

LEARNER DRIVERS

LOCAL AUTHORITIES
AND APPRENTICESHIPS

REPORT

Luke Raikes

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Institute for Public Policy Research

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FOREWORD

The new government is putting apprenticeships at the centre of its plan for helping employers to meet their skills needs and guaranteeing a strong start for young people entering the world of work.

Local government is right behind this ambition, seeking to bring together young people and businesses in a way that can drive local growth and boost employment.

While there has been a jump in the number of apprentices and some examples of excellent practice, it is concerning that apprentices are more likely to be existing employees rather than new starters, that they are more likely to be over 25 than school-leavers, and that they are more likely to be associated with low skills and low pay.

At the national level, government can do more to prioritise investment in young people moving into the jobs market, and to improve the quality and added value achieved by public investment in apprenticeships.

But apprenticeships do not exist in a national vacuum – young people and employers live and operate in local areas, in cities, towns, counties, in real local economies.

So, in our view, transformation relies on giving all employers a platform to exercise genuine local leadership and recruit apprentices as and when they need them, on embedding all opportunities into a coherent local education landscape so that students are aware of them, and on equipping youngsters with the skills and experience to thrive in them.

With the greatest will and talent, government cannot achieve this alone. It must better enable councils to build on their local partnerships of schools, colleges and young people, to bind them together with local employers, and to focus everyone's attention on the joint ambition to create and fill quality apprenticeships that transform lives and boost growth.

As a starting point, government should enable councils to develop new models such as apprenticeship hubs, devolve the Apprenticeship Grant for Employers to local areas, and transfer the statutory duty for providing impartial advice and guidance to local partnerships.

Longer term, councils and government must work together to radically rethink how we deliver public services to efficiently support a school-to-work transition that enables every young person to fulfil their full potential in life, learning and work.

It may not sound flash or new, but decades of initiatives have not proved effective. We cannot afford it anymore. It is time young people and employers come together locally to shape their own destinies.

Councillor Peter Box CBE

*Chair of Environment, Economy, Housing and Transport Board,
Local Government Association*

Councillor David Simmonds

*Chair of LGA Children and Young People Board,
Local Government Association*

SUMMARY

At their best, apprenticeships serve two vital economic and social purposes: increasing productivity and promoting inclusion. A well-designed and high-performing apprenticeship system can help to resolve deep-seated problems of unemployment and inactivity, while at the same time driving up the skills of the workforce and its productivity.

Their role in local economies is particularly important. While they have historically been focussed in certain industries or sectors, as local economies have changed, so too has the role of apprenticeships. They have become more diverse and have spread throughout the service-sector occupations that provide the majority of local employment opportunities. Too often, however, the current system is failing to realise its potential.

Local government is already playing a crucial role in this system, often by enhancing the activities of government agencies, or by plugging the gaps left by a fragmented system. This report investigates their current role and the case for enhancing it further.

The successes and failures of the current system

Since the recession at the end of the last decade, there has been a lot of focus on the potential for expanding apprenticeships. This has led to a number of positive improvements including:

- a long-term increase in volumes (with caveats around quality and the nature of those apprenticeships)
- a short-term policy emphasis on quality and the abolition of programme-led apprenticeships (PLAs)
- increases in the participation of minority ethnic groups in apprenticeships
- a more even gender balance in apprenticeships, which have historically favoured men.¹

Nevertheless, despite their promise and potential, apprenticeships are falling short.² They are failing to meet many of the aims and lofty ambitions of all concerned – for policymakers, employers and the apprentices themselves. The system is in need of reform.

There are a number of major concerns:

- Two-thirds of apprentices (67 per cent) at level 2 or level 3 are people who were already employed by their company, rather than new recruits (Winterbotham et al 2014).
- Since 2010, 42 per cent of starting apprentices have been over the age of 25, rather than being young people finding their way into work.
- A significant proportion of companies are failing to comply with the apprenticeship minimum wage, particularly in sectors such as hairdressing and children's care, and to the particular disadvantage of young people (ibid).
- There appears to be a mismatch between the apprenticeships people want to take on and the vacancies available.

1 Although this reflects in part the conversion of currently employed staff to apprenticeship status, and also that many of the sectors with the best career prospects are still dominated by male apprentices.

2 See section 1.2 of this report for a summary of evidence on the value and potential of apprenticeships, for learners, employers and the economy as a whole.

- There is a particular concern over the poor quality of some apprenticeships – particularly in certain sectors and with certain providers – and falling success rates since 2010/11.³
- Finally, there are concerns centred on the quality of careers education, information, advice and guidance (CEIAG), which is currently secured by schools in challenging financial circumstances.

In addition, an overriding concern is that successive upheavals in policy designed to improve the system have instead often undermined it. For employers looking for clarity about a potential employee, the system is opaque and confusing. And for policymakers, analysing the performance of the system over time is challenging, due to the changing nature of apprenticeship programmes.

Local government's current role

Our research has explored the role of local authorities within this system. To help us identify instances of best practice and understand the limitations and barriers they face, 14 local authorities completed an in-depth survey covering a range of topics. We also held a roundtable to interrogate these issues in greater depth.

The potential of local authorities to enhance the local apprenticeships system is often overlooked, sometimes even by the authorities themselves. Local authorities were undertaking a range of activities to add value in the system:

- boosting uptake among employers and learners
- taking steps to guarantee quality
- targeting specific disadvantaged groups.

Local authorities are seeking to boost apprenticeship volumes in several ways, including:

- running promotions and campaigns with employers and learners
- offering additional subsidies, grants or incentives to employers who take on apprentices
- directly employing apprentices themselves
- using their commissioning and planning powers to encourage apprenticeships within their supply chains.

To improve the quality of apprenticeships in their area, and to better align supply and demand of apprenticeship places, local authorities are:

- supporting apprentices with a wider offer of education and support
- working to boost standards through those they directly employ, commission or grant planning consent to
- attempting to line up prospective apprentices with vacancies in growing sectors.

Finally, there was a strong emphasis placed on the role of apprenticeships in driving social inclusion. Initiatives in this area were targeted not only at young people but also at groups facing specific challenges, such as looked-after children, young offenders, teenage mothers, and those from black and minor ethnic (BME) communities. Local authorities did this through:

- direct employment
- special incentives and subsidies
- information, preparation and pre-apprenticeship training.

³ Apprenticeship success rates are defined as the proportion of the learning undertaken that was successfully completed within a period. It is important to note the impact here of certain policy changes, discussed in further detail in chapter 1.

Local government's future role in apprenticeships

Both the economic and social value of *high-quality* apprenticeships is clear, and the evidence adduced in this report restates a case that is already widely made. However, the UK system is severely deficient in many respects, and there is a tangle of organisations and programmes that are seeking but currently failing to ensure social as well as economic outcomes from the apprenticeships system.

Major national reforms are required to the apprenticeship system in England. A previous IPPR report (Dolphin 2014) makes a clear case for apprenticeships to be offered at level 3 rather than level 2, (for which traineeships and pre-apprenticeship provision is more appropriate) and for apprenticeship places ordinarily to be funded for young people under the age of 23, rather than older workers. Apprentices should also be new recruits rather than existing employees (although training in the wider sense for existing employees remains crucial), and abuse of the apprenticeship system by employers who pay wages below the national minimum or simply draw down government training subsidies for existing workers should be firmly curtailed.

Within this context of national reforms, local authorities are uniquely positioned to better align the social and economic outcomes that would flow from a better-functioning apprenticeships system. Local authorities are already showing what they are capable of and, in their own local areas, many are innovating and adding value to central government systems.

Against this backdrop, then, we make the following recommendations.

Local scale and capacity

- **Where possible, local authorities should pool capacity at local enterprise partnership (LEP) or combined authority areas for key functions related to employment and skills.** Local authorities are under extreme financial stress in many parts of the country. Rather than struggle on, or do nothing at all, authorities should pool capacity to ensure that they have the employment and skills personnel needed to enhance apprenticeship programmes as part of their broader economic development role.

Focussing and coordinating services

- **Combined authorities (or in their absence local authorities working within LEP geographies) should combine forces with Jobcentre Plus, the National Apprenticeship Service, the Skills Funding Agency, LEPs and trade unions to become the primary point of contact for all actors in the apprenticeships system through 'local apprenticeship hubs'.** This partnership can draw on the contacts, experience and relationships each agency has to:
 - act as an impartial broker between young people, providers and employers, and give consideration to collocating related services
 - be a single point of contact for employers in a local area for other skills and employment needs
 - promote the consistent expectation that employers will consider recruiting apprentices, on the understanding that the hub will ensure young people are ready to take up these positions and support them once they are in place
 - share data and develop high-quality, in-depth labour market information pertaining to the local area.
- **Combined authorities (or in their absence local authorities working within LEP geographies) should take on the statutory responsibility for careers education, information, advice and guidance (CEIAG), and central government should give them the power and (existing) funding to do so.**

Poor CEIAG is a well-documented issue, and evidence in this report confirms that – as is obvious – the choices made by young people are absolutely essential to their career prospects. The fragmentation of CEIAG in the course of recent reforms has been damaging to the consistency and quality of provision. The previous system was far from perfect, but this ongoing fragmentation has arguably added to these existing challenges. Combined authorities or LEPs are well positioned in the first instance, as they already cover functional economic geographies and have a focus on their local labour markets, but in other parts of the country local authorities could also take on this role.

Targeting and incentivising

- **Local apprenticeship hubs should be given control of the apprenticeship grant for employers (AGE).** The Greater Manchester agreement, for instance, gave the city-region control over AGE, and the logic of this move is clear – only if it is administered locally can it be attuned to local economic conditions and made to fit the diverse industrial profiles of local economies across the country. There are, of course, capacity issues for many local authorities given their financial circumstances, and it is crucial that the grant matches up with functional economic geographies. Therefore, pooling capacity at combined authority or LEP area would be preferable in most cases, although national funding arrangements for large, nationwide employers should be preserved.⁴

Maintaining quality

- **Local government should work to ensure young people – and disadvantaged groups in particular – are apprenticeship-ready.** The tension between the social and economic objectives sits at the heart of many of the system's problems, and may seem like an impossible circle to square. Certainly, it is difficult to align social inclusion objectives with employer demand. However, instead of compromising quality as a result, there needs to be an emphasis on pre-apprenticeship training, traineeships and work experience targeted at vulnerable groups.
- **Local government should scrutinise apprenticeship agencies and providers, as far as their capacity allows, and monitor compliance.** In cases where apprentice recruitment is a requirement of planning or contracting with the authority, this compliance should be monitored. In other cases, authorities should work with the agencies of central government to report instances of poor-quality provision and minimum wage violations in particular.

Direct employment, commissioning and planning

- **Local government should lead by example in recruiting apprentices.** This may require working across boundaries to build the necessary capacity to do so. However, not only is there a direct benefit but leading by example also enables authorities to have far more influence on the employers they engage with, either contractually or less formally in the wider economy.
- **All local authorities should use their planning and commissioning powers to require employers to recruit apprenticeships from disadvantaged groups.** Many of the authorities studied are already doing this to an extent, but there are others who could go much further – and, crucially, they should know that there are no legal or practical difficulties in doing so. It is crucial that these places go to people from disadvantaged groups – such as those who are NEET (not in employment, education or training), looked-after children and youth offenders – whom employers would otherwise not hire.

⁴ It is important to retain national funding agreements for multi-area employers in key sectors, so that major national employers operating across the country are not obliged to manage multiple contracts for different areas.

- **Local government should use planning powers to drive social inclusion.** In order to ensure disadvantaged groups are prepared for the apprenticeship, authorities should use section 106 planning powers to require developers to contribute toward a local fund that helps to get the most disadvantaged residents ready for apprenticeships (as in Nottingham).⁵ Employers should help to decide the priorities for this fund, in order to ensure disadvantaged groups are getting the training and developing the skills they need.

The future role of central government

Local government is just one cog in the apprenticeships machine – a machine which isn't functioning particularly well. For local authorities to perform the role to which they are best suited, central government needs to play its part too. Some of the issues described above are best resolved centrally; in other cases, central government needs to equip local government to take the lead.

As such, central government should:

- simplify and sustain policy, and maintain standards across the country so that all agencies and individuals involved know what they're getting with an apprenticeship
- ensure employers are informed about the appropriate minimum wage rates and about the living costs of those they employ as apprentices, and take enforcement action against those who do not pay the apprenticeship minimum wage
- transfer the responsibility for CEIAG to combined authorities, LEPs or local authorities as appropriate
- require the agencies of central government (Jobcentre Plus, the National Apprenticeship Service and the Skills Funding Agency) to cooperate with local government, work closely with local schools and colleges, and be collectively responsible for the employment and skills activities in the area.

⁵ Note, not all local authorities are also planning authorities.

1. INTRODUCTION AND CONTEXT

1.1 Economic context

The UK labour market suffers from some severe cyclical and structural challenges. While headline statistics show the labour market is recovering, problems of quality, stability and remuneration of work remain. On top of this, there are severe geographic imbalances in the labour market: since the number of workforce jobs hit its post-recession low in December 2009, more than one-third (36.3 per cent) of net new jobs have come in London, and more than half (52.4 per cent) have come in London and the South East region (author's analysis of ONS 2015a).⁶ Labour productivity is also far lower in the UK than comparator countries – and again this disguises a disparity in sub-regional productivity without parallel in the developed world (Eurostat 2014).

Structural economic changes have impacted significantly on the demand for apprenticeships, and have profound implications for policy in this area. Globalisation and technological change mean that, while natural turnover continues to produce opportunities in mid-skilled jobs, many of the new jobs in growing industries require either high or low skills (Dolphin et al 2014). The international division of labour (which has seen many UK companies outsourcing much of their productive operations to other countries), coupled with the decline of British extractive industries, has had extreme effects on demand for labour in particular areas of the UK. The changing industrial composition of the economy is of particular relevance to the local economic dimension of this research – industries which traditionally have recruited apprentices in communities across the country have disappeared as major employers, or are in the process of doing so, while the newer industries demand very different sets of skills.

Apprenticeships are often touted as a panacea or advocated as a solution to deep social and economic problems. Given their unique role in aligning labour supply with the needs of employers, they do indeed hold the *potential* to align both social and economic policy objectives. But – as this report will make clear – apprenticeships policy is often trying to do too much and is failing in many key respects.

1.2 The social and economic value of apprenticeships

There is a great deal of evidence that an individual's employability is improved by participating in an apprenticeship programme. Skills in general improve employability: the employment rate for those aged 25–64 with no qualifications is 48.5 per cent, but for those with apprenticeships this was 80.7 per cent (ONS B). Patrignani and Conlon (2011) broadly corroborate these findings, showing that employment prospects are improved significantly by attaining an apprenticeship, and also that attainment lowers the rate of dependency on welfare benefits, both in the short- and long-term.

As well as improving employment prospects, apprenticeships often attract a wage premium. At age 21, those who have attained an apprenticeship earn more than those who have graduated and are entering the labour market with a degree. By

⁶ Figures relate to the period December 2009 to December 2014.

the age of 25, graduate earnings overtake apprentice earnings, but those with apprenticeships still earn more than those with A-levels alone, although this is partly due to working longer hours (ONS 2013). In turn, this wage premium feeds through into a higher tax-take (through both wages and firm productivity) and thereby helps to fund public services.

Youth unemployment poses a severe challenge to society and apprenticeships are often targeted at resolving this. The rise of youth unemployment is due to a combination of long-term structural and short-term cyclical factors. The industrial changes noted above have meant that traditional progression routes no longer exist for young people. While youth unemployment had begun to rise before the recession, it spiked dramatically during the downturn, and long-term youth unemployment (that is, those who have been unemployed for 12 months or longer) continues to be a particular problem. The problems this poses for future job prospects and wider considerations, such as mental health, are also well-evidenced (Bell and Blanchflower 2011, Strandh et al 2014). So it is no surprise that policymakers have sought to target youth unemployment using apprenticeships – for example, via the youth contract.

Finding a role for apprenticeships in this new economy may be challenging, but their economic value is without doubt. Traditionally, apprenticeships trained people for middle-tier occupations, of which there are now far fewer, and in industries which are now in decline. These changes in the profile of labour demand have in turn had an impact on the demand for apprenticeships. But they retain their value for businesses. For example, the Centre for Economics and Business Research (2015) found that:

- While in training, the average net gain to employers was £1,670 per apprentice, ranging from high net gains in team leadership and management positions (£13,800) to negative net gains in electrotechnical positions (-£11,200).
- In the long term, the productivity gains for an average apprentice are estimated to be £10,300 per annum, ranging from £4,000 in the retail and commercial enterprise sector to £19,900 in the engineering and manufacturing sector.

Learning in general benefits even those who are not engaged in it, through its spillover effects into the wider economy. Although there is no available evidence that is specific to apprenticeships, even those who are not directly engaged with learning can potentially benefit from knowledge transfer, the adoption of new technology, and the creation of a pool of skilled labour (BIS 2012). As such, it is not surprising that successive surveys have highlighted that skilled employees are by far the top priority for businesses (ibid).

Apprenticeships also have a role in the public sector, whether because of their strong business case (as described above) or their contribution towards social objectives. Apprenticeship frameworks within the public sector are diverse, and include construction, business administration and customer services (NAS 2008). While there are likely to be productivity benefits, these are harder to determine in the public sector. However, there is evidence of their value for money in the health sector specifically (Baldauf et al 2014), and indicative evidence that many public sector organisations – especially local authorities – recruit apprentices as part of their social inclusion agenda (Hasluck et al 2008).

It is important to acknowledge the tension that can exist between the goal of social inclusion and productivity. As noted earlier, apprenticeships are pushed by policymakers for their social benefits, particularly in the fight against youth unemployment.

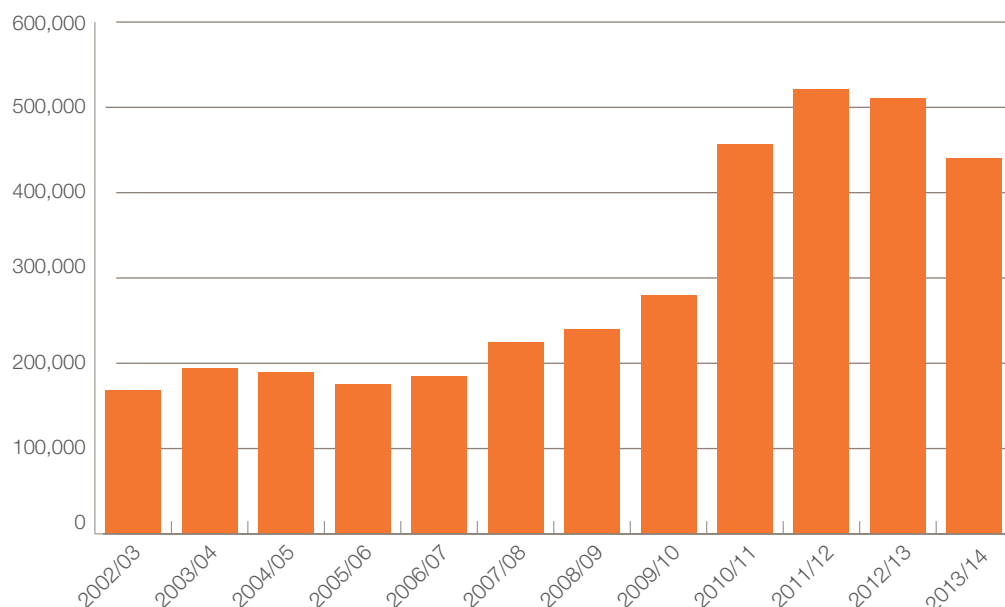
1.3 Recent changes in apprenticeships policy

Apprenticeships policy is both complex and volatile. Successive governments have sought variously to tweak or overhaul the system of provision, whether that has focussed on the funding formulae, the accreditation framework or the requirements for those taking part. This section covers more recent policy changes, noting this complexity. Subsequent sections review the performance of the system and the success of local authorities in augmenting or improving provision in their area.

Apprenticeships as a concept have undergone dramatic change in recent years, as policymaking has sought to address the issues arising from an evolving economy. Both the current and previous governments have worked to reform apprenticeships in order to increase their number and accessibility. For example, programme-led apprenticeships (PLAs) were introduced between 2003 and 2004 – these required none of the on-the-job training previously associated with apprenticeships, but were scrapped in 2011 following criticisms of their quality. The current and previous governments have worked both to increase the volume and to improve the quality of apprentices, through various reforms and incentives. Clearly these twin goals are somewhat antagonistic, and the scrapping of PLAs was followed by a fall in the number of apprenticeships, as figure 1.1 shows.

Figure 1.1

Total apprenticeship starts, 2002/03–2013/14



Source: 'Breakdown by geography, equality & diversity and sector subject area: starts 2002/03 to 2014/15' (SFA 2015a)

Note: Data for 2011/12 onwards is not directly comparable to that for earlier years. Small technical changes have been made leading to a reduction in overall learner numbers of approximately 2 per cent.

In terms of funding, both the size of the contribution and the department which makes the contribution varies according to the learner's age. For learners aged 16–18, the Department for Education (DfE) funds 100 per cent of the costs. Older apprentices are funded by the Department for Business, Innovation and Skills (BIS), which contributes 50 per cent of the costs for those aged 19–24, and up to 50 per cent for those aged 25+, as summarised in table 1.1 below. The remainder is usually picked up by the employer.

Table 1.1

Apprenticeships funding, by department and age (£m)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
16–18 (DfE)	688	751	764	679	728	–
19+ (BIS)	384	451	625	756	759	810
Total apprenticeships budget	1,072	1,202	1,389	1,435	1,487	–

Source: Mirza-Davies 2015a

Currently, the system of provision seeks to match the needs of its various actors. Employers – often having been approached by training providers – will create an apprenticeship vacancy in consultation with providers, the National Apprenticeships Service (NAS) or local partnerships. This vacancy can then be advertised through NAS, and in some cases local authorities and their partners will collaborate (see chapter 3 for some examples of this). An individual can then apply for this vacancy, and if recruited will be paid the apprenticeship wage while receiving training, funded in whole or in part by the government. In practice, however, the system can work differently – there is anecdotal evidence that sometimes providers, rather than employers, are even paying the wage of the apprentice (New Economy 2014).

Recently, the government proposed changing the system of provision in a way designed to give employers more control. However, this too has run into difficulty. The government put two options out to consultation: one in which funding would be routed through the PAYE model, and one in which employers would buy training online through a system of ‘apprenticeship credits’. However, the consultation process flagged up many concerns from businesses about ‘potential administrative burdens or negative impact on cash flow’ (Boles 2015), and the government is not pushing through these reforms. Nonetheless, the intention remains to put employers at the heart of apprenticeship funding (ibid), and in the March 2015 budget it was announced that a new system of funding would be trialled ahead of implementation in 2017, using digital ‘apprenticeship vouchers’ (see Mirza-Davies 2015a).

The current system is a tangle of incentives and initiatives, which reflects the noted tendency for policymakers to make frequent changes not just to apprenticeships policy but also to other areas of policy closely related to young people and youth unemployment. The current government has initiated many schemes to support and incentivise employers to hire apprentices, and many other policy changes will have an impact on provision as well. The list below includes the reforms which relate most directly to apprenticeships, but there are many more:⁷

- **The youth contract:** This was launched in April 2012 in order to help young people (18–24) into employment. It includes various schemes, grants and incentives, such as the apprenticeship grant for employers (AGE), work experience, sector-based work academies and wage incentives.
- **City deals and the Greater Manchester agreement:** Many of the city deals agreed between major cities and central government have included a strong apprenticeship element. These established city apprenticeship hubs to work with small and medium-sized businesses (SMEs) to broker and incentivise provision in order to drive up volumes.⁸ In addition, the Greater Manchester

7 For a more comprehensive list of recent reforms to upper-secondary education, which overlaps with the younger apprenticeships age-group, see Evans 2015.

8 For more on city deals, see HM Government 2012.

agreement devolved control over the AGE grant – and other powers over skills – to the city-region.

- **Traineeships:** This new ‘brand’ provides courses with a strong element of work experience that are designed to prepare young people (aged 16–24) for apprenticeships. They are available only to those who are unemployed and low-skilled.
- **Raising the participation age (RPA):** The age at which young people can leave compulsory education has risen from 16 in recent years, and will become 18 in September 2015. Crucially, this does not mean that students need to be in school or college: education at this age can consist of an apprenticeship, a traineeship, part-time job or volunteering, so long as a certain amount of education or training is also undertaken alongside these activities.
- **Changes to careers education, information, advice and guidance (CEIAG):** The Education Act 2011 removed the responsibility of local authorities to secure careers advice for young people in their area (as had been done through the Connexions service). Now, schools are responsible for commissioning this from external organisations. It also suffered a funding cut of £200 million. The National Careers Service was also set up, funded almost entirely by BIS (with a small contribution by DfE), but its remit does not extend to working with schools. More recently, DfE set up a ‘careers and enterprise company’ to work with 12–18-year-olds and broker relationships between employers and schools or colleges.
- **Replacement of ‘key skills’ with ‘functional skills’:** All apprentices are now required to take functional skills qualifications in maths, English and information technologies (ICT), although there will be some exceptions.
- **Supported internships for learners with learning difficulties or disabilities:** Individuals with learning difficulties or disabilities (LDD) can undertake a course that is somewhat similar to a traineeship but which lasts longer (a minimum of six months) and omits the English and maths requirements of a traineeship.
- **Cuts to funding, particularly within the adult skills budget:** In the current political climate, many departments are facing funding cuts. However, funding for apprenticeships is set to rise, and funding for traineeships will be protected in 2015/16. Because of this partial protection, a 17 per cent cut to the total funding available in adult education and training translates into a potential 24 per cent cut to the rest of the budget (Lauener 2015).

It’s important to note that the complexity of this system is a factor in itself. The tangle of initiatives and actors is often a problem, and policy changes all too often interfere with and disrupt the system they are seeking to improve. Moreover, there is no single body with the power and accountability to target policy interventions at the excluded – this, as the LGA (2014) has noted previously, is a significant problem.

In such a complex landscape, high-quality and impartial CEIAG is especially important, but in many cases it is not being delivered. In a system where learner demand as well as employer demand is a significant factor, there is clearly a need to inform learners with careers information and advice that is underpinned by robust and accurate labour market information. However, as outlined in the list above, the responsibility of local government to deliver this has been replaced by a duty on schools, though without the funding to do so effectively. All of this takes place in an increasingly challenging policy environment and amid a set of economic conditions that disadvantages young people in particular.

As might be expected, these changes have resulted in general deterioration in CEIAG, as the House of Commons education committee concluded:

'Our inquiry has highlighted grave shortcomings in the implementation of the Government's policy of transferring responsibility for careers guidance to schools, not least the inadequacy of the means by which schools can be held accountable for their fulfilment of this duty.'

House of Commons Education Committee 2013

The creation of the DfE-run 'careers and enterprise company' shows that this concern is receiving some attention, but the role local government is already playing in this area (see chapter 3) suggests the potential for strong local coordination.

Most recently, the new government has outlined its aim to boost the number of apprentices further, to 3 million new apprentices over the next five years. There are also related changes to the social security entitlements of young people, with 18–21-year-olds being subject to conditionality from the first day of claiming, and being required to take an apprenticeship, training or community work placement.

1.4 Report overview

Because of their value, successive governments have sought to revolutionise the apprenticeships system – with mixed results. There have been some improvements but severe problems remain.

Before moving forward, it is important to set out what an apprenticeship should be: what is it for, and what does an apprentice 'look like'? It is beyond the scope of this report to explore the competing definitions. For the sake of argument, then, we proceed on the assumption that apprenticeships should (adapted from Dolphin 2014):

- only be started by young people (for example, under the age of 23), in all but exceptional circumstances
- allocate at least 30 per cent of their time to off-the-job training
- be at level 3 or above, while other courses (such as traineeships) should provide the training needed to reach this level.

Given these entrenched economic problems, and central government policies which are often poorly targeted geographically, the role of the local authority is essential but often overlooked. For many years now, local authorities have begun to focus more on skills in the context of economic development. This is partly because the problems facing areas – especially cities – have shifted from urban decay and population decline to persistent structural worklessness, and particularly the challenge of attracting major firms in growing sectors and creating a 'high skill, high productivity, high pay' equilibrium within the local economy (see Green 2012).

This report will investigate – through data analysis, literature review and qualitative research – the performance of the apprenticeships system. In particular, it looks at the role that local government is playing currently and could play in future.

This rest of the report proceeds as follows:

- chapter 2 analyses the performance of apprenticeships provision
- chapter 3 looks at how local government is currently working to improve apprenticeships in their local areas across the UK
- chapter 4 concludes with recommendations for how local government can improve apprenticeships provision, and what central government and other actors need to do to enable this.

2. THE SUCCESSES AND FAILURES OF THE CURRENT SYSTEM

This chapter assesses the performance of the apprenticeships system against several measures, and from the perspective of the small number of local authorities we surveyed. This analysis includes the headline measures of volume and success by different age, gender and ethnicity groups, and at different levels. However, consideration is also given to the pay and employment status of apprentices, and uptake by business size and sector. Finally, consideration is given to supply and demand of apprenticeships, and the gaps which the local authorities surveyed have identified.

2.1 Provision and success by gender and age

In the 10 years to 2013/14⁹ the number of apprentice starts more than doubled, and their profile changed dramatically (see table 2.1).¹⁰ Females now make up the majority of starts – however, while it is encouraging that the number of female apprentices has risen so sharply, this is in large part due to the fact that the majority of apprenticeships are now undertaken by people who are already employed and in low-skilled work (City Growth Commission 2014), a group in which women are overrepresented (see Silim and Stirling 2014). In addition, while the recent increase in participation has seen a trend toward more males taking up apprenticeships in female-dominated sectors, participation by females in male-dominated sectors (which tend to have better career prospects) remains low (Fuller and Unwin 2013). In terms of ethnicity also, the largest proportional rises over the last decade occurred in Asian/Asian British and Black/African/Caribbean/Black British groups.

Table 2.1

Changes in the gender composition of apprenticeships, 2003/04–2013/14

	2003/04		2013/14		Change, 2003/04–2013/14	
	Number	Proportion	Number	Proportion	Number	%
Female	93,240	48.2%	232,940	52.9%	139,700	+50
Male	100,320	51.8%	207,480	47.1%	107,160	+7
Total	193,600		440,400		246,800	+27

Source: 'Breakdown by geography, equality & diversity and sector subject area: starts 2002/03 to 2014/15' (SFA 2015a)
 Note: Source includes full-year figures to 2013 only.

As table 2.2 shows, success rates¹¹ appear at first glance to have improved substantially over the decade to 2011/12. However, this comparison is compromised by other changes in the nature of apprenticeship provision and courses over the same period – for example, with the introduction and later abolition

9 The most recent year for which data is available.

10 The number of apprenticeship 'starts' does not necessarily reflect the introduction of new apprentices to the system, or changes in participation as such, as many individuals will 'start' repeatedly during their career as they progress upwards in level.

11 Apprenticeship success rates are defined as the proportion of the learning undertaken that was successfully completed within a period.

of PLAs. Disentangling the effects of policy changes in order to identify precise changes in the quality of provision has not been possible.

There are other concerns here too. Despite improvements over the long term, success rates fell from 76 per cent in 2010/11 to 74 per cent in 2011/12. Even at these historically high levels, one in four apprentices are failing, meaning that many are entering the labour market unprepared, which is a particular concern for young people. Finally, non-completion adds costs to the public purse, estimated at the equivalent of £196 million in 2012/13 (CESI and LGA 2015).

Table 2.2

Apprenticeship success rates by gender, 2004/05 versus 2011/12 (%)

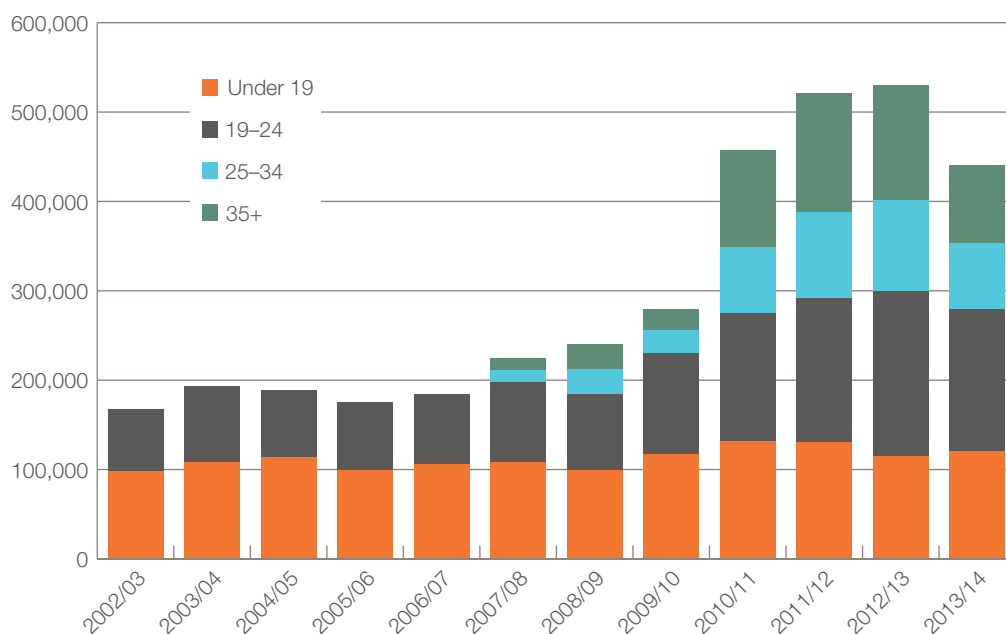
	2004/05	2011/12	Change, 2004/05–2011/12 (percentage points)
Female	36.2	73.7	+37.5
Male	37.2	74.0	+36.8
Total	36.7	73.8	+37.1

Source: 'Apprenticeship success rates: 2004/05 to 2011/12' (SFA 2014a)

Further interrogation of the data shows that this rise in volumes is not only relatively recent, but largely concentrated among older age-groups. Before 2003, publicly funded apprenticeships were reserved for those under the age of 25, and before 2007/08 there were almost no apprentices older than 25. Since 2009/10, by contrast, apprenticeship numbers in the higher age brackets have risen significantly and over-25s now make up 37 per cent of all starts (see figure 2.1). Over the same period, the number of under-19 apprentices rose only slightly, and actually fell between 2010/11 and 2013/14.

Figure 2.1

Apprenticeship starts by age-group, 2002/03–2013/14



Source: 'Breakdown by geography, equality & diversity and sector subject area: starts 2002/03 to 2014/15' (SFA 2015a)

More detailed analysis shows that even within the older age-group, it is the very oldest who have seen the largest proportional increase in starts since 2009/10: more than 500 per cent among the over-60s, albeit from a very small base (Mirza-Davies 2015b).

The proportional rise in starts is not due to a lack of applications from young candidates. Indeed, young people accounted for the majority of applications through the official apprenticeship vacancies system, but a far smaller proportion of starts, while older people accounted for an extremely disproportionate share of starts (SFA 2015a, SFA 2015c):

- under-19s made 56 per cent of applications but only 27 per cent of starts
- the 19–24 group made 37 per cent of applications and 36 per cent of starts
- the 25+ group made 7 per cent of applications but 37 per cent of starts.

This is perhaps related to the fact that the majority of new apprentices are already employed by their organisation, and may not access these opportunities through the official online system.

As table 2.3 shows, success rates were broadly similar across the age-groups, ranging from 73 per cent for 16–18-year-olds to 76 per cent for those 19–24. This 19–24 age-group also saw the largest rise in success rates since 2004/05, by 42 percentage points.

Table 2.3

Success rates by age-group, 2004/05 versus 2011/12 (%)

	2004/05	2011/12	Change, 2004/05–2011/12 (percentage points)
16–18	38.8	73.1	+34.3
19–24	34.1	75.9	+41.8
25+	32.3	72.6	+40.3
Total	36.7	73.8	+37.1

Source: 'Apprenticeship success rates: 2004/05 to 2011/12' (SFA 2014a)

2.2 Provision and success by level

The level of apprenticeship provision is also of concern, albeit improving. The National Audit Office states that, compared to other comparable countries,¹² the proportion of starts at lower levels is far higher in the UK (NAO 2012).

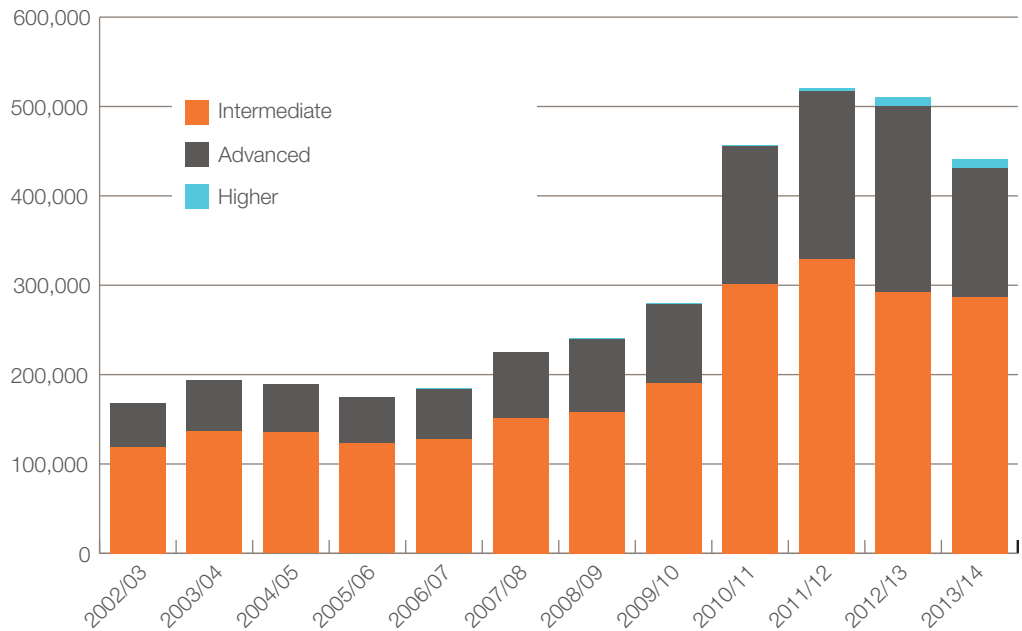
Intermediate (or level 2) apprenticeships have always made up the majority of starts, and this proportion has reduced very slightly with the increase in volumes since 2009/10, as can be seen in figure 2.2. Now:

- intermediate apprenticeships (level 2, equivalent to five GCSE passes) make up 65.1 per cent of provision, down from 68.1 per cent
- advanced apprenticeships (level 3, equivalent to two A-level passes) make up 32.9 per cent, up slightly from 31.4 per cent
- higher apprenticeships (level 4, which can lead to NVQ level 4 and above, or a foundation degree) make up 2.1 per cent, up from 0.5 per cent.

12 The report compared apprenticeships in Switzerland, Germany, Australia, Austria, France and Ireland.

Figure 2.2

Apprenticeship starts by level, 2002/03–2013/14



Source: 'Breakdown by age, gender and level: starts 2002/03 to 2012/13' (SFA 2014b), 'Apprenticeships geography age and level: starts 2005/06 to 2013/14' (SFA 2014c)

As table 2.4 shows, the rate of success is highest for advanced apprenticeships (level 3), at 76.5 per cent, followed by intermediate (level 2) and higher apprenticeships (level 4+), both of which have a success rate of 72.6 per cent. Since 2004/05, advanced apprenticeships have seen the largest rise in their success rate (by 43 percentage points, compared to 35 percentage points at the intermediate level. Higher apprenticeships didn't exist in 2004/05, but since their first year of results (2010/11) their success rate has fallen from 84.6 per cent to 72.6 per cent.

Table 2.4

Success rates by level, 2004/05 versus 2011/12 (%)

	2004/05	2011/12	Change, 2004/05–2011/12 (percentage points)
Intermediate (level 2)	37.9	72.6	+35
Advanced (level 3)	34.0	76.5	+43
Higher (level 4)	NA	72.6	NA
Total	36.7	73.8	+37

Source: 'Apprenticeship success rates: 2004/05 to 2011/12' (SFA 2014a)

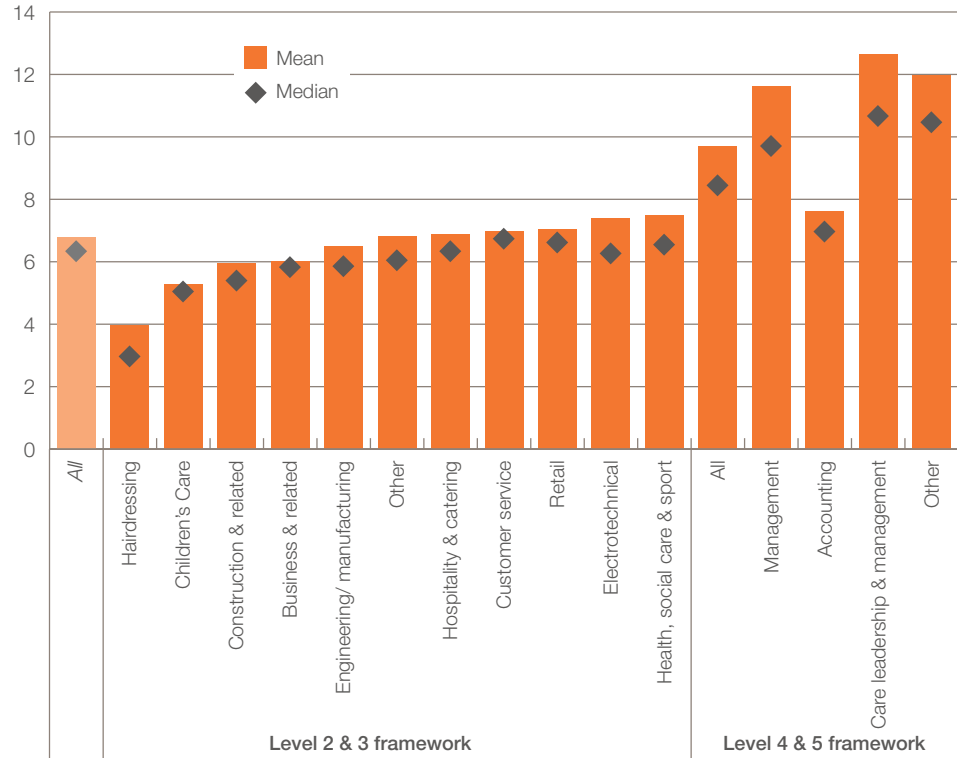
Note: Higher apprenticeships (level 4) did not exist in 2004/05. The first set of results for this group were published for the 2010/11 year.

2.3 Pay

Rates of pay vary by sector and by level, as summarised in figure 2.3. The data (prepared for BIS) shows that level 2 and level 3 median hourly wages range from £2.94 (hairdressing) to £6.24 (electrotechnical), and that wages at levels 4 and above range from £6.52 (accounting) to £10.64 (care leadership and management).

Figure 2.3

Mean and median basic hourly pay for apprentices, 2014



Source: *Apprenticeship pay survey 2014* (Winterbotham et al 2014)

Note: Based on GB level 2 and level 3 apprentices where pay could be calculated based on responses provided.

However, these averages cannot show how these different rates are distributed – specifically, it would be expected that younger apprenticeships are paid significantly less than these averages suggest, given the differential rates of apprenticeship pay and the higher volume of older apprenticeships.

Furthermore, accurately comparing these rates of pay with those of other countries is made impossible by the very different nature of apprenticeships in comparator countries – in the UK, apprentices are paid marginally better (even accounting for age profile) but courses tend to be of lower quality and shorter in duration (Conlon et al 2013).

Non-compliance with apprenticeship pay requirements is a major area of concern. The latest Apprenticeship Pay Survey (Winterbotham et al 2014) found that:¹³

- 14 per cent of apprentices were not paid the appropriate minimum wage by their employers
- at level 2 and 3, there are particularly high levels of non-compliance in hairdressing (42 per cent of apprentices) and children's care (26 per cent)
- at level 4 and 5, there is a particular problem in accountancy (9 per cent)
- almost a quarter (24 per cent) of 16–18-year-olds received non-compliant pay, as did a fifth (20 per cent) of those aged 19–20.

¹³ At the time the study was conducted, apprentices in their first year of study or aged 16 to 18 were entitled to a minimum of £2.68 an hour; apprentices aged 19 to 20 in their second or later year of their apprenticeship were entitled to £5.03 an hour; and those aged 21 or older in their second or later year were entitled to £6.31 an hour.

As the authors note, the duration of a course is a factor in reducing compliance levels – apprentices spending more than a year on their course (at level 2 and 3) had a higher rate of non-compliance (27 per cent) than those who spent a shorter time (9 per cent). This implies that some non-compliance is due to a failure to correct pay levels as an individual apprentice gets older.

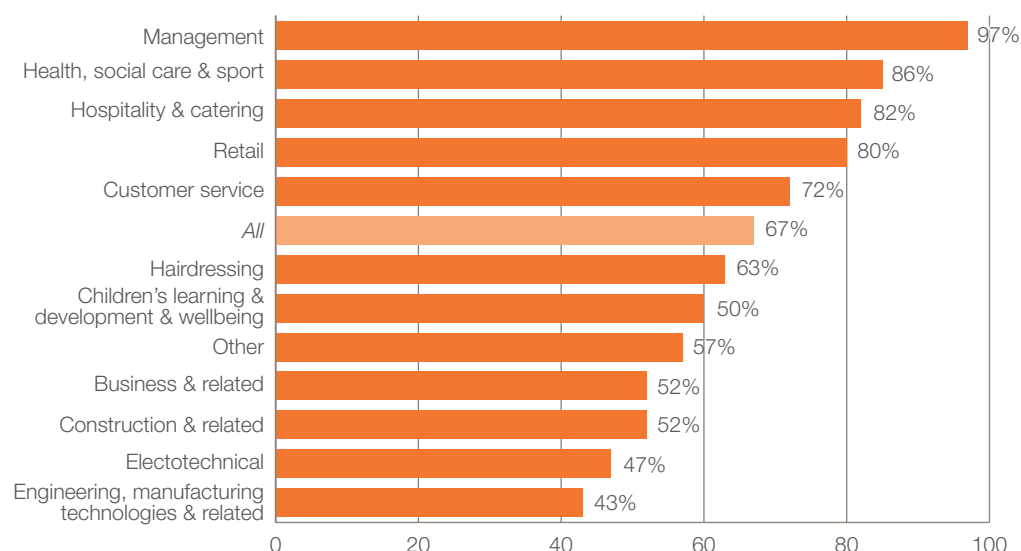
Lastly, this research shows that non-compliance on pay is a particularly acute problem in cases where there are other related concerns. The proportion of apprentices who were not paid the minimum wage was high among those who worked unpaid overtime hours (27 per cent), who did not have a written contract (28 per cent), or who received tips from customers (29 per cent).

2.4 Employment status

Far from being turned toward the purpose of reducing youth unemployment, evidence shows that the majority of apprenticeship places are being used to train current staff. In 2014, two-thirds (67 per cent) of level 2 and level 3 apprentices had already been working for their employer when they started the course, up from 48 per cent in 2007 (Winterbotham et al 2014, Fong and Phelps 2008). As figure 2.4 shows, the largest proportion of apprentices currently working for their employer were in sectors such as retail, hospitality, health and social care, and customer service. Instead of helping young people to make the transition from secondary education or unemployment into work, many of these apprenticeships are in fact enabling companies to train their established, generally older workforce.

Figure 2.4

Proportion of level 2 and 3 apprentices who were working for their employer prior to starting their apprenticeship, 2014

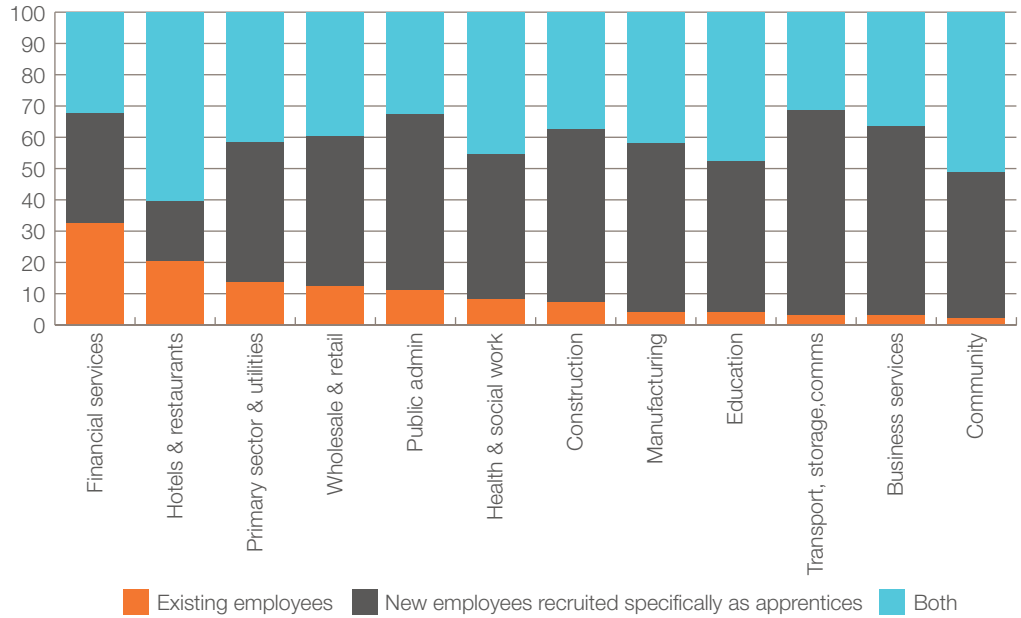


Source: *Apprenticeship pay survey 2014* (Winterbotham et al 2014)

This use of apprenticeships to ‘convert’ existing staff differs according to businesses’ size and sector. Research from UKCES (2014) indicates that it is more prevalent among larger establishments and that it is employers who recruit apprentices in the financial services (32 per cent) and the hotels and restaurants sectors (20 per cent) which are most likely only to convert existing staff. On the other hand, the best sectors for only recruiting new employees specifically as apprentices are transport, storage and communications (63 per cent), business services (60 per cent) and public administration (57 per cent).

Figure 2.5

The origin of apprentices: new employees, existing employees or both, 2014 (% of employers that have employed apprentices)



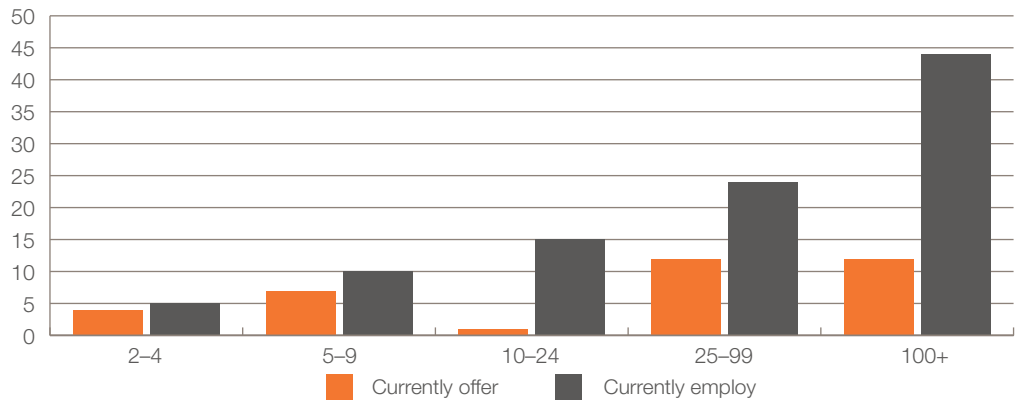
Source: 'Employer perspectives survey 2014' (UKCES 2014)

2.5 Business size, sector and subject area

Larger businesses are more likely to currently be employing an apprentice. Figure 2.6 shows that 44 per cent of companies employing 100+ staff currently employ an apprentice, compared to 24 per cent of those with 25–99 employees; perhaps predictably, smaller businesses are significantly less likely to employ apprentices (ibid).

Figure 2.6

Proportion of all employers taking on apprentices (offered or currently employed), by establishment size, 2014



Source: 'Employer perspectives survey 2014' (UKCES 2014)

However, it doesn't follow that apprentices are more likely to be employed by larger firms – although larger firms are more likely to recruit, smaller businesses are more numerous. A different analysis shows that apprentices are about as likely to be recruited in businesses with fewer than 50 employees as in one with 50 or more. In addition, as table 2.5 shows, apprentices aged under 19 are more likely to be employed by a smaller business, while those aged 19 and over are more likely to be employed by a larger business.

Table 2.5

Proportion of apprenticeship starts, by business size and apprentice's age-group (%)

	Under-19	19+	Total
1–49	47	36	41
50+	34	50	43
Unknown	19	14	16
<i>Total starts</i>	<i>114,000</i>	<i>159,800</i>	<i>273,900</i>

Source: *Apprenticeships and small businesses* (Mirza-Davies and Rhodes 2014)

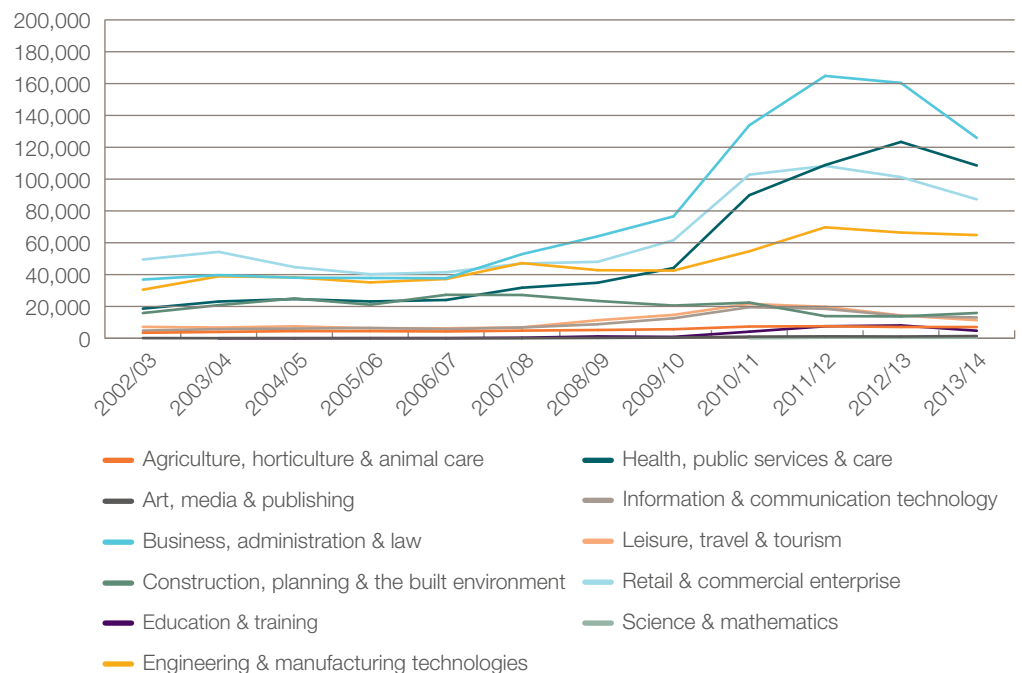
Note: Business size refers to employees on the same business site as the apprentice.

Analysing employer provision of apprenticeships by sector shows that those which are more likely to currently employ apprentices are in the public sectors and those which have a strong history of apprenticeship recruitment: education (24 per cent of employers), public administration (17 per cent), manufacturing (15 per cent) and construction (15 per cent) (UKCES 2014).

However, there has been a significant shift in the profile of apprenticeship starts, influenced both by policy changes and underlying economic trends, as shown in figure 2.7.

Figure 2.7

Apprenticeship starts by sector subject-area (SSA), 2002/03–2013/14



Sources: 'Breakdown by geography, equality & diversity and sector subject area: starts 2002/03 to 2014/15' (SFA 2015a)

In the decade to 2013/14, the sector subject-area (SSA) profile has shifted significantly towards areas such as health, public services and care (up by 13 percentage points) and business, administration and law (+8 points), and away from areas such as retail and commercial enterprise (down by 8 percentage points) construction, planning and the built environment (-7 points) and engineering and manufacturing technologies (-5 points).

Although the apprenticeships system is employer-led, learner demand is a crucial factor. Here, there is a mismatch between supply and demand. There is something of a mismatch between the number of applications and the number of roles available by sector (in the official online system at least).¹⁴ In total, in 2013/14, there were 1.8 million applications for 166,000 vacancies (a ratio of 11 applications for each vacancy) – although of course individual applicants can be expected to have applied for more than one vacancy. Looking at applications by SSA, the ratio between applications and vacancies was largest in arts, media and publishing (17:1); information and communication technology (15:1) and education and training (13:1) (author's analysis of SFA 2015b and SFA 2015c).

2.6 Supply and demand by region

The changing makeup of the economy is again apparent in the regional distribution of apprenticeships. Perhaps due to their characteristic industrial profile, the northern economies still see the highest number of starts (as a share of the population), but the changing nature of employment and the shifting focus of apprenticeship policy has meant that London has seen by far the fastest rate of growth since 2005/06.

Table 2.6

Apprenticeship starts, by region, 2005/06 versus 2013/14

	2005/06		2013/14		Change, 2005/06–2013/14	
	Number	Starts per thousand residents	Number	Starts per thousand residents	Number	%
North East	13,460	8.2	30,480	18.3	17,020	126
North West	29,630	6.7	71,670	15.9	42,040	142
Yorkshire and the Humber	22,420	6.8	53,120	15.6	30,700	137
East Midlands	16,920	6.0	40,290	13.8	23,370	138
West Midlands	20,760	6.0	52,410	14.7	31,650	152
East of England	15,940	4.5	40,430	10.9	24,490	154
London	11,010	2.1	40,050	7.0	29,040	264
South East	23,440	4.5	60,220	10.9	36,780	157
South West	19,050	5.9	45,960	13.8	26,910	141
Total (England)	172,600	5.3	434,600	12.7	262,000	152

Source: Author's calculations based on 'Breakdown by geography, equality & diversity and sector subject area: starts 2002/03 to 2014/15' (SFA 2015a)

Mapping and matching supply and demand with any degree of precision is not possible, but some broad comparisons can be made. For instance, there are some mismatches evident when the relative concentration of apprenticeships (as in table 2.7) is compared with the relative concentration of employment generally (table 2.8).¹⁵

¹⁴ Number of applications made to vacancies which are managed entirely via Apprenticeship vacancies. This does not include applications made to vacancies which are advertised on an employer's own website (where a candidate has clicked through onto the employer's website via Apprenticeship vacancies).

¹⁵ In both cases, concentration regionally is compared with concentration nationally, with a value of 1 indicating that the proportion is equal, a value greater than 1 indicating overrepresentation relative to the national level, and a value less than 1 indicating relative underrepresentation.

Table 2.7

Concentration of apprenticeship starts, by region and sector subject-area, 2013/14 (location quotient)

	NE	NW	YH	EM	WM	EE	LON	SE	SW
Agriculture, horticulture and animal care	0.71	0.84	0.75	1.06	0.81	1.39	0.88	1.13	1.47
Arts, media and publishing	1.58	0.82	0.81	0.54	0.93	0.86	2.53	0.76	0.72
Business, administration and law	1.09	1.15	0.94	1.07	1.02	0.97	1.16	0.84	0.78
Construction, planning and the built environment	1.19	1.07	0.95	0.97	0.91	0.91	0.81	0.93	1.29
Education and training	0.55	1.42	1.00	0.99	0.77	0.90	1.57	0.91	0.64
Engineering and manufacturing technologies	1.05	0.89	0.99	1.01	1.16	0.95	0.69	1.17	1.05
Health, public services and care	0.94	0.96	1.11	0.90	0.96	1.01	1.04	1.02	1.04
Information and communication technology	0.87	0.80	0.78	0.67	0.96	0.83	1.13	1.31	1.62
Leisure, travel and tourism	0.74	1.12	0.81	0.97	0.83	1.03	1.37	1.13	0.89
Retail and commercial enterprise	0.98	0.92	1.04	1.09	0.96	1.08	0.88	1.00	1.08
Science and mathematics	1.34	1.46	1.55	0.71	0.55	1.29	0.29	0.96	0.63

Source: Author's calculations based on 'Breakdown by geography, equality & diversity and sector subject area: starts 2002/03 to 2014/15' (SFA 2015a)

Table 2.8

Concentration of employment, by region and industry 2012 (location quotient)

	NE	NW	YH	EM	WM	EE	LON	SE	SW
Agriculture, forestry and fishing	0.46	0.61	0.79	1.24	1.11	1.53	0.02	1.05	1.50
Mining and quarrying	1.20	0.21	0.85	0.94	0.37	0.28	0.32	0.53	0.74
Manufacturing	1.21	1.24	1.30	1.49	1.38	1.07	0.27	0.80	1.09
Electricity, gas, steam and air conditioning supply	1.51	1.06	1.07	1.38	1.14	0.54	0.40	0.94	0.87
Water supply; sewerage, waste management...	1.03	0.92	0.97	0.98	1.20	1.05	0.61	1.11	1.20
Construction	1.24	1.09	1.03	1.07	1.01	1.19	0.64	0.96	0.99
Wholesale and retail trade; repair of motor vehicles...	0.85	1.01	1.04	1.09	1.03	1.18	0.80	1.09	1.06
Transportation and storage	0.95	0.93	1.23	1.08	1.06	1.07	1.06	0.90	0.89
Accommodation and food service activities	1.09	1.00	0.87	0.84	0.86	0.86	1.06	1.10	1.21
Information and communication	0.91	0.73	0.68	0.60	0.66	0.79	1.95	1.42	0.78
Financial and insurance activities	0.62	0.87	0.93	0.50	0.78	0.70	2.10	0.77	0.92
Real estate activities	0.96	0.93	0.74	0.69	1.00	0.94	1.52	0.97	1.01
Professional, scientific and technical activities	0.74	0.93	0.79	0.68	0.78	0.92	1.68	1.11	0.87
Administrative and support service activities	0.71	0.95	0.91	1.12	0.96	1.09	1.29	0.96	0.84
Public administration and defence; compulsory...	1.47	1.05	1.06	0.92	0.97	0.77	1.00	0.75	0.98
Education	1.05	0.95	1.06	1.06	1.04	1.08	0.86	1.07	1.04
Human health and social work activities	1.18	1.10	1.03	0.98	1.04	0.88	0.73	0.96	1.06
Arts, entertainment and recreation	1.03	0.84	0.87	1.02	0.93	1.03	1.08	1.08	0.85
Other service activities	0.94	0.95	0.86	0.88	1.08	1.06	1.26	1.06	0.89

Source: 'The spatial distribution of industries – location quotients table' (ONS 2012)

Some read-across is possible. There are some similar geographical patterns: employment in arts, entertainment and recreation, for example, is highly concentrated in London and the North East, and is matched by a relatively high concentration of apprenticeship participants in arts, media and publishing (by SSA). Likewise, agriculture forestry and fishing employment and apprenticeship participation in agriculture, horticulture and animal care seem to be concentrated in similar areas. Clearly, it might be expected that there would be some relationship between the employment base in an area and the sectors in which apprenticeships start; however, it doesn't follow that the largest or fastest-growing sectors will – or should – have the most apprenticeship starts. While apprentices can be employed in any sector, the nature of work in these sectors means that their uptake also depends on other factors. This underlines the need for a deeper and more fine-grained understanding of local economies.

2.7 Gaps identified by local authorities in our survey

In order to analyse the apprenticeships system from the local perspective, 14 local authorities were surveyed in depth about their own experiences of the apprenticeships system, and a roundtable was conducted to look further into these issues.¹⁶

As noted earlier in the report, there is often tension between the priorities of the various actors in the system of apprenticeship provision (see chapter 1). The local authorities we surveyed show a clear preference for apprenticeships to be used to pursue the inclusion agenda – of young people especially, and within that of those who have other disadvantages. In an employer-led system, there is clearly a great deal that local authorities would like to see changed to ensure that the social goals and potential of apprenticeships can be better aligned with the economic factors.

Our survey asked the local authorities if they thought any groups were currently overlooked or disadvantaged by current apprenticeship policy. Their concerns about specific groups are summarised below.

- **16–18-year-olds:** Despite numerous interventions by local authorities and central government, and despite a funding system which prioritises this group, local authorities still thought them disadvantaged because of the overriding preference of employers for people who are just slightly older. One authority noted that providers use cross-subsidy in such a way that results in higher and increasing volumes in the older age brackets, in spite of the funding formula.
- **Over-25s and those returning to the labour market:** Despite some of the advantages these groups have on average and in general, there are also people within these groups who don't have these advantages, and are at a severe disadvantage: those not currently employed, or who have been workless for long periods of time, or may be newly looking for work due to changes to benefit entitlements.
- **Those with low educational attainment:** Individuals who may not meet the qualification requirements either to enrol on the course itself or to be favoured by employers were a concern. Those lacking a full level 2 qualification in functional skills (see chapter 1) were seen as having been particularly disadvantaged by recent reforms. This was the focus of many local authority interventions, but it was also acknowledged that some individuals may not want to take up pre-apprenticeship or other training and would rather wait for an apprenticeship position.
- **Women:** In certain sectors (such as those related to STEM – science, technology, engineering and mathematics subjects), it was felt that women are disadvantaged relative to their male peers.

¹⁶ See note 16.

- **Those in rural or remote areas:** Distance and poor transport links are a big obstacle for those living in rural or poorly connected areas. Rural areas tend to have little public transport (sometimes none whatsoever) – and even then transport costs can be prohibitive, when a person is living on an apprenticeship wage. This is largely determined by the way apprenticeship funding flows around the system, although reportedly some providers will go out of their way to deliver courses.
- **Learners who have learning difficulties or disabilities or mental health problems.** It is often the case that learners with learning difficulties or disabilities (LDD) do not have the required functional skills to apply for an apprenticeship, and the new functional skills requirement will have a big impact on this group (see chapter 1).
- **Young offenders:** Many of the local authorities surveyed had developed independent initiatives to place these individuals in apprenticeships or on other routes, in an attempt to counter the employment disadvantages faced by this group.
- **Care-leavers:** A concern was expressed that, given the low level of apprenticeship wages, this group often cannot cover their living expenses and thus are financially better-off on welfare benefits.
- **Teenage parents:** This group was said to be at a disadvantage for several reasons, such as their limited access to childcare for children under 2 and the inability of apprentice wages to cover their expenses (particularly childcare and travel), even with tax credits and other benefits.

2.8 Performance summary

Since the recession, there has been a lot of focus on the potential for expanding apprenticeships. This has led to a number of positive improvements, including:

- a long-term increase in volumes (with caveats around quality and the nature of those apprenticeships)
- a short-term policy emphasis on quality and the abolition of programme-led apprenticeships (PLAs)
- increases in the participation of minority ethnic groups in apprenticeships
- a more even gender balance in apprenticeships, which have historically favoured men.¹⁷

Nevertheless, despite their promise and potential, apprenticeships are falling short. They are failing to meet many of the aims and lofty ambitions of all concerned, for policy-makers, employers and the apprentices themselves. The system is in need of reform.

There are a number of major concerns:

- Two-thirds of apprentices (67 per cent) at level 2 or level 3 are people who were already employed by their company, rather than new recruits (Winterbotham et al 2014).
- Since 2010, 42 per cent of starting apprentices have been over the age of 25, rather than being young people finding their way into work.
- A significant proportion of companies are failing to comply with the apprenticeship minimum wage, particularly in sectors such as hairdressing and children's care, to the particular disadvantage of young people (ibid).
- There appears to be a mismatch between the apprenticeships people want to take on and the vacancies available.

¹⁷ Although this reflects in part the conversion of currently employed staff to apprenticeship status, and also that many of the best-performing sectors in terms of apprenticeship numbers are still dominated by men (see Fuller and Unwin 2013).

- There is a particular concern over the poor quality of some apprenticeships – particularly in certain sectors and with certain providers – and falling success rates since 2010/11.
- Finally, there are concerns centred on the quality of careers education, information, advice and guidance (CEIAG), which is currently secured by schools in challenging financial circumstances.

In addition, an overriding concern is that successive upheavals in policy designed to improve the system have instead often undermined it. For employers looking for clarity about a potential employee, the system is opaque and confusing. And for policymakers, analysing the performance of the system over time is challenging, due to the changing nature of apprenticeship programmes.

3.

THE CURRENT ROLE OF LOCAL GOVERNMENT: EXAMPLES OF BEST PRACTICE

Many of the local authorities we surveyed in the course of our research were adding value to the existing apprenticeships system in various ways.¹⁸ The survey was undertaken both to investigate best practice in managing apprenticeships, and to understand the limitations and barriers that local authorities face. We also held a roundtable to discuss these issues in greater depth.

What follows are just some examples of good practice being undertaken right now. There is certainly scope for local authorities to learn from one another, and also for central government to learn what they're capable of.

3.1 Boosting apprenticeship volumes

Promotions and campaigns directed at learners

Promoting apprenticeships to stimulate take-up by young people was perhaps the most common feature among the local authorities studied.

- In Brighton and Hove, opportunities in construction are promoted through a network of organisations including Work Programme providers, the Department for Work and Pensions (DWP), City College Brighton and Hove, the council's Youth Employability Service and Support Through Care teams.
- Brighton and Hove has worked closely with West Sussex on apprenticeship interventions, and conducts presentations at Jobcentre Plus branches, and has introduced an 'apprenticeship ambassadors' scheme with a graduation day, to raise awareness of apprentices working in the city.
- Oxford provides schools visits by an apprentice coordinator, and enabled apprentices to talk directly to interested Year 11–13 students.
- Southampton works to improve the quality of CEIAG in schools and colleges and for young people who are NEET, created an apprenticeship ambassador scheme, and introduced apprenticeship graduation day.

Promotions and campaigns directed at employers

Promoting apprenticeships to employers was another major feature of councils' work, although there was some variation in the depth of the relationships that local authorities sought with employers.

- Nottingham's apprenticeship hub works with central government through the terms of its city deal and City Skills Fund, both to support employers to create and fill apprenticeship vacancies and to support young people – working closely with Jobcentre Plus – to apply for these vacancies. Since April 2012 it has secured more than 1,000 apprenticeship starts.

¹⁸ This survey of 14 local authorities was undertaken in September and October 2014, and all figures in this chapter were submitted by local authorities at that time. The authorities surveyed were: Brighton and Hove, Darlington, Devon, Gateshead, Greater Manchester, Northumberland, Nottingham, Oxford, Sandwell, Solihull and Birmingham, Southampton, Walsall, West Sussex.

- The Sandwell area employment team generates apprenticeship vacancies with employers and supports young people to apply for the positions. This service takes an objective view of training provision on offer to ensure it's suitable.
- Northumberland's model makes use of personal advisers embedded in locality teams, who maintain local knowledge of both job opportunities and the young people they need to place.
- Gateshead works with specific sectors, and networks within those sectors, to encourage them to employ apprentices.
- Birmingham has a different approach: it has implemented a broader Charter for Social Responsibility for Businesses, and as part of this employers pledge to increase apprenticeship places.¹⁹
- Darlington's Foundation for Jobs works to address employers' reasons for not recruiting apprentices, by simplifying the process and preparing candidates for interview. Since March 2012 there have been 274 starts with employers who had never previously recruited apprentices.

Direct employment

Financial pressures were a crucial factor in the direct employment of apprentices, but most of the local authorities surveyed did recruit apprentices themselves.

- Northumberland has assigned a budget to support and incentivise departments to recruit apprentices, and to incentivise their progression – £1,500 for a new start and a £1,000 retention payment.
- Brighton and Hove works in partnership with Jobcentre Plus to recruit young unemployed people, whereby the council services (including Support Through Care, Youth Offending, Youth Employability and Welfare Reform) notify Jobcentre Plus of upcoming vacancies and the job centre works to identify individuals to fill these roles before they are advertised.
- Gateshead developed the 'Gateshead Skills Passport', which funds apprenticeships, as a way of persuading service heads to try this approach, although funds were necessarily limited.
- Birmingham offers traineeship placements, and has ringfenced a number of apprenticeships for care-leavers, young offenders and entry-level candidates.

Additional subsidies, grants or incentives

Many authorities used grants – either drawn from their own funding or central government – to incentivise employers to take on apprentices.

- The Nottingham apprenticeship grant incentivises employers to recruit 16–24-year-old apprentices, paying £1,000 at level 2 and £1,300 at level 3, and offering a £500 bonus to employers based in the city's creative quarter or enterprise zones. The Nottingham Jobs Fund also offers to pay 50 per cent of the wage for an apprentice who is paid the national minimum wage, for 12 months, if the person is 18 or older and in receipt of benefits; this can be claimed in addition to the Nottingham apprenticeship grant and the national AGE.
- Walsall offers a financial incentive to employers ranging from £3,000 to £6,000, depending on the apprentice's age, and also encourages complementary pre-apprenticeship training for young people.
- In Northumberland, a budget has been allocated to incentivise employers who are not eligible to receive other funding, such as the Regional Growth Fund or AGE.

Local authorities have also undertaken a wide range of activities designed to incentivise the employment of specific disadvantaged groups – these are considered under section 3.3 below.

¹⁹ See <http://www.finditbirmingham.com/feature/charter>

Planning and commissioning powers

Several authorities made use of their planning powers to drive up apprenticeship volumes in their areas.

- Nottingham uses section 106 agreements to set out specific obligations which cover apprenticeships – as well as new entrants, job vacancies and work experience placements – and (depending on the development) apply to both construction and operational phases. They also require developers to work with the Nottingham Jobs Hub to meet those targets, and make a financial contribution toward pre-employment training for unemployed jobseekers.
- Sandwell also describes itself as a ‘proactive user of s106 community benefits’ powers, placing clauses within contracts to ensure apprenticeship and job opportunities on developments, including end-use.
- Solihull requires all major developments to deliver an employment and skills plan (ESP), which includes apprenticeship and traineeship placement opportunities. To date, the council has created 254 new apprenticeships by utilising planning and procurement opportunities.
- Brighton and Hove has followed the same approach, alongside a focus on compliance monitoring and scrutiny. The council uses s106 agreements to increase opportunities for employment and training, including a financial contribution. In their response, the council said that monitoring had had a positive impact on performance and the level of buy-in to the city’s aims and objectives.
- Both Birmingham and Gateshead say that they have at times included apprenticeships within planning protocols for proposed new developments.

Many authorities also encouraged their contractors to recruit apprentices, but few required it in all cases.

- West Sussex say they are committed to building requirements into their supplier contracts as they outsource their services.
- Oxford say they seek to maximize opportunities for local people, but also that they try to target this geographically and offer pre-apprenticeship support.
- Northumberland encourages all commissioned contractors to recruit a number of apprentices and offer work experience. The council is involved in the procurement process, including the scoring of tenders, where there is a reference to targeted recruitment training – though the council acknowledges that this is not fully monitored once tenders have been let.
- West Sussex both encourages and requires contractors to recruit apprentices, and has a performance target specific to its suppliers; the council also notes the Social Value Act’s implications.²⁰
- Birmingham includes an apprenticeship requirement in all procurement protocols above £1 million; examples include Carillion’s construction of the Library of Birmingham, Amey’s PFI highway’s contract, and New Street Station.
- Brighton and Hove has developed a requirement for employment and training in their construction-related invitations to tender (ITTs) and awards. The company awarded the ‘Strategic Construction Partnership’ will be required to provide apprenticeships, with the number determined relative to the value of developments, using the CITB benchmark guidance. Brighton and Hove was awarded Skills Academy status by CITB in 2014 in recognition of its work to embed employment and skills through procurement.

20 See: <https://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources>

3.2 Improving quality; aligning supply and demand

With good reason, the quality of apprenticeships was a major concern for local authorities. Although councils do not have a formal role in scrutinising providers or employers in general (which falls to the SFA and Ofsted), many were nevertheless proactive in seeking to enhance the quality of provision in their areas.

Relationships with employers

Despite their limited formal role in this regard, some authorities worked to ensure employers were offering their residents high-quality apprenticeship opportunities.

- Walsall monitors apprenticeship placements by contacting young people, employers and training providers, in order to ensure that apprentices are engaging with the programme, learning and progressing. It also requires all employers that benefit from the additional grant scheme (as described above) to pay the national minimum wage (as opposed to the apprenticeship minimum wage) and to employ young people for at least 35 hours per week; also, part of the payment is conditional on the young person sustaining employment for at least six months following completion.
- Birmingham says there is scope for best practice to be shared among apprenticeship providers, and pays close attention to success rates and Ofsted assessments.
- Sandwell has a Black Country-wide Youth Employment Commission which scrutinises providers, and the council's 16–19 team monitors the quality of provision and shares best practice between local training providers in the local area.
- Gateshead's apprenticeship partnership involves a quality framework and commitment, and it has also lobbied NAS to investigate poor providers, which was effective.

Many authorities sought to positively influence provision by building relationships with employers and the better providers in their area.

- Northumberland works impartially with employers and young people, to identify the most appropriate training provider and to advertise vacancies to young people. It arranges a screening process to present the most appropriate young person for interview, and also stresses that the council maintains these relationships throughout the placement.
- In West Sussex, Chichester in Partnership, the local strategic partnership, reviews apprenticeship provision in the local area and seeks to promote the quantity and quality of apprenticeships initiatives.
- Birmingham works closely with the local training provider network, and has brokered provider-to-provider support and the sharing of good practice.

Wider education and support

Many of the local authorities surveyed supplemented the apprenticeship offer by providing complementary support, such as mentoring, advice or additional training.

- Oxford takes a wide range of action in this area, including: extensive induction and bespoke apprentice training programmes; apprentice debates; mock tribunals and other equalities and discrimination workshops; mock interviews and CV building for those with learning disabilities; mentoring workshops for managers; apprentice ambassador support and dedicated one-to-one support for apprentice mentors.
- Southampton's apprenticeship action plan aims to improve the quality of apprenticeship careers education, information, advice and guidance for young people in schools and colleges. It will also improve the quality of information and support to local employers, especially micro-businesses and SMEs.

- Nottingham and Sandwell have also set up mentoring and coaching support for apprentices.
- Brighton and Hove provides (voluntary) work placements ahead of the apprenticeship start, and works to ensure that the apprentice is ready for the position. These last 2–8 weeks; the participant does not receive a wage but retains their entitlement to benefits, with DWP covering travel and childcare costs if necessary.

Direct employment, contracting and planning requirements

Most authorities had high standards for their own directly employed apprentices, incorporating wage rates and other different practices.

- While many authorities pay the standard apprenticeship wages (£2.73), others benchmarked pay to industry standards or to the age-related minimum wage. Notably, Birmingham pays all its apprentices above the living wage.
- Sandwell ensures that short-term opportunities on work sites are linked, utilising various contractors to ensure employment for the duration of the qualification.
- Through its tendering process, Nottingham has sought to ensure the council has the best provider for its apprentices.

Aligning supply and demand

Local authorities clearly recognise the importance of aligning supply and demand, but there were different approaches to this.

- Gateshead undertakes an annual strategic analysis of post-16 learning and training, including an analysis of apprenticeship supply and demand against reported employer needs. It notes that employer demand for apprentices does not match up with priority sectors for economic growth.
- Birmingham disseminates labour market intelligence to stakeholders, including schools, to influence course and career choices. The council also works strategically with major employers and developers to run pre-employment and recruitment campaigns. Birmingham's LEP convenes an employer-led employment and skills board (ESB), which works to identify current and future labour market demand.
- Greater Manchester is working through its apprenticeship hub (agreed through the city deal process) to channel apprenticeship funding to target sectors, and to SMEs in particular.
- Oxford makes use of its own Oxon Skills Survey, and as a result focusses resources on management, logistics and housing.
- In Sandwell, the Black Country Skills Factory is an employer-led education and training collaboration working to address the shortfall in high-value manufacturing skills.
- Walsall also notes skills deficits within the manufacturing and engineering sector, and is working to address these through apprenticeships.

3.3 Targeting youth unemployment and reaching other excluded groups

One of the primary areas of overlap between local government and apprenticeships policy is around key excluded groups. These are groups for which the local authority is often responsible, and many are trying to bridge the divide between disadvantaged groups and employment opportunities.

Direct employment

Many authorities chose to directly employ those from disadvantaged groups.

- West Sussex ringfenced apprenticeships for care-leavers and people with learning difficulties, although initially there was little uptake from candidates and those who were interested lacked the functional skills required. As a result, the authority has since developed a separate scheme internally.

- Birmingham has also ringfenced apprenticeships for care-leavers (10 in year 1), young offenders (five in year 1) and all entry-level positions (20 in year 1), with a focus on disadvantaged groups.
- Brighton and Hove's apprenticeship programme focusses on people who are disadvantaged in training and job opportunities, as well as individuals affected by policy changes in the benefits system.
- Gateshead has run a programme supporting young people with learning difficulties and disabilities into apprenticeships.
- Sandwell offers looked-after children a guaranteed interview for all council apprenticeships.

Incentives and subsidies

Authorities have also subsidised or incentivised local employers to target excluded groups.

- Northumberland provides up to 12 months' salary for care-leavers, learners with learning difficulties and disabilities, or ex-offenders.
- As noted above, the Nottingham Job Fund offers 50 per cent of the national minimum wage for 12 months to employers who recruit city residents aged 18+ who are in receipt of benefits, including but not exclusively for apprenticeships – of 610 young people who have been supported through this scheme, approximately a quarter were apprentices.
- Birmingham's Young Talent for Business provides a £1,500 top-up to the AGE to recruit young people aged 16–25 who are NEET.
- Southampton also offers financial incentives to employers who recruit apprentices who are looked-after children or care-leavers, young offenders, young carers, teenage parents, young people in 'troubled families', or young people with learning difficulties and disabilities.
- Darlington provides a grant of £1,000 towards the cost of employing an apprentice, which increases to a maximum of £1,500 for priority groups such as residents of priority wards, those in care, looked-after or under a supervision order, youth offenders, or those known to the young persons' probation service.
- The Sandwell Guarantee provides employers with 50 per cent of the salary for apprentices aged 16–24 for 12 months, with the aim of supporting 214 in the first year.

Information, preparation and pre-apprenticeship training

Many local authorities were concerned about the quality of CEIAG, particularly in schools, and about how well prepared – or not – young people are for apprenticeships.

- Walsall designed a pre-apprenticeship programme in conjunction with local training providers, in recognition of the fact that those most in need of an apprenticeship had no level 2 qualification and so would not qualify. They put those 16–24-year-olds without a level 2 qualification (who tended to be unemployed) through a 26-week course to develop their literacy, numeracy and employability skills, and allowed them to gain a level 1 vocational qualification in their chosen field and undertake a six-week work placement with a local business operating in their chosen field.
- Nottingham received funding from NAS to promote apprenticeships to young people and employers in the city's BME communities. As well as apprenticeship 'roadshows', this includes a peer support project, aimed at those at risk of becoming involved in gang culture. This scheme enrolled a cohort of more than 20 young people on pre-employment support and led to more than 10 apprenticeship starts with community providers – in turn, these apprentices have acted as mentors to peers in their communities and promoted the benefits of work and training. Nottingham's integrated employer hub arranges for sector-

based work academies to provide pre-employment training, and manages the recruitment process on behalf of employers. Nottingham's youth contract programme targets unemployed 18–24-year-olds, but crucially works to ensure they are supported by providers based in their communities to re-engage with skills training and progress into employment, including via apprenticeships.

- Greater Manchester funded constituent local authorities to develop a broad range of interventions related to CEIAG and promotion of apprenticeships.
- Southampton is piloting a project which gives Year 11 care-leavers and youth offenders full careers guidance interviews, which include an emphasis on routes into apprenticeships, such as traineeships and work experience. Also in Southampton, traineeships are being enhanced for young people in priority groups, with a weekly allowance paid to support recruitment and retention.

Engaging with employers, and in some cases acting as a broker, were also common features of the local authorities' initiatives in this area.

- Nottingham and DWP colocate their employer engagement teams in order to provide a coordinated approach to supporting local employers to create jobs and to support young people (primarily those on benefits) to secure these jobs.
- Brighton and Hove works with West Sussex to host apprenticeship-matching events and a jobs and opportunities fair for 16–18-year-olds, involving representatives from the business community, training providers and young people looking for apprenticeship opportunities.
- As noted already, Southampton requires all major developments to have an employment and skills plan, which includes targets for apprenticeships, and subtargets for priority groups including those who are NEET, youth unemployed, care-leavers and young offenders.

In order to stimulate take-up of apprenticeships among disadvantaged groups, local authorities often undertook promotion themselves.

- Nottingham promotes apprenticeships widely, including on TV, billboards, buses and online via Twitter and Facebook.
- Walsall takes referrals through their Prospects careers service, including from youth offending teams or probation services, or from young people who are in supported housing, homeless or in danger of becoming homeless. Walsall has also undertaken special marketing campaigns to reach south Asian communities, via local radio stations in community languages.
- Devon publicises its apprenticeship events to Jobcentre Plus clients, electively home educated students, special schools and NEETs projects, in order to encourage the widest participation possible.

4.

CONCLUSIONS AND RECOMMENDATIONS

Both the economic and social value of *high-quality* apprenticeship provision is without question, and at their best apprenticeships can advance both social and economic goals.

However, the UK system is deficient in many respects, and there is a tangle of organisations and programmes that are seeking but in many cases failing to achieve social outcomes, as well as economic outcomes, from the apprenticeships system.

First, major national reforms are required to the apprenticeship system.²¹ In particular:

- apprenticeships should be offered at level 3, not level 2 – for which traineeships and pre-apprenticeship provision is more appropriate
- apprenticeship places should ordinarily be funded for young people under the age of 25, and not older workers
- apprentices should be new recruits, not existing employees
- where it is happening, abuse of the apprenticeship system by employers paying wages below national minimums or simply drawing down government training subsidies for existing workers should be firmly curtailed.

Some of these problems lie outside the current or future role of local government, but there is potential to increase its involvement with others.

Local government is uniquely positioned to align the social and economic outcomes of a better-functioning apprenticeships system. Councils are already showing what they're capable of, and within their own local areas many are innovating and adding value to the centralised system. This report has found – just within the 14 authorities surveyed – that there is a broad and impressive array of activities and programmes being undertaken by local authorities at their own initiative, which show how they are using their limited powers to the fullest.

The following sections outline some specific recommendations for formalising a wider, fuller role for local government, and specific steps central government can take to support this shift.

4.1 The future role of local government

Local scale and capacity

- **Where possible, local authorities should pool capacity at local enterprise partnership (LEP) or combined authority areas for key functions related to employment and skills.** Local authorities are under extreme financial stress in many parts of the country. Rather than struggle on, or do nothing at all, authorities should pool capacity to ensure that they have the employment and skills personnel needed to enhance apprenticeship programmes as part of their broader economic development role.

²¹ These key recommendations are outlined in further detail in Dolphin 2014.

Focussing and coordinating services

- **Combined authorities (or in their absence local authorities working within LEP geographies) should combine forces with Jobcentre Plus, the National Apprenticeship Service, the Skills Funding Agency, LEPS and trade unions to become the primary point of contact for all actors in the apprenticeships system through ‘local apprenticeship hubs’.** This partnership can draw on the contacts, experience and relationships each agency has to:
 - act as an impartial broker between young people, providers and employers, and give consideration to collocating related services
 - be a single point of contact for employers in a local area for other skills and employment needs
 - promote the consistent expectation that employers will consider recruiting apprentices, on the understanding that the hub will ensure young people are ready to take up these positions and support them once they are in place
 - share data and develop high-quality, in-depth labour market information pertaining to the local area.
- **Combined authorities (or in their absence local authorities working within LEP geographies) should take on the statutory responsibility for careers education, information, advice and guidance (CEIAG), and central government should give them the power and (existing) funding to do so.** Poor CEIAG is a well-documented issue, and evidence in this report confirms that – as is obvious – the choices made by young people are absolutely essential to their career prospects. The fragmentation of CEIAG in the course of recent reforms has been damaging to the consistency and quality of provision. The previous system was far from perfect, but this ongoing fragmentation has arguably added to these existing challenges. Combined authorities or LEPs are well positioned in the first instance, as they already cover functional economic geographies and have a focus on their local labour markets, but in other parts of the country local authorities could also take on this role.

Targeting and incentivising

- **Local apprenticeship hubs should be given full control of the apprenticeship grant for employers (AGE).** The Greater Manchester agreement, for instance, gave the city-region control over AGE, and the logic of this move is clear – only if it is administered locally can it be attuned to local economic conditions and made to fit the diverse industrial profiles of local economies across the country. There are, of course, capacity issues for many local authorities given their financial circumstances, and it is crucial that the grant matches up with functional economic geographies. Therefore, pooling capacity at combined authority or LEP area would be preferable in most cases, although national funding arrangements for large, nationwide employers should be preserved.

Maintaining quality

- **Local government should work to ensure young people – and disadvantaged groups in particular – are apprenticeship-ready.** The tension between the social and economic objectives sits at the heart of many of the system’s problems, and may seem like an impossible circle to square. Certainly, it is difficult to align social inclusion objectives with employer demand. However, instead of compromising quality as a result, there needs to be an emphasis on pre-apprenticeship training, traineeships and work experience targeted at vulnerable groups.
- **Local government should scrutinise apprenticeship agencies and providers, as far as their capacity allows, and monitor compliance.** In cases where apprentice recruitment is a requirement of planning or contracting

with the authority, this compliance should be monitored. In other cases, authorities should work with the agencies of central government to report instances of poor-quality provision and minimum wage violations in particular.

Direct employment, commissioning and planning

- **Local government should lead by example in recruiting apprentices.** This may require working across boundaries to build the necessary capacity to do so. However, not only is there a direct benefit but leading by example also enables authorities to have far more influence on the employers they engage with, either contractually or less formally in the wider economy.
- **All local authorities should use their planning and commissioning powers to require employers to recruit apprenticeships from disadvantaged groups.** Many of the authorities studied are already doing this to an extent, but there are others who could go much further – and, crucially, they should know that there are no legal or practical difficulties in doing so. It is crucial that these places go to people from disadvantaged groups – such as those who are NEET (not in employment, education or training), looked-after children and youth offenders – whom employers would otherwise not hire.
- **Local government should use planning powers to drive social inclusion.** In order to ensure disadvantaged groups are prepared for the apprenticeship, authorities should use section 106 planning powers to require developers to contribute toward a local fund that helps to get the most disadvantaged residents ready for apprenticeships (as in Nottingham).²² Employers should help to decide the priorities for this fund, in order to ensure disadvantaged groups are getting the training and developing the skills they need.

4.2 The future role of central government

Local government is just one cog in the apprenticeships machine – a machine which isn't functioning particularly well. For local authorities to perform the role to which they are best suited, central government needs to play its part too. Some of the issues described above are best resolved centrally; in other cases, central government needs to equip local government to take the lead. As such, the central government needs to:

- simplify and sustain policy so that everyone involved knows what they're getting with an apprenticeship
- ensure employers are informed about the appropriate minimum wage rates and about the living costs of those they employ as apprentices, and take enforcement action against those who do not pay the apprenticeship minimum wage
- transfer the responsibility for CEIAG to combined authorities, LEPs or local authorities as appropriate
- require the agencies of central government (Jobcentre Plus, the National Apprenticeship Service and the Skills Funding Agency) to cooperate with local government, and collectively to be jointly responsible for the employment and skills activities being undertaken in the area.

²² Note, not all local authorities are also planning authorities.

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