labour market for new, or returning, entrants: two-thirds of level 2 and level 3 apprentices were already working for their employer when they started their apprenticeship.²⁹

This research supports these concerns and indicates that the funding reforms and apprenticeship levy are likely to shift the pattern of provision even more towards existing employees and older apprenticeships, albeit marginally. A higher proportion of organisations agree that the changes will mean it is more likely they offer apprenticeships to existing employees (35%) compared with

those who state they will more likely offer to new recruits (25%), while a slightly higher proportion of organisations would be more likely to offer apprenticeships to 19–24-year-olds (19%), compared with 16–18-year-olds (15%).

Alongside access for young people in general, there are also particular issues for young people from disadvantaged backgrounds and those from black, Asian and minority ethnic (BAME) backgrounds. For instance, in some areas young people eligible for free school meals (FSM), compared with non-FSM, are half as likely to undertake an apprenticeship at level 3, those from BAME backgrounds are underrepresented, and female apprentices are much more likely to be concentrated in low-wage sectors with limited progression opportunities.³⁰

Recommendations

- 1 Develop an apprenticeship access fund** along the lines of the Higher Education Access Fund to target and support disadvantaged young people, and those who are workless and/or have health problems/disabilities (including older groups), into apprenticeships or traineeships (if they lack key qualifications and experience). This could be delivered locally as an integrated offer between Jobcentre Plus, the National Careers Services, schools, and apprenticeship providers.
- 2 The IfATE should publish regular data on access to apprenticeships** for different groups.
- 3 School and college career strategy should include measures for addressing equality of access to apprenticeships** – such as diversity of role models and engagement with parents and the wider community, as well as

the development of new forms of marketing and communication to tackle underrepresentation. Schools should be required to provide advice and guidance on apprenticeships.

4 Impact on overall training levels and other forms of workforce training and development

The apprenticeship levy was designed to help counteract the long-term decline in employer investment in training. Although it is far too early to assess its impact, the survey indicates that the levy will only go some of the way towards achieving the Government's ambition of driving up overall training levels. In all, 45% of levy-paying organisations believe the levy will have the effect of increasing the overall amount of training they offer. Yet, this figure does imply considerable deadweight (that is, the economic term for funding activity that would have occurred anyway), with a larger proportion of employers reporting it will make little or no difference or actually means it reduces overall training investment (a combined figure of 49%).

A number of reports have identified the risk that the levy will drive employers to rebadge existing training programmes as apprenticeships.³¹ While there could still be some value from this, for instance providing employees with portable/transferable skills rather than company-specific, if it occurs widely it would not increase the overall volume of training and lead to significant deadweight. Indeed, the survey results suggest that the levy is likely to lead to considerable rebadging of training effort, with 46% of organisations reporting that they think their organisation will be encouraged to rebadge current training activity into apprenticeships.

While we are highly supportive of apprenticeships, they are not the answer to all the challenges of workforce development. Our previous report raised concerns about the potential impact of the levy on other equally valuable forms of workforce training and development. This research suggests that the levy is likely to have a negative impact on other forms of training in a substantial minority of organisations; over a quarter of employers reported that the levy would mean that they reduce investment in other forms of training.

The survey evidence suggests that while support for the principles of an apprenticeship levy has increased since we last surveyed employers a year ago, most employers would prefer a broader training levy.

Recommendations

- 1 The Government should consider broadening the apprenticeship levy into a wider training levy.** The training levy could be reconfigured to cover a much broader range of organisations, as suggested by the IPPR, whereby all businesses with more than 50 employees would contribute, with larger businesses contributing more to the pot.³²
- 2 Underspend of levy monies should be ringfenced** and redistributed to the reconfigured Trailblazer (as set out in recommendation 2.3 above) to be strategically invested to tackle identified sector skills challenges.

‘Although it is far too early to assess its impact, the survey indicates that the levy will only go some of the way towards achieving the Government’s ambition of driving up overall training levels.’

Appendix – Apprenticeship programmes case studies

This appendix looks at approaches taken in three organisations, focusing on one key aspect of their apprenticeship programme approach:

- **Case study 1: Transport for London** – engaging with schools to build a talent pipeline and address diversity challenges.
- **Case study 2: BT Fleet** – using apprenticeships to tackle skills gaps and address an ageing workforce.
- **Case study 3: Ofsted** – developing an apprenticeship programme to support social mobility.

Case study 1: Transport for London – engaging with schools to build a talent pipeline and address diversity challenges

Background

Transport for London (TfL) are the integrated transport authority responsible for delivering the Mayor of London's strategy and commitments on transport. With a workforce of around 27,000 permanent employees, they are responsible for running the day-to-day operation of the capital's public transport network and managing London's main roads.

Apprenticeships at TfL

TfL's vision for equality and inclusion is that *'every person matters in helping London thrive'*. One of the key drivers for their apprenticeship programme is to ensure that it is representing the same demographic diversity in their workforce as that of the city that they serve. It is important that the organisation reflects London's diversity and it is working hard to do this through a number of initiatives, especially as it is part of an industry that typically tends to attract more men than women. Alongside this, they have identified challenges such as an ageing workforce and acute industry skill shortages, for instance in engineering.

TfL has a long history of providing apprenticeships and they play a key role in TfL's workforce development. This year they have 24 apprenticeship schemes across their organisation: this includes three degree-level programmes, and programmes at level 4, 5 and 6. This means that TfL has one of the largest and most diverse apprenticeship offers in the industry. The sheer scale of their programmes, alongside the need to diversify their workforce, means that they need to have a strong, and diverse, talent pipeline going into these schemes. To support this TfL has embarked on an innovative, and successful, school outreach programme.

Engaging with schools to build a talent pipeline and address diversity

To build a strong and diverse talent pipeline, TfL has developed a school-level outreach programme across 15 of London's most deprived boroughs. The aim was to build deeper partnerships with these boroughs and to engage with young people and schools to promote TfL as a career destination. As a result of this they have held 120 events at target schools, providing employability sessions and promoting their higher-level apprenticeship opportunities as an alternative pathway to disadvantaged young people.

Case study 1: Transport for London – engaging with schools to build a talent pipeline and address diversity challenges (continued)

‘Teachers and principals are often bombarded by offers from businesses. You need to demonstrate the benefit of working together. You need to have a long-term strategy. It’s not just about going in and doing one intervention; it’s about listening to what their needs are and developing a relationship. We know this is working, because we are having different conversations now, schools are actively asking for expertise and help.’ Rebecca Foden, Early Careers at TfL

Their approach is already achieving great results; for instance, they have achieved a 153% increase in applications for quantity surveyor apprentices, a key skill shortage area, in 2017 compared with 2016; this is one of the areas where there is a skills gap across the industry. Alongside this, they have seen a 100% increase in female hires from 2016 to 2017 applications during their last round of recruitment in 2017 for apprentices.

Top tips for organisations wanting to take a similar approach

- 1 Develop a plan and strategy,** have a razor focus on what you want to achieve, be brave and go after it. You need to use a multi-pronged approach to engage with schools, and to be really flexible. Use your networks; don’t be afraid to pick up the phone; perseverance is key.
- 2 Make good use of the data available.** Map the schools and colleges in your area, identify ones that are compatible with your hiring needs. For instance, if you want to engage with schools to widen access and increase workforce diversity, you could target engagement based on the proportion of pupils on free school meals.
- 3 Take apprentices who are alumni back into their schools;** this can help you gain access more easily and provides a powerful example to young people about the benefits of becoming an apprentice.
- 4 Make sure you also think about what’s in it for the school.** Listen to their needs; try and talk to the principals. They can give you the best understanding of what their pinch points are and how you can help.
- 5 Work in partnership with local authorities and charities.** We work in partnerships with charities that are already linked with key schools that we would like to target. For smaller businesses that don’t have the resources to call all the schools in their area, you can develop alliances with youth charities and they will help you to develop relationships with the schools.
- 6 You need to bring your organisation with you,** particularly if you are changing the way you are doing things that have been in place for a while. To do this, build a strong business case and make good use of data; this way you can demonstrate the impact of your approach.

Case study 2: BT Fleet Solutions – using apprenticeships to tackle skills shortages and selecting the right training provider

Background

BT Fleet Solutions is one of the biggest fleet management companies in Europe. A wholly owned subsidiary of BT Group, they have more than 120,000 vehicles on their books – from cars and vans to trucks and heavy-duty plant.

A key part of what they do is vehicle service, maintenance and repair (SMR), which is undertaken predominantly through 64 owned and operated garages. These workshops are also the setting for their apprenticeship scheme, which supports and trains young people to become qualified motor technicians with a job guarantee and career path, both within BT Fleet and the wider BT Group for the future.

The apprenticeship programme

The BT Fleet Solutions apprenticeship programme was designed to address a key future skills shortage. In-house analysis showed that 30% of current technicians were within ten years of retirement, and there was a need to bring in new talent to address this upcoming skills and knowledge gap.

BT Fleet Solutions worked with their apprenticeship awarding body, the Institute of the Motor Industry (IMI), to establish which colleges local to their Coventry headquarters had the best NVQ pass rates. As a result of these discussions, they developed a partnership with Warwickshire College in 2015, which included:

- fully-funded, campus-based residential training (three, three-week blocks spread across the year, with time in the garage in between to consolidate learning supported by their onsite buddy)
- development of an innovative replica BT Fleet Solutions garage within the college, for hands-on seminars/practical sessions
- six used fleet vehicles (rotated periodically), enabling apprentices to practise on ‘real-life’ vans, trucks, cars and plant
- an electric vehicle and IMI-approved training programme, giving apprentices up-to-the-minute, practical training on this emergent technology
- training for college tutors in vehicle manufacturer-specific diagnostic courses, so they’re better able to support apprentices’ needs
- an agreement to add bolt-on courses to the standard NVQ Level 3 in Automotive Engineering. These include welding qualifications and a sub-diploma in heavy vehicle studies.

Advice on selecting the right provider: *‘The training provider is key – criteria for selection are both the quality of the training and also the experience for the apprentices. We didn’t want to do in-house so we needed to select someone who could accommodate national coverage but also someone we could have an ongoing relationship with. The selected provider is on our doorstep.’*

Once you have selected a training provider: *‘Go through the curriculum with them, and define the objectives – the new standards offer flexibility to do this. This ensures that they are teaching what the business needs. You can have some input; we have co-created content so our apprentices are training with the same type of equipment and vehicles that they will deal with when they come back to the workplace.’*

Advice on scaling up your apprenticeship programme: *‘You need to recruit where you have both the need and also the support for apprenticeships. You need the right capability on the ground and training in place for the line manager. You need to have mentoring in place for the apprentice and space for them to grow in the workforce. There has to be a reason for the hire; they are not cheap labour and there has to be a job and a career path there.’* (Steve Webb, Head of HR – Fleet Solutions from BT)

Case study 2: BT Fleet – using apprenticeships to tackle skills shortages and selecting the right training provider (continued)

Top tips

- **Start from the role and the career path** – think about why you are recruiting for the role. Understand your need – this helps you recruit, helps you find the partner and helps you find the right person for the role.
- **Understand why apprentices are important for your business** – this has to be through a quality, not quantity, lens.
- **Get your internal and external partnerships and stakeholders in place from the start** – this includes great partnerships with parents/carers, because there is a residential element of the programme where some people are staying away from home for the first time – it's key to get them on board.
- **Keep an eye on emerging trends so you can future-proof the programme** – for instance, electric vehicles are going to be a high-growth area. Make sure that your training provision is flexible enough to respond to the skill needs of the future economy.
- **Think about the overall apprentice experience as a journey** – it's critical that you have the support network and duty of care policies in place. Make sure that both the line manager and the apprentice have a clear understanding of the role and what the development pathway is. This is really important, and takes a lot of work and thought. You have to be clear that this is not just a normal hire.

Case study 3: Ofsted – developing an inclusive national recruitment, attraction and selection campaign

Background

Ofsted is the Office for Standards in Education, Children's Services and Skills. They inspect and regulate services that care for children and young people, and services providing education and skills for learners of all ages. The organisation employs around 1,500 people across eight regions: East Midlands; East of England; North East; Yorkshire and Humber; North West; South East; South West; West Midlands; and London. They are responsible for:

- inspecting maintained schools and academies, some independent schools, further education and training providers and programmes including higher level apprenticeships delivered by universities
- inspecting childcare, adoption and fostering agencies and initial teacher training
- publishing reports of findings to support and improve the overall quality of education and training
- regulating a range of early years and children's social care services, making sure they're suitable for children and potentially vulnerable young people
- reporting to policy-makers on the effectiveness of these services.

The apprenticeship programme

In May 2016 Ofsted launched their apprenticeship programme. The aims and objectives were to:

- Provide opportunities for all, irrespective of background, age, gender and ethnicity, to embark upon a programme of learning that offers a genuine chance and promotes social mobility.
- Support the Government's pledge to create 3 million apprenticeships by 2020 and contribute to the Civil Service's pledge to deliver 30,000 apprenticeships by 2020, annually achieving 2.3% of the workforce as apprenticeship starts in England.
- Deliver a high-quality apprenticeship programme that reflects Ofsted's values of putting children and learners first, achieving excellence, behaving with integrity and valuing people's differences.

Before they started the programme, Ofsted's talent and resourcing team held discussions with the Executive Board and key managers across the organisation to ensure buy-in and joint ownership of the programme. This highlighted the benefits of apprentices and the fit with organisational values and allowed them to help influence the shape of the programme. As a result of this engagement, the team was able to identify twice as many vacancies as they had hoped for across five office locations.

Developing an inclusive national recruitment, attraction and selection campaign

Ofsted developed a visually engaging job specification to attract a younger and more diverse candidate pool, and a strengths-based selection process focused on outcomes from group and individual assessments rather than a candidate's previous academic achievement.

They drew on their internal schools and social care intelligence data to target apprenticeship programme adverts as well as working with local charities and youth services in areas of high deprivation. As a result, they attracted more than 200 applicants; the social mobility data they collected showed that more than 60% of the apprentices appointed were from a disadvantaged background, in the care of the local authority or a care leaver.

'The first thing was getting vacancies out there and known. We contacted schools with high levels of young people on free school meals; we worked with youth services and charities, and used our local intelligence.'

Case study 3: Ofsted – developing an inclusive national recruitment, attraction and selection campaign (continued)

'We were lucky that it really caught the imagination of people working in Ofsted because of the fit with our values, so people were more than willing to spread the message. Now the programme is up and running, we can use our current apprentices as advocates for future vacancies – this is the best way to spread knowledge.'

To help their apprentices adjust to the working environment and support them through any personal/social issues, they provided additional training to meet their specific needs, such as:

- bespoke personal safety training for in/outside the workplace, including resources and guidance from the Suzy Lamplugh Trust, information/tips on how to keep safe and alert someone if they feel unsafe
- bespoke training on personal finances, including guidance/tips on managing money, pitfalls/dangers of loans, credit cards and managing bills
- additional support for those apprentices who are in the care of the local authority, including a joined-up approach with line managers and social workers
- opportunities to gain further qualifications, by offering to fund re-sits for those apprentices who do not have GCSEs A*-C in maths and English to re-sit them, in addition to completing their functional skills.

Top tips for organisations who want to take a similar approach

- 1 Make sure you get your senior managers on board right from the start.** Work with them to shape the programme – this way you will get buy-in and it will be so much easier when driving the programme forward.
- 2 Make sure you clearly communicate and set behavioural expectations for apprentices early on,** for instance dress code, attendance and attitude.
- 3 Ensure you have 'pastoral' support available from the start.** Make sure you put in place regular contact with both the line manager and the apprentice: *'Line manager support was crucial as managers were dealing with issues they may have never dealt with before. For the apprentices it was also really important and allowed them a space to speak to someone who was slightly removed from their day-to-day work.'* (Savio Patricio, Talent and Resourcing People Group, Ofsted)
- 4 Be flexible with internal processes.** Although we follow procedures, such as performance management, we have flexed where appropriate, such as by providing salary advances when an apprentice didn't have a budget to buy appropriate workwear.
- 5 Build in evaluation from the start and adapt the programme as you learn.** Initially we didn't include sessions on personal safety, finance or budgeting. However, following feedback from managers, we built these in and the next cohort will have them from the beginning.
- 6 You need to make sure that your provider is on the same page as you from day one.** It's useful if they have a good knowledge of your sector and the type of apprentice you want to attract. Make sure you listen to their advice; they will know what will work and what won't work.
- 7 Regular, ideally face-to-face contact – with the training provider, line managers and apprentices –** is essential to establish relationships; there's only so much you can do over the phone.

Endnotes

- ¹ Intermediate level is equivalent to level 2 (five GCSE passes); advanced level to level 3 (two A level passes) and higher level to level 4 (degree level) and above.
- ² Source: Department for Education, and Education and Skills Funding Agency, Further Education and Skills Statistical First Release (SFR), November 2017 (figures for 2016/17 are provisional).
- ³ WOLF, A. (2015) *Fixing a broken training system: the case for an apprenticeship levy*. London: Social Market Foundation.
- ⁴ OFSTED. (2015) *Apprenticeships: developing skills for future prosperity*. London: Office for Standards in Education, Children's Services and Skills.
- ⁵ AMIN-SMITH, N., CRIBB, J. and SIBIETA, L. (2017) *Reforms to apprenticeship funding in England*. London: Institute for Fiscal Studies.
- ⁶ NATIONAL AUDIT OFFICE. (2016) *Delivering value through the apprenticeships programme*. London: NAO.
- ⁷ Ibid.
- ⁸ www.gov.uk/government/publications/employer-perspectives-survey-2016
- ⁹ DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS. (2016) *Apprenticeships evaluation 2015 – employer summary report*. BIS Research Paper No 288. London: DBIS.
- ¹⁰ AMIN-SMITH, N., CRIBB, J. and SIBIETA, L. (2017) *Reforms to apprenticeship funding in England*. London: Institute for Fiscal Studies.
- ¹¹ DEPARTMENT FOR EDUCATION. (2017) *Meeting the public sector apprenticeship target: statutory guidance for bodies in scope of the public sector apprenticeship target*. London: Department for Education. Available at: www.gov.uk/government/uploads/system/uploads/attachment_data/file/606955/Public_Sector_Statutory_Guidance.pdf [Accessed 23 November 2017].
- ¹² CIPD. (2016) *Employer views on the apprenticeship levy*. Policy report. London: Chartered Institute of Personnel and Development. Available at: www.cipd.co.uk/Images/employer-views-on-the-apprenticeship-levy_2016_tcm18-14304.pdf [Accessed 23 November 2017].
- ¹³ See for example <http://webarchive.nationalarchives.gov.uk/20130323041623/https://www.education.gov.uk/publications/eOrderingDownload/rb694.pdf> [Accessed 23 November 2017].
- ¹⁴ INSTITUTE FOR FISCAL STUDIES. (2017) *Higher education funding in England: past, present and options for the future*. IFS Briefing Note BN211. London: IFS. Available at: www.ifs.org.uk/uploads/publications/bns/BN211.pdf [Accessed 19 September 2017].
- ¹⁵ www.ft.com/content/0b674abc-a926-11e7-93c5-648314d2c72c?mhq5j=e5 [Accessed 9 September 2017].
- ¹⁶ POLICY EXCHANGE. (2016) *The skills we need and why we don't have them: how apprenticeships should be reformed to make the UK compete on the global stage*. London: Policy Exchange. Available at: <https://policyexchange.org.uk/wp-content/uploads/2016/11/Apprenticeships.pdf> [Accessed 27 October 2017].
- ¹⁷ DEPARTMENT FOR EDUCATION. (2016) *Apprenticeship evaluation 2015 – employers*. A report by IFF Research, with the Institute for Employment Research at the University of Warwick.
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CIPD

Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ United Kingdom
T +44 (0)20 8612 6200 **F** +44 (0)20 8612 6201
E cipd@cipd.co.uk **W** cipd.co.uk

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Issued: January 2018 Reference: 7641 © CIPD 2018