

Identifying sectors with prospects for expanding the number of Apprenticeships

Summary

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Of interest to everyone involved in improving
skills and learning opportunities across England

Key influences for sectoral engagement in Apprenticeships

- 1 Evidence from the wider literature, labour market data and policy documents indicates that employer propensity to take up Apprenticeships is influenced by a range of factors, including the following.
 - **Employer size:** Larger companies are more likely to invest in training and more likely to take on apprentices. The impact of company size on propensity and future potential to engage apprentices has several dimensions, including funding and administration costs, and financial risk to the organisation.
 - **Tradition of Apprenticeship engagement:** The sectors that have longstanding traditions of Apprenticeship are manufacturing, engineering and construction, while programmes in retail, catering and business administration are comparatively well developed and pervasive. Longstanding traditions of Apprenticeship stem from the historical reliance on intermediate technical skills, often as a route to higher skills. However, this may also indicate churn in the workforce in response to a high level of staff turnover.
 - **Awareness of the Apprenticeship offer:** Companies in sectors with a tradition of Apprenticeships are more aware of apprentices, so more likely to engage. Smaller companies are also less likely to be aware of Apprenticeships.
 - **Presence of skills gaps and shortages:** In sectors where there are skills gaps and shortages at intermediate skills levels, employers are more likely to use Apprenticeships as a route for filling these. Skills gaps should not be considered in isolation, because they intersect with other factors. They are a particularly good indicator of need where there is a tradition of Apprenticeships.
 - **Age of the workforce:** Sectors where many 16- to 18-year-olds are employed, such as retail and hospitality and catering, have a strong engagement in Apprenticeships, reflecting the strong focus of the programme on young people. Many of the strongly engaged sectors, such as construction and the automotive sector, also have a tradition of bringing in young people and training them in a workplace environment.

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- **Qualification profile of the sector:** In sectors where the majority of the workforce holds intermediate qualifications (at Level 2 or Level 3), while a smaller share holds degree-level qualifications or has low qualifications, the take-up of Apprenticeships is greater.
 - **Availability of appropriate Apprenticeship frameworks:** In some sectors, although industry-specific frameworks are available, take-up is mostly for 'generic' frameworks such as Business Administration and Customer Service, resulting in Apprenticeships not reaching the core workforce of the sector. Certain sectors require a review of quality, e.g. retail, while other sectors where apprentices are a new phenomenon are currently looking at how they can develop suitable frameworks, particularly in the government, IT and creative and cultural sectors.
 - **Employment trends:** Tough economic conditions are typically associated with employer contraction in costs as profits drop, which in practice results in the contraction of training budgets and a reluctance to release staff for training.
- 2 The sectors that have the greatest modelled potential for expansion are also in general the sectors with the largest number of Apprenticeship learners. Sectors with a tradition of taking on apprentices are also the sectors with the highest proportions of Apprenticeship delivery.
 - 3 Apprenticeship take-up is concentrated in a limited number of frameworks – the 10 largest frameworks account for two-thirds of provision. The majority of the 10 largest frameworks are linked to one of the target expansion sectors.
 - 4 The balance between Level 2 (Apprenticeships) and Level 3 (Advanced Apprenticeships) varies between expansion target sector skills council (SSC) sectors. For example, Skillsmart Retail and People 1st (hospitality and catering) have a concentration of Apprenticeships (NVQ Level 2) and relatively low take-up of Advanced Apprenticeships (NVQ Level 3); conversely, SEMTA – as the SSC for science, engineering and manufacturing technologies – has a higher profile of Advanced Apprenticeships.

Table 1: Summary: modelled target sectors

Top 10 SSCs of predicted expansion	Employer size (% firms 50+ employees)	Employee base (% employees 50+ employees)	Tradition of Apprenticeship offer	Presence of intermediate skills gaps (% skills gaps SOC 4 to 7)	Presence of intermediate skills shortages (% htf vacancies SOC 4 to 7)	Age of the workforce (% aged 16 to 24)	Qualification profile (% at Level 2 or 3)	Employment trends (% employment growth, 2004–09)
1. Skillsmart Retail	3	48	√	83	18	31	44	0.8
2. ConstructionSkills	1	39	√	60	35	13	45	-0.2
3. SummitSkills	1	37	√	88	85	14	49	-0.5
4. People 1st	3	29	√	39	43	34	40	0.8
5. SEMTA	6	65	√	67	52	9	41	-1.0
6. Automotive Skills	2	28	√	90	68	15	54	-0.3
7. Cogent	9	67	√	72	18	9	32	-0.7
8. Skills for Care	6	38	√	78	66	11	44	1.1
9. Skills for Health	8	74		86	68	7	25	1.2
10. Skills for Logistics	4	50		61	16	10	37	-0.4

Opportunities for sectoral Apprenticeship expansion

- 5 Current patterns of Apprenticeship learning across SSCs suggest that policies to target employer expansion of Apprenticeship take-up will require different Apprenticeship offers to different sectors to be successful, with a level and age differentiation.
- 6 The various sectors have different preferences for the age group of the apprentices they take on. For example, Automotive Skills, the 'No SSC' sectors,¹ Construction Skills and Summit Skills all have a majority of young people (aged 16 to 18) on Apprenticeships, reflecting the tradition of recruiting young people into the sector and 'growing your own'. Skillsmart Retail, People 1st and Skills for Care – all strongly people-focused (care or strongly customer-facing) sectors – have mostly people aged 19 and above on Apprenticeships, accounting for two-thirds of learners within the sectors.
- 7 The above also needs to be taken into account when considering the offer to employers, as age-differentiated funding of Apprenticeships will impact differently on employer engagement across sectors, and may have a negative impact in sectors where the preference is for older learners, and hence where greater employer contributions are expected.
- 8 The age profile of the workforce is equally important to consider – SSCs such as Skills for Care, SEMTA and public sector SSCs all have a large proportion of the workforce aged above 50, and thus will have a need for younger recruits.
- 9 The preference of an SSC for Apprenticeships or Advanced Apprenticeships will be an important consideration when putting forward an Apprenticeship offer to the expansion target SSCs, as some may require Advanced Apprenticeships, while for others Apprenticeships at Level 2 may suffice.
- 10 The balance of Level 2 (Apprenticeships) and Level 3 (Advanced Apprenticeships) between SSCs varies. For example, of the employer expansion target SSCs identified through modelling, Skillsmart Retail SSC (retail) and People 1st (hospitality and catering) have a concentration of Apprenticeships (NVQ Level 2) and relatively low

¹ The Apprenticeships within the employers not currently represented by an SSC are primarily located within the standard-setting bodies of Habia (36 per cent) and the Training and Development Agency for Schools (18 per cent).

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take-up of Advanced Apprenticeships (NVQ Level 3); conversely, SEMTA has a higher profile of Advanced Apprenticeships.

- 11 There may also be some constraints when considering expanding Apprenticeships through the conversion of standalone NVQs, as this may affect other funding streams and particular types of providers. Learners on NVQs that could form part of an Apprenticeship framework within the SEMTA, Skills Active, Summit Skills, e-Skills UK and Go Skills SSCs are in the main funded through further education, not through Train to Gain. Many of these learners are likely to be in colleges, and moving these learners towards Apprenticeships may have a particularly strong impact on further education colleges.
- 12 In contrast, nearly all learners with Skills for Care, Skills for Health and Skillsmart Retail have conversion potential funded through Train to Gain, which means that these sectors should perhaps co-operate closely with Train to Gain to ensure that learners are encouraged to progress on to a full Apprenticeship once the NVQ has been completed.
- 13 While many 'public sector' SSC employers have a poor track record of Apprenticeship take-up, a concerted government policy focus is likely to result in them expanding above current expectations. For example, Government Skills SSC (central government) has a poor track record of Apprenticeship engagement; however, this is a sector where the Government can exert considerable leverage to bring about take-up (as the Government is the employer), whereas the target SSCs are mainly in the private sector and the Government can only try to persuade employers to engage.
- 14 Many training providers are also seeing the public sector – especially local government – as largely untapped and having great potential. A concerted government policy focus may thus result in Apprenticeships expanding above current expectations, making the public sector a target sector.

Overall recommendations

15 It should be noted that the employment forecast data and analysis presented in section 3.3.1 of the final report were current at the time of writing (November 2008).

Consideration should therefore be given to the rapid movements in the economic climate during the final months of 2008 and early 2009 prior to publication when interpreting the findings at a later date. It is likely that this would also have some impact on the ease with which expansion of Apprenticeships can be achieved and this will be taken into account when defining regional strategies.

Table 2: Predicted take-up of Apprenticeships by SSC

SSC	Predicted apprentices index
No SSC	1.00
Skillsmart Retail	0.96
ConstructionSkills	0.92
SummitSkills	0.88
People 1st	0.84
SEMTA	0.80
Automotive Skills	0.76
Cogent	0.72
Skills for Care	0.68
Skills for Health	0.64
Skills for Logistics	0.60
Asset Skills	0.56
Skills Active	0.52
Skillfast UK	0.48
Improve	0.44
e-Skills UK	0.40
Financial Services Skills Council	0.36
Lifelong Learning	0.32
Proskills	0.28
Go Skills	0.24
Lantra	0.20
Creative and Cultural Industries	0.16
Government Skills	0.12
Energy and Utility Skills	0.08
Skillset	0.04
Skills for Justice	0.00
Source: ILR, Experian.	

16 Table 2 highlights the different predicted take-up of Apprenticeships by SSC, but this is driven primarily by current take-up. The different colours highlight the distinctly different challenges and opportunities that need to be addressed.

Green

17 As mentioned previously, these sectors have a tradition of Apprenticeships where take-up is already relatively strong. These sectors could see numbers improved by delivering more of the same. However, the high take-up may be the result of high staff turnover caused by other issues in the industry, so its net impact on skills may not be realised.

18 Employers in SSCs that have a relevant occupational framework should not only be offered this framework but should also be presented with the wide variety of cross-cutting frameworks of which they may not currently understand the relevance. This positions Apprenticeships as a whole workforce offer to complement the existing and established occupation-specific routes.

19 The state of the economy must also be taken into account. Some regions have been particularly hit by the recession in certain sectors and this should not be ignored.

Amber

20 These are sectors where there is some take-up of Apprenticeships but it is more patchy. It will be important to identify where there is currently untapped potential. Typically, these sectors already use the cross-cutting skills frameworks. For example, Skills for Logistics has many cross-cutting Apprenticeships representing the majority of apprentices.

21 The importance of cross-cutting skills frameworks to all sectors must be understood, as for many sectors this is where the majority of take-up exists. This also suggests that this may be a quicker route to engaging sectors with low take-up in general and the first opportunity to expand in sectors with moderate take-up.

22 Many of the sectors rely strongly on cross-cutting frameworks and the benefits of these should be made clear to employers not currently offering Apprenticeships.

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23 It is important for an understanding of where take-up of Apprenticeships is particularly good among these sectors, and other regions can learn from highlighted good practice.

Red

24 These are the sectors with a traditionally low take-up of Apprenticeships but with potentially the greatest long-term impact on numbers because of this.

25 The National Apprenticeship Service will need to ensure that the relevant occupational frameworks are developed for the sector. In the meantime, these employers should be targeted with cross-cutting frameworks which are not occupation-specific.

26 Many of the SSCs in this band are dominated by the public sector, which should mean that encouraging employers to offer apprentices should be possible more quickly.

27 The research highlighted a number of specific reasons why sectors could be targeted and these are summed up briefly in Table 3.

Table 3: Summary: potential expansion sectors

1. Training offered to young recruits	Automotive Skills	Construction Skills	Summit Skills
2. Training offered to up-skill adult workforce	Skillsmart Retail	People 1st	Skills for Care
3. Ageing workforce	Skills for Care	SEMTA	Public sector SSCs
4. Conversion of standalone NVQs from Train to Gain	Skills for Care	Skills for Health	Skillsmart Retail
5. Influenced by public policy levers	Government Skills	Skills for Justice	Skills for Health

How the findings will be used

28 The findings of the research will be a key piece of evidence feeding into sector expansion strategies which will be developed over the next few months by the National Apprenticeship Service and its partners. These regional strategies will include the following:

- through partnership working, not least between the National Apprenticeship Service and SSCs, we will identify the case for expansion of Apprenticeships within each different sector and a realistic timescale for doing this;
- assessing the likely balance of the sectoral growth in terms of level and age groups for expansion; and
- identifying the actions which are required to be taken to drive forward expansion in the sector and the roles of different stakeholders in achieving this.

29 The findings of the research are being made available publicly so that everyone involved with Apprenticeships is able to access the information.

