

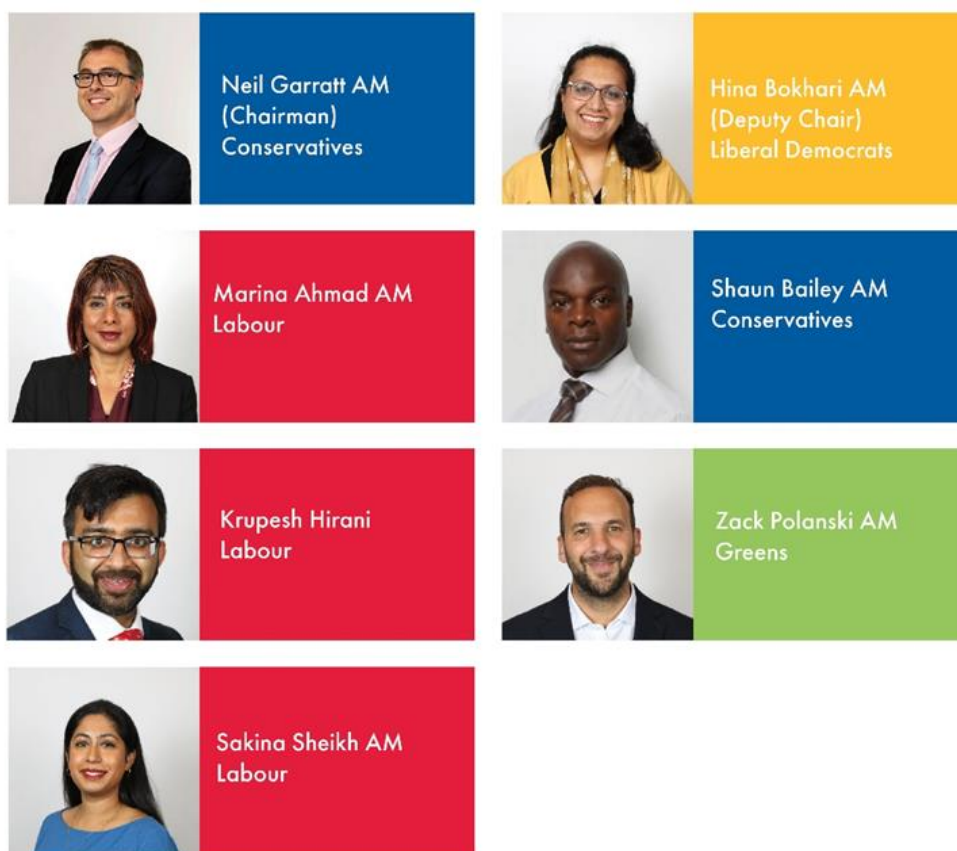
An aerial view of a city map, likely London, with a green tint. Several people are walking across the map, appearing as small figures. The map shows a dense network of streets and a large body of water, possibly the River Thames.

You're Hired: A Bright Future for Apprenticeships in London

London Assembly Economy Committee

LONDONASSEMBLY

Economy Committee



The Economy Committee scrutinises the work of the Mayor relating to economic development, wealth creation, social development, culture, sport and tourism in the capital. It also examines the Mayor's role as chair of the London Economic Action Partnership (LEAP).

Contact us

Tim Gallagher

Policy Adviser

Tim.Gallagher@london.gov.uk

Dan Tattersall

Senior Policy Adviser

Daniel.Tattersall@london.gov.uk

Emma Bowden

External Communications Officer

Emma.Bowden@london.gov.uk

Lauren Harvey

Senior Committee Officer

Lauren.Harvey@london.gov.uk

Contents

You're Hired: A Bright Future for Apprenticeships in London	1
Economy Committee	2
Contact us	2
Contents	3
Foreword	4
Executive Summary	6
Recommendations	8
Background	11
The value of apprenticeships	11
The apprenticeship system	13
Rates of apprenticeships in London	14
The role of the Mayor and the London Progression Collaboration	18
Reforming the apprenticeship system	19
The impact of the apprenticeship levy on small and medium-sized businesses	19
Targeting apprenticeships towards young and disabled Londoners	20
Introducing further flexibilities to the apprenticeship levy	22
Developing new apprenticeship standards	23
Access to data	24
Access to apprenticeships	25
Careers advice and raising awareness	25
Apprentice wages and travel costs	27
Joining up apprenticeships with other skills and employment programmes	28
Green apprenticeships	30
Other formats and languages	31
Connect with us	32

Foreword



Neil Garratt AM

Chair of the Economy Committee

For too long there has been a perception that apprenticeships, alongside other forms of further education, are inferior to more academic learning routes. It is clear from the investigation carried out by the London Assembly Economy Committee that this couldn't be further from the truth. In evidence collected from a range of stakeholders, we repeatedly heard about the importance of apprenticeships, both in providing a route into work for young people and in enabling the existing workforce to develop their skills.

As part of our investigation, we wanted to make sure that we were hearing from all participants in the apprenticeship system: employers, training providers, policy experts and of course apprentices themselves. Newham College kindly distributed questions on our behalf to their apprentices, and it was apparent from the responses we received how valuable apprenticeship programmes are – not least because of their unique blend of classroom-based studying and learning on the job.

The apprenticeship landscape has been transformed in recent years, and these reforms have the potential to transform apprenticeships for the better. The Committee heard that the introduction of the apprenticeship levy has been a game-changer in terms of creating a genuinely employer-led system and guaranteeing investment in apprenticeship programmes. Large employers in particular have been growing their apprenticeship programmes in response to the levy, and developing real expertise in this area.

But the system is not working as well as it could. Apprenticeship numbers have actually fallen since the levy was introduced, and this fall has been particularly sharp among young people. The Committee heard that the complexity of the system creates challenges for small and medium-sized businesses (SMEs) looking to take on apprentices. On top of this, the issues around perceptions of the apprenticeship route have not gone away, and there remains a lack of awareness about apprenticeships amongst both employers and young people.

We therefore believe that the apprenticeship system could be strengthened further. The Committee is making a series of recommendations to both the Mayor of London and central government, with the aim of boosting take-up and improving the quality of apprenticeships in London. Based on the evidence we have received, we are recommending reforms to the apprenticeship levy that would incentivise employers to employ more apprentices. Our recommendations also cover areas such as careers advice and awareness-raising; apprentice wages and travel costs; and the importance of joining up apprenticeships with other skills and employment programmes. Put together, we believe these changes would enable even more Londoners to experience the world of work and gain essential skills by participating in high-quality apprenticeships.

Executive Summary

Apprenticeships are a vital component of London's skills system, providing pathways into work and opportunities for the existing workforce to gain new skills. They are unique in offering both on- and off-the-job training, combining studying with experience in the workplace.

The London Assembly Economy Committee carried out an investigation into apprenticeships to understand the impact they are having in London and how the system can be improved. The Committee heard from key stakeholders at a meeting in February 2022, and subsequently received evidence from organisations representing London businesses. We also sought views from apprentices at Newham College in order to understand the perspective of apprentices themselves. The Committee has also analysed apprenticeship data to understand in more detail the picture of apprenticeships in London and trends over time.

England's apprenticeship system has undergone substantial reform in recent years, with the introduction of the apprenticeship levy and the replacement of the old system of apprenticeship frameworks with apprenticeship standards. Guests at the meeting told the Committee that the apprenticeship levy has resulted in more investment in the system, and a growth in the apprenticeship programmes offered by large employers.

However, apprenticeship numbers in London and across the UK have fallen since the introduction of the levy. In 2020-21, the estimated number of apprenticeship starts in London was 14 per cent lower than in 2016-17, the year before the levy was introduced. The fall has been particularly sharp among younger and Level 2 (intermediate level) apprentices. The estimated number of Level 2 apprenticeships in London has fallen by 62 per cent since 2016-17, and the number of apprentices under the age of 19 has fallen by 50 per cent.¹

Related to these trends is the fact that the new system has been less successful for SMEs, who now offer fewer apprenticeships than under the old system. The Committee heard that the system can be hard for smaller employers to navigate due to its complexity, which is deterring some businesses from taking on apprentices.

Despite its many strengths, the evidence we heard suggests that the apprenticeship levy system is in need of reform. Introducing greater flexibilities to the apprenticeship levy, and offering incentives for employers to take on apprentices under the age of 19, would help increase the take-up of apprenticeships amongst those who have most to gain from them. The Committee is also calling on the Government to establish a one-stop shop for small businesses to support them with the apprenticeship process, increase promotion of traineeships, and improve access to apprenticeship data.

The Mayor has a role to play in increasing the take-up of apprenticeships in London. The Committee is calling on the Mayor to provide support to small and medium-sized employers to

¹ See 'Rates of apprenticeships in London' section for more information on this data.

share expertise and help them navigate the apprenticeship system. We are also calling on him to promote apprenticeships as part of his Jobs and Skills marketing campaign; and to use his convening powers to join up apprenticeships with other parts of the skills and employment system.

Recommendations

Recommendation 1

The Government should establish a one-stop shop for small and medium-sized businesses that supports employers with the process of taking on apprentices.

Recommendation 2

The Mayor should provide support to small and medium-sized employers to share expertise and help them navigate the complexity of the apprenticeship system, linked to the work of the Mayor's Academies Programme where appropriate.

Recommendation 3

The Government should introduce financial incentives for employers into the levy system to encourage them to hire more apprentices who are under the age of 19.

Recommendation 4

The Government should introduce financial incentives for employers into the levy system to encourage them to hire more disabled apprentices.

Recommendation 5

The Government should allow employers to spend a proportion of their apprenticeship levy funds on pre-employment training to get people ready for an apprenticeship. This should apply to both levy-paying employers and non-levy-paying employers.

Recommendation 6

The Government should allow businesses to transfer 40 per cent rather than the existing 25 per cent of their levy funding to SMEs who do not pay the levy, in order to increase the take-up of apprenticeships by SMEs.

Recommendation 7

The Mayor should work with employers, for example through the Skills for Londoners Business Partnership, to identify whether current apprenticeship standards are meeting London's needs given its unique sectoral mix. If gaps are identified, the Mayor should provide advice to employers to help them develop trailblazer groups for new standards and should lobby the Government to ensure that these gaps are filled.

Recommendation 8

The Government should ensure it is developing new apprenticeship standards that respond to employer demand, in particular those at lower levels that provide opportunities for younger

people and other under-represented groups – for example, a business administration level 2 standard.

Recommendation 9

The Government should explore options for collecting and making accessible anonymised data on apprenticeship progression and outcomes, in a similar way that it currently does for starts and achievements.

Recommendation 10

The Mayor should ensure that apprenticeships are promoted as part of his Jobs and Skills marketing campaign and demonstrate to the Committee how apprenticeships are being integrated into the overall messaging of the campaign. He should also continue to raise awareness about apprenticeships as part of the Mayor's Academies Programme.

Recommendation 11

The Mayor should use his relationships with employers to raise awareness about apprenticeships, with the aim of increasing demand for apprentices in London, including through the Skills for Londoners Business Partnership.

Recommendation 12

The Mayor should continue to press the Government for devolution of a London-wide careers guidance service and demonstrate how he would ensure further devolution would be a success. The Mayor should demonstrate to the Assembly what work is being undertaken to achieve this, and should share copies of Government responses.

Recommendation 13

The Mayor should continue to lobby the Government over the UK Shared Prosperity Fund (UKSPF) and demonstrate to the Assembly what work is being undertaken to achieve this, including any responses from Government. The Government must ensure that the UKSPF fills the gaps left by the loss of ESF and ERDF funding, and that London receives its fair share of this.

Recommendation 14

The Mayor should continue to promote the Good Work Standard and encourage all employers to sign up to it, in order to ensure that they pay the London Living Wage to all apprentices, rather than the apprentice National Minimum Wage (NMW) which is currently just £4.30 per hour.

Recommendation 15

The Government's Apprenticeship Pay Survey 2018-19 found that 19 per cent of apprentices were paid below the appropriate NMW or National Living Wage. The Government should set

out what steps it has taken to raise awareness amongst employers of the NMW rate for apprentices and set out an action plan to enforce this.

Recommendation 16

The Mayor, working with the Skills for Londoners Board, should investigate the impact of travel costs on apprentices in London across all years of their apprenticeship, and whether this is acting as a barrier to more people taking up apprenticeships. If this is the case, the Government should consider this evidence when considering future TfL funding agreements.

Recommendation 17

The Committee welcomes that, from April 2022 the apprentice minimum wage and the age-related minimum wage for under-18s will be the same, although the apprentice minimum wage remains lower than the minimum wage for those aged 19 and over. The Government and the Mayor should each conduct analysis to understand the potential effect of removing the apprentice minimum wage, with apprentices instead receiving the age-related minimum wage.

Recommendation 18

The Government should explore barriers faced by people in accessing traineeships, including whether a lack of requirement to pay trainees is a barrier; and use these findings to inform future provision. The Government should increase promotion of traineeships to both potential employers and participants, to ensure there is an increase in take-up amongst young people who can then progress to an apprenticeship, with an emphasis on advertising traineeships to BAME young people and disabled people.

Recommendation 19

The Government should create an action plan to address barriers to accessing traineeships, and to ensure that those on traineeships do progress into apprenticeships.

Recommendation 20

As part of the Mayor's Academies Programme and the 'No Wrong Door' initiative, the Mayor should ensure that he is using his convening powers to join up apprenticeships with other parts of the skills and employment system, including courses funded by the Adult Education Budget; traineeships; and opportunities created by the Kickstart scheme.

Recommendation 21

The Mayor should outline how the Mayor's Academies Programme will support the growth of green apprenticeships.

Recommendation 22

The Mayor should clarify what definition of a green job he is using as part of the Mayor's Academies Programme.

Background

The value of apprenticeships

The apprentices, employers and policymakers we spoke to over the course of this investigation expressed a range of views on how the apprenticeship system is working and how it should be reformed. But one view in which they were unanimous concerned the value and importance of apprenticeships in providing pathways into work, and opportunities for the existing workforce to gain new skills. Apprenticeships help provide the skills needed by employers, and strengthen people's employability. They can be particularly valuable for groups who are traditionally under-represented in the job market, such as disabled people, ex-offenders and those who did not thrive in a more academic environment.

As part of the Committee's investigation, we sought views from apprentices at Newham College, in order to understand the perspective of apprentices themselves. Respondents spoke positively about the apprenticeships they were undertaking, and in particular highlighted the benefits of both studying and learning on the job.

Apprentices told us that their apprenticeships were equipping them with a range of skills and setting them up for future employment. They were optimistic about progressing into work in the field they were training in, and in most cases hoped to stay on at the company where they were working as part of their apprenticeship. Others had plans to go on to university and complete a degree in the same field.

"Alongside gaining the qualifications I am also gaining experience working, which is a huge benefit when applying for further roles as it provides me with a platform of experience to use rather than just a qualification by itself. It also shows that I am able to juggle numerous responsibilities at once such as college, work, exam revision, etc."

Level 4 Project Management apprentice, Newham College

"Apprenticeships make a real difference. There is really great evidence about that, and about the earnings and employment impacts of them as well."

Stephen Evans, Chief Executive, Learning and Work Institute

"I enjoy the fact that each day is different, and I can constantly learn new skills and look to expand my network."

Level 3 Business Administration apprentice working in the construction sector, Newham College

"There is – at a high level at least – good evidence of some of the pay-rise and promotion outcomes for apprentices in the year following their apprenticeship."

Anna Ambrose, Director, London Progression Collaboration (LPC)

"I strongly believe my apprenticeship has developed me in understanding what a working environment is like, which most places cannot teach and is valuable to me. This opportunity is making me more prepared for what's to come in the future."

Level 3 IT Solutions apprentice, Newham College

"Learning both the theory and practical side of a job is key to being successful, which is something an apprenticeship covers."

Level 3 Junior Content Producer apprentice working in local government, Newham College

"I believe apprenticeships are the way forward as you are able to experience the real working world while also gaining the technical knowledge through the qualification. Now a day's experience tends to outweigh qualifications, and working on both simultaneously will help you develop faster and at a higher level."

Level 4 Project Management apprentice, Newham College

"I would fully recommend an apprenticeship to anyone who is looking for something that's more practical and can teach you many skills on the job while learning, that you wouldn't be able to gain going anywhere else."

Level 3 IT Solutions apprentice, Newham College

The apprenticeship system

Apprenticeships are paid jobs that incorporate on- and off-the-job training, and take between one and four years to complete. At least 20 per cent of an apprentice's time must be spent on off-the-job training, which is delivered by a college or independent training provider.

Apprenticeships can be taken by new recruits to an organisation, or by existing members of staff. At the end of the apprenticeship, apprentices must complete an 'end-point assessment'; if successful, will receive a nationally recognised qualification.²

Every apprentice must enrol on a specific apprenticeship standard at a specific level (intermediate, advanced, higher or degree). Apprenticeship standards were first introduced in 2014 and have gradually replaced the old system of apprenticeship frameworks. Standards are seen as more employer-led than frameworks, and are developed by 'trailblazer' groups that represent groups of employers and sector organisations. In contrast, frameworks were developed by sector bodies and were primarily qualification-focused.³ All remaining apprenticeship frameworks were withdrawn to new learners on 31 July 2020.⁴

Name	Level	Equivalent Educational Level
Intermediate	2	GCSE
Advanced	3	A-Level
Higher	4,5, 6 and 7	Foundation degree and above
Degree	6 and 7	Bachelor's or master's degree

The apprenticeship levy came into effect on 6 April 2017. All employers with a pay bill over £3 million must pay a levy of 0.5 per cent of the employer's pay bill, minus an allowance of £15,000 per financial year. The levy is paid into an apprenticeship service account and receives a 10 per cent top-up from the Government. These funds can be spent by the employer on apprenticeship training and assessment, but cannot be spent on an apprentice's wages or other costs associated with employing an apprentice.

Smaller employers who do not pay the levy must pay 5 per cent of apprenticeship training costs, receiving the remaining 95 per cent from the Government. The number of apprentices that the Government funds for non-levy paying employers is currently capped at 10 per year.⁵ Levy-paying employers can also transfer unused apprenticeship funds directly to other

² House of Commons Library, [Apprenticeships and skills policy in England](#), 7 September 2020

³ House of Commons Library, [Apprenticeships and skills policy in England](#), 7 September 2020

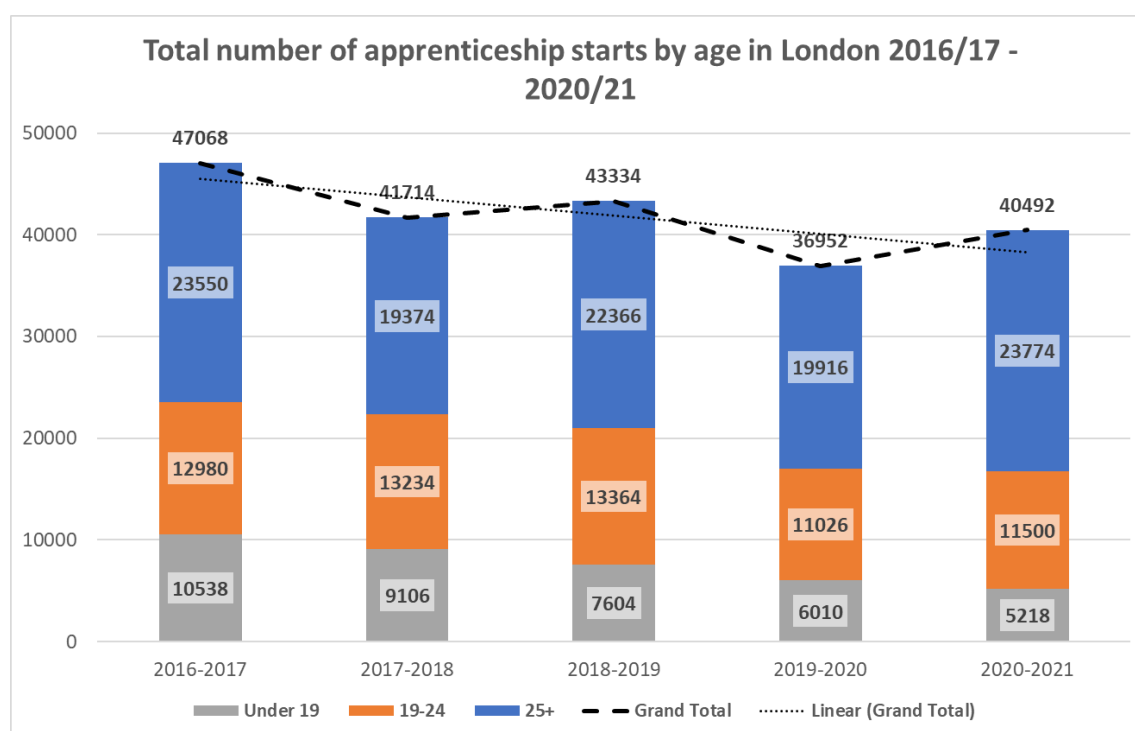
⁴ Gov.uk, [Apprenticeships and traineeships: Academic Year 2020/21](#), 28 January 2021

⁵ FE Week, [Small employer apprenticeship cap on starts to increase from 3 to 10](#), 14 July 2020

employers, up to a limit of 25 per cent of their total fund.⁶ Businesses receiving these transfers from levy paying-employers do not have to contribute 5 per cent to the cost of training; and apprentices funded in this way do not count towards the cap of 10 per year.⁷

Rates of apprenticeships in London

In the immediate period after the levy was introduced there was a fall in the number of apprenticeship starts. In the 2016-17 academic year there were an estimated 47,068 apprenticeship starts in London, which fell to 41,714 the following year, the first year that the levy was in operation. The overall numbers have fluctuated since then, but by 2020-21, the estimated number of apprenticeship starts in London was 14 per cent lower than before the levy was introduced.⁸



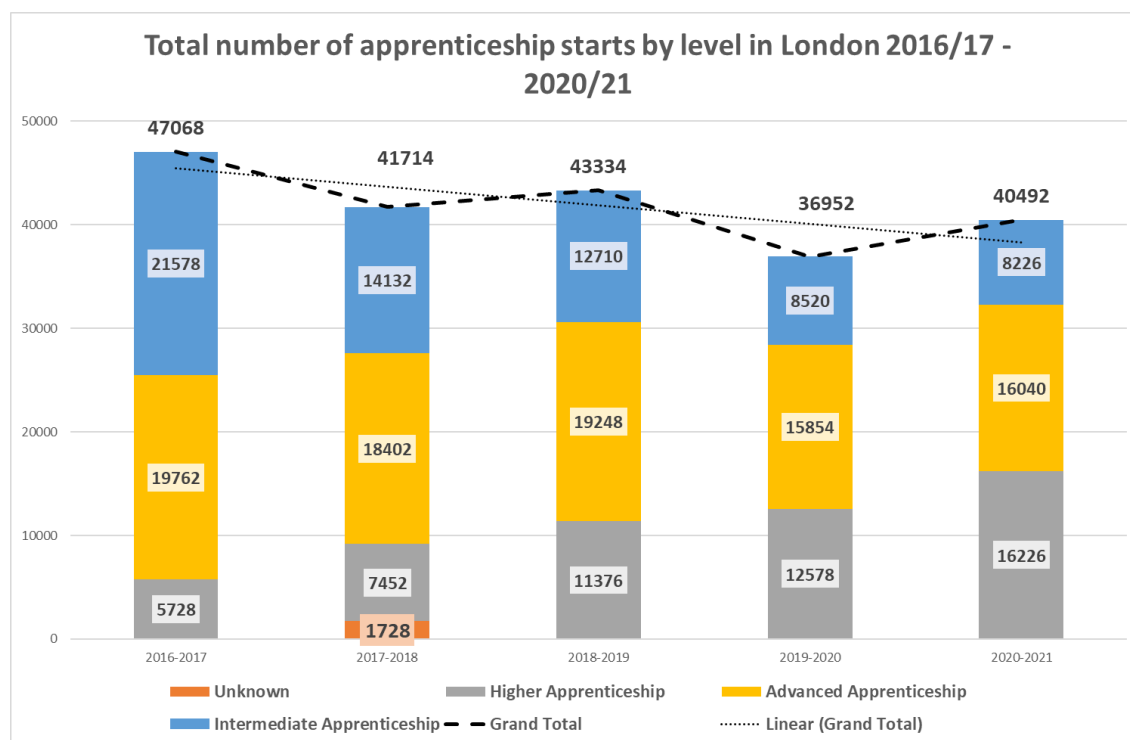
⁶ ESFA, [Transferring your apprenticeship levy to another business](#), 13 September 2021

⁷ DfE, [Apprenticeships funding in England from April 2021](#), April 2021

⁸ The data used in this report is taken from the [datasets made available by the Government on apprenticeships](#) and has been analysed by the London Assembly Secretariat's Research Unit. In this dataset, the counts of apprenticeships above five are rounded to the nearest 10; and where the number is below five the dataset suppresses the count because it may identify individuals. Where the number is suppressed, we have imputed a value of four in order to achieve an overall count number. The data in this report should therefore be treated as estimates of true values. Some of the figures counted in these datasets (for example, the total number of apprenticeships in London) differ from the numbers published by the Government. The Government does not publish detailed breakdowns of categories such as the age and ethnicity of apprentices in London, which is why we have conducted our own analysis of the datasets. For consistency, we have used these figures throughout the report rather than those published by the Government.

The fall has been particularly sharp for apprentices aged 16-18, with the estimated number of starts declining by 50 per cent since 2016-17 in London. There has been a year-on-year decrease in the number of apprenticeship starts within this age group; this fall accounts for the vast majority of the decline in the overall figures for London. In contrast, there has been an 11 per cent decrease in apprentices aged 19-24, and a 1 per cent increase in apprentices aged 25 and over.

There has been a related decline in the number of apprentices at intermediate level (level 2). Since 2016-17, the estimated number of intermediate-level apprenticeship starts in London has fallen by 62 per cent, from 21,578 to 8,226. This has been accompanied by a growth in higher-level apprenticeships in London, which have risen by 183 per cent since 2016-17, from 5,728 to 16,226 per year. These trends in London reflect trends at a national level. Nationally, the number of intermediate-level apprenticeships has fallen by 62 per cent since 2016-17,⁹ and the number of apprentices under the age of 19 has fallen by 47 per cent.¹⁰



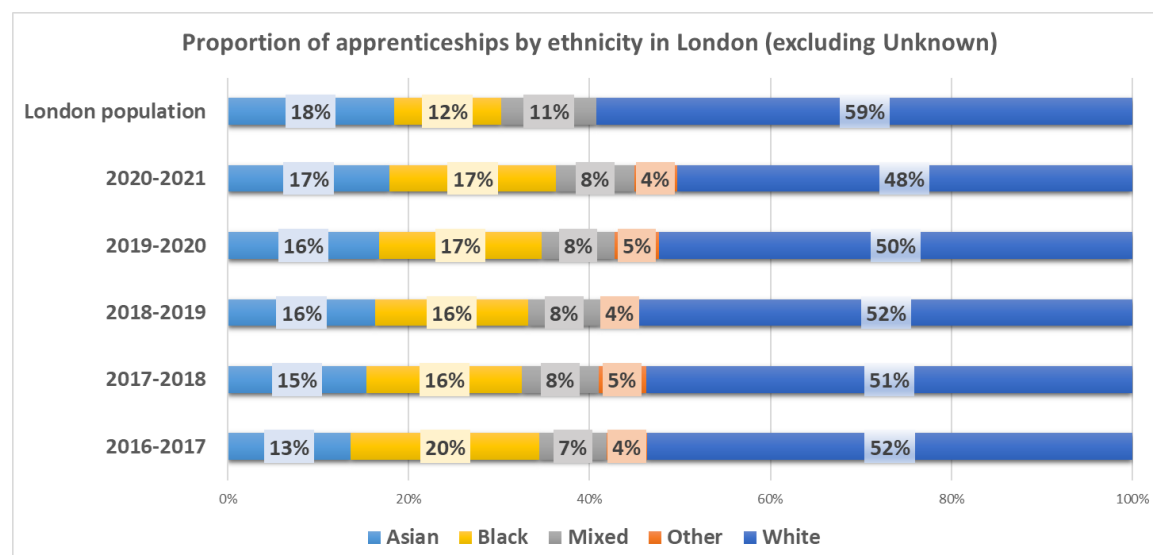
The graph below provides a breakdown of apprentices by ethnicity in London, in comparison to the overall population figures for London.¹¹ There is a higher proportion of apprentices who are Black (17 per cent) compared to the overall London population (12 per cent). The proportion of apprentices of Asian ethnicity is approximately the same as the equivalent proportion of the

⁹ Gov.uk, [Apprenticeships and traineeships: Academic Year 2020/21](#), 28 January 2021. In 2016-17, there were 487,200 starts in England at Intermediate Level (Level 2), compared to 185,400 in 2020-21.

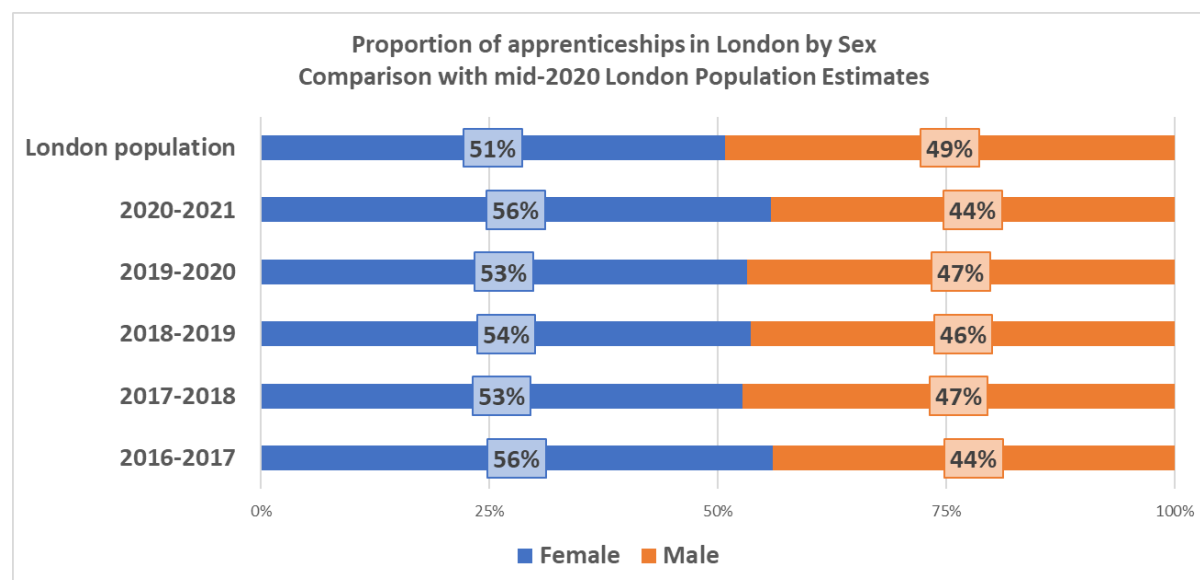
¹⁰ Gov.uk [Apprenticeships and traineeships: Academic Year 2020/21](#), 28 January 2021. In 2016-17, there were 122,750 starts by apprentices under the age of 19, compared to 65,150 in 2020-21.

¹¹ The figures used here for 'London population' are 2018 figures from the [London Datastore](#). This data combines 'Mixed' and 'Other', which is why the 'London population' bar does not include any figures for 'Other'.

London population (17 per cent compared to 18 per cent), while the proportion of White apprentices is significantly lower than the proportion of White people in London (49 per cent compared to 59 per cent).



In each year since 2016-17, the majority of apprentices in London have been female. In 2020-21, 56 per cent of apprentices were female and 44 per cent were male.



In the 2020-21 academic year, apprentices declaring a learning difficulty and/or disability (LLDD) accounted for 12.4 per cent (38,600) of apprenticeships nationally. (This data is not published at London level.¹²) In contrast, 19 per cent of working-age adults in the UK are disabled.¹³

¹² [Apprenticeships and traineeships: Academic Year 2020/21](#), 28 January 2021

¹³ Scope, [Disability facts and figures](#)

The table below gives an estimated breakdown of apprenticeships by type. The largest type by a considerable margin is business, administration and law. This is followed by health, public services and care; information and communication technology; engineering and manufacturing technologies; and retail and commercial enterprise. London's sectoral mix differs from other parts of the UK, with a higher proportion of apprentices in Business, Administration and Law and Information and Communication Technology than the national average. London has a lower proportion of apprentices in Engineering and Manufacturing Technologies and Health, Public Services and Care than the national average.

Since 2016-17, there has been a decline in the number of apprenticeships in leisure, travel and tourism (63 per cent); retail and commercial enterprise (50 per cent); and engineering and manufacturing technologies (36 per cent). Information and communication technology apprenticeships have grown by 93 per cent; and apprenticeships in arts, media and publishing have grown by 39 per cent (although this is from a low base).

Apprenticeship type in London	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	Difference between 2016-17 and 2020-21
Agriculture, horticulture and animal care	894	1098	870	894	786	-12%
Arts, media and publishing	510	710	570	612	710	39%
Business, administration and law	14,338	13,244	14,810	13,046	14,404	0%
Construction, planning and the built environment	1,576	1,878	1,758	1,616	1,538	-2%
Education and training	1,376	1,028	984	1,146	1,252	-9%
Engineering and manufacturing technologies	4842	3,878	3,890	3,666	3,088	-36%
Health, public services and care	1,2962	8,820	9,574	7,626	9,330	-28%
History, philosophy and theology	0	0	0	0	432	
Information and communication technology	2,204	2,920	3,822	3,270	4,244	93%
Leisure, travel and tourism	1,758	1,392	1,070	814	648	-63%
Retail and commercial enterprise	6,176	5,594	5,554	3,398	3,118	-50%
Science and mathematics	432	576	432	432	466	8%
Social sciences	0	0	0	432	476	
Unknown	0	576	0	0	0	
Total	47,068	41,714	43,334	36,952	40,492	-14%

The role of the Mayor and the London Progression Collaboration

The LPC was launched in February 2020. Delivered jointly by the GLA and the Institute for Public Policy Research, with support from the JP Morgan Foundation, the LPC provides support and advice to employers to help them create more apprenticeships. This support includes facilitating the transfer of unspent apprenticeship levy funds from large employers to non-levy-paying employers. The GLA provided funding for the pilot stage of the programme. Anna Ambrose, Director of the LPC, told the Committee that the LPC is in the process of securing funding from other sources such as trusts and foundations, in order to continue its work. She also told the Committee that the LPC has created about 725 apprenticeships since the pilot began in February 2020, although it has not met its initial target of creating 1,000 apprenticeships for Londoners.

The Mayor's 2021 manifesto noted:

*"Apprenticeships are crucial for many Londoners – I'll continue to champion them, ensuring they are available for all Londoners regardless of background, as well as promoting their use within the GLA family."*¹⁴

Michelle Cuomo-Boorer, Assistant Director of Skills and Employment at the GLA, told the Committee that the Mayor will be "promoting the use of apprenticeships" as part of the Mayor's Academies Programme. The Mayor can also use his convening powers and relationships with employers to promote apprenticeships and influence the way they are delivered in London.

¹⁴ [Sadiq for London manifesto, 2021](#)

Reforming the apprenticeship system

The impact of the apprenticeship levy on small and medium-sized businesses

Recommendation 1

The Government should establish a one-stop shop for small and medium-sized businesses that supports employers with the process of taking on apprentices.

Recommendation 2

The Mayor should provide support to small and medium-sized employers to share expertise and help them navigate the complexity of the apprenticeship system, linked to the work of the Mayor's Academies Programme where appropriate.

The apprenticeship levy has led to more investment in the system and a growth in the apprenticeship programmes offered by large employers. Simon Ashworth, Director of Policy for the AELP, told the Committee that the apprenticeship levy has been a "huge game-changing opportunity" that has "nearly doubled the amount of investment that is available in apprenticeships". Anna Ambrose, Director of the LPC, noted that the levy has led to "a huge growth in the level of expertise within large levy-paying employers in how to create really high-impact apprenticeship programmes."

Despite increased levels of investment, the overall number of apprenticeships in London and the UK has declined since the introduction of the levy. This is because a greater share of funding is now directed towards higher-level apprenticeships, which are more expensive. The new system has also been less successful for SMEs, which now offer fewer apprenticeships than under the old system. Anna Ambrose told the Committee that "starts in SMEs dropped by 40 per cent and 45 per cent respectively following the introduction of the levy", while Simon Ashworth noted that the levy system is "ultimately a system that has been built for large employers". The reduction in apprenticeships offered by small and medium-sized employers accounts for the overall fall in numbers since the levy was introduced.

One explanation for this decline is the complexity of the apprenticeship system, which can be difficult for smaller employers to understand. This point was made repeatedly to us by employer groups. Both the Government and the Mayor have a role to play in supporting businesses to navigate this system.

"Just over half (51 per cent) of micro businesses [in the LCCI's Quarterly Skills Survey] said either the costs, administration or management required with employing someone in these schemes was a barrier to engagement ... Furthermore, the apprenticeship landscape is a complex one and SMEs need more support in navigating it."

London Chamber of Commerce and Industry (LCCI)

"Employers need more support in understanding and recruiting [apprentices] ... We have heard from some apprenticeship training providers that many of their customers were not aware of all the details around the levy and how they could maximise the benefits. Non-levy-paying employers need support to navigate the digital apprenticeship system which many colleges support them with."

Federation of Small Businesses (FSB)

A recent report from the All-Party Parliamentary Group on Apprenticeships called on the Government to establish an "advice and one-stop shop for small businesses providing support to take on an apprentice and assisting them with the process".¹⁵ This point was also made by London First in their evidence to the Committee, arguing that the Government should "improve communications channels between businesses and the apprenticeship system, with a one-stop shop for employers to access information and support." The Committee is reiterating this call.

The Mayor can also use his relationships with employers to provide support and share expertise about the apprenticeship system. Stephen Evans, Chief Executive at the Learning and Work Institute, told the Committee:

"There is a big role for the GLA, as well as for local authorities and others, to think: how do we help employers to navigate that system, and to prioritise what is best for me as an employer? What would work for me as an employer?"

Targeting apprenticeships towards young and disabled Londoners

Recommendation 3

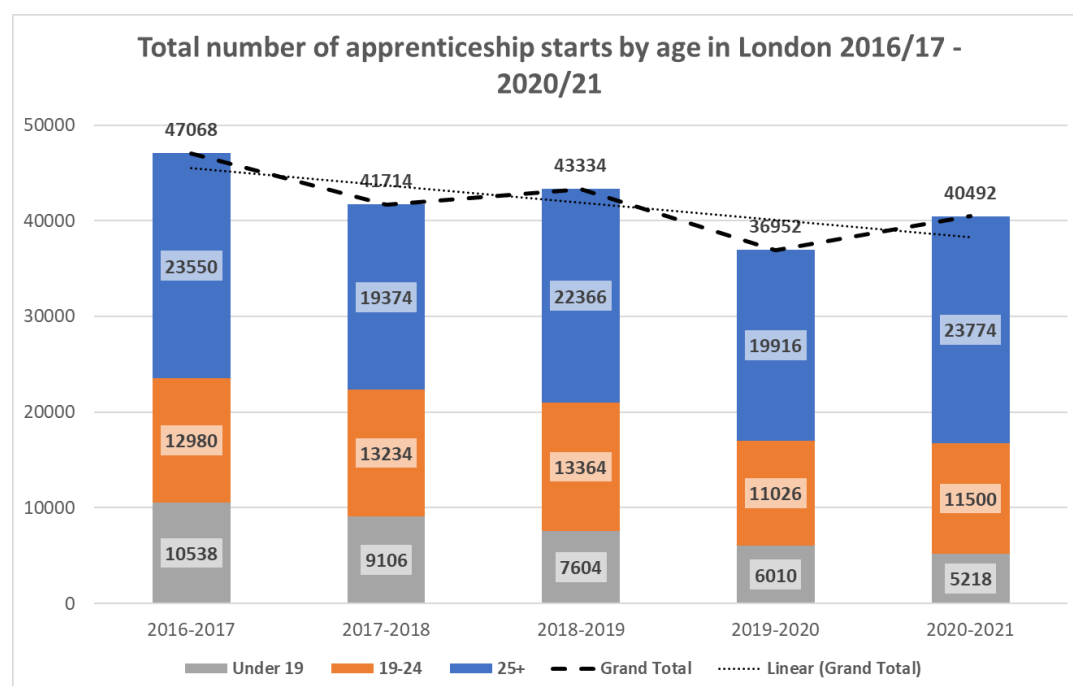
The Government should introduce financial incentives for employers into the levy system to encourage them to hire more apprentices who are under the age of 19.

¹⁵ All-Party Parliamentary Group on Apprenticeships, [Report 2020-2021](#), 2021

Recommendation 4

The Government should introduce financial incentives for employers into the levy system to encourage them to hire more disabled apprentices.

There has been a significant drop in the number of apprenticeship opportunities for younger people across England in recent years. The estimated number of Level 2 apprenticeships in London has fallen by 62 per cent since 2016-17; and the number of apprentices under the age of 19 has fallen by 50 per cent.



Disabled people are also under-represented in the apprentice system (although this data is not available at London-level). In the 2020-21 academic year, apprentices declaring an LLDD accounted for 12.4 per cent (38,600) of apprenticeships nationally.¹⁶ In contrast, 19 per cent of working age adults in the UK are disabled.¹⁷

“The challenge is, firstly, apprenticeships for young people and new starters, which have gone from low to very low. There is very little incentive in the system to change that.”

Stephen Evans, Chief Executive, Learning and Work Institute

¹⁶ [Apprenticeships and traineeships: Academic Year 2020/21](#), 28 January 2021

¹⁷ Scope, [Disability facts and figures](#)

"One of the major challenges from our perspective is that there is nothing within the levy system to direct a proportion of funds towards the individuals who we know have the most to gain from apprenticeships: young people, disadvantaged groups, groups who are perhaps underrepresented in particular sectors, and those needing to reskill and retrain as the economy changes."

Anna Ambrose, Director, LPC

"I see these things linking together. Young people, lower level, small employers, they are all interlinked in that if you can address part of that challenge it will drive the other parts of that as well."

Simon Ashworth, Director of Policy, AELP

Introducing further flexibilities to the apprenticeship levy

Recommendation 5

The Government should allow employers to spend a proportion of their apprenticeship levy funds on pre-employment training to get people ready for an apprenticeship. This should apply to both levy-paying employers and non-levy-paying employers.

Recommendation 6

The Government should allow businesses to transfer 40 per cent rather than the existing 25 per cent of their levy funding to SMEs who do not pay the levy, in order to increase the take-up of apprenticeships by SMEs.

Apprenticeship levy funds can be spent by the employer on apprenticeship training and assessment, but cannot be spent on an apprentice's wages or other costs associated with employing an apprentice. This means that there are various additional costs for employers seeking to take on apprentices, which act as a barrier to more employers engaging in the apprenticeship system. In evidence submitted to the Committee, the LCCI argued that "the apprenticeship levy should be reformed to allow for more flexibility and enable more firms to make use of available funding." Since the apprenticeship levy was introduced, employers and employer groups have been calling for greater flexibilities to be included in the system in order to increase the take-up of apprenticeships.

Both the LCCI and London First argued in their evidence to us that employers should be allowed to use some levy funding for pre-employment training. Increased provision of pre-employment training would equip more people with the skills to start apprenticeships, something that would especially benefit those with no prior experience of the workplace, including young people and those from disadvantaged backgrounds.

Employer groups also argued that levy-paying employers should be allowed to transfer a greater share of their levy funding to non-levy payers. In their submission to the Committee, London First suggested this amount should be increased from 25 per cent to 40 per cent. This has the potential to increase apprenticeship opportunities for small and medium-sized employers.

Developing new apprenticeship standards

Recommendation 7

The Mayor should work with employers, for example through the Skills for Londoners Business Partnership, to identify whether current apprenticeship standards are meeting London's needs given its unique sectoral mix. If gaps are identified, the Mayor should provide advice to employers to help them develop trailblazer groups for new standards and should lobby the Government to ensure that these gaps are filled.

Recommendation 8

The Government should ensure it is developing new apprenticeship standards that respond to employer demand, in particular those at lower levels that provide opportunities for younger people and other under-represented groups – for example, a business administration level 2 standard.

The Committee heard that there are examples of employers calling for certain apprenticeship standards to be developed, but the Government not accepting these. Simon Ashworth told the Committee:

“There has been an ongoing dispute with the Government and employers around the availability of popular replacement programmes such as business administration, which used to be a really important entry route for lots of young people and adults.”

The development of these standards (for example, Business Administration Level 2) could increase apprenticeship opportunities for younger people and other under-represented groups. Apprenticeship standards could also be developed that respond to London's specific sectoral needs, given that London's sectoral mix differs from other parts of the country.

The Committee is therefore calling on the Government to ensure it develops new apprenticeship standards that respond to employer demand, in particular those at lower levels that provide opportunities for younger people and other under-represented groups. We are also recommending that the Mayor works with employers through mechanisms such as the Skills for Londoners Business Partnership to identify whether current apprenticeship standards are meeting London's needs. If gaps are identified, the Mayor should provide advice to employers to help them develop trailblazer groups for new standards, as well as lobbying the Government to ensure that these gaps are filled.

Access to data

Recommendation 9

The Government should explore options for collecting and making accessible anonymised data on apprenticeship progression and outcomes, in a similar way that it currently does for starts and achievements.

The Committee heard that the Government currently publishes data on apprenticeship starts, withdrawals and achievements. This can be broken down by region and by categories such as age, gender and ethnicity. However, there is limited data available on progression and other outcomes from apprenticeships. Simon Ashworth told the Committee that the data published by government is “very transactional”, whereas data around “the impacts of the training in terms of jobs and progression” would be much more useful. Anna Ambrose added, “There is more granular data needed on those kind of progression outcomes.”

We believe the Government should explore options for collecting and making accessible anonymised data on apprenticeship progression and outcomes. Improved access to data would enable policymakers to gain a better understanding of how well the system is working and how it could be strengthened.

Access to apprenticeships

Careers advice and raising awareness

Recommendation 10

The Mayor should ensure that apprenticeships are promoted as part of his Jobs and Skills marketing campaign and demonstrate to the Committee how apprenticeships are being integrated into the overall messaging of the campaign. He should also continue to raise awareness about apprenticeships as part of the Mayor's Academies Programme.

Recommendation 11

The Mayor should use his relationships with employers to raise awareness about apprenticeships, with the aim of increasing demand for apprentices in London, including through the Skills for Londoners Business Partnership.

Recommendation 12

The Mayor should continue to press the Government for devolution of a London-wide careers guidance service and demonstrate how he would ensure further devolution would be a success. The Mayor should demonstrate to the Assembly what work is being undertaken to achieve this, and should share copies of Government responses.

Recommendation 13

The Mayor should continue to lobby the Government over the UK Shared Prosperity Fund (UKSPF) and demonstrate to the Assembly what work is being undertaken to achieve this, including any responses from Government. The Government must ensure that the UKSPF fills the gaps left by the loss of ESF and ERDF funding, and that London receives its fair share of this.

The Committee heard that there is still a lack of awareness and understanding about apprenticeships amongst both employers and potential apprentices. However, guests noted that there are some signs that this is changing, particularly with the growth of higher-level apprenticeships.

When we spoke to apprentices at Newham College, we asked them how they had heard about their apprenticeships. It was noticeable how many different responses were given, including a local authority, a recruiter, job websites, friends and family, company websites and careers fairs. This highlights the fragmented nature of London's careers advice system. One respondent said, *"Apprenticeships should be advertised more and promoted to young people."*

"There is still a big challenge around effective careers information, advice and guidance around vocational training and apprenticeships."

Simon Ashworth, Director of Policy, AELP

"Our research shows... a lack of awareness in lots of groups about the existence of apprenticeships... There is definitely a perception and awareness issues. Some of that is changing a bit."

Stephen Evans, Chief Executive, Learning and Work Institute

Stephen Evans argued that the Mayor can help raise "demand for apprenticeships from both employers and young people". London First also noted that the Mayor has a role to play in promoting apprenticeships to both employers and young people in London. We are recommending that the Mayor uses his relationships with employers to raise awareness about apprenticeships, with the aim of increasing demand for apprentices in London, including through the Skills for Londoners Business Partnership.

The Committee heard that the Mayor launched a jobs and skills marketing campaign on 31 January 2022. The campaign aims to raise awareness of adult learning opportunities available in a range of sectors, including the creative, health and social care, green, digital, and hospitality industries. This campaign provides a further opportunity for the Mayor to raise awareness about apprenticeships in London.

The Committee also heard evidence about the lack of effective careers advice in London, which has been a long-standing issue. The Education Act 2011 transferred the statutory duty on schools in England to secure access to independent, impartial careers guidance for their pupils in years 9–11. Changes have been made since and are ongoing as the Education (Careers Guidance in Schools) Bill progresses through Parliament. Although there are examples of good practice, London's careers advice system remains fragmented and limited in scope. We are therefore recommending that the Mayor should continue to press the Government for devolution of a London-wide careers guidance service, and demonstrate how he would ensure further devolution would be a success.

The Mayor has launched four Careers Hubs in London, which offer careers education to young people. These are funded by the European Social Fund, which is set to expire in 2023. We are calling on the Government to ensure that the UKSPF fills the gaps left by the loss of ESF and ERDF funding; and that London receives its fair share of this. We are also calling on the Mayor to lobby the Government in relation to the UKSPF.

Apprentice wages and travel costs

Recommendation 14

The Mayor should continue to promote the Good Work Standard and encourage all employers to sign up to it, in order to ensure that they pay the London Living Wage to all apprentices, rather than the apprentice National Minimum Wage (NMW) which is currently just £4.30 per hour. apprentices and set out an action plan to enforce this.

Recommendation 15

The Government's Apprenticeship Pay Survey 2018-19 found that 19 per cent of apprentices were paid below the appropriate NMW or National Living Wage. The Government should set out what steps it has taken to raise awareness amongst employers of the NMW rate for apprentices and set out an action plan to enforce this.

Recommendation 16

The Mayor, working with the Skills for Londoners Board, should investigate the impact of travel costs on apprentices in London across all years of their apprenticeship, and whether this is acting as a barrier to more people taking up apprenticeships. If this is the case, the Government should consider this evidence when considering future TfL funding agreements.

Recommendation 17

The Committee welcomes that, from April 2022 the apprentice minimum wage and the age-related minimum wage for under-18s will be the same, although the apprentice minimum wage remains lower than the minimum wage for those aged 19 and over. The Government and the Mayor should each conduct analysis to understand the potential effect of removing the apprentice minimum wage, with apprentices instead receiving the age-related minimum wage.

The NMW for apprentices is just £4.30 per hour, which has the potential to deter people from starting an apprenticeship in London, particularly those from disadvantaged backgrounds. This is exacerbated by travel costs, although apprentices receive a 30 per cent discount on travelcards in London in the first year of their apprenticeship.

The Committee heard that the Mayor pays apprentices in the GLA a London Living Wage and encourages London's employers to do the same.¹⁸ The Deputy Mayor noted that paying the London Living Wage to apprentices is "a criterion that the Mayor would expect to be established or they are seriously working towards to be able to say one has adopted the Mayor's Good Work Standard." We are reiterating our previous calls for the Mayor to encourage

¹⁸ Mayor's Question Time, [Apprenticeships and the London Living Wage](#), 17 May 2019

all employers to sign up to the Good Work Standard, in order to ensure that they pay the London Living Wage to all apprentices.

There is evidence that some employers are not aware of the regulations regarding apprenticeship pay. The Department for Education's Apprenticeship Pay Survey 2018-19 found that 19 per cent of apprentices were paid below the appropriate National Minimum Wage or National Living Wage.¹⁹ Stephen Evans also highlighted to the Committee that some employers did not understand the different pay rates for apprentices, which differs depending on age and whether or not they are in the first year of their apprenticeship. We believe the Government should set out what steps it has taken to raise awareness amongst employers of the NMW rate for apprentices and set out an action plan to enforce this.

We would also like the Mayor to investigate the impact of travel costs on apprentices in London across all years of their apprenticeship, and whether this is acting as a barrier to more people taking up apprenticeships. If this is the case, the Government should consider this evidence when considering future TfL funding agreements.

From April 2022, the apprentice minimum wage and the age-related minimum wage for under-18s will be the same (£4.81 per hour). However, the apprentice minimum wage remains lower than the minimum wage for those aged 19 and over. The Government and the Mayor should therefore each conduct analysis to understand the potential impact of removing the apprentice minimum wage, with apprentices instead receiving the age-related minimum wage.

Joining up apprenticeships with other skills and employment programmes

Recommendation 18

The Government should explore barriers faced by people in accessing traineeships, including whether a lack of requirement to pay trainees is a barrier; and use these findings to inform future provision. The Government should increase promotion of traineeships to both potential employers and participants, to ensure there is an increase in take-up amongst young people who can then progress to an apprenticeship, with an emphasis on advertising traineeships to BAME young people and disabled people.

Recommendation 19

The Government should create an action plan to address barriers to accessing traineeships, and to ensure that those on traineeships do progress into apprenticeships.

¹⁹ Department for Business, Energy & Industrial Strategy, [Apprenticeship Pay Survey 2018/19 – England](#), January 2020

Recommendation 20

As part of the Mayor's Academies Programme and the 'No Wrong Door' initiative, the Mayor should ensure that he is using his convening powers to join up apprenticeships with other parts of the skills and employment system, including courses funded by the Adult Education Budget; traineeships; and opportunities created by the Kickstart scheme.

A traineeship is a skills development programme that includes a work placement. It can last from six weeks up to one year, though most traineeships last for less than six months. Employers do not have to pay trainees.

Traineeships are an important route into apprenticeships, particularly for under-represented groups such as disabled Londoners. However, the take-up remains low and the budget was underspent nationally last year. Simon Ashworth argued, "There needs to be more done in the region to promote traineeships, which are in part a pre-apprenticeship programme." The Committee is therefore recommending that the Government increases promotion of traineeships and explores barriers faced by people in accessing them.

"The pathways to apprenticeships should be strengthened in order to bring the various training schemes together and enable cohesion in the training system. Traineeships offer such a pathway, and it would be welcome to see that people on the Kickstart scheme are able to transfer easily into an apprenticeship too – even if it is with a different employer. This may be a way of boosting apprenticeship take-up of young people in particular."

LCCI

Despite the benefits of traineeships, the Committee is concerned that they are often unpaid. The Committee would like to see the Government address this issue as part of its work to explore barriers faced by people in accessing traineeships.

The Committee also heard that more needs to be done to ensure that young people completing traineeships are able to progress into apprenticeships. Anna Ambrose noted "a real disconnect between some of the pre-employment work which is undertaken and routes into apprenticeships." The Committee would like the Government to create an action plan to address barriers to accessing traineeships, and to ensure that those on traineeships do progress into apprenticeships.

The Mayor has a role to play in ensuring apprenticeships are joined up with traineeships and other parts of the skills and employment system. As part of the Mayor's Academies Programme and the 'No Wrong Door' initiative, the Mayor should ensure that he is using his convening powers to join up apprenticeships with other parts of the skills and employment system,

including courses funded by the Adult Education Budget; traineeships; and opportunities created by the Kickstart scheme.

Green apprenticeships

Recommendation 21

The Mayor should outline how the Mayor's Academies Programme will support the growth of green apprenticeships.

Recommendation 22

The Mayor should clarify what definition of a green job he is using as part of the Mayor's Academies Programme.

Apprenticeships can play an important role in the transition to net zero, by equipping people with the skills needed for the green jobs of the present and future. The Mayor's 2021 manifesto commits to supporting "a green skills academy that will help Londoners from all backgrounds into new green jobs and apprenticeships". Now that the Mayor's green academy hubs have been announced, he should outline to the Committee how they will support the growth of green apprenticeships in London.

The Committee would also like the Mayor to clarify what definition of a green job he is using as part of the Mayor's Academies Programme. This is particularly important given his manifesto commitment to support Londoners into green jobs that are "diverse, sustainable, meaningful and well paid".

Other formats and languages

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Chinese

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Vietnamese

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Greek

Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.

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Hindi

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Bengali

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Urdu

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Arabic

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The London Assembly

City Hall
Kamal Chunchie Way
London
E16 1ZE

Website: www.london.gov.uk/about-us/london-assembly
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