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# Scrutiny Panel B

Thursday, 27th June, 2013  
at 4.00 pm

**PLEASE NOTE TIME OF MEETING**

Council Chamber - Civic Centre

This meeting is open to the public

## **Members**

Councillor Dr Paffey (Chair)  
Councillor Kaur  
Councillor Baillie  
Councillor Furnell  
Councillor L Harris  
Councillor Jeffery  
Councillor Turner

## **Contacts**

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## PUBLIC INFORMATION

### **Role of Scrutiny Panel A**

The Overview and Scrutiny Management Committee have instructed Scrutiny Panel B to undertake an inquiry into Apprenticeships.

#### **Purpose:**

To examine the Southampton Apprenticeship Action Plan and consider how the number of high quality Apprenticeships in Southampton can be increased.

#### **Objectives:**

1. To examine the work already delivered by the Council and its partners to generate Apprenticeship growth in the City
2. To examine the impact of Apprenticeships on the City economy
3. To examine ways to significantly increase the numbers of Apprenticeships in Southampton, particularly for 16-18 year olds, to figures above regional and national averages

### **Southampton City Council's Six Priorities**

- Providing good value, high quality services
- Getting the City working
- Investing in education and training
- Keeping people safe
- Keeping the City clean and green
- Looking after people

### **Public Representations**

At the discretion of the Chair, members of the public may address the meeting about any report on the agenda for the meeting in which they have a relevant interest.

**Smoking policy** – the Council operates a no-smoking policy in all civic buildings.

**Mobile Telephones** – please turn off your mobile telephone whilst in the meeting.

**Fire Procedure** – in the event of a fire or other emergency a continuous alarm will sound and you will be advised by Council officers what action to take.

**Access** – access is available for the disabled. Please contact the Democratic Support Officer who will help to make any necessary arrangements.

#### **Dates of Meetings:**

<b>2013</b>
25 April
23 May
27 June
25 July
22 August
26 September

## CONDUCT OF MEETING

### **TERMS OF REFERENCE**

The general role and terms of reference of the Overview and Scrutiny Management Committee, together with those for all Scrutiny Panels, are set out in Part 2 (Article 6) of the Council's Constitution, and their particular roles are set out in Part 4 (Overview and Scrutiny Procedure Rules – paragraph 5) of the Constitution.

### **BUSINESS TO BE DISCUSSED**

Only those items listed on the attached agenda may be considered at this meeting.

### **RULES OF PROCEDURE**

The meeting is governed by the Council Procedure Rules and the Overview and Scrutiny Procedure Rules as set out in Part 4 of the Constitution.

### **QUORUM**

The minimum number of appointed Members required to be in attendance to hold the meeting is 3.

### **DISCLOSURE OF INTEREST**

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "Disclosable Personal Interest" or "Other Interest" they may have in relation to matters for consideration on this Agenda.

#### **DISCLOSABLE PERSONAL INTERESTS**

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

- (i) Any employment, office, trade, profession or vocation carried on for profit or gain.
- (ii) Sponsorship:  
Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
- (iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.
- (iv) Any beneficial interest in land which is within the area of Southampton.
- (v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.
- (vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.
- (vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:
  - a) the total nominal value of the securities exceeds £25,000 or one hundredth of

- the total issued share capital of that body, or
- b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

## **Other Interests**

A Member must regard himself or herself as having a, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

## **Principles of Decision Making**

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

## AGENDA

Agendas and papers are now available via the City Council's website

### **1 APOLOGIES AND CHANGES IN PANEL MEMBERSHIP (IF ANY)**

To note any changes in membership of the Panel made in accordance with Council Procedure Rule 4.3.

### **2 DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS**

In accordance with the Localism Act 2011, and the Council's Code of Conduct, Members to disclose any personal or pecuniary interests in any matter included on the agenda for this meeting.

NOTE: Members are reminded that, where applicable, they must complete the appropriate form recording details of any such interests and hand it to the Democratic Support Officer.

### **3 DECLARATIONS OF SCRUTINY INTEREST**

Members are invited to declare any prior participation in any decision taken by a Committee, Sub-Committee, or Panel of the Council on the agenda and being scrutinised at this meeting.

### **4 DECLARATION OF PARTY POLITICAL WHIP**

Members are invited to declare the application of any party political whip on any matter on the agenda and being scrutinised at this meeting.

### **5 STATEMENT FROM THE CHAIR**

### **6 APPRENTICESHIPS INQUIRY: MEETING 3: PROVIDERS PERSPECTIVE**

Report of the Head of Communities, Change and Partnership, attached

Wednesday, 19 June 2013

HEAD OF LEGAL, HR AND DEMOCRATIC  
SERVICES

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# Agenda Item 6

<b>DECISION-MAKER:</b>	<b>SCRUTINY PANEL B</b>		
<b>SUBJECT:</b>	APPRENTICESHIPS INQUIRY MEETING 3: PROVIDERS PERSPECTIVE		
<b>DATE OF DECISION:</b>	27 <sup>TH</sup> JUNE 2013		
<b>REPORT OF:</b>	HEAD OF COMMUNITIES, CHANGE AND PARTNERSHIPS		
<b><u>CONTACT DETAILS</u></b>			
<b>AUTHOR:</b>	<b>Name:</b>	<b>Karen Hilleard</b>	<b>Tel:</b> 023 8083 4065
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## STATEMENT OF CONFIDENTIALITY

None

## BRIEF SUMMARY

This report provides details for the third meeting of the Inquiry examining apprenticeships in the city. This meeting will review apprenticeship training provision and feedback from local providers.

There will also be seven presentations, followed by questions from the Panel. The presentations will highlight:

- Local Apprenticeship training arrangements (Ian Smith, National Apprenticeship Service)
- Update from Apprenticeship provider network (Claire Sutton, Southampton Engineering Training Association) on behalf of the Association of Learning Providers Hampshire and IOW (ALPHI)
- Details of local Apprenticeship training provision and coverage across sectors (Helen Mason and Kelly Simmonds, Southampton City College and Claire Boot, Brockenhurst College)
- Careers guidance in schools ( Ruth Evans, Cantell Maths and Computing College)
- Issues facing apprenticeship progression by young people and adults (Ian Henser Solent Education Business Partnership)

## RECOMMENDATIONS:

- (i) The Panel is recommended to consider the information provided by the presentations and use this, alongside the appendices, as evidence in the inquiry.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. To enable the Panel to analyse the evidence in order to formulate findings and recommendations at the end of the inquiry process.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. None

## **DETAIL (Including consultation carried out)**

3. The third meeting will review apprenticeship training provision and feedback from local providers.
4. The presentation from the National Apprenticeship Service (NAS) will be given by Ian Smith, Employer Account Manager for the South Central region. He will give an update on Local Apprenticeship training arrangements. Background documents provided as appendix one and two will provide the panel with current information on apprenticeship vacancies and apprenticeship starts by provider.
5. Claire Sutton, Marketing Manager, Southampton Engineering Training Association will give evidence on behalf of the Association of Learning Providers Hampshire and IOW (ALPHI) on the Apprenticeship provider network. Claire will also outline the apprenticeship provision provided by Southampton Engineering Training Association (SETA).
6. Details of local apprenticeship training provision and coverage across sectors will be provided by Claire Boot, Careers Advisor, Brockenhurst College and Kelly Simmonds, Employer Engagement Performance and Improvement Manager, City College Southampton. Helen Mason, Project Director, City College Southampton will update the panel on the Studio School Southampton. Background information has been provided by Eastleigh College on the courses provided by the college; these have been submitted to Members Rooms. Further information on the courses provided by Brockenhurst College and City College Southampton can be found on the following link  
[http://www.brock.ac.uk/apprenticeships/information\\_for\\_apprentices.php](http://www.brock.ac.uk/apprenticeships/information_for_apprentices.php) and  
<http://southampton-city.ac.uk/apprenticeships/default.asp>
7. Ruth Evans, Head Teacher, Cantell Maths and Computing College and Chair of the Secondary Head Teachers Forum will provide the panel with information on the careers guidance provided at Cantell Maths and Computing College.
8. Ian Henser, Business Broker at Solent Education Business Partnership will detail the issues facing apprenticeship progression by young people and adults.
9. Appendix three contains a document prepared by Fiona Wilmot, Head of Relationship Team (South Hampshire), Skills Funding Agency on Apprenticeship Funding for Providers.
10. The document attached in appendix four is a report from Department of



Education (DFE) and Department of Business innovation and Skills (BIS) on Traineeships – Framework for delivery which provides details on who traineeships are aimed at, what they will consist of and how they will be funded.

11. Appendix five contains a report written by the Centre for Economic and Business Research (Cebr) for the start of the national apprenticeship week 2013 on the impact of apprenticeships on the UK economy.
12. Documents in Members’ Rooms include a copy of report written by the Association for Public Service Excellence (APSE) on Tackling Youth Unemployment and a recently published report written by the National Careers Council titled “An Aspirational National: creating a culture change in careers provision” which contains 7 recommendations and practical steps, which if implemented could have a considerable impact on young peoples working lives and the economy. It signals the need for an urgent cultural change to address the mismatch between high unemployment and employers who are struggling to recruit,

**RESOURCE IMPLICATIONS**

**Capital/Revenue**

13. None

**Property/Other**

14. None

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

15. The duty to undertake overview and scrutiny is set out in Section 21 of the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007.

**Other Legal Implications:**

16. None

**POLICY FRAMEWORK IMPLICATIONS**

17. None

**SUPPORTING DOCUMENTATION**

**Appendices**

1.	NAS Vacancy Report
2.	Apprenticeship starts by provider
3.	SFA – Apprenticeship Funding for Providers
4.	DFE/BIS – Traineeships Framework for Delivery
5.	Cebr – The impact of apprenticeships on the UK economy

### **Documents In Members' Rooms**

1.	Courses available at Eastleigh College
2.	APSE – Tackling Youth Unemployment
3.	National Careers Council – An Aspirational National: creating a culture change in careers provision

**Live Vacancies Report - Southampton (as of 11/06/2013)**

Date	11-Jun-13
Total Live Adverts	42
Registered & Currently Active Candidates	3,060

The following information has been designed to be shared with the relevant local Job Centre Plus / Connexions offices with the intention that they can promote these opportunities to their clients. These vacancies can be accessed by using the Reference number or by searching for the learning provider on Apprenticeship Vacancies (Av) online. It is important that these reports are used only as a guide, and that you log onto Apprenticeship Vacancies for the most up to date information. Please be aware that vacancies that appear to have no applications may be recruiting via their own recruitment pages - these will be shaded green. **Please do not contact the employer unless stated in the vacancy.** If you require more information than is described, please contact the learning provider in the first instance; their contact details will be available in the advert. Registered & Currently Active Candidates refers to those who have registered and engaged with the Apprenticeship Vacancies system and are still active on the system. (Candidates can become inactive voluntarily e.g. by being successful with no need to use

Key:	
No applications have yet been received for this vacancy	Between 1 - 4 applications received for this vacancy
Applications going directly to employer website and can't be counted	

Vacancy Title	Vacancy Type	Employer Name	Postcode	Framework	Learning Provider	Number of Vacancies	Closing Date	Number of Applications per Advert	Vacancy Town
Higher Apprenticeship opportunities with PwC - 2	Higher Apprenticeship	PwC (Bristol)	SO14 6RT	417 Providing Financial Advice	PwC (Bristol, BS1 5QD)	1	14/07/13		Southampton
Activity Leadership Award	Intermediate Level Apprenticeship	Learning Through Sport Limited (Southampton)	SO18 6NX	460 Activity Leadership	Catch 22 Charity Limited (Portsmouth, PO6 3TH)	1	21/06/13	2	Southampton
Apprentice Recreation Assistant - Southampton	Intermediate Level Apprenticeship	Active Nation UK Ltd (Chorley)	SO15 1BA	466 Leisure Operations	Lifetime Training Ltd (Bristol, BS8 1EJ)	5	14/06/13	4	Southampton
Apprenticeship Bricklayers	Intermediate Level Apprenticeship	Mansbridge & Swinfield Brickwork (Southampton)	SO19 9HQ	522 Construction Building	FIRST4SKILLS LIMITED (Slough, SL1 2EE)	1	25/06/13		Southampton
Bistro and Bar Assistant	Intermediate Level Apprenticeship	Caffexpresso Ltd (Southampton)	SO15 1GX	402 Hospitality and Catering (People 1st)	JHP Training (Bristol, BS20 7FS)	1	27/06/13	6	Southampton
Music Instrument Shop Apprentice	Advanced Level Apprenticeship	Academy of Music & Sound Ltd (Torquay)	SO15 0LF	443 Retail (Skillsmart)	Academy of Music & Sound Ltd (Torquay, TQ1 2JG)	1	30/08/13		Southampton
Trainee Kitchen Team Member	Intermediate Level Apprenticeship	Caffexpresso Ltd (Southampton)	SO15 1GX	402 Hospitality and Catering (People 1st)	JHP Training (Bristol, BS20 7FS)	1	27/06/13	5	Southampton
Nursery Assistant	Intermediate Level Apprenticeship	Rainbow Pre School (Southampton)	SO15 5RA	445 Children and Young People's Workforce	JHP Training (Bristol, BS20 7FS)	1	24/06/13	27	Southampton
Office Apprentice	Intermediate Level Apprenticeship	Designed 4 Life Ltd (Southampton)	SO14 5RP	490 Business and Administration (CFA)	Tempus Training (Brighton, BN1 1YR)	1	30/08/13	8	Southampton
Apprentice Level 2 Accounts Clerk	Intermediate Level Apprenticeship	Jsr Management & Hr Consultancy Services Ltd (Southampton)	SO19 9EJ	454 Accounting (FSP)	Highbury College (Portsmouth, PO6 2SA)	1	17/06/13	4	Southampton
Nursery Assistant	Intermediate Level Apprenticeship	Witherswood Day Nursery (Southampton)	SO17 1QR	445 Children and Young People's Workforce	JHP Training (Bristol, BS20 7FS)	1	24/06/13	18	Southampton
Customer Service Apprenticeship	Intermediate Level Apprenticeship	Motocolor (Southampton) Ltd (Southampton)	SO15 1GZ	488 Customer Service (CFA)	Remit Ltd (Nottingham, NG8 6PY)	1	28/06/13		Southampton
Light Vehicle Technicians Apprenticeship	Advanced Level Apprenticeship	Express Mot (Southampton)	SO14 5FZ	436 Vehicle Maintenance and Repair	Remit Ltd (Nottingham, NG8 6PY)	1	28/06/13		Southampton
Apprentice Administration Assistant	Intermediate Level Apprenticeship	Abds Accountancy (Southampton)	SO14 3DJ	490 Business and Administration (CFA)	Key Training Group Ltd (Basingstoke, RG21 4HG)	1	18/06/13	15	Southampton
Apprentice IT Helpdesk/Technician	Advanced Level Apprenticeship	Bitterne Park Secondary School (Southampton)	SO18 1BU	418 IT, Software, Web & Telecoms Professionals	Aspire Achieve Advance (Portsmouth, PO6 2SA)	2	15/07/13		Southampton
Apprentice Optical Customer Service Assistant	Intermediate Level Apprenticeship	Specsavers (Southampton)	SO15 3NH	488 Customer Service (CFA)	Positive Outcomes Ltd (Alfreton, DE55 2DS)	2	23/06/13	2	Southampton
Childcare apprentice	Intermediate Level Apprenticeship	Making Miracles Child Care Limited (Eastleigh)	SO15 0JZ	445 Children and Young People's Workforce	FNTC Training & Consultancy (Southampton, SO40 3GN)	1	21/06/13	4	Southampton
Customer Service Operative	Intermediate Level Apprenticeship	A G Axton Warehousing Limited (Southampton)	SO14 3FR	490 Business and Administration (CFA)	Tempus Training (Brighton, BN1 1YR)	1	30/07/13	24	Southampton
Admin Assistant Apprenticeship	Intermediate Level Apprenticeship	Aspire Estate Agents (Southampton)	SO15 3JD	490 Business and Administration (CFA)	Tempus Training (Brighton, BN1 1YR)	1	30/06/13	36	Southampton
Apprentice Customer Service Advisor (4 vacanci	Intermediate Level Apprenticeship	Pairview Human Capital Ltd (Southampton)	SO15 2AW	490 Business and Administration (CFA)	Tempus Training (Brighton, BN1 1YR)	1	30/08/13	6	Southampton
Apprentice Dental Receptionist	Intermediate Level Apprenticeship	Hampshire Dentists Ltd (Southampton)	SO14 2BY	488 Customer Service (CFA)	Tempus Training (Brighton, BN1 1YR)	1	03/07/13	4	Southampton
Apprentice Engraver and Sign Maker	Intermediate Level Apprenticeship	Drews the Ironmongers (Southampton)	SO19 7RJ	542 Print and Printed Packaging (Pro Skills)	Yeovil College (Yeovil, BA21 4DR)	3	10/07/13	7	Southampton
Apprentice Pre-school practitioner	Intermediate Level Apprenticeship	Rainbow Pre School (Southampton)	SO15 5RA	474 Health - Healthcare Support Services	Southampton City College (Southampton, SO14 1AR)	1	14/06/13		Southampton
Business Administration Apprenticeship level 2	Intermediate Level Apprenticeship	Let & Go (Southampton)	SO14 3DJ	490 Business and Administration (CFA)	Catch 22 Charity Limited (Portsmouth, PO6 3TH)	1	20/06/13	1	Southampton
Hairdressing Apprentice	Intermediate Level Apprenticeship	Cutting Edge (Southampton)	SO16 5EB	508 Hairdressing (Skills Active/ Habia)	Above Bar College (Southampton, SO14 7DW)	1	31/07/13	7	Southampton
Hairdressing Apprentice	Intermediate Level Apprenticeship	Shine Hairdressing (Southampton)	SO17 1BJ	508 Hairdressing (Skills Active/ Habia)	Above Bar College (Southampton, SO14 7DW)	1	17/06/13	3	Southampton
Hairdressing Apprenticeship	Intermediate Level Apprenticeship	Fresh Air (Southampton)	SO15 7QW	508 Hairdressing (Skills Active/ Habia)	Above Bar College (Southampton, SO14 7DW)	1	01/07/13	39	Southampton
Office/Administrator Apprentice	Intermediate Level Apprenticeship	Anders Elite (Southampton)	SO14 1HU	490 Business and Administration (CFA)	Training Associates Surrey (Southampton, SO14 5FE)	1	14/06/13	7	Southampton
Care Assistant Apprenticeship	Intermediate Level Apprenticeship	Fair Havens (Southampton)	SO16 7DD	444 Health and Social Care (Skills for Care)	FNTC Training & Consultancy (Southampton, SO40 3GN)	1	19/06/13	8	Southampton
Apprentice Administrator/Negotiator	Advanced Level Apprenticeship	William H Brown (Nottingham)	SO15 2AG	490 Business and Administration (CFA)	QA Limited (Slough, SL1 1SG)	1	30/06/13	6	Southampton
Apprentice Lettings Negotiator	Intermediate Level Apprenticeship	Enfield Property Service (Southampton)	SO15 3JD	488 Customer Service (CFA)	Tempus Training (Brighton, BN1 1YR)	1	11/07/13	30	Southampton
Apprentice Secretary	Intermediate Level Apprenticeship	Eric Robinson Solicitors (Southampton)	SO18 1DN	490 Business and Administration (CFA)	Key Training Group Ltd (Basingstoke, RG21 4HG)	1	17/06/13	3	Southampton
Apprentice Administration Assistant	Intermediate Level Apprenticeship	apprentices for business™ (London)	SO14 0YG	490 Business and Administration (CFA)	The London Apprenticeship Company (London, EC4M 6YH)	1	30/06/13		Southampton
Accounts Trainee	Intermediate Level Apprenticeship	HJS (Southampton)	SO15 2EA	454 Accounting (FSP)	Southampton City College (Southampton, SO14 1AR)	2	31/07/13	20	Southampton
Health and Social Care Apprenticeship	Intermediate Level Apprenticeship	Blue Ribbon Care (Southampton)	SO15 1HN	444 Health and Social Care (Skills for Care)	FNTC Training & Consultancy (Southampton, SO40 3GN)	2	14/06/13	14	Southampton
Yard Assistant in a Builders Merchant	Intermediate Level Apprenticeship	South Coast Building Supplies (Southampton)	SO14 5QQ	414 Warehousing and Storage (Skills for Logistics)	Didac Limited (Bristol, BS5 8BB)	1	08/07/13	3	Southampton
Creative Apprentice (Business Administration)	Intermediate Level Apprenticeship	Artswork (Southampton)	SO14 1HF	492 Community Arts	North Hertfordshire College (Letchworth Garden City, SG6 3G)	1	12/06/13	11	Southampton
ATA - Software Engineer (Southampton)	Higher Apprenticeship	apprentices for business™ (London)	SO14 6RT	418 IT, Software, Web & Telecoms Professionals	The London Apprenticeship Company (London, EC4M 6YH)	2	04/08/13		Southampton
Marketing Apprentice	Intermediate Level Apprenticeship	Solent University (Southampton)	SO14 0YN	486 Marketing	Fareham College (Fareham, PO14 1NH)	1	20/06/13		Southampton
Sport & Recreation Apprentice	Intermediate Level Apprenticeship	Solent University (Southampton)	SO14 0YN	466 Leisure Operations	Catch 22 Charity Limited (Portsmouth, PO6 3TH)	1	14/06/13		Southampton
Health and Social Care Apprenticeship	Intermediate Level Apprenticeship	First Choice Community Support Service Ltd (Southampton)	SO15 4HU	444 Health and Social Care (Skills for Care)	FNTC Training & Consultancy (Southampton, SO40 3GN)	1	30/06/13	13	Southampton
Apprentice Accountant (Southampton)	Higher Apprenticeship	Smith & Williamson Limited (London)	SO15 2AT	454 Accounting (FSP)	Kaplan (London, EC1V 1NY)	1	30/06/13		Southampton



16-18 Starts Highest Providers by volume	Full Year 2011/12	16-18 Starts Highest SASE Frameworks by volume	Full Year 2011/12	16-18 Starts Highest SASE Frameworks by volume	2012/13
SOUTHAMPTON CITY COLLEGE	56	Construction	55	Hairdressing	29
EASTLEIGH COLLEGE	41	Hairdressing	32	Construction	28
CARILLION CONSTRUCTION LIMITED	35	Business Administration	30	Business Administration	24
ABOVE BAR COLLEGE LIMITED	32	Children's Care Learning and Development	30	Children's Care Learning and Development	21
PEARSON IN PRACTICE TECHNOLOGY LIMITED	21	Customer Service	28	Engineering	19
SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED (THE)	17	Hospitality and Catering	28	Electrotechnical	14
SPARSHOLT COLLEGE HAMPSHIRE	10	Vehicle Maintenance and Repair	26	IT and Telecoms Professionals (inc ICT)	13
LIFETIME TRAINING GROUP LIMITED	10	IT and Telecoms Professionals (inc ICT)	25	Vehicle Maintenance and Repair	10
BABCOCK TRAINING LIMITED	10	Engineering	23	Accountancy	9
FNTC TRAINING AND CONSULTANCY LIMITED	9	Active Leisure and Learning	17	Customer Service	9

16-18 Starts Highest Providers by volume	Full Year 2011/12	16-18 Starts Highest Providers by volume	2012/13
SOUTHAMPTON CITY COLLEGE	56	SOUTHAMPTON CITY COLLEGE	47
EASTLEIGH COLLEGE	41	ABOVE BAR COLLEGE LIMITED	21
CARILLION CONSTRUCTION LIMITED	35	EASTLEIGH COLLEGE	19
ABOVE BAR COLLEGE LIMITED	32	CARILLION CONSTRUCTION LIMITED	14
PEARSON IN PRACTICE TECHNOLOGY LIMITED	21	FNTC TRAINING AND CONSULTANCY LIMITED	10
SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED (THE)	17	HIGHBURY COLLEGE, PORTSMOUTH	9
SPARSHOLT COLLEGE HAMPSHIRE	10	CITB-CONSTRUCTIONSKILLS	9
LIFETIME TRAINING GROUP LIMITED	10	SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED (THE)	7
BABCOCK TRAINING LIMITED	10	JHP GROUP LIMITED	7
FNTC TRAINING AND CONSULTANCY LIMITED	9	KEY TRAINING LIMITED	6

19-24 Starts Highest Providers by volume	Full Year 2011/12	19-24 Starts Highest SASE Frameworks by volume	Full Year 2011/12	19-24 Starts Highest SASE Frameworks by volume	2012/13
SOUTHAMPTON CITY COLLEGE	67	Health and Social Care	89	Health and Social Care	50
BABCOCK TRAINING LIMITED	34	Customer Service	84	Customer Service	39
TOTTEN COLLEGE	28	Hospitality and Catering	63	Children's Care Learning and Development	24
FNTC TRAINING AND CONSULTANCY LIMITED	27	Business Administration	54	Business Administration	22
JHP GROUP LIMITED	22	Management	47	Management	21
BROCKENHURST COLLEGE	19	Children's Care Learning and Development	32	Retail	18
EASTLEIGH COLLEGE	16	Retail	31	Hospitality and Catering	17
FAREPORT TRAINING ORGANISATION LIMITED	14	Construction	27	Engineering	14
HOSPITALITY TRAINING PARTNERSHIP (IOW) LIMITED	14	Active Leisure and Learning	19	Accountancy	12
THE CARE LEARNING CENTRE (ISLE OF WIGHT) LIMITED	14	Accountancy	14	Construction	12

19-24 Starts Highest Providers by volume	Full Year 2011/12	19-24 Starts Highest Providers by volume	2012/13
SOUTHAMPTON CITY COLLEGE	67	SOUTHAMPTON CITY COLLEGE	28
BABCOCK TRAINING LIMITED	34	EASTLEIGH COLLEGE	25
TOTTEN COLLEGE	28	FIRST4SKILLS LIMITED	20
FNTC TRAINING AND CONSULTANCY LIMITED	27	FNTC TRAINING AND CONSULTANCY LIMITED	14
JHP GROUP LIMITED	22	JHP GROUP LIMITED	13
BROCKENHURST COLLEGE	19	MARR CORPORATION LIMITED	13
EASTLEIGH COLLEGE	16	BABCOCK TRAINING LIMITED	13
FAREPORT TRAINING ORGANISATION LIMITED	14	ESG (SKILLS) LIMITED	9
HOSPITALITY TRAINING PARTNERSHIP (IOW) LIMITED	14	LIFETIME TRAINING GROUP LIMITED	9
THE CARE LEARNING CENTRE (ISLE OF WIGHT) LIMITED	14	PARAGON EDUCATION & SKILLS LIMITED	8

Appendix 2

25+ Starts Highest Providers by volume	Full Year 2011/12	25+ Starts Highest Providers by volume	2012/13
BROCKENHURST COLLEGE	62	TOTTON COLLEGE	44
TOTTON COLLEGE	61	FNTC TRAINING AND CONSULTANCY LIMITED	23
FNTC TRAINING AND CONSULTANCY LIMITED	55	JHP GROUP LIMITED	20
NEWCASTLE COLLEGE	42	PARAGON EDUCATION & SKILLS LIMITED	20
PARAGON EDUCATION & SKILLS LIMITED	38	EASTLEIGH COLLEGE	17
SOUTHAMPTON CITY COLLEGE	38	LIFETIME TRAINING GROUP LIMITED	15
THE CARE LEARNING CENTRE (ISLE OF WIGHT) LIMITED	36	FIRST4SKILLS LIMITED	14
BABCOCK TRAINING LIMITED	27	BROCKENHURST COLLEGE	14
HOSPITALITY TRAINING PARTNERSHIP (IOW) LIMITED	26	BABCOCK TRAINING LIMITED	13
JHP GROUP LIMITED	26	ESG (SKILLS) LIMITED	13

25+ Starts Highest SASE Frameworks by volume	Full Year 2011/12	25+ Starts Highest SASE Frameworks by volume	2012/13
Health and Social Care	203	Health and Social Care	117
Management	156	Management	58
Customer Service	133	Customer Service	39
Business Administration	73	Business Administration	30
Hospitality and Catering	69	Hospitality and Catering	22
Industrial Applications	52	Children's Care Learning and Development	21
Children's Care Learning and Development	51	Retail	20
Driving Goods Vehicles	33	Cleaning and Support Service Industry	15
Cleaning and Support Service Industry	27	Maritime Occupations	15
Teaching Assistants	26	Barbering	10

### **Apprenticeship Funding for Providers**

#### **The Skills System – Adult Apprenticeships (19 years old and over)**

When we talk about the “Skills System” we are referring to skills funding and training for 19 plus (adult) learners. Funding for apprenticeships sits within the mainstream, or core, funding for colleges and private training providers who hold contracts with the SFA. Colleges and other grant funded providers (primarily Local Authorities and Higher Education Institutions) receive an annual allocation from the Adult Skills Budget (ASB). They can then use that funding to deliver what ever they identify as the priorities for their communities and the employers that they work. The only caveat to that freedom is that they must deliver qualifications or learning aims that are recognised for public funding. In practise this means they can offer classroom based learning, apprenticeships and other workplace-based learning, and most provider offer a mixture of provision in response to local needs. Private providers are also funded for apprenticeships out of the ASB budget. They receive an annual contract which is subject to quarterly reconciliation, which is based on their performance. In summary:

- Grant funded providers (colleges, HEIs and LAs) receive an annual allocation; they are not subject to in year reconciliation but they can't normally apply for growth either.
- Paid on Profile providers (private providers, but also some charitable organisations) receive an annual contract which can be reduced or grown in year.

#### Characteristics of the system

- Both types of providers can deliver provision anywhere in the country and reconciliation, and re-allocation, takes place at a national level.
- For 19 plus learners Apprenticeships are co-funded. This means the public purse pays 50 % of the cost and the provider is expected to claim the other 50% form the employer.
- The use of a national funding system enables us to support all growth cases that met our quality standards an allows us to ensure funding for new apprenticeship starts continues to be available throughout the funding year

#### **Apprenticeships for 16 -18 year old learners**

The funding for these learners comes from the DFE but is managed by the Skills Funding Agency. It is a ring fenced budget which can only be spent on apprenticeship delivery. All providers in receipt of this budget are subject to quarterly reconciliation, but that also means all providers can apply for growth

at the quarterly performance points. These apprenticeships are fully funded i.e. the employer doesn't pay anything toward the training; they only have to pay the apprentice's wages. Government ambitions for apprenticeships for this age group, and the available budget, have, for the last two years out-stripped demand / provider capacity. Therefore the Skills Funding Agency, and NAS, is always looking for opportunities to deliver more apprenticeships for this age group. Recently we offered an opportunity to bring new providers on for this age group only. NAS have run a number of campaigns to try to drive up demand from young people for apprenticeships as well as to get more employers on board. We have also worked with a number of Sixth Form colleges and some Local Authorities who have not previously delivered apprenticeships to help them develop a 16-18 apprenticeship offer. Hampshire Local Authority and Portsmouth College have recently started 16 - 18 apprenticeship programmes, and there are other Solent based 6<sup>th</sup> form colleges and Local Authorities that have plans in the pipeline for 13/14.

### **Quarterly growth opportunities**

#### Priorities

The Skills Funding Agency is not a planning body. We do not therefore give providers targets setting out how they should use their funding. This is often referred to as the "freedoms and flexibilities" given to providers by the coalition government (from 2010) which has empowered them to determine the best use of the public funding they receive. They are all subject to audit and quality checks by the Skills Funding Agency and Ofsted, but the mix and balance of provision between sectors and types of learning (apprenticeship or other) is down to each provider to determine. Looking ahead providers will be expected to take account of LEP priorities when planning their offer, and LEPs have been tasked by central government with coming up with a Strategy for Skills for their area, which providers will be expected to respond to.

The Skills Funding Agency has published priorities for the ASB and those priorities are Apprenticeship first and foremost and then provision for the unemployed. The ASB is a declining budget and the sector has seen cuts to available funding since 2010. The Skills Funding Agency has built into the annual funding cycle recognition for providers that are growing their apprenticeship delivery; this means that those that are prioritising apprenticeships have seen lower, and in some cases no, reductions in their funding since 2010.

Within Apprenticeships Government wishes to see growth in Level 3 apprenticeship (equivalent to A' levels) and in Higher Apprenticeship (which sit at HE level), as well as an increase in LLDD learners taking up apprenticeships.

#### **Traineeships**



From 1<sup>st</sup> of August this year a new offer for 16-18 year old learners will be available. This new programme will be known as traineeships and will provide a pre apprenticeship offer for young people who are not ready / able to secure an apprenticeship with an employer. A traineeship will offer a 6 month programme, which will include a substantial work experience element, as well as employability or vocationally related skills training, and English and Maths.

All providers who are currently grade 1 and 2 with Ofsted will be eligible to deliver this programme in 2013 /14; in the Southampton area the vast majority of Skills Funding Agency funded providers are grade 1 Ofsted providers, which puts the city in a good place.

**Key documents to refer to:**

Rigour and Responsiveness – April 2013

The Heseltine Review; No stone Unturned in Pursuit of Growth – October 2012

Government Response to the Heseltine Review – March 2013

The Richard's Review on Apprenticeships – November 2013

The Skills Funding Statement 2012-15 – December 2012

*These documents are all available on the Department for Business Innovation and Skills*

Paper produced by Fiona Wilmot, Head of Relationship Team South Central Skills Funding Agency 2013

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Department  
for Education



Department  
for Business  
Innovation & Skills

## **Traineeships**

Supporting young people to develop  
the skills for apprenticeships and  
sustainable employment

### **Framework for Delivery**

**May 2013**

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## Foreword by Matthew Hancock MP, Minister for Skills



In January, we published a discussion paper setting out our proposals for a new programme of traineeships. These will support young people who are focused on work to gain the skills and experience that employers are looking for.

We wanted to make public our initial thinking on traineeships to provide an opportunity for the employers, providers and partners who will be critical to their success to influence the way the programme develops. Employers will be at the very centre of traineeships, running the programme or offering high quality work placements in partnership with a trusted provider.

I was delighted by the positive and constructive response we received to our discussion paper. More than 450 individuals and organisations provided written feedback and we met many of you directly to discuss your views and gather your thoughts on traineeships.

All of those conversations convinced me that this is absolutely the right way to go. Whilst we received a wide range of solutions and suggestions to the questions in the document, everyone I spoke to was clear that there was a need for a programme like traineeships to help young people equip themselves with the skills and experience to secure an apprenticeship or sustainable work. We will begin the programme from August 2013 for 16-19 year olds and will look to extend the programme up to 24 in due course.

I welcome both your positivity and your willingness to share views on how traineeships should be developed. This Framework for Delivery draws on the feedback we received to set out how traineeships will work in practice. With your ongoing support and involvement, I know that traineeships will make a huge difference to the skills and aspirations of young people in this country.

A handwritten signature in blue ink, appearing to read 'Matthew Hancock'. The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

**Matthew Hancock MP**  
Minister for Skills

## Executive summary

1. This Framework for Delivery provides employers, education and training providers and young people with information about traineeships. The executive summary brings together the key points marked in **bold** in the main document to provide an overview of the programme. The Education Funding Agency will include information on funding traineeships in its 2013/14 funding guidance.

### ***Who are traineeships for?***

2. Traineeships will be available for young people aged 16-19<sup>1</sup> and for young people with Learning Difficulty Assessments<sup>2</sup> up to academic age 25 from August 2013. We will look to extend traineeships to young people aged up to 24 in due course.
3. The core target group for traineeships will be young people who:
  - are not currently in a job and have little work experience, but who are focused on work or the prospect of it;
  - are qualified below Level 3; and
  - providers and employers believe have a reasonable chance of being ready for employment or an apprenticeship within six months of engaging in a traineeship.
4. Traineeships are not intended for:
  - the most disengaged young people, who require very intensive support;
  - those who are already ready to start an apprenticeship; or
  - those already in a job.

### ***What will traineeships provide?***

5. Traineeships are part of the same family as apprenticeships. Over time, employers will want to consider in the round the number of apprenticeships and traineeships they will offer as they plan their workforce development. Traineeships will be part of study programmes. This will ensure simplicity and enable young people to move between options.

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<sup>1</sup> The age range '16-19' used in this document refers to young people aged 16, 17 or 18 on 31 August in the relevant funding year.

<sup>2</sup> These will be replaced by Education, Health and Care Plans, subject to the passage of the Children and Families Bill.

6. The core content of traineeships will be a high quality work placement, work preparation training and English and maths. Providers and employers will have the freedom to bring these elements together in the best way to engage and support individual trainees.
7. We expect the duration of the work placement within a traineeship to be at least six weeks and no more than five months. The involvement of employers and real workplace settings for the work placement are crucial to the success of traineeships. We expect the lead employer for the work placement to be identified before young people are recorded on a traineeship. We expect all traineeships to offer a guaranteed interview with the work placement host at the end of the placement<sup>3</sup>.
8. The content of the work preparation training will be up to providers and employers to agree. All young people undertaking a traineeship will be required to study English and maths unless they have achieved a GCSE A\*-C in those subjects. In the majority of cases, we expect that functional skills will be the most appropriate qualifications for trainees to study in the first instance. We would expect young people to continue and complete these qualifications, together with any vocational qualifications they have begun, as part of their wider study programme.
9. We have set out a list of potential flexible content, which is not designed to be prescriptive or exhaustive, but may be useful to providers and employers as they design traineeship programmes.
10. The duration of traineeships will be a maximum of six months. The aim of traineeships is to secure young people's progression to an apprenticeship or sustainable job as quickly as possible. Where young people successfully progress earlier than anticipated, we will ensure that this is counted as completing the traineeship.
11. As traineeships develop, we will look to subsume or cease similar existing training programmes in order to simplify the system. The primary measure of success for traineeships will be securing positive outcomes for participants and we intend to hold providers to account against this. For at least the first year of national rollout, we will apply quality criteria for the providers that are able to offer traineeships.

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<sup>3</sup> This will either be a formal interview where a job vacancy has arisen or an exit interview and feedback with the employer who provided the placement where that is not possible. See paragraph 55.

12. A young person's traineeship will be complete at the earliest of:
  - the young person moving into employment, an apprenticeship or further education and training;
  - all elements of the young person's agreed traineeship programme being complete; or
  - the young person reaching six months on the programme.
13. A formal reference from the employer where the young person undertook their work placement, together with confirmation of any qualifications completed with their provider, is the right form of recognition for completing a traineeship. Providers and employers will be free to award locally-recognised certificates for traineeships.

***How will traineeships be delivered and funded?***

14. Providers and employers will be able to deliver traineeships for 16-19 year olds and young people with Learning Difficulty Assessments up to academic age 25 from August 2013. Traineeships should be a partnership between employers and education and training providers. Employers and providers will have a key role in engaging young people and enrolling them on the programme. Local authority services for young people, schools, colleges, Jobcentre Plus advisers, DfE Youth Contract providers, National Careers Service advisers and National Citizen Service providers will also have an important role in referring interested young people onto traineeships.
15. We want to provide opportunities for employers to lead the delivery of traineeships to young people. Employers will be able to do this through:
  - The Employer Ownership of Skills pilot.
  - Where large employers already have a contract with the Skills Funding Agency to deliver 16-19 apprenticeships, varying this to also cover traineeships.
  - Working in partnership with an existing education or training provider.
  - Working towards becoming an approved provider in their own right in future years.
16. Taking into account feedback from 2013/14, we will review employer access to funding to deliver traineeships and look to develop further opportunities where appropriate.
17. Subject to the quality criteria below, education and training providers that currently deliver provision for 16-19 year olds and hold a contract with the Education Funding Agency will be able to deliver traineeships. We will also



vary the existing Skills Funding Agency 16-19 apprenticeship contracts for eligible providers so that they can deliver traineeships.

18. In 2013/14, the delivery of traineeships will be limited to those providers who have achieved an Ofsted inspection grade of Outstanding or Good. Where this means that there is no eligible provider in a location, we will support efforts to ensure that Outstanding and Good provision becomes available in that area.
19. Providers will access funding for traineeships through their funding per student methodology. As with other programmes, providers will record young people taking part in and completing traineeships through the Individualised Learner Record (ILR).
20. Employers are not required to pay young people for the work placement under the traineeship. Traineeships fall under an exemption to the National Minimum Wage. Young people taking part in traineeships will be undertaking education and training and, where they qualify, will be able to access our existing programmes of financial support, including the £180 million 16-19 Bursary Fund.
21. We have deliberately designed the programme to have the flexibility to enable providers to design traineeships to meet the requirements of young people who are claiming benefits. This would enable young people to continue to receive Jobseeker's Allowance or the new Universal Credit while taking part in a traineeship.
22. The Conclusion of the Framework (pages 25-26) tells you more about why and how you should get involved in traineeships.

## A. Introduction

23. On 10 January, the Departments for Education and Business, Innovation and Skills published a discussion paper entitled *Traineeships: Supporting young people to develop the skills for apprenticeships and other sustained jobs*<sup>4</sup>. This set out our initial proposals for the development of a new programme of traineeships to help young people to prepare for and secure apprenticeships and other sustainable employment.
24. We invited contributions to the discussion from employers, education and training providers, young people and those who work with them. We received over 450 written responses. We also held a series of roundtable discussions with representative organisations in order to gather wider views about the approach. Some of the key messages we received as part of that discussion process were:
- There is a real need for a programme to help young people who are focused on getting an apprenticeship or sustainable job but who do not yet have the skills or experience to compete successfully for vacancies.
  - Further clarity is needed on the target group of young people for traineeships, but there should be a degree of local discretion to allow providers and employers to target those who would benefit most.
  - It is right that traineeships should have a small and well defined core, with maximum flexibility for providers and employers to add content to meet the needs of employers and the local labour market.
  - A high quality placement in a real workplace will be the most important element of a successful traineeship.
  - Traineeships should be delivered as a partnership between employers and education and training providers.
  - The programme should be easy for employers and young people to understand and access.
25. The full range of feedback we received as part of the discussion has informed the development of the traineeships programme set out in this Framework. This document applies to England only, but the Government will work with the Devolved Administrations on any areas of shared interest.

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<sup>4</sup><http://www.education.gov.uk/childrenandyoungpeople/youngpeople/qandlearning/traineeships/a00219695/traineeships->

## B. Who are traineeships for?

26. In our discussion paper we deliberately left open the question of exactly which groups of young people traineeships should focus on, both in terms of age range and eligibility for the programme. We wanted to get the views of employers and providers on this important issue.
27. Whilst there was a range of views on how we should describe the target group, many respondents felt that it was important for us to set a clear expectation of which young people traineeships are aimed at. They cautioned that making the target group too wide would dilute the concept of traineeships and make the new programme difficult to describe to young people and employers. At the same time, many organisations were clear that the young people we want to support through this programme will have a range of characteristics and circumstances. Being too rigid with eligibility criteria would get in the way of local discretion in deciding which young people would benefit most from traineeships.
28. We have aimed to find a compromise by setting out the age range and our expectations of the target group, whilst leaving significant flexibility to enable providers and employers to recruit the young people for whom traineeships would be the most effective intervention.

### *Age range*

29. The discussion paper proposed an age range of 16 up to 24 for traineeships. Traineeships will begin in 2013/14 for 16-19 year olds. We will look to extend traineeships to young people aged up to 24 in due course.
30. Several respondents pointed out that young people with statutory Learning Difficulty Assessments will be able to access a range of education, training and support up to the end of the academic year in which they turn 25. They rightly felt that it would avoid creating an additional age boundary if the age range for traineeships were extended to academic age 25 for young people in this group.
31. Others raised the possibility of extending the age range down to young people aged 14-16. We recognise the importance of young people at that age having access to high quality vocational education as well as an academic core. That is why we are reforming vocational education, focusing performance tables on the most effective qualifications and supporting colleges to enrol 14-16 year old students in 2013/14. This offer will consist

of general education with vocational options and work experience, which we feel is best suited to the needs of that age group. We therefore do not intend to extend the age range of traineeships to this younger group.

32. **Traineeships will be available for young people aged 16-19 and for young people with Learning Difficulty Assessments up to academic age 25 from August 2013. We will look to extend traineeships to young people aged up to 24 in due course.**

*Target group*

33. We want traineeships to improve the quality of options for young people who are already engaged and also draw in young people who would not otherwise be in education, employment or training.
34. In the discussion paper, we made clear that traineeships would focus primarily on young people who are motivated by work or the prospect of it, but who do not yet have the skills or experience to secure a sustainable job or apprenticeship. Many of the responses we received sought greater clarity about the target group for traineeships, while advocating a significant degree of local flexibility.
35. There is a range of different programmes in place to support young people and we want to ensure that traineeships are targeted at those who will benefit most from the programme. **The core target group for traineeships will be young people who:**
- **are not currently in a job and have little work experience, but who are focused on work or the prospect of it;**
  - **are qualified below Level 3; and**
  - **providers and employers believe have a reasonable chance of being ready for employment or an apprenticeship within six months of engaging in a traineeship.**
36. For young people who are further from the labour market and would need more intensive support before they could engage, we are already providing additional help, for instance through the DfE Youth Contract and wider study programmes. Those who are very close to employment or already have high levels of attainment are likely to be successful in finding opportunities themselves. Traineeships aim to help the intermediate group, providing the skills and experience they need to move into sustainable employment. **Traineeships are not intended for:**

- **the most disengaged young people, who require very intensive support;**
- **those who are already ready to start an apprenticeship; or**
- **those already in a job.**

37. Responding to the feedback we received, we will give providers and employers the freedom to work with the individuals within this target group who they feel would benefit most from traineeships. This will enable them to respond to individual and local circumstances. We want traineeships to help young people who meet the criteria of the programme regardless of their background and we expect employers and providers to support this aim. Once the programme has begun, we will review learner information on disability, gender, ethnicity and other relevant characteristics to monitor progress.

*Scale*

38. Traineeships are a new programme for young people, though they will build on many aspects of effective provision that are already being delivered around the country. We think that it is important that traineeships are able to respond to the needs of young people and employers and so we will not set numerical targets for the programme. Traineeships will begin to be delivered in 2013/14 and our expectation is that the programme will grow quickly and has the potential to provide opportunities for a significant proportion of young people who are focused on work and apprenticeships.

## C. What will traineeships provide?

39. The discussion paper set out our initial proposals for the content of traineeships and asked employers and providers a number of fundamental questions about what they saw as the most important and effective elements of the model.
40. The responses we received overwhelmingly welcomed the core content of a traineeship – a work placement, work preparation training, English and maths. Respondents highlighted the particular importance of the first of these in making traineeships attractive and effective. There were a large number of suggestions for what might constitute wider flexible content in traineeships and we have brought these together to help organisations to consider options as they develop their programmes.
41. There was also a feeling, from employers in particular, that traineeships provide an opportunity to simplify the system and bring together or cease other similar programmes. They felt that focusing on a smaller number of high quality routes for young people would make it easier to understand the opportunities available.

### *Fit with apprenticeships and 16-19 study programmes*

42. One area where many respondents asked for clarity was the way in which traineeships fit with apprenticeships and 16-19 study programmes.
43. **Traineeships are part of the same family as apprenticeships**, which remain our high quality offer for those who are ready and able to secure work with recognised training. Following the Richard Review, we will take further action to increase the quality of apprenticeships and give employers a greater role in designing and delivering them. Traineeships will be a separate but linked programme that prepares young people to compete for apprenticeships and other sustainable employment. Apprenticeships will be one of the key outcomes from a traineeship, although participation in a traineeship cannot guarantee progression to an apprenticeship.
44. **Over time, employers will want to consider in the round the number of apprenticeships and traineeships they will offer as they plan their workforce development.** We will extend the role of the National Apprenticeship Service to include supporting employer involvement in traineeships.

45. We are introducing new study programmes from September 2013, which will focus on substantial qualifications, English and maths and work experience. **Traineeships will be part of study programmes. This will ensure simplicity and enable young people to move between options.** As with other study programmes and apprenticeships, traineeships will be a valid option for young people as we raise the age of compulsory participation in education or training to 17 this year and to 18 in 2015<sup>5</sup>. Providers will want to read this Framework alongside the study programme principles<sup>6</sup>.

#### *Core content*

46. The discussion paper proposed three core elements for a traineeship programme:
- **A high quality work placement** to give the young person meaningful work experience and develop workplace skills.
  - **A focused period of work preparation training**, covering areas like CV writing, interview preparation, job search and inter-personal skills.
  - **English and maths**, as these are seen as crucial employability skills.
47. There was overwhelming support for these core elements of content in the responses we received. **Providers and employers will have the freedom to bring these elements together in the best way to engage and support individual trainees.** Some young people may need to focus primarily on English, maths and work preparation at the beginning of their traineeship before moving into the work placement. Others may benefit from starting their work placement with a supportive employer early in the traineeship, with work preparation and English and maths built in alongside. We expect providers to work with young people at the start of the programme to assess their needs and determine the right combination, timing and length of programme to meet them.
48. A number of responses proposed additional areas of core content, the most popular being mentoring, wraparound support and careers guidance. We agree that these will be crucial for many young people, but would not want to be prescriptive about how they are delivered. We see these as integral to high quality work placements (paragraph 51) and work preparation training

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<sup>5</sup><http://www.education.gov.uk/childrenandyoungpeople/youngpeople/participation/rpa/g00222993/stat-guide-young-people-edu-employ-train>

<sup>6</sup><http://www.education.gov.uk/schools/teachingandlearning/curriculum/a00210755/16-19-study-programmes>

(paragraphs 56-57), rather than being elements of the core content in their own right.

49. Similarly, many respondents proposed that vocational education should form part of the core content. Again, we recognise the value of good vocational education and in many cases it will be appropriate for high quality vocational qualifications to be started as part of traineeships. However, we are keen to ensure that we allow the maximum flexibility for traineeships to meet individual needs and so will include vocational content as part of flexible provision (paragraph 62) rather than in the core.
50. **The core content of traineeships will be a high quality work placement, work preparation training and English and maths.**

#### *Work placements*

51. There was a high degree of consensus in the responses we received about what should constitute a high quality and effective work placement. Drawing on this evidence, the table below sets out principles for good quality work placements as part of traineeships. It will be for providers and employers in partnership to agree how these principles are implemented in traineeships.

- **Choice and relevance** – Placement matched to the trainee’s areas of interest and aspiration, with young people undertaking high quality work experience rather than observation or mundane tasks.
- **Organisational readiness** – Commitment from senior managers or owner/manager and a low ratio of trainees to experienced staff.
- **Good preparation** – Thorough pre-placement preparation by the provider, employer and prospective trainee and an understanding of young people’s circumstances that may affect their workplace behaviour.
- **Written agreement** – Made between the trainee, employer and provider setting out mutual expectations and commitments, including the training plan and arrangements for reviews.
- **A planned placement** – A structured induction, clear objectives and integrated off-the-job training, with an identified mentor or buddy.
- **Feedback and review** – Regular constructive feedback from managers and formal reviews at key stages with the manager, provider and trainee.

52. We think that it is important to allow a significant degree of flexibility in the duration of the work placement to accommodate the varying needs of young people taking part in the programme. However, it is essential to set some boundaries on duration. **We expect the duration of the work placement within a traineeship to be at least six weeks and no more than five**



**months**<sup>7</sup>. This does not have to be taken consecutively. In some cases, such as where young people are undertaking their work placement in small or medium enterprises, it may be appropriate for them to undertake a number of separate work placements in different organisations totalling at least six weeks. This would need careful planning to ensure it adds up to the high quality work experience we expect for all trainees.

53. Providers and employers will be free to agree how the work placement fits best with the other components. In some cases, it may be better for young people to undertake the work placement at the end of their traineeship, in others to begin this from early in the programme with the other components sitting alongside it. We expect providers to offer ongoing support to employers and young people as needed throughout the work placement.
54. **The involvement of employers and real workplace settings for the work placement are crucial to the success of traineeships.** Simulated work placements, such as in workshops within training providers may well form a helpful part of work preparation training but will not count as work placements for the purposes of traineeships. **We expect the lead employer for the work placement to be identified before young people are recorded on a traineeship.**
55. There was a range of views on whether to include a guaranteed interview in traineeships, with many responses suggesting that an interview provides vital experience to young people going on to seek work, but others highlighting the risk that a guaranteed interview could significantly reduce the range of employers willing or able to take part in the programme. **We expect all traineeships to offer a guaranteed interview with the work placement host at the end of the placement.** Where possible, the young person should receive a real job interview where a post or apprenticeship has become available. However, we recognise that this will not always be feasible and in these cases a formal exit interview with the employer will help the young person to practice and prepare for future opportunities. In either case, young people should receive meaningful feedback to help them improve their performance and a reference from the employer reflecting the time spent on their work placement (paragraph 74).

#### *Work preparation training*

56. **The content of the work preparation training will be up to providers and employers to agree.** We expect this to include any personal and

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<sup>7</sup> In exceptional circumstances, we are willing to consider a case from individual employers for a shorter period of work experience.

social skills that the young person needs to develop in order to get the most out of their work placement and prepare them for future employment.

57. It is important that work preparation training covers both the skills that young people will need to find and secure a job (for example, job search techniques, CV writing and interview skills) and the skills and attributes that they need to sustain that job (such as planning, time-keeping, team working, self-confidence, resilience and strength of character). Initial training should also include preparation for the specific work placement the young person will be undertaking.

### *English and maths*

58. Employers are clear that literacy and numeracy are crucial employability skills and so English and maths will form a key part of traineeships. As with other study programmes, **all young people undertaking a traineeship will be required to study English and maths unless they have achieved a GCSE A\*-C**. Young people who have achieved this level will not be required to continue to study English and maths, but we would encourage providers to consider offering higher level provision, particularly Level 3 maths qualifications, to these young people.
59. To fit with wider study programme principles, trainees will need to work towards GCSE A\*-C in English and maths, including through the study of functional skills. **In the majority of cases, we expect that functional skills will be the most appropriate qualifications for trainees to study in the first instance**. As part of traineeships, young people can study these at Entry Level, Level 1 or Level 2 depending on their prior attainment. Where they have already achieved a functional skills qualification at Level 2, they will be required to work towards the achievement of a GCSE grade A\* to C.
60. Providers should aim to support young people to complete their qualifications within their traineeship where possible. In some cases it may take longer for a young person to achieve these crucial elements. **We would expect young people to continue and complete these qualifications, together with any vocational qualifications they have begun, as part of their wider study programme.**

### *Flexible content*

61. In the discussion paper we proposed that traineeships should have a clearly defined core with a high degree of flexibility around additional content. This would enable providers and employers to add elements depending on the

needs of young people and the labour market. Responses overwhelmingly welcomed the proposal that the traineeships model will give providers and employers this flexibility.

62. The responses we received provided a helpful range of suggestions about areas of additional content that providers may wish to include within traineeships. **We have set out a list of potential flexible content, which is not designed to be prescriptive or exhaustive, but may be useful to providers and employers as they design traineeship programmes.**

To meet labour market needs	To meet personal needs
<ul style="list-style-type: none"> <li>• High quality and relevant vocational qualifications.</li> <li>• Skills required by the local labour market or particular sectors/employers.</li> <li>• Business, commercial and enterprise skills.</li> <li>• ICT skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Personal and social skills development, for instance independent working.</li> <li>• Team working activities.</li> <li>• Tasters in one or more sectors.</li> <li>• Impartial careers guidance, particularly focused on the local labour market.</li> <li>• Participation in National Citizen Service, for those aged 16-17.</li> <li>• Support for specific needs, for instance a disability.</li> </ul>

63. Our approach to the vocational qualifications available and recorded in performance tables will match that for study programmes.

*Duration*

64. Our discussion paper proposed that traineeships would last around six months and the responses we received generally supported this proposal. Responses argued that there would need to be some flexibility depending on the existing levels of skills and experience of participants.
65. **The duration of traineeships will be a maximum of six months.** This reflects the target group for the programme and our definition of the minimum and maximum length of the work placement (paragraph 52). Providers may wish to work with young people who are not yet ready for a traineeship as part of their wider 16-19 study programme, to help them prepare for and move into a traineeship.
66. This does not mean that we expect all traineeships to last for a full six months. **The aim of traineeships is to secure young people's**

**progression to an apprenticeship or sustainable job as quickly as possible. Where young people successfully progress earlier than anticipated, we will ensure that this is counted as completing the traineeship** (paragraph 72).

#### *Fit with other programmes*

67. In our discussion paper, we made clear that we wanted traineeships to simplify the current policy landscape and make it easier for young people and employers to navigate. The responses we received overwhelmingly supported this objective and there was widespread feeling amongst employers in particular that having too many individual programmes for young people risks incoherence.
68. We recognise that it will take time to achieve this aim, but as a guiding principle, **as traineeships develop we will look to subsume or cease similar existing training programmes in order to simplify the system.** We will work on the presumption that these programmes should become part of traineeships or come to an end unless there is a clear rationale for a separate programme.

#### *Ensuring quality*

69. **The primary measure of success for traineeships will be securing positive outcomes for participants and we intend to hold providers to account against this.** We expect traineeships to focus first and foremost on supporting young people into apprenticeships and other sustainable employment. Those aged 16-17 will need to undertake part-time training if they move into full-time employment as we raise the participation age. We also recognise that some trainees will want to undertake further study in order to achieve their employment aspirations and so further education and training will also be a recognised outcome from traineeships. We will develop success and destination measures for traineeships which we aim to publish and use for accountability purposes from 2015/16.
70. **For at least the first year of national rollout, we will apply quality criteria for the providers that are able to offer traineeships** (paragraph 85). We intend to review these regularly and relax them in future years as the programme develops. Over time, destination and success measures will become our main measure of quality and accountability.
71. As with other forms of education and training provision, the Common Inspection Framework will apply to traineeships. Ofsted will inspect the quality of provision amongst all providers and employers who offer these as

part of their overall inspection programme. We will work with Ofsted to ensure that traineeships receive sufficient focus within wider inspections and to consider the possibility of a future thematic review in this area.

### *Completing a traineeship*

#### **72. A young person's traineeship will be complete at the earliest of:**

- **the young person moving into employment, an apprenticeship or further education and training;**
- **all elements of the young person's agreed traineeship programme being complete; or**
- **the young person reaching six months on the programme.**

73. Whilst we want the vast majority of young people to progress from a traineeship into work, an apprenticeship or further learning by the end of six months, we recognise that this will not always be the case. For these young people, traineeships will have significantly increased their skills and given them work experience and a reference to include in their CV, putting them in a much stronger position to find work. In these instances, we expect the provider leading the traineeship to ensure that young people are in contact with organisations that can help them find work or training opportunities and are supported to complete any qualifications begun on their traineeship.

74. Responses to the discussion paper put forward a range of views about the certification of traineeships and some respondents felt that trainees should receive some form of separate recognition for completion of a traineeship. Our view is that a central system of certification would risk increasing bureaucracy for providers and employers and may not be meaningful for young people or prospective employers. **A formal reference from the employer where the young person undertook their work placement, together with confirmation of any qualifications completed with their provider, is the right form of recognition for completing a traineeship** and will have greater currency in the labour market than a separate certification process. **Providers and employers will be free to award locally-recognised certificates for traineeships** if they wish, and we will make branded artwork available for this purpose.

## D. How will traineeships be delivered and funded?

75. In the discussion paper, we set out proposals for two models – a provider-managed model through existing funding systems and an employer-led model through the Employer Ownership of Skills pilot.
76. The responses we received broadly supported the need for both of these funding routes, revealing a keen appetite from some employers to lead their own programmes (paragraph 81). Feedback emphasised that traineeships should be designed and delivered by employers and training providers together. Respondents also wanted traineeships to be simple for employers and young people to engage with.

### *Timetable for delivery*

77. **Providers and employers will be able to deliver traineeships for 16-19 year olds and young people with Learning Difficulty Assessments up to academic age 25 from August 2013**, subject to the quality criteria set out below (paragraph 85). The 2013/14 academic year will be the start of a national rollout of traineeships and we will learn the lessons from the first year and develop the programme further for future years.
78. We agree with the feedback received from the discussion process that **traineeships should be a partnership between employers and education and training providers**. We want to ensure that there are opportunities to route funding for traineeships directly to both providers and employers. We have set out below how each of these routes will work.

### *Referrals to traineeships*

79. We expect that traineeships will quickly become part of the core offer for young people aspiring to apprenticeships or work. Many young people will proactively seek out traineeship opportunities where they have not yet been successful in finding work. **Employers and providers will have a key role in engaging young people and enrolling them on the programme**. They will want to market traineeships to young people as preparation for apprenticeships and sustainable employment rather than as a destination in their own right.
80. There will also be an important role for organisations working with young people to refer them to traineeships programmes where appropriate. In particular, **local authority services for young people, schools, colleges,**

**Jobcentre Plus advisers (paragraphs 95-97), DfE Youth Contract providers, National Careers Service advisers and National Citizen Service providers will also have an important role in referring interested young people onto traineeships.**

*Funding – employer routes*

81. Recognising employers' enthusiasm, **we want to provide opportunities for employers to lead the delivery of traineeships to young people. Employers will be able to do this through:**
- **The Employer Ownership of Skills pilot.** We signalled our interest in bids containing traineeships in the Discussion Document and in the Employer Ownership of Skills (Round 2) Prospectus. We will evaluate proposals for traineeship programmes alongside other bids and expect to announce the decisions in July 2013. Successful employers or groups will be funded to directly deliver a programme of traineeships for young people.
  - **Where large employers already have a contract with the Skills Funding Agency to deliver 16-19 apprenticeships, varying this to also cover traineeships,** subject to the quality criteria in paragraph 85.
  - **Working in partnership with an existing funded education or training provider** that meets the quality criteria in paragraph 85.
  - **Working towards becoming an approved provider in their own right for future years.**
82. **Taking into account feedback from 2013/14, we will review employer access to funding to deliver traineeships and look to develop further opportunities where appropriate,** with the intention of implementing any changes from 2014/15.

*Funding – provider routes*

83. To ensure simplicity and allow traineeships to be delivered from 2013/14, we want to keep a close fit with the wider funding system for 16-19 year olds. This means that, **subject to the quality criteria below** (paragraph 85), **education and training providers that currently deliver provision for 16-19 year olds and hold a contract with the Education Funding Agency will be able to deliver traineeships** within the new study programme arrangements on the basis of funding per student<sup>8</sup>.

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<sup>8</sup> Further information is available at:

<http://www.education.gov.uk/aboutdfe/executiveagencies/efa/a00210682/funding-formula-review>

84. We are aware that there will be a number of apprenticeship providers who have significant experience in this area and would not be able to deliver traineeships under these arrangements. **We will also vary the existing Skills Funding Agency 16-19 apprenticeship contracts for eligible providers so that they can deliver traineeships.** The Education Funding Agency's 2013/14 funding guidance will include information on funding traineeships and the Skills Funding Agency's funding rules (in relation to 16-19 apprenticeship providers) will be updated shortly to include information on traineeships.
85. An issue that was frequently raised as part of the discussion process was the need to ensure that traineeships are a high quality option from the outset in order to build and maintain their credibility with young people and employers. As set out above (paragraph 69), our medium-term aim is to use success measures based on progression to employment, apprenticeships and further learning as the key driver of quality for traineeships. To ensure a high quality start, we will implement a gateway for those providers that wish to offer and be funded for providing traineeships. **In 2013/14, the delivery of traineeships will be limited to those providers who have achieved an Ofsted inspection grade of Outstanding or Good.**
86. **Where this means that there is no eligible provider in a location, we will support efforts to ensure that Outstanding and Good provision becomes available in that area.** We will work with providers during 2013/14 to develop our approach further for 2014/15.
87. The funding methodology and rates for traineeships will also build upon the existing system. Where an education or training provider has an existing Education Funding Agency contract, **they will access funding for traineeships through their funding per student methodology.** This will mean that trainees are funded as part-time students (reflecting the fact that they will be full-time for part of the year) according to the number of hours the provider includes in their learning plan. Retention will account for around 50% of funding, but early movement into a positive outcome of employment, an apprenticeship or further training will not affect funding.
88. Where required, existing 16-19 apprenticeship contracts will be amended to allow for delivery of traineeships. Providers will access funding from the Skills Funding Agency via existing apprenticeship contracts at a comparable rate to those funded through an Education Funding Agency contract.
89. **As with other programmes, providers will record young people taking part in and completing traineeships through the Individualised Learner**



**Record (ILR).** We have added a new learning delivery monitoring code to the ILR for 2013/14 to identify and record all learning aims that are delivered as part of a traineeship. The Information Authority will publish guidance to help providers record traineeships on the ILR.

#### *Employment status and financial support for trainees*

90. Young people taking part in traineeships are by definition not yet ready for employment, but will benefit from gaining work experience in a real environment. Traineeships are an education and training programme that will provide opportunities for them to develop the skills that they need to apply successfully for an apprenticeship or other job.
91. **Employers are not required to pay young people for the work placement under the traineeship. Traineeships fall under an exemption to the National Minimum Wage.** We would encourage, but do not require, employers to consider providing trainees with support to meet their travel or meal costs.
92. If a young person taking part in a work experience placement shows the potential to become a productive member of staff, then we encourage employers and providers to support them to apply for an apprenticeship or other suitable vacancy.
93. **Young people taking part in traineeships will be undertaking education and training and, where they qualify, will be able to access our existing programmes of financial support, including the £180 million 16-19 Bursary Fund.**

#### *Incentives for work placement hosts*

94. We want employers to take part in traineeships and offer work placements because they see the value of the programme to their organisation and sector. Responding to employers' feedback, we have designed traineeships to be as simple as possible and to provide a range of routes for employers who want to engage more directly in delivery. We will not offer central financial incentives to organisations hosting work placements as part of traineeships, but there is nothing to stop providers using the funding they receive to offer support and incentives locally if they decide that is what is needed to generate high quality placements.

#### *Fit with the benefit system*

95. Some young people who want to take part in a traineeship will be claiming unemployment benefits. This will apply particularly at age 18, but also to a

small group of 16-17 year olds. We want traineeships to be open to these young people because we think that the programme can provide a high quality route to help them gain the skills they need to find work.

96. **We have deliberately designed the programme to have the flexibility to enable providers to meet the requirements of young people who are claiming benefits.** There is scope for providers to design a programme for these young people that meets the core aims and elements of traineeships, but also fits with benefit rules. **This would enable young people to continue to receive Jobseeker's Allowance or the new Universal Credit whilst taking part in a traineeship.**
97. When providers and employers design traineeships locally and intend to offer places to benefits claimants, we encourage them to consult Jobcentre Plus to ensure a suitable fit with the benefits system and local labour market. That is essential to ensuring that traineeships will be able to meet both the needs of young people claiming benefits and local employers.

## E. Conclusion

98. We have designed and developed traineeships through an open discussion process, but its success will depend on the engagement and involvement of employers, providers and young people. We want to be clear about why and how you can get involved in traineeships:

	Why get involved?	How to get involved?
<b>Employers</b>	<ul style="list-style-type: none"> <li>You have told us that young people who apply for your vacancies often do not have the skills or experience you are looking for.</li> <li>Traineeships offer you the opportunity to shape their training and experience, creating a larger pool of high quality applicants for your sector to draw on.</li> <li>Traineeships also allow you to work with a young person over a significant period, helping to develop young people who will be best placed to be part of the future workforce in your sector.</li> <li>Traineeships are designed to be as simple as possible and we have created a range of routes so that you can decide how to get involved – from working with a provider to offer work placements to getting involved in designing and leading traineeships yourself.</li> </ul>	<ul style="list-style-type: none"> <li>You can find out more by speaking to your contact in the National Apprenticeship Service (NAS) or getting in touch with NAS at <a href="http://www.apprenticeships.org.uk/Employers.aspx">www.apprenticeships.org.uk/Employers.aspx</a> or on 08000 150 600.</li> <li>You can contact local education and training providers that meet the quality criteria (paragraph 85) directly to work in partnership with them to offer traineeship work placements. The NAS helpline above can put you in touch with local providers.</li> </ul>
<b>Education and training providers</b>	<ul style="list-style-type: none"> <li>You have told us that many of the young people you work with are motivated by work and want the opportunity to build the skills and experiences that employers are seeking.</li> <li>Traineeships offer you the opportunity to develop just such a programme, with flexibility to allow you to fit this to the needs of the local labour market and your learners.</li> <li>You can build on the best of your existing employer engagement and we will fund you to deliver traineeships as part of 16-19 study programmes.</li> </ul>	<ul style="list-style-type: none"> <li>If you meet the quality criteria in paragraph 85, you can begin delivering traineeships as set out from the start of the 2013/14 Academic Year as part of study programmes.</li> <li>The Education Funding Agency 2013/14 funding guidance will include information on traineeships. The Skills Funding Agency will update its funding rules shortly in relation to 16-19 apprenticeship providers. If you have questions about delivery, contact details are included in paragraph 99.</li> </ul>

<b>Young people</b>	<ul style="list-style-type: none"> <li>• We know that many of you are keen to find an apprenticeship or a good job and that you want the opportunity to develop the skills and experience to enhance your CV and give you the best shot at finding work at a difficult economic time.</li> <li>• Traineeships are a route to help you get ready for an apprenticeship or job. You'll have the opportunity to polish up your literacy and numeracy skills as these are something that employers really value. But you'll also have the chance to undertake an exciting work placement in a real employer, giving you great experience and a reference to enhance your CV.</li> </ul>	<ul style="list-style-type: none"> <li>• You can contact your local training provider to see if they plan to offer traineeships.</li> <li>• We will establish a website for traineeships shortly where you'll be able to find out more about the programme and where traineeships are available.</li> </ul>
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99. Traineeships can be delivered from August 2013 and we will continue to work closely with providers, employers and representative organisations to ensure that they are a success. We would welcome ongoing views about progress, issues and success stories and you can send these to us at [Traineeships.Discussion@education.gsi.gov.uk](mailto:Traineeships.Discussion@education.gsi.gov.uk). If you have questions about the delivery of traineeships, you can contact your Education Funding Agency territorial team at:

- Southern: [YPSouthern.EFA@education.gsi.gov.uk](mailto:YPSouthern.EFA@education.gsi.gov.uk)
- Western: [YPWestern.EFA@education.gsi.gov.uk](mailto:YPWestern.EFA@education.gsi.gov.uk)
- Eastern: [YPEastern.EFA@education.gsi.gov.uk](mailto:YPEastern.EFA@education.gsi.gov.uk)
- Northern: [YPNorthern.EFA@education.gsi.gov.uk](mailto:YPNorthern.EFA@education.gsi.gov.uk)

100. We recognise that traineeships, as a new programme, will need to continue to develop and improve over the coming years. To help with that process, we intend to commission an external evaluation of the traineeships programme in its first years of operation.

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This document is also available from our website at: [www.education.gov.uk/traineeships](http://www.education.gov.uk/traineeships)

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Making Business Sense

## **PRODUCTIVITY MATTERS: THE IMPACT OF APPRENTICESHIPS ON THE UK ECONOMY**

**March 2013**

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## Foreword

Apprenticeships are thriving and already making a huge impact on the productivity of businesses around the country, improving business efficiency, boosting the UK economy and supporting young people's employment prospects. In 2011-12, over 500,000 people started an Apprenticeship. No longer the preserve of only skilled manual trades, Apprenticeships cover more than 280 industry occupations and 1,500 job roles, from advertising to youth work via environmental engineering and nuclear decommissioning. Increasingly, Apprenticeships are becoming available which will take apprentices up to degree level.

The 100,000 businesses which already employ apprentices are well aware of the benefits that Apprenticeships bring, enabling them to grow their own talent and develop a motivated, skilled and qualified workforce.

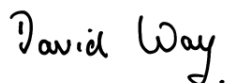
In *Productivity Matters: The impact of Apprenticeships on the UK economy*, the Centre for Economics and Business Research (Cebr) confirm and quantify these benefits, setting out in monetary terms the valuable productivity gains which businesses and the wider economy receive due to Apprenticeships, as well as the benefits to apprentices themselves.

Apprenticeships will contribute much more to the economy over the next decade. Between 2012-13 and 2021-22, the Cebr predicts that 3.8 million people will have completed an Apprenticeship, contributing £3.4 billion to the UK economy in net productivity gains by 2022. This is equivalent to 0.2 per cent of the forecast Gross Domestic Product (GDP) for that year.

This report shows that Apprenticeships are boosting productivity by enabling businesses to grow their skills base. The average person completing an Apprenticeship increases business productivity by £214 per week, with these gains translating to increased profits, lower prices, better products and higher wages.

This report also underlines the fact that Apprenticeships are a vital and increasingly popular way for young people to earn while they learn in a job, gaining the skills that employers value. They help to create a strong and growing economy, while improving the prospects and earning potential of millions of employees.

In short, this report confirms what employers and apprentices tell us. Apprenticeships are great for business and a brilliant choice for young people as they begin their working lives.



**David Way**

**Chief Executive, National Apprenticeship Service**

## 1. Executive summary

This report presents Cebr's analysis of the contribution of English Apprenticeships to the UK economy, examining current trends and future developments.<sup>1</sup> The report draws on official data in addition to Cebr's economic models and forecasts.

Our main focus is on estimating the productivity impact of Apprenticeships. Productivity is a measure of output per worker, capturing the value which the average worker adds to the output of goods and services through their labour.

Productivity is defined as the difference between the pound value of the good or service produced per worker and the cost of the inputs which go into producing that good or service. Consequently, this report's productivity impacts reflect the increase in output per worker, measured in pound terms, arising from a worker completing an Apprenticeship.<sup>2</sup>

The key findings are:

- In 2021/22, forecast English Apprenticeship completions between 2012/13 and 2021/22 are expected to contribute £3.4 billion of net productivity gains to the UK economy, in real terms. In 2021/22, this net productivity gain will occur due to the cumulative increase in Apprenticeship-related skills up to and including this point. This is measured in 2012 prices and takes into account the cost of training Apprentices.
- In 2012/13, gaining an Apprenticeship raised an employee's gross productivity by £214 per week on average. This varies by sector e.g. it raises worker productivity by £414 in engineering & manufacturing and £114 in healthcare, public services & care.

A portion of the productivity gains from Apprenticeships is passed on to workers as higher wages. The remainder will go to employers as increased profits or will be passed on to customers as lower prices or better products:

- In 2012/13, a worker who had completed an Apprenticeship received a gross weekly wage of £523 compared to £476 for a worker without an Apprenticeship. Hence, Apprenticeship completers' wages are on average 10% higher than non-completers'.<sup>3</sup>

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<sup>1</sup> The Department for Education and the Department for Business, Innovation and Skills (BIS) share joint responsibility for the Apprenticeship programme in England.

<sup>2</sup> See Freeman, 2008, *Labour productivity indicators*, OECD. This paper, which provides Cebr's definition of productivity used in this report, also provides the definition used by the Organisation for Economic Cooperation and Development (OECD).

<sup>3</sup> This estimate measures the wage difference between Apprenticeship completers and non-completers across the entire economy. It does not capture the impact of Apprenticeship completion on wages, otherwise known as the wage *premium*, because it does not control for other variables (such as age, gender or industry) and does not account for how people self-select into Apprenticeships.

The potential for Apprenticeships to contribute more to the economy are significant:

- If the recent rate of increase in Apprenticeships continues, between 2012/13 and 2021/22, 3.8 million Apprenticeship completions could take place in England, rising from an annual 260,000 in 2012/13 to 480,000 by 2021/22.<sup>4</sup>
- If the UK's 36,200 businesses with 50 or more employees each provided an Apprenticeship to a young person, aged 18-24, commencing in 2013, this would:
  1. create up to 11,800 new jobs for young people;<sup>5</sup>
  2. lower the youth unemployment rate from 19.2% to 18.9%; and
  3. raise total weekly youth wages from £744 million to £748 million.
- Based on survey data, Cebr estimates that 714,000 young people across the UK would like an Apprenticeship if one were available. Cebr estimates that if 714,000 young people were to each commence an Apprenticeship in 2013, this would:
  1. bring about up to 233,000 additional jobs for young people;
  2. lower the youth unemployment rate from 19.2% to 13.6%; and
  3. raise total weekly youth wages from £744 million to £795 million.

The above job creation estimates (11,800 and 233,000 jobs respectively) do not account for labour market displacement effects. The analysis does factor in the possibility that the provision of an extra Apprenticeship could drive any employed person who has not received an Apprenticeship out of employment or into another job.

This report also seeks to set Apprenticeship prevalence in England into an international context:

- Secondary school and pre-university level Apprenticeships are held by 21% of English adults as their highest qualification.
- As a highest qualification, these Apprenticeships are less prevalent in England than in comparable developed countries. Similar qualifications are held by 30% of adults in comparable advanced economies.
- In England, 50% of Apprenticeships at this level are held by men. In the typical comparable country, 55% are held by men.

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<sup>4</sup> Uncertainty surrounds our Apprenticeship completions forecasts over a 10-year horizon. They rely on the assumptions regarding: the future development of the economy; the Apprenticeship programme funding structure; and employer behaviour. These assumptions inform our best estimate of how the number of annual Apprenticeship completions will develop. These Cebr forecasts do not entail any commitment on the part of public and/or private sector bodies regarding future Apprenticeship completion numbers.

<sup>5</sup> The 36,200 Apprenticeships generate fewer jobs, only 11,800. This is because most of the Apprenticeships will go to people who are already employed. In some cases where an Apprenticeship has been given to an employed person, the labour market effects this brings about will pull an unemployed person into employment. This is fully explained in subsection 5.2.

## 2. Introduction

The number of people completing Apprenticeship programmes in England each year has risen sharply since the financial crisis, from approximately 110,000 in 2007/08 to over 260,000 in 2012/13.<sup>6</sup> The UK economic climate is challenging, with an unemployment rate of 7.8% over the three months to December 2012 and growth of just 0.7% expected over 2013 as a whole.<sup>7</sup> Previous research has found that Apprenticeships can support the economy by increasing productivity and concomitantly employee wages.<sup>8</sup> Given the difficult economic environment, this Cebr report examines the current and future potential contributions of English Apprenticeships to the UK economy, using the latest available Office for National Statistics (ONS) *Labour Force Survey* (Q3 2012) data to build on previous research. Overall, we found that Apprenticeships have the potential to (i) contribute productivity gains across the economy and (ii) support wages and living standards.

The UK Government has administered an Apprenticeship programme in England, available to those aged 16 or older, since 1994. The Department for Education and the Department for Business, Innovation and Skills (BIS) share joint responsibility for the programme.<sup>9</sup> Separate programmes operate in Scotland and Wales, operated by the devolved administrations. We do not focus on these in this report.

Under the programme in England, an individual's Apprenticeship is defined as a period of paid work, usually lasting at least one year, in a given occupation while training toward a package of related vocational qualifications and job-specific skills. Apprenticeships are geared toward providing participants with employment and congruent skills development; participants may stay on with their employer after the programme is completed.

Apprenticeships are divided into different frameworks; each framework relates to a particular economic sector and has been developed in conjunction with business leaders. There are 250 different Apprenticeship frameworks available. Currently, Apprenticeships relate to over 1,400 specific job-roles in sectors as diverse as engineering, retail and business administration.<sup>10</sup> Each Apprenticeship is tailored to a specific occupation and contains three core components:

- **Competency:** this assesses how well the Apprentice performs in a specific occupation, leading to a vocational qualification (such as an NVQ);
- **Knowledge:** this covers the theoretical knowledge required in the apprentice's occupation, leading to a knowledge-based qualification such as a foundation degree;

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<sup>6</sup> This is a Cebr estimate.

<sup>7</sup> Cebr forecast for the UK economy, January 2013; the Office for Budget Responsibility expects 1.2% growth

<sup>8</sup> BIS, National Audit Office, Skills Funding Agency, National Apprenticeship Service, Feb 2012, *Adult Apprenticeships*; BIS, National Audit Office, Skills Funding Agency, National Apprenticeship Service, Feb 2012, *Adult Apprenticeships – Estimating economic benefits from Apprenticeships – technical paper*; and City and Guilds, 2012, *The economic value of Apprenticeships*.

<sup>9</sup> BIS, National Audit Office, Skills Funding Agency, National Apprenticeship Service, Feb 2012, *Adult Apprenticeships* and <http://www.Apprenticeships.org.uk/Be-An-Apprentice/Other-Questions/FAQDetails1.aspx>

<sup>10</sup> *Ibid*

- Key skills: training in core functional skills such as mathematics and English.<sup>11</sup>

Training toward Apprenticeship qualifications is: (i) mainly provided by private businesses and further education colleges; and (ii) supported by government funding. Government funding for the Apprenticeship programme rose from about £800 million in 2006/07 to £1.2 billion in 2010/11.<sup>12</sup> The Government plans to increase Apprenticeship funding in England to £1.5 billion in 2012/13.<sup>13</sup>

Apprenticeships are available at different levels which become steadily more advanced in terms of their work-based learning and academic components. Apprenticeships tend to last between one and four years, usually of longer duration the higher the level.<sup>14</sup>

- Intermediate (Level 2) Apprenticeships cover work-based learning qualifications, such as Functional Skills and a Level 2 Competence Qualification. They also include paid work and a sectoral knowledge-based qualification. In certain sectors (for example, in retail), the knowledge-based and competency qualifications may be gained as a single, integrated qualification.
- Advanced (Level 3) Apprenticeships include paid employment, more advanced work-based learning qualifications and a sectoral knowledge-based qualification. English and mathematics Level 2 qualifications are also covered for those who have not already achieved them.
- Higher (Level 4) Apprenticeships include paid work, even more advanced work-based qualifications, such as a Level 4 Competence Qualification, and a sector-specific knowledge-based qualification. In some cases, the knowledge-based qualification of a Level 4 Apprenticeship is a foundation degree.
- New Level 6 and 7 professional Apprenticeships were announced in late 2012. These Apprenticeships will be equivalent to bachelors and masters degrees respectively and will be offered in subjects such as law, accountancy and advanced engineering as of 2013.<sup>15</sup>

Overall, this report finds that completing an Apprenticeship raises productivity in different sectors and across the entire economy.<sup>16</sup> As such, Apprenticeships are associated with increased wages across sectors, age groups and at different levels of education. The productivity benefits are forecast to become more pronounced in the future, assuming the Apprenticeship programme continues to grow. Our findings suggest that the Apprenticeship programme is achieving its ambition of “improving business performance and hence economic growth by increasing the skills of the workforce”.<sup>17</sup>

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<sup>11</sup> *Ibid*

<sup>12</sup> BIS, Skills Funding Agency, National Apprenticeship Service, Feb 2012, *Adult Apprenticeships*, Figure 2

<sup>13</sup> David Way, Chief Executive, National Apprenticeship Service, April 2012, "Business Plan 2012-13"

<sup>14</sup> <http://www.Apprenticeships.org.uk/Parents/Levels-of-Apprenticeships.aspx>

<sup>15</sup> BIS, Dec 2012, Press Release: "Graduate Apprenticeships for the professions introduced"

<sup>16</sup> Productivity is defined as a measure of output per worker, capturing the value which workers add to goods and services through their labour. This report's gross productivity impacts capture the increase in output per worker arising from a worker completing an Apprenticeship. See Freeman, 2008, *Labour productivity indicators*, OECD. Freeman's definition of productivity is used by Cebr in this report and by the Organisation for Economic Cooperation and Development,

<sup>17</sup> BIS, Skills Funding Agency, National Apprenticeship Service, Feb 2012, *Adult Apprenticeships*

### 3. Current Apprenticeship impacts on wages and productivity

This section estimates the current 2012/13 wage differentials associated with Apprenticeship completion versus non-completion split by age, gender and educational attainment. It also estimates the current impact of Apprenticeship completions on productivity in different sectors of the economy. Ultimately, through their labour productivity impacts, Apprenticeship completions in England support the UK economy.

#### 3.1 Apprenticeship completions and wages

A portion of the productivity gains from Apprenticeships is passed on to workers as higher wages. The remainder will go to employers as increased profits or will be passed on to customers as lower prices or better products. There may also be productivity enhancements captured by other workers (e.g. due to the sharing of knowledge) and by other employers (e.g. due to the mobility of labour).

This section compares the gross weekly wages of Apprenticeship completers (by age, gender and education level) to comparable workers who have not completed an Apprenticeship. This is an estimate of the wage *differential* between completers and non-completers. When contrasting, say, the wage of a female Apprenticeship completer to that of a “comparable” or “typical” worker without an Apprenticeship, this section would compare: (i) the average wage of people who are employed, female, and have completed an Apprenticeship (discounting any other factors) to (ii) the average wage of people who are employed, female, but have not completed an Apprenticeship (discounting any other factors).<sup>18</sup> So these “comparable” or “typical” workers are representative of all female workers without an Apprenticeship, but do not take into account any other characteristics, such as university-level qualifications held or other personal characteristics which may impact on earnings. This broad comparison would allow Cebr to identify the wage differential between Apprenticeship completers and non-completers across the entire female population.

We estimate wage differentials between Apprenticeship completers and non-completers, segmented by age, gender and education. Our model does not estimate the impact of completion of Apprenticeships on wages, otherwise known as the wage premium of an Apprenticeship, because it does not control fully for employees’ education, ability, age or other characteristics. Consequently, self-selection by individuals into Apprenticeships is not controlled for. Overall, our analysis estimates the wage differential between completers of Apprenticeship completers and non-completers, not the causal impact, or premium, of Apprenticeship completion on wages. The wage differential estimates do not feed into the productivity analyses in the following sections.<sup>19</sup>

For the UK as a whole, the most recent ONS *Labour Force Survey* (Q3 2012) data show that young employees who have completed an Apprenticeship but have fewer than five good GCSEs (grades A\* to C) have wages which are 19.1% higher than comparable workers without an Apprenticeship. A young female employee who has completed an Apprenticeship receives a wage which is 21.6% higher than a comparable worker who

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<sup>18</sup>All results were drawn from the Office for National Statistics (ONS) – *Labour Force Survey* (Q3 2012)

<sup>19</sup> Productivity estimates are given in sub-sections 3.2 and 4.3.

has not completed an Apprenticeship. Finally, the ONS data show that the typical employee who has completed an Apprenticeship has a gross weekly wage which is 9.9% higher than one who has not. The last of these three wage differential estimates is quite similar to the wage premium implied by National Audit Office (NAO) research. A recent NAO paper implies that completing an Apprenticeship causally increases the wage of the average employee by 13.2%.<sup>20</sup> The NAO's wage *premia* estimates found that Advanced and Intermediate Apprenticeships were causally associated with 17.9% and 10.6% wage increases respectively across all Apprenticeship completers. For males the wage premia were 23.9% and 13.0% for Advanced and Intermediate Apprenticeships respectively.<sup>21</sup>

The differences between Cebr's Apprenticeship-related wage differential estimates and the NAO's wage premia estimates arise because of the different estimation procedures used. The NAO used regression analysis, which enabled it to identify the wage premium associated with Apprenticeship completion, having taken into account personal characteristic such as age, sector, workplace size and region. The analysis here estimates the differences between wages for employees with and without Apprenticeships. Unlike the NAO, we do not seek to quantify the causal impact of Apprenticeship completion on wages. As such, our wage differential estimates are built based on the simplifying assumption that wage differentials between workers with an Apprenticeship and workers without one result from the Apprenticeship alone, without fully accounting for other factors such as region, age or university education.

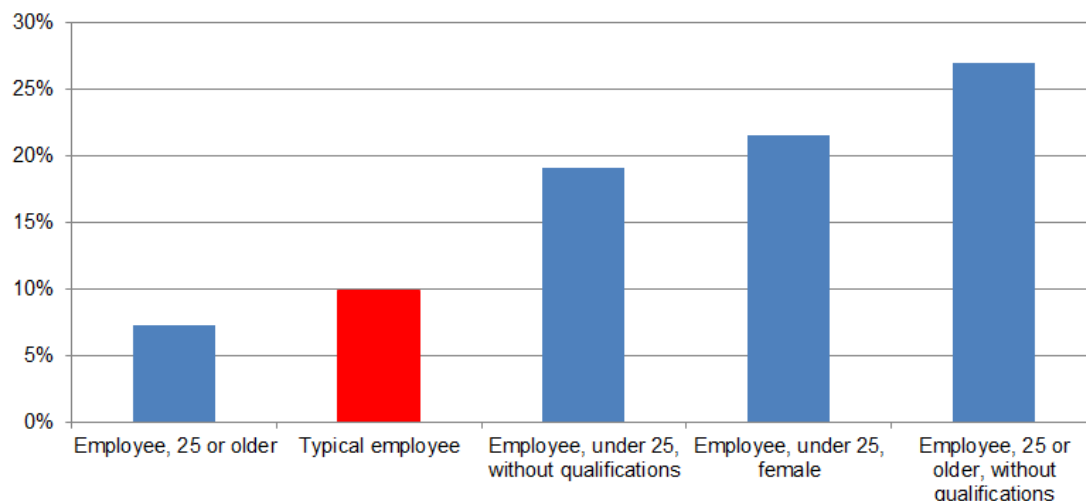
Cebr's findings for the wage differentials associated with Apprenticeship completions are presented in Figure 1. For different age, gender and educational attainment groups, Figure 1 compares the average pay of those with Apprenticeships to the average pay of those without Apprenticeships.

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<sup>20</sup> BIS, National Audit Office, Skills Funding Agency, National Apprenticeship Service, Feb 2012, *Adult Apprenticeships*. The paper showed that Advanced Apprenticeships were associated with an 18% wage premium over 2004-10; Intermediate Apprenticeships were associated with an 11% wage premium. January 2013 Statistical First Release data gave the proportion of Apprentices of these two types over 2004-10, enabling us to derive the implied overall NAO wage premium.

<sup>21</sup> BIS, National Audit Office, Skills Funding Agency, National Apprenticeship Service, Feb 2012, *Adult Apprenticeships – Estimating economic benefits from Apprenticeships – technical paper*. See Figures 1 and 2, pages 11 and 12. The paper's estimates are averages for the period 2004-2010. The paper's findings for all Apprenticeship completers and male completers were significant at the 1% level. Findings for female completers were not significant at the 10% level, so they have not been reported.

**Figure 1: Difference between wages for those with and without Apprenticeship, by demographic and educational groups (percentage)**



- “Without qualifications” means with fewer than 5 GCSEs (grades A\* to C) or O-Level equivalent.
- Source: Office for National Statistics (ONS) – Labour Force Survey (Q3 2012), Cebr analysis
- Figure 1 shows the wage differential between Apprenticeship completers and non-completers, not the causal impact, or premium, of Apprenticeship completion on wages.

Figure 1 shows that the wage differential associated with Apprenticeship completion for younger employees is greater than for older employees. This is because older employees will typically have more job experience and may have more qualifications than younger employees, meaning that the wage of an older employee without an Apprenticeship is higher than the wage of a younger employee without an Apprenticeship. Therefore, the percentage wage differential is greater for younger employees.<sup>22</sup>

### 3.2 Apprenticeship completions and productivity

Different productivity increases are associated with Apprenticeships in different sectors. Taken together, these sectoral productivity gains have a small but appreciable impact on the economy as a whole.

Cebr quantified sector-specific productivity impacts using existing percentage estimates of how an Apprenticeship affects worker productivity in each sector given by Hasluck *et al* (2008).<sup>23</sup> This paper quantified productivity increases from Apprenticeships as percentages of the average wage of an “experienced” employee in each sector. Emulating the methodology of City & Guilds (Feb 2012), we then combined these two elements. Specifically, in any given sector, we multiplied (i) the percentage productivity

<sup>22</sup> The ONS – Labour Force Survey (Q3 2012) shows the gross weekly wage for a young worker without an Apprenticeship is £220; it is £506 for older workers without an Apprenticeship.

<sup>23</sup> Hasluck *et al*, 2008, *The net benefit to employer investment in Apprenticeship training*, Apprenticeship Ambassadors Network. Quoted in City & Guilds, Feb 2012, *The economic value of Apprenticeships*.



estimates arising from Apprenticeship completion<sup>24</sup> by (ii) the average wage of an “experienced” employee.<sup>25</sup> For any given sector this resulted in estimates of the impact which Apprenticeship completion has on worker productivity.<sup>26</sup>

The productivity gains, resulting from Apprenticeship completion, are stated in terms of experienced workers’ wages. Note that these gains capture not only increases in Apprentices’ wages, but they quantify the total *productivity* gain each Apprentice acquires. Some of these productivity gains are likely to result in higher wages for Apprenticeship completers, although estimating this is beyond the purview of our productivity model.

Once the sectoral productivity impacts were estimated, we then aggregated across sectors to derive the total gross productivity impacts. Net impacts (given in subsection 4.2) were derived by subtracting the direct and indirect costs of Apprenticeship provision.<sup>27</sup> All estimates are given in real 2012 prices. This method of estimating productivity impacts applies in subsections 3.2 and 4.3.

While Cebr’s analysis employs the City & Guilds (Feb 2012) methodology, it is important to note that other papers employ different methods when estimating the productivity impacts of Apprenticeships. For example, BIS Research Paper Number 67 measures the productivity changes associated with Apprenticeships as “the capability to carry out a given proportion of the fully experienced worker’s job at each point in their (the Apprentices’) training”.<sup>28</sup> It then assumes that the total increase in productivity resulting from an Apprenticeship is equal to twice the Apprentice’s wage gain: the Apprentice receives half the productivity increase as higher wages and the employer receives half as increased profits.

In 2012/13, Cebr estimates that an Apprenticeship raises the productivity of a typical completer by:

- (i) £83 per week in the retail sector;
- (ii) £114 in the healthcare, public services and care sector;
- (iii) £268 in the business, administration & legal sector;
- (iv) £401 in the construction and planning sector; and
- (v) £414 in the engineering and manufacturing sectors.

These sectors cover over four fifths of the UK economy and are expected to account for 86.9% of English Apprenticeship completers in 2012/13.

Across all sectors of the economy we calculate that, on average, an Apprenticeship raises the productivity of a typical completer by £214 per week in 2012/13.

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<sup>24</sup> In City and Guilds (2012) drawing on Hasluck *et al* (2008).

<sup>25</sup> “Experienced” employee wage data were drawn from the ONS – *Labour Force Survey* (Q3 2012).

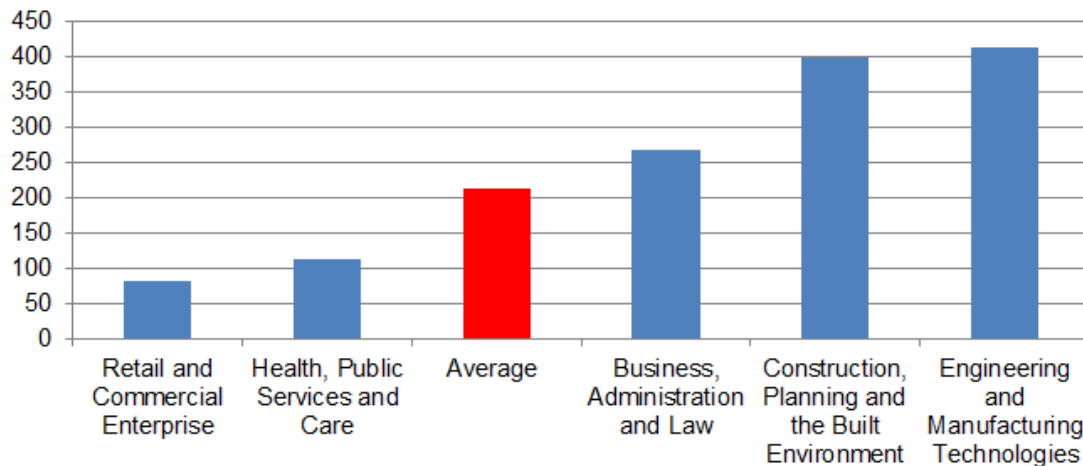
<sup>26</sup> Cebr defined an employee as being “experienced” if they had been continually employed for 10 years or more and earned over the mean wage in their sector. Wage data were drawn from the ONS – *Labour Force Survey* (Q3 2012).

<sup>27</sup> The direct and indirect costs of Apprenticeships are explained in subsections 4.1 and 4.3.

<sup>28</sup> Hogarth *et al*, 2012, *Employer Investment in Apprenticeships and Workplace Learning: The Fifth Net Benefits of Training to Employers Study*, BIS Research Paper 67

These productivity gains will be divided between: (i) employers, as higher profits; (ii) Apprenticeship completers, as higher wages; and (iii) customers as lower prices or improved goods and services.

**Figure 2: Apprenticeship productivity gains in different sectors (£ per week)**



- Average: Cebr's estimate of how far an Apprenticeship raises weekly productivity for an Apprenticeship completer across the economy as a whole in 2012/13.

- Estimates are given in real 2012 pounds.

- Source: Office for National Statistics (ONS) – Labour Force Survey (Q3 2012), Hasluck et al (2008), Cebr analysis.

Note that gains are comparatively modest in the retail & commercial enterprise sector because Apprenticeships there have historically been comparatively short spells of on-the-job training which yielded only small sustained productivity increases. New quality measures, including minimum Apprenticeship durations of 12 months except in certain limited circumstances, are likely to mean greater productivity gains in this sector in the future. In the engineering & manufacturing sector a tradition of Apprenticeships is more established - they tend to be of longer duration with more intensive training. This results in larger sustained productivity gains.<sup>29</sup>

In the 2012/13 financial year Cebr estimates that roughly 260,000 people will complete Apprenticeships in England. These completers are expected to be distributed as shown in Figure 3. In 2012/13 the sector with the highest number of Apprenticeship completions – some 74,000 – will be the business, administration and law sector. This will account for 28% of all completers. We forecast 56,000 and 38,000 completers in the retail and engineering & manufacturing sectors respectively. The remaining 97,000 completers will be in other sectors, accounting for 37% of all completed Apprenticeships in 2012/13.

In this report Cebr assumes that all present and forecast Apprenticeship completions are 86% “additional”. This is to say that some 86% of the training they bring about would not

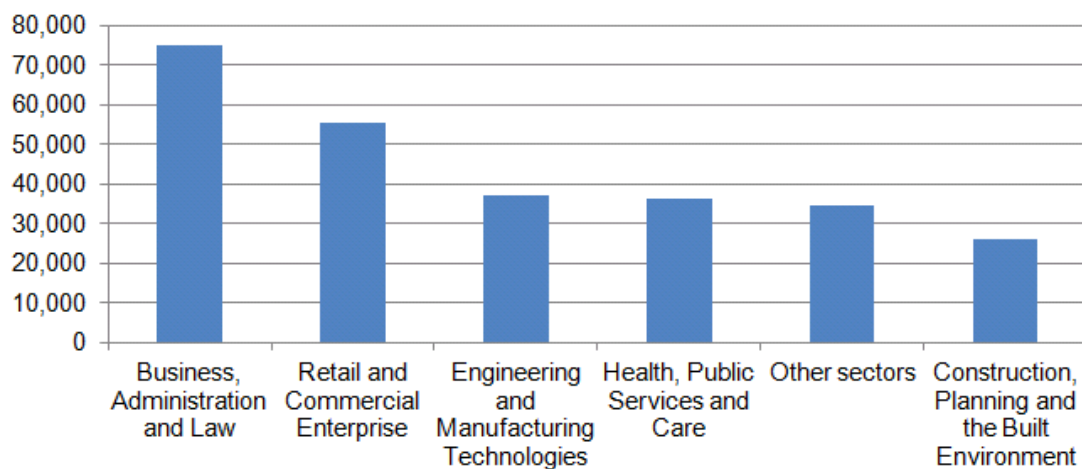
<sup>29</sup> Hasluck et al, 2008, *The net benefit to employer investment in Apprenticeship training*, Apprenticeship Ambassadors Network. Quoted in City & Guilds, Feb 2012, *The economic value of Apprenticeships*. While our productivity estimates are based on research by Hasluck et al, 2008, more recent research is available on both the productivity gains arising from Apprenticeships and their costs. For example, see Hogarth et al, 2012, *Employer Investment in Apprenticeships and Workplace Learning: The Fifth Net Benefits of Training to Employers Study*, BIS Research Paper 67.

have occurred otherwise, whereas 14% of Apprentices would have received comparable training even in the absence of a formal Apprenticeship. This assumption is based on econometric analysis of the 2009 National Employer Skills Survey which found that without the Apprenticeships programme 72% of Apprentices would have received no training at all (excluding induction and health & safety training). We then assumed that the remaining Apprenticeships have 50% additionality, so half of the training provided in those remaining Apprenticeships would not have occurred otherwise. This yields our assumption that 86% of Apprenticeship learning is additional.<sup>30</sup>

It is worth noting that other research attains broadly similar (although often not directly comparable) additionality findings. BIS Research Paper 77 (2012) found that the number of adult Apprentices could have been 85% lower in the absence of public funding. Therefore, this paper suggested that 85% of Apprenticeships are additional and 15% are deadweight – i.e. result in training which would have occurred in the absence of state support. Across Apprenticeships for all age groups, the paper found that 61% of Apprenticeships are additional (but assuming that 16-19 Apprenticeships continue to be fully-funded).<sup>31</sup>

Figure 3 now shows the expected distribution of Apprenticeship completers by sector in the 2012/13 financial year.

**Figure 3: Number of Apprenticeship completions by sector, 2012/13 financial year estimate, England**



- This applies to England.

- Source: [Apprenticeships.org.uk](http://Apprenticeships.org.uk) SFR data, Cebr analysis

Under the assumption that Apprenticeships are 86% additional, then in the 2012/13 financial year, we estimate that £2.4 billion worth of *gross* productivity gains will be contributed to the UK economy by the 2012/13 cohort of English Apprenticeship completers.

<sup>30</sup> See the survey results quoted in BIS, May 2012, BIS Research Paper Number 71, "Assessing the Deadweight Loss Associated with Public Investment in Further Education and Skills".

<sup>31</sup> BIS, May 2012, BIS Research Paper Number 77, "Evaluation of Apprenticeships: Employers"

## 4. Forecast Apprenticeship impacts on wages and productivity

This section forecasts growth in English Apprenticeship completion numbers until 2021/22 and then estimates the productivity impact of those completions on the UK economy.

### 4.1 Forecast Apprenticeship completions

Cebr has forecast the number of Apprenticeship completions in England until 2021/22 in different sectors of the economy. After a drop-off in 2008 at the height of the financial crisis the number of Apprenticeship completions has risen steadily each year. Assuming the current (post-2008 financial crisis) trend in Apprenticeship completions continues we expect 260,000 English completions in 2012/13, rising to 480,000 by 2021/22.

Challenging economic conditions are forecast over the coming years. In 2013, we predict UK economic growth of just 0.7% and that the economy will only reach its 2007 pre-crisis peak in real terms in 2015. We forecast a modest acceleration in economic growth after 2016/17.

Against this background, businesses confidence is low; the January 2013, the BDO Business Trends Optimism Index recorded a reading of 88.9. This was down on a reading of 94.1 in January 2012 and is the lowest level since the index started in 1992. This reading shows business confidence is weak and suggests the economy will struggle to grow in the first half of 2013.

Given the challenging economic environment, businesses have been wary of investing over the past year. Data from the latest ICAEW/Grant Thornton UK Business Confidence Monitor (a survey of 1000 businesses in the different regions) show that in England, capital investment only rose by 1.9% over the year to Q1 2013. Businesses in England expect to increase investment by just 1.6% over the year to Q1 2014. In London these historic figures and forward-looking estimates were both 2.3%. In Scotland capital investment growth of only 1.0% is expected over the year to Q1 2014. In these three regions increases in capital investment over the year to Q1 2013 and expected investment growth over the following year are lower than during the pre-crisis period. Weak capital investment growth highlights that businesses are nervous about investing in an economic environment.

The cost of Apprenticeships in England is heavily subsidised by the Government which pays half the direct costs of training for adult Apprenticeships. This includes the cost of buying teaching materials and employing Apprentices' trainers. There is an expectation that employers pay the other half and the entirety of Apprenticeships' indirect costs; this is the loss of economic output which occurs during the Apprenticeship learner's guided learning hours.<sup>32</sup> Cebr estimates that over 80% of the costs associated with Apprenticeships are direct, meaning that the Government bears over 40% of each Apprenticeship's total cost. Given this Government support, Apprenticeships are a cost-effective way for businesses to expand their productive potential as the economic

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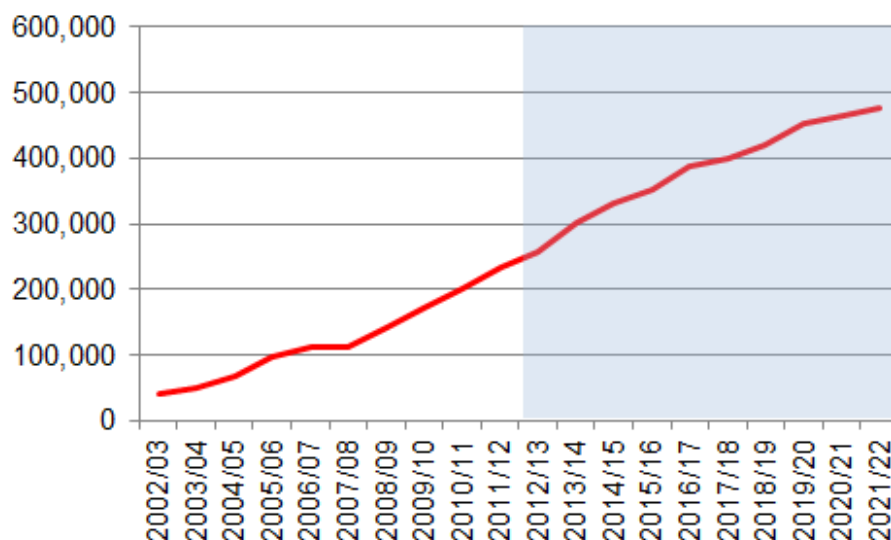
<sup>32</sup> BIS, National Audit Office, Skills Funding Agency, National Apprenticeship Service, Feb 2012, *Adult Apprenticeships – Estimating economic benefits from Apprenticeships – technical paper*, Part 3.17, pp. 32.

environment remains challenging and the appetite for making capital investments remains weak.

We think that the anticipated acceleration in economic growth post-2016/17 could serve as an incentive for employers to take on Apprenticeships in the preceding years – a second factor driving up Apprenticeship numbers before 2016/17. Expecting economic conditions to stabilise, we expect that employers will take on apprentices before 2016/17 to build up the human capital stock of their workforce. This means that when the economy returns to solid growth, they will be able to capitalise on the improved business environment with their highly trained Apprentice workforce. Consequently, employer demand will act as a key driver of the programme’s expansion until 2016/17.

We forecast that a modest acceleration in economic growth after 2016/17 will decrease employers’ incentives to take on Apprentices after that date, leading to a slight slowdown in annual Apprenticeship completions until 2021/22. This reasoning follows from employers’ own testimony about why they hire Apprentices.<sup>33</sup> Employers reported that challenging economic conditions increased their incentive to hire Apprentices; as economic conditions become less challenging, we expect this to lessen slightly. This shows that employer demand could act as a break on the programme’s continued expansion as the economy recovers after 2016/17.

**Figure 4: Number of Apprenticeship completions per year, England**



- This applies to England.

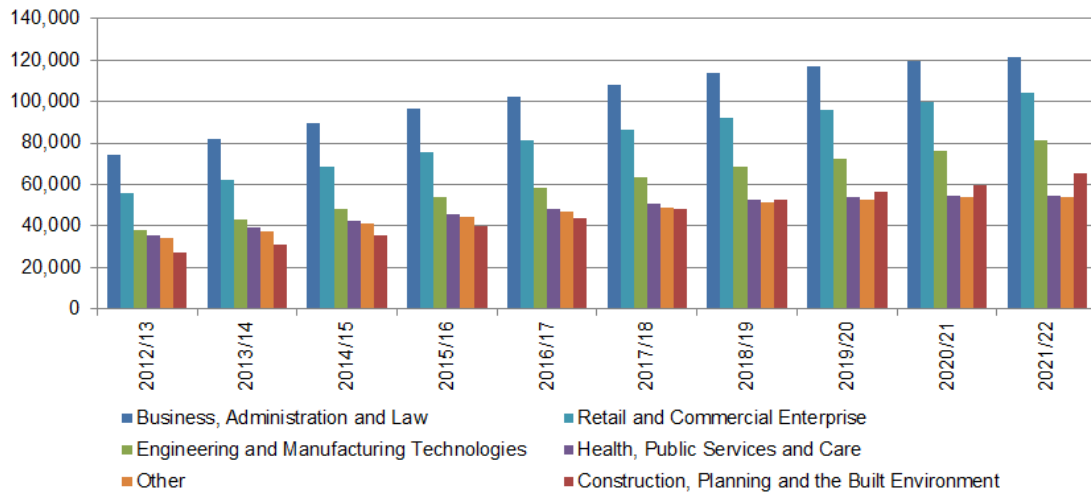
- Source: Apprenticeships.org.uk SFR data, Office for National Statistics (ONS), Cebr analysis

Cebr forecasts that the number of annual Apprenticeship completions will continue to rise across all sectors of the economy over the coming decade. We expect that the annual number of Apprenticeship completions in the business, administration & law sector will rise from 74,000 in 2012/13 to 121,000 by 2021/22. By 2021/22 we expect 65,000 completions in the construction & planning sector, compared to 27,000 in

<sup>33</sup> *Ibid*

2012/13. We forecast 81,000 completions in the engineering & manufacturing sector by 2021/22, compared to 38,000 in 2012/13. Our forecasts for the economy's main sectors are given in Figure 5.

**Figure 5: Forecast Apprenticeship completions per year by sector England**



- This applies to England.

- Source: Apprenticeships.org.uk SFR data, Office for National Statistics (ONS), Cebr analysis

Like all long-term predictions, a good deal of uncertainty surrounds our English Apprenticeship completions forecasts over a 10-year horizon. Our forecasts are based on the assumptions: (i) the economy develops as Cebr predicts; (ii) the relationship between employers' demand for Apprentices and macroeconomic developments remains broadly stable; and (iii) the programme's funding structure does not change, with public funding continuing to support the expansion of the programme. We make this final assumption because previous National Audit Office research indicates that "public spending on Apprenticeships is producing a good economic return".<sup>34</sup> In order to continue exploiting these gains, we assume state funding will continue to grow. These assumptions underlie Cebr's best estimate of how the number of annual Apprenticeship completions will develop. However, there is no guarantee these assumptions will hold going forward and hence this scenario comes with these caveats.

These Apprenticeship completion forecasts are Cebr's own estimates and do not entail any commitment on the part of public and/or private sector bodies regarding future Apprenticeship completion numbers.

<sup>34</sup> BIS, Mar 2011, "Measuring the economic impact of further education"; City and Guilds, 2012, *The economic value of Apprenticeships*; and BIS, National Audit Office, Skills Funding Agency, National Apprenticeship Service, Feb 2012, *Adult Apprenticeships*.

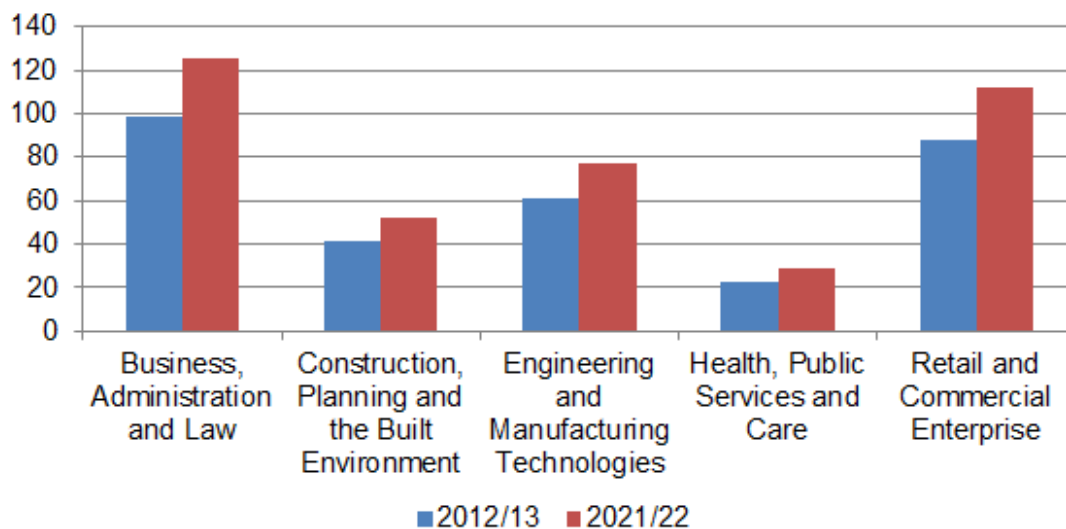
## 4.2 Forecast Apprenticeship completions and wages

Apprenticeship completion is expected to be associated with an uplift in wages for completers across different sectors, illustrated in Figure 6. It is estimated that in the 2012/13 financial year:

- Apprenticeship completers in the construction, planning and built environment sector can each expect a gross weekly wage which is £41 higher than those without an Apprenticeship, an 8% difference.
- Those with Apprenticeships in the engineering and manufacturing sector are estimated to receive a wage £61 higher than those without, a 12% difference.
- Completers in the health, public services & care sector can each expect an uplift of £23, a 10% rise.

Assuming these differentials grow in line with average earnings growth of 2.6% per year, Cebr forecasts they will have grown to £52, £78 and £29 respectively by the 2021/22 financial year.

**Figure 6: Gross weekly wage differentials for Apprenticeship completers and non-completers, by sector in 2012/13 and 2021/22 (£ per week)**



- These sectors account for over four fifths of the UK economy and over 85% of English Apprenticeships.

- The 2012/13 differential is given in terms of real 2012 pounds; the 2021/22 differential is given in terms of real 2022 pounds.

- Source: Office for National Statistics (ONS) – Labour Force Survey (Q3 2012), Cebr analysis.

Our model formulated estimates of the wage *differentials* between Apprenticeship completers and non-completers in different sectors. It did not quantify the impact of Apprenticeship completion on wages, because it did not control for employees' education, intelligence, age or other variables. Consequently, the model did not control for how individuals self-select into Apprenticeships. Note that our wage differential

estimates do not feed into our productivity analyses; other papers have estimated the wage premia associated with Apprenticeships, estimating their causal impact on wages.<sup>35</sup>

### 4.3 Forecast Apprenticeship completions and productivity

Cebr has analysed how Apprenticeship completion raises worker productivity in different sectors of the economy. Between 2012/13 and 2021/22, Cebr forecasts 3.8 million Apprenticeship completions in England which will have an appreciable effect on the UK economy as a whole.

It is important to note that the economic benefits of Apprenticeship completions in any one year persist over time. In any given year over the forecast horizon the economy's overall performance will be supported by productivity gains arising from Apprenticeship completions that year *and arising from Apprenticeship completions in previous years*. That is to say that when a worker completes an Apprenticeship, he or she becomes more productive, not just in the completion year, but also in all subsequent years of his or her employment. So, for the purposes of this analysis, the productivity gains in any given year will be derived from Apprenticeship completions between 2012/13 and that year – which explains why the impact is growing over time.

Because the productivity impact of an Apprenticeship completion is sustained over time, Apprenticeship completions can provide a significant boost to the UK economy. Figure 7 shows how the 3.8 million Apprenticeship completions in England, forecast between 2012/13 and 2021/22, are likely to impact the UK economy in net productivity terms – i.e. accounting for the direct and indirect costs of Apprenticeships. Results are given in real terms.

The direct costs of providing Apprenticeships are met by the Government and employers. The indirect cost of Apprenticeships is the loss of economic output which occurs during the Apprenticeship learner's guided learning hours.<sup>36</sup> Cebr factored in these costs, when estimating the net productivity impact of Apprenticeships. While these net productivity estimates are not quite comparable to GDP, they give an accurate reflection of Apprenticeships' overall impact on the economy.<sup>37</sup>

In 2018/19 Cebr forecast that the net productivity impact of English Apprenticeship completions (over 2012/13 to 2018/19) will be approximately £1.3 billion in constant 2012 prices. The productivity impacts of Apprenticeship completions in each year persist over time, so the cohorts completing in 2012/13, 2013/14 and subsequent years will impact productivity in 2018/19. While not directly comparable to GDP, it is worth noting

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<sup>35</sup> See BIS, National Audit Office, Skills Funding Agency, National Apprenticeship Service, Feb 2012, *Adult Apprenticeships*.

<sup>36</sup> Our methodology for estimating these direct and indirect costs was analogous to that used in BIS, National Audit Office, Skills Funding Agency, National Apprenticeship Service, Feb 2012, *Adult Apprenticeships – Estimating economic benefits from Apprenticeships – technical paper*, Part 3.17, pp. 32. Of course, that paper applied exclusively to adult apprenticeships. We have found no evidence suggesting that cost structures are different in the case of young peoples' Apprenticeships. As such, we have applied this methodology to all Apprenticeships.

<sup>37</sup> The estimates are not directly comparable to GDP because they do not factor in the indirect and induced benefits to the economy which occur because of Apprenticeship completion as: (i) workers are paid more, and so consume more, and (ii) firms become more productive, and so expand their supply-chain requirements.

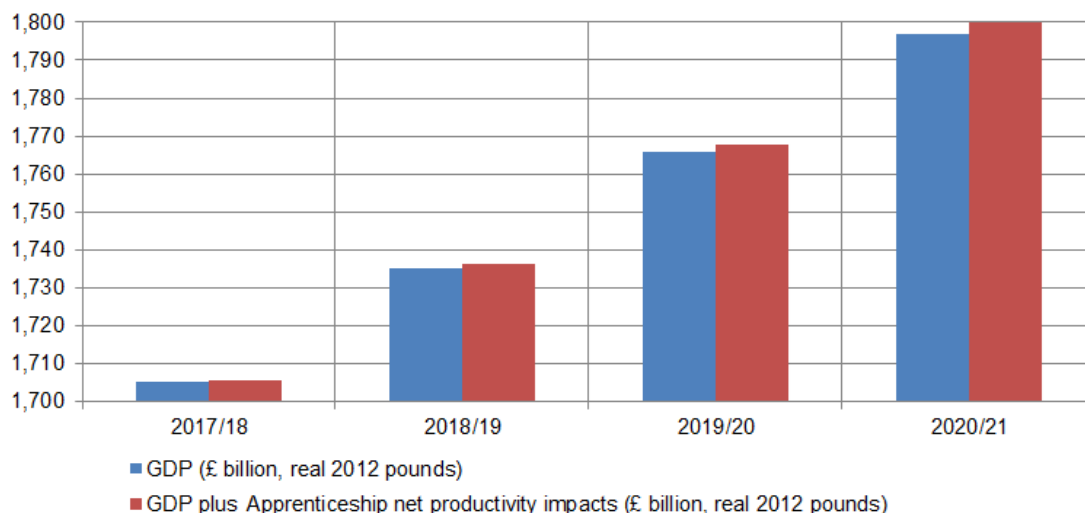


that this net productivity contribution is roughly equivalent to 0.1% of forecast 2019 real UK GDP.

In 2021/22, the net productivity impact (arising from English Apprenticeships completed over 2012/13 to 2021/22) is projected to be £3.4 billion in terms of real 2012 pounds. In 2021/22 the net productivity gains will occur due to the cumulative increase in Apprenticeship-related skills up to and including this point. Again, while this not directly comparable to GDP, this net productivity contribution is equivalent to 0.2% of forecast 2022 real UK GDP.

Figure 7 focuses on the latter half of the forecast period, when the net productivity impacts are the most easily observable.

**Figure 7: Forecast UK GDP and forecast GDP plus net Apprenticeship productivity impacts (£ billion, real 2012 pounds)**



- “GDP plus Apprenticeship net productivity impacts (£ billion, real 2012 pounds)” *accounts for the direct, net productivity impacts of Apprenticeships on the UK economy in 2012/13 and beyond. Indirect effects are omitted, but the costs of the Apprenticeship programmes have been deducted.*  
 - Source: Hasluck *et al* (2008), Office for National Statistics (ONS) – Labour Force Survey (Q3 2012), BIS, National Audit Office, Skills Funding Agency, National Apprenticeship Service, Feb 2012, *Adult Apprenticeships – Estimating economic benefits from Apprenticeships – technical paper*, Part 3.17, pp. 32, BIS, May 2012, “Evaluation of Apprenticeships: Learners”, Research Paper 76, *Cebr analysis*<sup>38</sup>  
 - *The productivity, employment and additionality assumptions underlying these estimates are given below.*

The productivity estimates presented in Figure 7 assume that: (i) Apprentices’ productivity gains come on-stream the same year they complete; (ii) productivity gains are permanent, i.e. once an Apprentice has completed an Apprenticeship the productivity gains they achieve do not dissipate over time; and (iii) some 85% of

<sup>38</sup> Our productivity estimates build on Hasluck *et al*’s, 2008, research. More recent research is available on this topic. See Hogarth *et al*, 2012, *Employer Investment in Apprenticeships and Workplace Learning: The Fifth Net Benefits of Training to Employers Study*, BIS Research Paper 67.

Apprenticeship completers remain in employment in all years following completion. This final assumption is based on BIS Research Paper 76. It may be the case that a different percentage of a given completing Apprenticeship cohort would be employed in any year following completion. Based on the BIS research, the final assumption simply captures the likelihood that a typical Apprentice will remain employed in the years following his or her completion of an Apprenticeship course. When calculating productivity impacts, our model incorporates no further estimates of how Apprenticeship completion affects an individual's likelihood of having a job.

The productivity estimates presented in Figure 7 assume that 86% of what is learnt during any given Apprenticeship constitutes "additional" training, i.e. training which would not have occurred in the absence of the Apprenticeship. We make this assumption based on econometric analysis of the 2009 National Employer Skills Survey.<sup>39</sup> The survey found that 72% of Apprenticeships were completely additional – i.e. without Apprenticeships, 72% of Apprentices would not have received any training. We assume that in the remaining 28% of Apprenticeships half of the training undertaken would not have occurred without the Apprenticeship. Consequently, we assume 86% of Apprenticeship learning is additional.

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<sup>39</sup> See the survey results quoted in BIS, May 2012, BIS RESEARCH PAPER NUMBER 71, "Assessing the Deadweight Loss Associated with Public Investment in Further Education and Skills".

## 5. Scenario analysis: Apprenticeship provision by businesses

This section examines what would happen to UK youth unemployment and wages if each business with more than 50 employees offered a young person an Apprenticeship commencing in 2013.

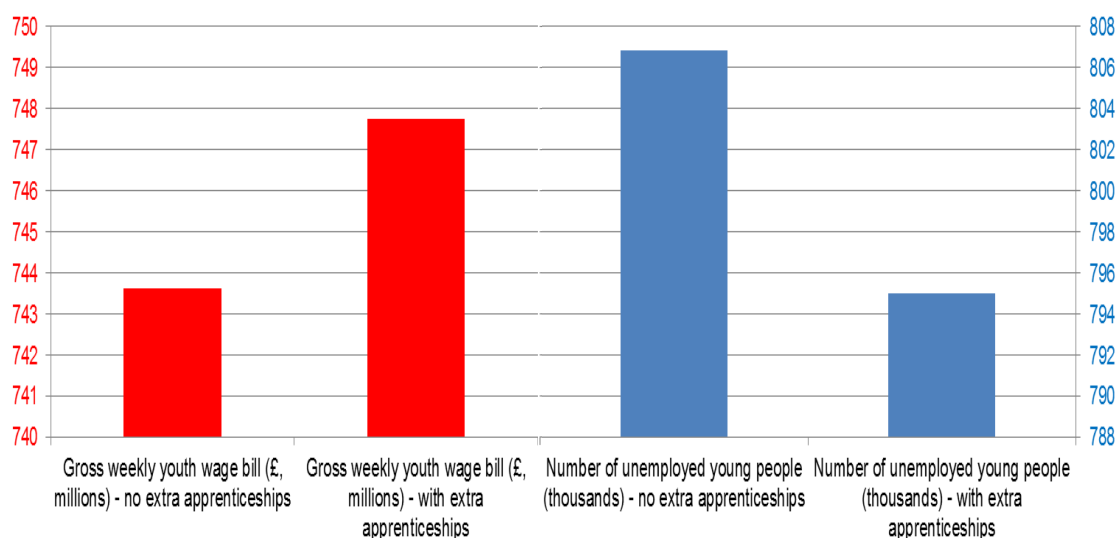
Cebr has analysed the scenario in which all UK businesses with 50 or more employees (medium-sized or large businesses) each offer one Apprenticeship to a young person (aged 18-24).<sup>40</sup> There are about 36,200 such businesses in the UK.<sup>41</sup> We estimated the impact of this scenario on youth unemployment and young persons' wages.

### 5.1 Main findings

In 2013, we estimate that such a provision of Apprenticeships would:

- (i) provide jobs for 11,800 young people;
- (ii) lower the youth unemployment rate by 0.3 percentage points from 19.2% to 18.9%;
- (iii) and raise total gross weekly youth wages by £4 million.

**Figure 8: Impact of one additional Apprenticeship per UK medium-sized and large business on youth unemployment and wages, 2013**



- Source: *Apprenticeships.org.uk SFR data, Office for National Statistics (ONS) – Labour Force Survey (Q3 2012), Cebr analysis*

These estimates indicate that there would be an uplift in youth employment and the total young persons' wage bill if all firms with 50 or more employees each offered one young person an Apprenticeship. It is important to recall that these findings result from a hypothetical and illustrative "what-if" scenario. While businesses with 50 or more

<sup>40</sup> This Apprenticeship is assumed to be "additional"; it brings about training which would not have occurred otherwise.

<sup>41</sup> Source: Federation of Small Businesses data. Also, see House of Commons, Standard Note: SN/EP/6078.

employees regularly offer Apprenticeships, Cebr has no evidence suggesting this wholesale provision of Apprenticeships by all such firms will actually occur.

It is important to note that the aim of the Apprenticeship programme is to “improve business performance and hence economic growth by increasing the skills of the workforce”, not to reduce youth unemployment.<sup>42</sup> Indeed, Parliament noted that “Apprenticeships may not be the most appropriate route into employment for young people at the highest risk of long-term unemployment”.<sup>43</sup> Our findings simply show that Apprenticeships have the capacity to reduce youth unemployment under this scenario.

## 5.2 Estimation procedure

When estimating impacts on youth unemployment, Cebr assumed 80.8% of the 36,200 Apprenticeships offered would go to young people (aged 18-24) who were already employed. The remaining 19.2% would go to unemployed young people, directly lifting 7,000 out of unemployment. This assumption implies that Apprenticeships would be proportionally distributed between employed and unemployed young people. This proportional distribution assumption captures the Access to Apprenticeships Pathway’s aspiration that unemployed young people with few qualifications are able to benefit from the Apprenticeship programme. Incorporating this aspiration into our modelling, we assume that, in proportional terms, unemployed young people would get the same access to Apprenticeships as their employed counterparts.<sup>44</sup>

This implied that 29,300 Apprenticeships were given to young people who were already employed. Cebr then assumed that gaining an Apprenticeship caused employed young people to change their job in one third of cases. In such cases, businesses were assumed to replace them with an unemployed young person half of the time. Consequently, the provision of these 29,300 Apprenticeships to employed young people would, indirectly, provide jobs for 4,900 unemployed young people. The aggregate effect is that 11,800 young people would enter employment.<sup>45</sup>

Using data from the ONS *Labour Force Survey* (Q3 2012), Cebr identified that an employed young person with an Apprenticeship earns a gross weekly wage of £316. This compares to £220 if the person had not completed an Apprenticeship and £0 if they were unemployed. These wage data were applied to the above estimates on employee numbers, resulting in Cebr’s overall wage impact estimates.

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<sup>42</sup> BIS, National Audit Office, Skills Funding Agency, National Apprenticeship Service, Feb 2012, *Adult Apprenticeships*

<sup>43</sup> UK Parliament, 2012, “The Youth Contract: Apprenticeship Grant for Employers”, <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmworkpen/151/15109.htm>

<sup>44</sup> See Apprenticeships.org.uk, 2012, ‘Access to Apprenticeships’, <http://www.apprenticeships.org.uk/Partners/Policy/AccessstoApprenticeships.aspx> and Association of Learning Providers, May 2011, Press release, Subject: Downing Street announcement on youth employment, ‘New pre-apprenticeship programme will make a difference for young people’.

<sup>45</sup> The simplifying employment assumptions used in this section can be compared to the findings of BIS Research Paper Number 64, 2012, *Apprenticeship Pay Survey 2011*. The study found that roughly 70% of Apprentices worked for their present employer prior to their Apprenticeship.

For this scenario analysis, Cebr made the simplifying assumption that the employment impacts would be immediate, i.e. occur as soon as the extra Apprenticeships were offered in 2013. However, we assumed that the Apprenticeship wage impacts would not occur in 2013. Hence, we assumed that all young people undertaking an Apprenticeship in 2013 would receive the wage of a young person who had not yet completed an Apprenticeship, precisely because their Apprenticeship had not yet been completed.

Note that the model does not account for labour market displacement effects, so the provision of an extra Apprenticeship is assumed not to drive any employed person (who has not received an Apprenticeship) out of employment or into another job.

## **6. Scenario analysis: Apprenticeships desired by young people**

This section analyses what would happen to UK youth unemployment and wages if all young people who wanted an Apprenticeship were able to start one in 2013.

Cebr has examined the scenario in which all young people wanting an Apprenticeship, some 17% of young people aged 18-24 in the labour force, were able to commence one in 2013. This 17% figure comes from ICM survey data.<sup>46</sup> The survey questionnaire asked 192 people, aged 18-24, whether they would like to do an Apprenticeship if one were available; 17% responded that they would. Cebr applied this percentage result to the population of young people who were either employed or looking for work, some 4.2 million people. Consequently, we estimate that 714,000 young people would like an Apprenticeship if one were available. We assumed all such young people were either employed or unemployed but looking for work.

The finding that 714,000 young people desire Apprenticeships clearly demonstrates the wide-spread desire to get involved in the Apprenticeships programme amongst the young. This section's results highlight the transformative power which Apprenticeships can exert on young people's employment and wage prospects in the best case scenario, the scenario where all young people who would like to can complete an Apprenticeship.

### **6.1 Main findings**

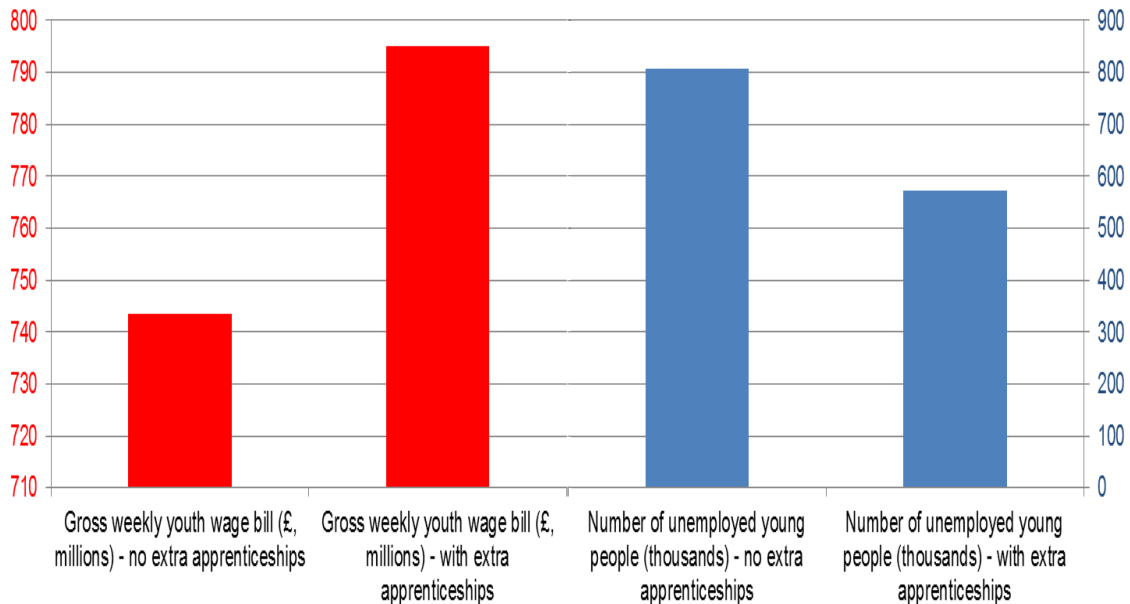
In 2013, we estimate that such a provision of Apprenticeships would:

- (i) provide jobs for 233,000 young people;
- (ii) lower the youth unemployment rate by 5.6 percentage points from 19.2% to 13.6%;
- (iii) and raise total gross weekly youth wages from £744 million to £795 million.

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<sup>46</sup> Data was prepared on behalf of the National Apprenticeship Service by ICM Research. The field research was conducted on 9-10<sup>th</sup> January 2013.

**Figure 9: Impact of Apprenticeship provision which meets stated youth demand for Apprenticeships on youth unemployment and wages, 2013**



- Source: *Apprenticeships.org.uk SFR data, Office for National Statistics (ONS) – Labour Force Survey (Q3 2012), ICM data, Cebr analysis*

These estimates indicate there would be a significant uplift in youth employment and the total young persons’ wage bill if all the young people who wanted an Apprenticeship were able to get one. It is important to recall that these findings result from a hypothetical illustrative “what-if” scenario. In any case, the Apprenticeship programme does not have the explicit aim of reducing youth unemployment. However, the findings here suggest that Apprenticeships could reduce youth unemployment under this scenario.

## 6.2 Estimation procedure

Cebr’s estimation procedure was analogous to the one described in sub-section 5.2. Following the procedure presented in section 5.2, the model presented here does not account for labour market displacement effects.

## 7. English Apprenticeships in an international context

This section examines how prevalent Apprenticeships are in England relative to comparable developed economies. It also contrasts the gender distribution and typical completion rates of Apprenticeships in England with other developed countries. Finally, this section finds that countries' success in international World Skills competitions is to some extent related to how prevalent Apprenticeships are in each country.

### 7.1 The prevalence of Apprenticeships in England and abroad

Cebr compared the prevalence of Advanced (Level 3) Apprenticeships in England to the prevalence of equivalent vocational qualifications in foreign countries.

The percentage of the 19-64 year-old English population whose highest qualification was a Level 3 Apprenticeship was 21.1% in 2010. By this measure, out of 25 comparable developed countries, there was a higher prevalence of comparable qualifications in 17 countries and a lower prevalence in eight countries.

The country with the highest prevalence was Slovakia, where 69.5% of the working age population has a highest qualification equivalent to an English Level 3 Apprenticeship. Spain had the lowest prevalence, at 8.0%.<sup>47</sup> Notably, England's prevalence was higher than South Korea's, 19.7%, the country which performed best in the 2011 World Skills international competition.<sup>48</sup>

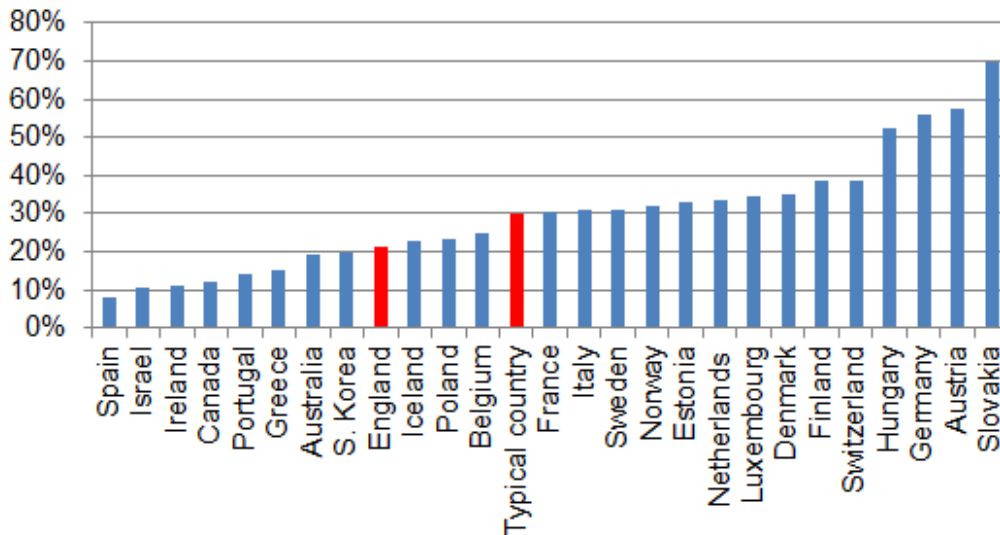
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<sup>47</sup> For foreign countries, the Organisation for Economic Co-operation and Development (OECD) provided data relating to 25-64 year olds. The English data were for 19-64 year olds: males aged 19 - 64 and females aged 19 – 59.

<sup>48</sup> S. Korea was ranked first in the competition by average score per competitor.



**Figure 10: Proportion of population whose highest qualification is upper secondary/pre-tertiary vocational or Apprenticeship, 2010**



- *Typical country: This country is an average of all the sampled countries.*

- *Source: Apprenticeships.org.uk SFR data, Education at a Glance 2012: OECD INDICATORS Table A1.5, Cebr analysis*

Cebr compared prevalence in England against foreign countries using the procedure laid out below. The Organisation for Economic Co-operation and Development (OECD) provided data on the prevalence of vocational qualifications in foreign countries. Specifically, it provided data on the prevalence of vocational upper secondary, non-tertiary, International Standard Classification of Education (ISCED) Level 3/4 qualifications. These data pertained to 25-64 year olds in 2010, the latest year for which data are available.

Cebr reasoned that English Level 3 Apprenticeships were broadly comparable to vocational ISCED Level 3/4 qualifications because both sets of qualifications are: (i) upper secondary, pre-tertiary qualifications and (ii) vocational, i.e. they focus on providing skills which are directly relevant to employment. Therefore, we matched the prevalence of English Level 3 vocational qualifications with vocational ISCED Level 3/4 qualifications in other countries.<sup>49</sup> Different countries have their own specific vocational education programmes in the ISCED Level 3/4 category. For example, in Denmark, these vocational programmes are open to those who have completed a lower secondary education. The Danish programmes, in areas such as mercantile studies and agricultural studies, last for 1.5 to 5 years. Upon completion students are qualified to work in their field of study.<sup>50</sup>

<sup>49</sup> Importantly, this analysis focusses on cases where English Level 3 Apprenticeships or ISCED Level 3/4 vocational qualifications are individuals' highest qualifications. If say, in England, the proportion of people whose highest qualification was a Level 3 Apprenticeship declined, because some people had gone on to attain Level 4 Apprenticeships, this could benefit the economy – even though the measure of Apprenticeship prevalence given in Figure 11 would have declined.

<sup>50</sup> [www.workindenmark.dk/en/Find\\_information/Information\\_for\\_job\\_seekers/Life\\_in\\_Denmark/Upper\\_secondary\\_education/Vocational\\_education\\_programmes](http://www.workindenmark.dk/en/Find_information/Information_for_job_seekers/Life_in_Denmark/Upper_secondary_education/Vocational_education_programmes)

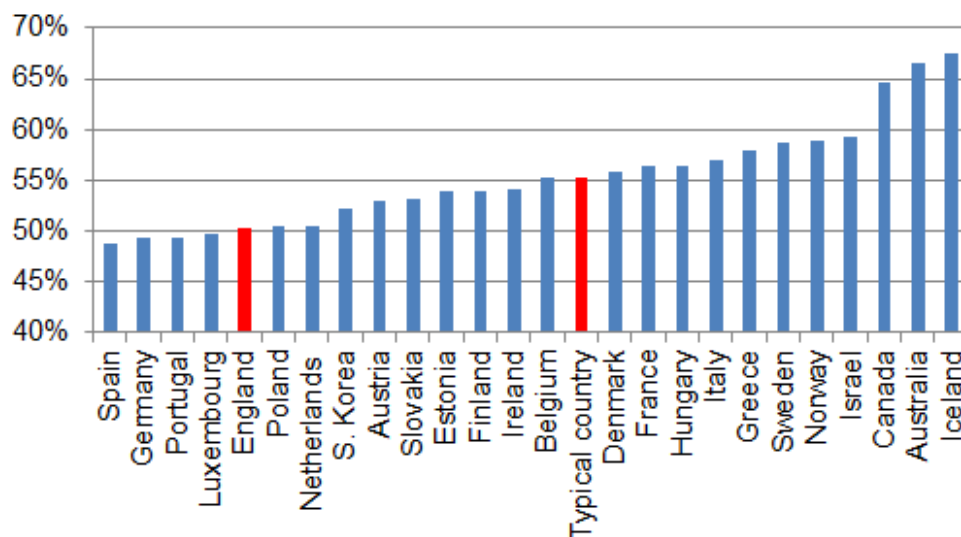
## 7.2 The gender distribution of Apprenticeships in England and abroad

Cebr compared the gender balance of Advanced (Level 3) Apprenticeships in England to the gender balance of equivalent vocational qualifications in foreign countries.

Out of the English population (19-64 years-old) whose highest qualification was a Level 3 Apprenticeship in 2010, Cebr estimates that 50.3% of those Level 3 Apprenticeships had been achieved by men.<sup>51</sup> Out of the 24 comparable developed countries for which data were available, this proportion was lower in four countries and higher in 20 countries. It was highest in Iceland, where 65.7% of people whose highest qualification is equivalent to a Level 3 Apprenticeship were men. It was lowest in Spain, where 48.8% were men.<sup>52</sup>

Notice that the proportions are quite tightly clustered. In 17 of the 25 countries (including England) the proportion stands between 50% and 60%.

**Figure 11: Male proportion of population whose highest qualification is upper secondary/pre-tertiary vocational or Apprenticeship, 2010**



- Typical country: This country is an average of all the sampled countries.

- Source: Apprenticeships.org.uk SFR data, Education at a Glance 2012: OECD INDICATORS Table A1.5, Cebr analysis

<sup>51</sup> The gender balance in England was inferred from Apprenticeships.org data on the gender breakdown of Advanced (Level 3) Apprenticeship learners in the 2010/11 financial year. The year 2010 was used because that was the latest year for which the data on foreign countries were available.

<sup>52</sup> Again, for foreign countries, the OECD provided data on 25-64 year olds whose highest qualification was a vocational ISCED Level 3/4 qualification. The matched English data were for 19-64 year olds holding Level 3 Apprenticeships as their highest qualification.

### 7.3 Apprenticeship completion rates in England and abroad

Cebr compared successful completion rates of upper secondary, pre-tertiary Apprenticeship programmes in England to completion rates for equivalent programmes in other countries.<sup>53</sup>

England is very much in the middle of the international field when it comes to successful Apprenticeship completion. In England, 68% of Apprentices successfully complete their programme. Out of the sample of comparable developed countries, seven perform better than England; Japan comes top with a 91% completion rate. There are 10 countries which fare less well than England; the worst performer is Denmark with a 35% completion rate.

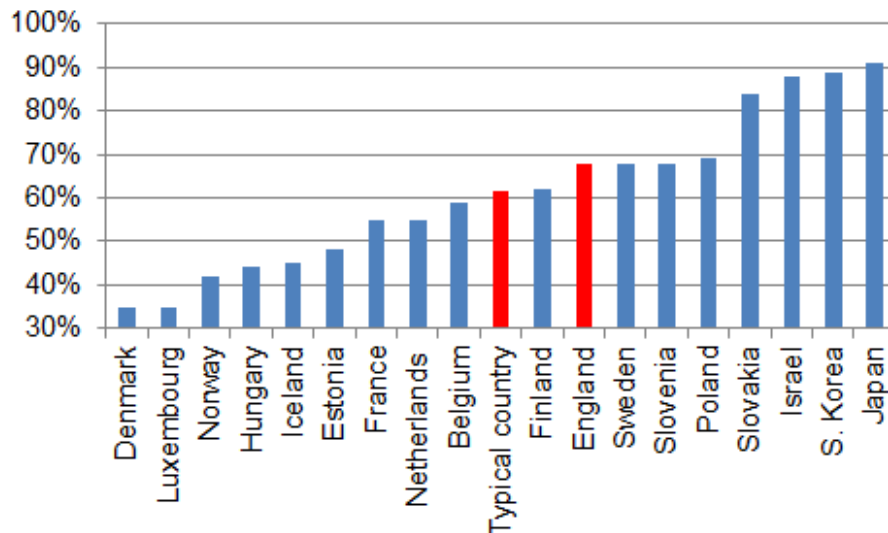
There is large difference in completion rates in upper secondary vocational programmes between countries. This occurs because in some countries, a relatively high proportion of students may begin a purely vocational programme, but then switch to a more general programme. For example, in Norway, amongst successful completers who began a purely vocational programme, 47% completed a purely vocational programme, but the remainder completed a more general programme. The likelihood of switching (or dropping out) varies with countries' Apprenticeship-related institutions and culture, accounting for the disparity in completion rates.<sup>54</sup>

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<sup>53</sup> Intermediate and Advanced (Level 2 and 3) Apprenticeships were used for England; ISCED Level 3/4 vocational qualifications were used for other countries and the data were provided by the OECD. The English completion rate estimates were inferred from enrolment data, for intermediate and advanced level Apprenticeships, compared to completion data one and two years in the future, for each type of Apprenticeship respectively. These respective timeframes were based on discussion in City & Guilds, Feb 2012, *The economic value of Apprenticeships* and Organisation for Economic Co-operation and Development, 2012, *Education at a Glance 2012: OECD INDICATORS*.

<sup>54</sup> See Organisation for Economic Co-operation and Development, 2012, *Education at a Glance 2012: OECD INDICATORS* for more discussion.

**Figure 12: Completion rates of upper secondary, pre-tertiary level Apprenticeships and vocational programmes, 2007-11 average**



- Typical country: This country is an average of all the sampled countries.

- Source: Apprenticeships.org.uk SFR data, Education at a Glance 2012: OECD INDICATORS - Table A2.5, Cebr analysis

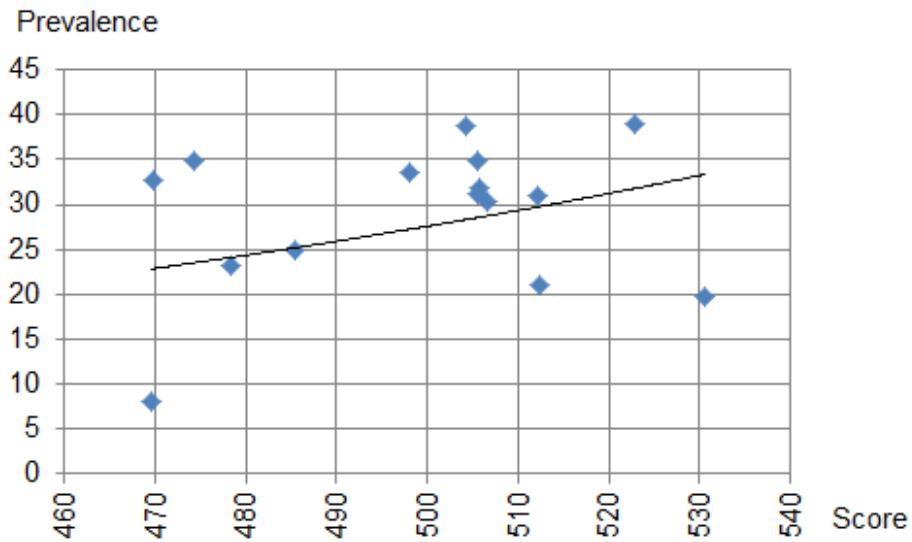
#### **7.4 Success in international WorldSkills competitions and its relation to Apprenticeships**

International WorldSkills competitions have been held for 60 years and test the trade-based vocational skills of young people from country teams around the world. In the most recent London 2011 competition, 48 country teams were tested in specific vocational skills ranging from landscape gardening to web design, restaurant service to autobody repair against international standards set by WorldSkills International.<sup>55</sup>

Cebr found that success in international World Skills competitions is weakly related to the prevalence of Apprenticeships in competing countries. The more prevalent Apprenticeships are in a competitor country, the higher the score (in terms of points per participant) of a competing country's team.

<sup>55</sup> [http://www.worldskills.org/index.php?option=com\\_content&task=view&id=22&Itemid=413](http://www.worldskills.org/index.php?option=com_content&task=view&id=22&Itemid=413)

**Figure 13: Apprenticeship/vocational qualification prevalence in competitor countries versus score in World Skills London 2011 competition**



- Prevalence: proportion of population whose highest qualification is upper secondary/pre-tertiary vocational or Apprenticeship, 2010.
- Score: average score per member of competitor country team.
- Note that this graph compares countries' "scores" to their "prevalence". However, in the case of the UK, the UK's score is compared to England's prevalence. The 2011 Census shows that England contains roughly 85% of the UK population, so England's prevalence should be indicative of prevalence throughout the UK.
- Source: Competition Results for World Skills London 2011, Education at a Glance 2012: OECD INDICATORS, Cebr analysis

## **8. Authorship, acknowledgements and disclaimer**

### **Authorship and acknowledgements**

This report has been produced by Cebr, an independent economics and business research consultancy established in 1993, providing forecasts and advice to City institutions, government departments, local authorities and numerous blue chip companies throughout Europe.

This report was written and researched by Daniel Solomon, a Cebr Economist. Supervision was provided by Tim Ohlenburg, a Cebr Senior Economist, and Charles Davis, Cebr's Head of Macroeconomics.

### **Disclaimer**

Whilst every effort has been made to ensure the accuracy of the material in this document, neither Centre for Economics and Business Research Ltd (Cebr) nor the report's authors will be liable for any loss or damages incurred through the use of the report.

**London, March 2013**

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[Worldskills.org](http://Worldskills.org)